Parsley Energy, Inc.
Form PRE 14A
April 07, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(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 §240.14a-12

Parsley Energy, Inc.

(Name of Registrant as Specified In Its Charter)

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

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PARSLEY ENERGY, INC.

303 Colorado Street, Suite 3000 Austin, Texas 78701

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the stockholders of Parsley Energy, Inc.:

Notice is hereby given that the 2017 Annual Meeting of Stockholders of Parsley Energy, Inc. (the Company) will be held at the W Austin Hotel, 200 Lavaca Street, Austin, TX 78701, on June 2, 2017, at 8:00 a.m. Central Time (the Annual Meeting). The Annual Meeting is being held for the following purposes:

1. To elect to the Company s Board of Directors the two Class III directors set forth in this Proxy Statement, each of whom will hold office until the 2020 Annual Meeting of Stockholders and until his successor is elected and qualified or until his earlier death, resignation or removal.

2. To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2017.

3. To approve, on a non-binding advisory basis, the Company s Named Executive Officer compensation for the fiscal year ended December 31, 2016.

4. To adopt an amendment to the Company s Amended and Restated Bylaws to implement a majority voting standard in uncontested director elections.

5. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Each outstanding share of the Company s common stock (NYSE: PE) entitles the holder of record at the close of business on April 6, 2017, to receive notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish our proxy materials and our annual report to stockholders on the Internet. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need more quickly, while lowering our costs of printing and delivery and reducing the environmental impact of our Annual Meeting.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, WE URGE YOU TO VOTE YOUR SHARES BY INTERNET, TELEPHONE, OR BY SIGNING, DATING AND RETURNING THE PROXY CARD YOU WILL RECEIVE IF YOU REQUEST PRINTED MATERIALS. IF YOU CHOOSE TO ATTEND THE ANNUAL MEETING, YOU MAY STILL VOTE YOUR SHARES IN PERSON, EVEN THOUGH YOU HAVE PREVIOUSLY VOTED OR RETURNED YOUR PROXY BY ANY OF THE METHODS DESCRIBED IN OUR PROXY STATEMENT. IF YOUR SHARES ARE HELD IN A BANK OR BROKERAGE ACCOUNT, PLEASE REFER TO THE MATERIALS PROVIDED BY YOUR BANK OR BROKER FOR VOTING INSTRUCTIONS.

ALL STOCKHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THE MEETING.

By Order of the Board of Directors,

Bryan Sheffield
Chief Executive Officer and

Chairman of the Board

Austin, Texas

April , 2017

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PARSLEY ENERGY, INC.

303 Colorado Street, Suite 3000

Austin, Texas 78701

PROXY STATEMENT

2017 ANNUAL MEETING OF STOCKHOLDERS

The Board of Directors (the Board of Directors or the Board) of Parsley Energy, Inc. (the Company) requests your proxy for the 2017 Annual Meeting of Stockholders that will be held on June 2, 2017, at 8:00 a.m. Central Time, at the W Austin Hotel, 200 Lavaca Street, Austin, TX 78701 (the Annual Meeting). By granting the proxy, you authorize the persons named on the proxy to represent you and vote your shares at the Annual Meeting. Those persons will also be authorized to vote your shares to adjourn the Annual Meeting from time to time and to vote your shares at any adjournments or postponements of the Annual Meeting. The Board has made this proxy statement (the Proxy Statement) and the accompanying Notice of Annual Meeting of Stockholders available on the Internet at *www.proxyvote.com*. The approximate date on which this Proxy Statement, accompanying Notice of Internet Availability of Proxy Materials (the Notice) and proxy card, and the Company s 2016 Annual Report to Stockholders are first being made available to stockholders at *www.proxyvote.com* is April , 2017.

ABOUT THE ANNUAL MEETING

Purpose of the Annual Meeting

The purpose of the Annual Meeting is for our stockholders to consider and act upon the proposals described in this Proxy Statement and any other matters that properly come before the Annual Meeting or any adjournment or postponement thereof.

Proposals to be Voted Upon at the Annual Meeting

At the Annual Meeting, our stockholders will be asked to consider and vote upon the following four proposals:

Proposal ONE: To elect to the Board the two Class III directors set forth in this Proxy Statement, each of whom will hold office until the 2020 Annual Meeting of Stockholders and until his successor is elected and qualified or until his earlier death, resignation or removal.

Proposal TWO: To ratify the appointment of KPMG LLP (KPMG) as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2017.

Proposal THREE: To approve, on a non-binding advisory basis, the Company s Named Executive Officer compensation, as disclosed in this Proxy Statement, for the fiscal year ended December 31, 2016.

Proposal FOUR: To adopt an amendment to the Company s Amended and Restated Bylaws (the Bylaws) to implement a majority voting standard in uncontested director elections.

In addition, any other matters that properly come before the Annual Meeting or any adjournment or postponement thereof will be considered. Management is presently aware of no other business to come before the Annual Meeting.

Recommendation of the Board

The Board recommends that you vote FOR the election to the Board of each of the director nominees (Proposal ONE); FOR the ratification of the appointment of KPMG as our independent registered public

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accounting firm for the fiscal year ending December 31, 2017 (Proposal TWO); FOR the approval, on a non-binding advisory basis, of the Company s Named Executive Officer compensation for the fiscal year ended December 31, 2016 (Proposal THREE); and FOR the adoption of an amendment to the Company s Bylaws to implement a majority voting standard in uncontested director elections (Proposal FOUR).

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on June 2, 2017

Pursuant to the notice and access rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide stockholders access to our proxy materials over the Internet. The approximate date on which this Proxy Statement, accompanying Notice of 2017 Annual Meeting of Stockholders and proxy card, and the Company s 2016 Annual Report to Stockholders are first being made available to stockholders at *www.proxyvote.com* is April , 2017. The Notice will be sent to all of our stockholders as of the close of business on April 6, 2017 (the Record Date). The Notice includes instructions on how to access our proxy materials over the Internet and how to request a printed copy of these materials. In addition, by following the instructions in the Notice, stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

Choosing to receive your future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the impact of the Company s annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Our Annual Report to Stockholders and this Proxy Statement are available at *www.proxyvote.com*.

Voting at the Annual Meeting

The Company s Class A common stock (including restricted shares of Class A common stock), par value $0.01 per share (the Class A Common Stock), and Class B common stock, par value $0.01 per share (the Class B Common Stock, and together with the Class A Common Stock, the Common Stock), are the only classes of securities that entitle holders to vote generally at meetings of the Company s stockholders. Holders of Class A Common Stock and Class B Common Stock will vote together as a single class on all matters presented at the Annual Meeting. Each share of Common Stock outstanding on the Record Date entitles the holder to one vote at the Annual Meeting.

If on the Record Date you hold shares of our Common Stock that are represented by stock certificates or registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares. Broadridge Financial Solutions (Broadridge) is sending these proxy materials directly to you on our behalf. As a stockholder of record, you may vote in person at the Annual Meeting or by proxy. Whether or not you plan to attend the Annual Meeting in person, you may vote by Internet by following the instructions on the Notice. If you request printed copies of the proxy materials by mail, you may also vote by signing and submitting your proxy card or by submitting your vote by telephone. Whether or not you plan to attend the Annual Meeting, we urge you to vote by way of the Internet, by telephone or by filling out and returning the proxy card you will receive upon request of printed materials. If you submit a proxy but do not give voting instructions as to how your shares should be voted on a particular proposal at the Annual Meeting, your shares will be voted in accordance with the recommendations of our Board stated in this Proxy Statement. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by (1) delivering a written notice of revocation addressed to Parsley Energy, Inc., Attn: General Counsel, 303 Colorado Street, Suite 3000, Austin, Texas 78701, (2) duly executing a proxy bearing a later date, (3) voting again by Internet or by telephone or (4) attending the

Annual Meeting and voting in person. Your last vote or proxy will be the vote or proxy that is counted. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you vote or specifically so request.

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If on the Record Date you hold shares of our Common Stock in an account with a brokerage firm, bank or other nominee, then you are a beneficial owner of the shares and hold such shares in street name, and these proxy materials will be forwarded to you by that organization. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares held in their account, and the nominee has enclosed or provided voting instructions for you to use in directing it how to vote your shares. The nominee that holds your shares, however, is considered the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you bring to the Annual Meeting a letter from your broker, bank or other nominee confirming your beneficial ownership of the shares. Whether or not you plan to attend the Annual Meeting, we urge you to vote by following the voting instructions provided to you to ensure that your vote is counted.

If you are a beneficial owner and do not vote, and your broker, bank or other nominee does not have discretionary power to vote your shares, your shares may constitute broker non-votes. Shares that constitute broker non-votes will be counted for the purpose of establishing a quorum at the Annual Meeting. Voting results will be tabulated and certified by the inspector of elections appointed for the Annual Meeting. If you receive more than one Notice, it is because your shares are registered in more than one name or are registered in different accounts. Please follow the instructions on each Notice received to ensure that all of your shares are voted.

A list of stockholders entitled to vote at the Annual Meeting will be available for inspection during ordinary business hours for a period of ten days before the Annual Meeting at our offices located at 303 Colorado Street, Suite 3000, Austin, Texas 78701. The list will also be available for inspection at the Annual Meeting.

Quorum Requirement for the Annual Meeting

The presence at the Annual Meeting, whether in person or by valid proxy, of the persons holding a majority of shares of Common Stock outstanding on the Record Date will constitute a quorum, permitting us to conduct our business at the Annual Meeting. On the Record Date, there were 246,486,859 shares of Class A Common Stock and 28,008,573 shares of Class B Common Stock outstanding, held by 31 and ten stockholders of record, respectively. Abstentions (*i.e.*, if you or your broker mark ABSTAIN on a proxy) and broker non-votes will be considered to be shares present at the meeting for purposes of establishing a quorum. Broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal and generally occur because the broker (1) does not receive voting instructions from the beneficial owner and (2) lacks discretionary authority to vote the shares. Brokers and other nominees have discretionary authority to vote on the ratification of our independent public accounting firm for clients who have not provided voting instructions. However, without voting instructions from their clients, they cannot vote on non-routine proposals, including the election of directors.

Required Votes

Election of Directors. Each director will be elected by the affirmative vote of the plurality of the votes validly cast on the election of directors at the Annual Meeting. Abstentions and broker non-votes are not taken into account in determining the outcome of the election of directors.

Ratification of our Independent Public Accounting Firm. Approval of the proposal to ratify the Audit Committee s appointment of KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2017 requires the affirmative vote of the holders of at least a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. Broker non-votes are not taken into account in determining the outcome of this proposal, and abstentions will have the effect of a vote against this proposal.

Approval of Named Executive Officer Compensation. Approval, on a non-binding advisory basis, of the Company s Named Executive Officer compensation for the fiscal year ended December 31, 2016 requires the affirmative vote of the holders of at least a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. Broker non-votes are not taken into account in determining the outcome of this proposal, and abstentions will have the effect of a vote against this proposal. This advisory vote on executive compensation is not binding on the Company, the Compensation Committee or the Board. However, the Compensation Committee and the Board will take into account the result of the vote when determining future executive compensation programs.

Adoption of Amendment to the Bylaws. Adoption of an amendment to the Company s Bylaws requires the affirmative vote of the holders of at least 66 2/3% of the shares of Common Stock entitled to vote in the election of directors. Broker non-votes are not taken into account in determining the outcome of this proposal, and abstentions will have the effect of a vote against this proposal.

Solicitation of Proxies

We will bear the cost of solicitation of proxies. This includes the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of our outstanding Common Stock. We may solicit proxies by mail, personal interview, telephone, or via the Internet through our officers, directors and other management employees, who will receive no additional compensation for their services.

Default Voting

A proxy that is properly completed and submitted will be voted at the Annual Meeting in accordance with the instructions on the proxy. If you properly complete and submit a proxy, but do not indicate any contrary voting instructions, your shares will be voted FOR the election to the Board of each of the director nominees listed in Proposal ONE, FOR Proposal TWO, FOR Proposal THREE and FOR Proposal FOUR.

If any other business properly comes before the stockholders for a vote at the meeting, your shares will be voted in accordance with the discretion of the holders of the proxy. The Board of Directors knows of no matters, other than those previously stated, to be presented for consideration at the Annual Meeting.

We are a holding company that was incorporated as a Delaware corporation on December 11, 2013, for the purpose of facilitating an initial public offering (IPO) of common equity and to become the sole managing member of Parsley Energy, LLC, which we refer to as Parsley LLC. Our principal asset is a controlling equity interest in Parsley LLC. On May 22, 2014, a registration statement filed on Form S-1 with the SEC relating to shares of our Class A Common Stock, was declared effective. The IPO closed on May 29, 2014. Prior to the IPO, we had not engaged in any business or other activities except in connection with our formation and the IPO. In this Proxy Statement, the terms the Company, we, us, our and similar terms when used in the present tense, prospectively or for historical periods since May 22, 2014, refer to Parsley Energy, Inc. and its subsidiaries, and for historical periods prior to May 22, 2014, refer to Parsley Energy, LLC and its subsidiaries, unless the context indicates otherwise.

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PROPOSAL ONE:

ELECTION OF DIRECTORS

At the recommendation of the Nominating and Governance Committee, the Board of Directors has nominated the following individuals for election as Class III directors of the Company, to serve for three-year terms beginning at the Annual Meeting and expiring at the 2020 Annual Meeting of the Stockholders, and until either they are re-elected or their successors are elected and qualified or until their earlier death, resignation or removal:

Bryan Sheffield

A.R. Alameddine

Mr. Sheffield and Mr. Alameddine are currently serving as directors of the Company. If Mr. Sheffield and Mr. Alameddine are elected to the Board of Directors, the size of the Board will remain at seven members. Biographical information for each director nominee is contained in the Directors and Executive Officers section below.

The Board of Directors has no reason to believe that its director nominees will be unable or unwilling to serve if elected. If a director nominee becomes unable or unwilling to accept nomination or election, either the number of the Company s directors will be reduced or the persons acting under the proxy will vote for the election of a substitute nominee that the Board of Directors recommends.

Vote Required

The election of directors in this Proposal ONE requires the affirmative vote of a plurality of the votes validly cast on the election of directors. Neither abstentions nor broker non-votes will have any effect on the outcome of the election of directors.

Recommendation

The Board unanimously recommends that stockholders vote FOR the election to the Board of each of the director nominees.

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DIRECTORS AND EXECUTIVE OFFICERS

After the Annual Meeting, assuming the stockholders elect to the Board of Directors the director nominees set forth in Proposal ONE: Election of Directors above, the Board of Directors of the Company will be, and the executive officers of the Company are:

Name	Age	Title
Bryan Sheffield	39	Chief Executive Officer and Chairman of the Board
Matthew Gallagher	34	President and Chief Operating Officer
Ryan Dalton	37	Executive Vice President Chief Financial Officer
Colin Roberts	38	Executive Vice President General Counsel
Mike Hinson	48	Senior Vice President Corporate Development
A.R. Alameddine(2)	69	Director
Ronald Brokmeyer(1)(2)	54	Director
William Browning(1)(3)	63	Director
Dr. Hemang Desai(1)(2)	51	Director
David H. Smith(3)	47	Director
Jerry Windlinger(3)	65	Director

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Governance Committee.

The Company s Board of Directors currently consists of seven members, and if the stockholders elect Mr. Sheffield and Mr. Alameddine to the Board, the Board will continue to consist of seven members. The Company s directors are divided into three classes serving staggered three-year terms. Each year, the directors of one class stand for re-election as their terms of office expire. Dr. Desai and Mr. Brokmeyer are designated as a Class I directors, and their terms of office expire in 2018. Messrs. Smith, Browning and Windlinger are designated as Class II directors, and their terms of office expire in 2019. Messrs. Sheffield and Alameddine are designated as Class III directors, and, assuming the stockholders elect them to the Board as set forth in Proposal ONE: Election of Directors above, their terms of office will expire in 2020.

Set forth below is biographical information about each of the Company s executive officers, directors and director nominees.

Bryan Sheffield Chief Executive Officer and Chairman of the Board. Bryan Sheffield has served as the Company s Chief Executive Officer and Chairman of the Board since January 2017. Mr. Sheffield founded the Company as a two-person start-up in 2008 and has led the Company s growth since that time, including, prior to January 2017, as President, Chief Executive Officer, and Chairman of the Board. He began his career trading options and interest rate futures in Chicago and Gibraltar, before spending 18 months with Pioneer Natural Resources (Pioneer), where he began his oil and gas career. Mr. Sheffield graduated from Southern Methodist University in 2001 with a Bachelor of Business Administration in Finance. We believe that Mr. Sheffield s experience founding and leading the growth of the Company as our Chief Executive Officer qualifies him to serve on our Board of Directors.

Matthew Gallagher President and Chief Operating Officer. Matthew Gallagher has served as the Company s President and Chief Operating Officer since January 2017. Since joining the Company in 2010, Mr. Gallagher has overseen the Company s engineering and geoscience functions in positions of increasing responsibility, including Vice President Engineering and Geoscience from December 2013 to April 2014, and Vice President Chief Operating Officer from May 2014 through January 2017. Prior to joining the Company, Mr. Gallagher served as Investor Relations Supervisor for Pioneer from 2008 to 2010. From 2005 to 2008, Mr. Gallagher held a variety of engineering roles with Pioneer, including Gulf of Mexico Shelf Reservoir Engineer, Hugoton Reservoir Engineer and Spraberry Production and Operations Engineer. Mr. Gallagher has a Bachelor of Science in Petroleum Engineering from the Colorado School of Mines and is a member of the Permian Basin Society of Petroleum Engineers and West Texas Geological Society.

Ryan Dalton Executive Vice President Chief Financial Officer. Ryan Dalton has served as the Company s Executive Vice President Chief Financial Officer since January 2017. Mr. Dalton has overseen the Company s finance function since joining in January 2012, first as Finance Director and then as Vice President Chief Financial Officer from December 2013 through January 2017. From 2009 to January 2012, Mr. Dalton worked in the restructuring and debt advisory practice of Rothschild, an investment bank and financial advisory firm. Prior to departing to pursue an M.B.A., Mr. Dalton worked as a management consultant at AlixPartners, LP for five years. Mr. Dalton holds a Bachelor in Business Administration in Finance from Southern Methodist University and a Masters in Business Administration from the Darden School of Business at the University of Virginia.

Colin Roberts Executive Vice President General Counsel. Colin Roberts has served as the Company s Executive Vice President General Counsel since January 2017, prior to which he served as the Company s General Counsel from April 2013 to May 2014, and the Company s Vice President General Counsel from May 2014 through January 2017. Prior to joining the Company, Mr. Roberts practiced corporate law with Alston & Bird LLP from 2008 to March, 2013. Mr. Roberts earned a Bachelor in Business Administration in Finance and Real Estate Finance from Southern Methodist University and a J.D. from the University of Kentucky College of Law.

Mike Hinson Senior Vice President Corporate Development. Mike Hinson has served as the Company s Senior Vice President Corporate Development since January 2017. Mr. Hinson oversaw the Company s land function from August 2009, when he joined the Company, until June 2016, first as Land Manager from August 2009 through December 2013, and then as Vice President Land from December 2013 through June 2016. In July 2016, Mr. Hinson was appointed as the Company s Vice President Corporate Development, a position in which he served until January 2017, when he became the Company s Senior Vice President Corporate Development. Prior to joining the Company, Mr. Hinson worked in land management for Parker and Parsley Petroleum Company and Pioneer for 12 years. He has an Associate of Arts degree from Odessa College and a Bachelor of Science degree in Kinesiology from the University of Texas of the Permian Basin. He is a member of both the Permian Basin Landmen s Association and the American Association of Petroleum Landmen organization.

A.R. Alameddine Director. A.R. Alameddine is the former Executive VP Worldwide Negotiation Execution and Implementation at Pioneer, a position he held from 2005 until his retirement in 2008. He has served on our Board of Directors since December 2013. Mr. Alameddine joined Pioneer in 1997 and previously held the positions of VP Domestic Business Development and later Executive VP of Worldwide Business Development. Before joining Pioneer, Mr. Alameddine spent 26 years with Mobil Exploration & Producing Company (Mobil) in various engineering and planning positions in the United States. In addition, he was a member of the Gas Venture Group in Stavanger Norway for three years marketing gas production from the Statfjord Field in the North Sea. Prior to his retirement from Mobil in 1997 he was the Acquisition, Trade and Sales Manager, a position he had held since 1990. Mr. Alameddine graduated from Louisiana State University in 1971 with a Bachelor degree of Science in Petroleum Engineering. We believe that Mr. Alameddine s executive management experience in the oil and gas industry qualifies him for service on our Board of Directors.

Ronald Brokmeyer Director. Ronald Brokmeyer is the former President and General Manager of the Permian Resources business unit of Occidental Petroleum Corp. (Occidental), a position he held from 2013 until his retirement in July 2014. He has served on our Board of Directors since March 2016. Mr. Brokmeyer joined Occidental in 2000 and held a number of engineering and managerial positions with the company, both

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domestically and internationally. Mr. Brokmeyer began his career at Amoco Corporation in 1985, where he worked in different engineering roles prior to joining Altura Energy from 1997 to 2000. Mr. Brokmeyer received a Bachelor of Science in Petroleum Engineering from Texas Tech University in 1984. We believe that Mr. Brokmeyer s extensive management and technical experience in the oil and gas industry qualifies him for service on our Board of Directors.

William Browning Director. William Browning has dedicated his time to serving on the boards of directors for various corporations and non-profit organizations since January 2012. He has served on our Board of Directors since August 2014. Prior to this, Mr. Browning was a senior client service partner at Ernst & Young LLP (Ernst & Young) from 1999 through 2012, the latter four years of which he also served as managing partner of Ernst & Young s Los Angeles office. He began his professional career with Arthur Andersen & Co. in 1976, where he was admitted to the partnership in 1987 and named managing partner of the firm s Oklahoma City office in 1994. During his public accounting career, Mr. Browning accumulated experience across a number of industries, including the entire energy value chain, and developed expertise in domestic banking and regulatory compliance. He serves on the boards of directors of Ares Commercial Real Estate Corporation, a real estate investment trust, and also serves on the board of directors of numerous privately held companies in the banking, aviation, and energy industries. He received a B.B.A. from the University of Oklahoma and is a certified public accountant in Oklahoma, California, and Texas. We believe that Mr. Browning s extensive experience on boards of directors and knowledge on accounting and auditing matters qualify him for service on our Board of Directors.

Dr. Hemang Desai Director. Hemang Desai, Ph.D., is the Accounting Department Chair and Robert B. Cullum Professor of Accounting at Southern Methodist University (SMU). He has served on our Board of Directors since July 2014. Dr. Desai joined SMU s faculty in 1998 and has served as the Accounting Department Chair since 2010. His research on accounting and capital markets has been published in top academic journals and has been the subject of articles at publications such as the Wall Street Journal, Barron s, the New York Times and CFO Magazine. Dr. Desai s consulting clients have included McKinsey & Co., Entergy Corp, and Baker & McKenzie. He received a B.Sc. from St. Xavier s College, Bombay, India in 1986, an M.B.A. from the University of New Orleans in 1990, and a Ph.D. in Business Administration from the Freeman School of Business at Tulane University in 1997. We believe that Dr. Desai s experience and broad knowledge in matters of capital markets and accounting qualify him for service on our Board of Directors.

David H. Smith Director. David H. Smith is the Vice-President of Davis, Gerald & Cremer, P.C. (DGC), a boutique oil and gas law firm, where he has practiced law since 1999 and currently heads DGC s business organizations and transactions practice. He has served on our Board of Directors since December 2013. Prior to joining DGC, Mr. Smith practiced with Thompson & Knight in Dallas, Texas, from 1995 to 1999. Mr. Smith is a member of the advisory board of the Institute for Energy Law and a member of the Republican Jewish Coalition. Mr. Smith is a *magna cum laude* graduate of the University of Houston Law Center, where he served as an Editor of the Law Review and was a member of the Order of the Coif, Order of the Barons and Phi Delta Phi. He attended Harvard University and Boston University, earning his undergraduate degree in Economics and Business Administration from Boston University in 1992. We believe that Mr. Smith s experience representing oil and gas companies on complex business transactions qualifies him for service on our Board of Directors.

Jerry Windlinger Director. Jerry Windlinger joined our Board of Directors in December 2016, and is the former Vice President of Corporate Development of Anadarko Petroleum Corporation, a position he held from March 2014 until his retirement in December 2016, during which time he was responsible for overseeing the company s global acquisitions, divestitures, and business development activities. Mr. Windlinger joined Anadarko in 1978 and served in a variety of technical and managerial positions in reservoir engineering, exploration, development, and acquisitions. Over the course of his 41 years in the energy industry, Mr. Windlinger s experience spanned U.S. onshore, U.S. offshore, Alaskan, Canadian, and international assets. Mr. Windlinger earned both a Bachelor of Science and a Master of Science in Petroleum Engineering from the

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University of Texas. He is a member of the Society of Petroleum Engineers and a registered Professional Engineer in the state of Texas. We believe that Mr. Windlinger s long spanning experience in the oil and gas industry qualifies him for service on our Board of Directors.

Senior Officer and Co-Founder

Set forth below is biographical information about Paul Treadwell, the Company s Senior Vice President Operations, who was our second employee and helped found the Company in 2008.

Paul Treadwell Senior Vice President Operations. Paul has served as the Company s Senior Vice President Operations since January 2017. Mr. Treadwell helped co-found the Company with Mr. Sheffield in 2008. Since that time, he has overseen our operations activities in positions of increasing responsibility, including as Vice President Operations from December 2013 to January 2017. Prior to joining the Company, Mr. Treadwell spent 17 years with Parker and Parsley Petroleum Company and Pioneer in a variety of operations and management roles. Mr. Treadwell has over 30 years of experience in oil and gas operations. He has an Associate in Applied Science degree from Western Texas College and is a member of the Society of Petroleum Engineers.

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MEETINGS AND COMMITTEES OF DIRECTORS

The Board of Directors held five meetings during 2016, including one special meeting, and its independent directors met in executive session four times during 2016. During 2016, each of our incumbent directors attended at least 75% of the meetings of the Board of Directors and the meetings of the committees of the Board of Directors on which that director served (in each case, which were held during the period for which such incumbent director was a director).

Executive Sessions. The Board of Directors holds regular executive sessions in which the independent directors meet without any non-independent directors or members of management. The purpose of these executive sessions is to promote open and candid discussion among the independent directors. The Lead Director, Mr. Alameddine, presides at these meetings and provides the Board of Directors guidance and feedback to our management team.

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

The Board of Directors and each committee of the Board of Directors expects to meet a minimum of four times per calendar year in 2017 and future years.

Audit Committee. The members of the Audit Committee are Messrs. Browning and Brokmeyer and Dr. Desai. The Audit Committee held four meetings during 2016. Additional information regarding the functions performed by the Audit Committee and its membership is set forth in the Audit Committee Report included herein and also in the Audit Committee Charter that is posted on the Company s website at *www.parsleyenergy.com*.

Compensation Committee. Responsibilities of the Compensation Committee, which are discussed in detail in the Compensation Committee Charter that is posted on the Company s website at *www.parsleyenergy.com*, include, among other duties, the responsibility to:

- review, evaluate and approve the agreements, plans, policies and programs of the Company to compensate the Company s executive officers and directors;

- review and discuss with the Company s management the Compensation Discussion and Analysis included in this Proxy Statement;

- produce the Compensation Committee Report as required by Item 407(e)(5) of Regulation S-K included in this Proxy Statement;

- otherwise discharge the Board s responsibilities relating to compensation of the Company s executive officers and directors; and

- perform such other functions as the Board may assign to the Compensation Committee from time to time.

The Compensation Committee is delegated all authority of the Board of Directors as may be required or advisable to fulfill its purposes. The Compensation Committee may delegate to its Chairman, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances. Meetings may, at the discretion of the Compensation Committee, include members of the Company s management, other members of the Board of Directors, consultants or advisors and such other persons as the Compensation Committee believes to be necessary or appropriate. The Compensation Committee will consult with the Company s Chief Executive Officer when evaluating the performance of, and setting the compensation for, the Company s executive officers other than the Chief Executive Officer.

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The Compensation Committee may, in its sole discretion, retain and determine funding for legal counsel, compensation consultants, as well as other experts and advisors (collectively, Committee Advisors), including the authority to retain, approve the fees payable to, amend the engagement with and terminate any Committee Advisor, as it deems necessary or appropriate to fulfill its responsibilities.

The members of the Compensation Committee are Messrs. Alameddine and Brokmeyer and Dr. Desai. The Compensation Committee held five meetings during 2016.

Nominating and Governance Committee. The Nominating and Governance Committee advises the Board, makes recommendations regarding appropriate corporate governance practices, and assists the Board in implementing those practices. The Nominating and Governance Committee further assists the Board by identifying individuals qualified to become members of the Board, consistent with the criteria approved by the Board, and by recommending director nominees to the Board for election at the annual meetings of stockholders or for appointment to fill vacancies on the Board. Additional information regarding the functions performed by the Nominating and Governance Committee is set forth in the Corporate Governance and Stockholder Proposals; Identification of Director Candidates sections included herein and also in the Nominating and Governance Committee Charter that is posted on the Company s website at *www.parsleyenergy.com.*

The members of the Nominating and Governance Committee are Messrs. Smith, Browning, and Windlinger. The Nominating and Governance Committee held four meetings during 2016.

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COMPENSATION COMMITTEE REPORT

The information contained in this Compensation Committee Report shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates such information by reference in such filing.

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis required by Item 402 of Regulation S-K promulgated by the SEC with management of the Company, and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that such Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Compensation Committee of the Board of Directors:

A.R. Alameddine, Chairman

Dr. Hemang Desai, Member

Ronald Brokmeyer, Member

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides information about our rationale and policies with regard to the compensation of the executive officers who are our Named Executive Officers for 2016. Our Named Executive Officers include our principal executive officer, principal financial officer and the three most highly compensated executive officers other than our principal executive officer and principal financial officer. Our Named Executive Officers for 2016 include:

Name	Title
Bryan Sheffield	Chief Executive Officer and Chairman of the Board(1)
Ryan Dalton	Executive Vice President Chief Financial Officer(2)
Matthew Gallagher	President and Chief Operating Officer(1)
Colin Roberts	Executive Vice President General Counsel(3)
Mike Hinson	Senior Vice President Corporate Development(4)

(1) Mr. Gallagher was promoted from Vice President Chief Operating Officer to President and Chief Operating Officer, effective January 5, 2017. Following this appointment, Mr. Sheffield who previously served as President, Chief Executive Officer and Chairman of the Board, continues to serve as Chief Executive Officer and Chairman of the Board.
(2) Mr. Dalton was promoted from Vice President Chief Financial Officer to Executive Vice President Chief Financial Officer, effective January 5, 2017.
(3) Mr. Roberts was promoted from Vice President General Counsel to Executive Vice President General Counsel, effective January 5, 2017.
(4) Mr. Hinson was promoted from Vice President Land to Vice President Corporate Development, effective July 1, 2016, and to Senior Vice President Corporate Development, effective January 5, 2017.

This Compensation Discussion and Analysis is intended to provide context for the tabular disclosure provided in the executive compensation tables below and to provide investors with the material information necessary to an understanding of our compensation policies and decisions.

EXECUTIVE SUMMARY

We are an independent oil and natural gas company operating in the Permian Basin, where we develop unconventional oil and natural gas reserves. As we efficiently and responsibly grow reserves, production, and cash flow by developing our liquids rich resource base, we seek to create value for stockholders, employees, energy consumers, and the communities in which we work. With these goals in mind, our executive compensation program is designed to attract, retain, motivate, and appropriately reward talented and experienced executives while ensuring that the interests of the Named Executive Officers are aligned with the interests of our stockholders.

2016 Company Performance

Despite a challenging commodity price backdrop during much of the year, we accomplished a number of significant achievements in 2016, including the following:

We increased full-year 2016 production by 74% over full-year 2015 production, with oil volumes increasing 95% year-over-year.

We posted strong reserve growth in 2016, increasing proved reserves by approximately 80% year-over-year, despite writing off all remaining reserves associated with vertical drilling activity.

Alongside substantial production and reserve growth, we maintained our strong financial position over the course of 2016, exiting the year with approximately $733 million of liquidity.

We reduced average drilling and completion costs per net horizontal well by 36% year-over-year, despite higher average lateral lengths.

We added approximately 980 net horizontal drilling locations through strategic acquisitions and acreage trades in our core development areas in the Midland and Delaware basins. These transactions increased our horizontal inventory by over 40%. We also added 450 net drilling locations organically by successfully delineating a second landing zone in the Wolfcamp B formation in the Midland Basin.

In addition to meaningful leasehold acquisitions, we announced the acquisition of mineral rights under approximately 30,000 acres in the Southern Delaware Basin, increasing average net revenue interest by 17.5% to 92.5% on the affected acreage.

We reduced per unit lease operating expenses by 46% year-over-year to $4.23 per Boe.

We believe that these operational and financial achievements contributed to the strong performance of our stock in 2016. Our stock outperformed the Dow Jones U.S. Select Oil Exploration & Production Index by more than 130% in 2016. Parsley s stock appreciated by 83% during the year.

2016 Stock Performance

The Dow Jones U.S. Select Oil Exploration & Production Index (DJSOEPT) is comprised of 53 companies meeting market capitalization requirements, and is intended to measure the stock performance of U.S. companies in the oil exploration and production sector. Source: Dow Jones.

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NEO Pay at a Glance

To ensure that the interests of the Named Executive Officers are aligned with stockholders, our Compensation Committee has designed our executive compensation program to include a substantial amount of pay that is at-risk. At-risk pay may be performance-based, equity-based, or both. The first chart below shows that 79% of our Chief Executive Officer s 2016 target compensation is comprised of at-risk pay, while his guaranteed base salary comprises 21% of his target annual compensation. Similarly, the second chart below shows that, on average, 74% of our Named Executive Officers (excluding our Chief Executive Officer) 2016 target compensation is comprised of at-risk pay, while their average guaranteed base salary comprises 26% of their average target annual compensation.

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Say-on-Pay and Say-on-Frequency

As of December 31, 2015, the Company no longer qualified as an emerging growth company (as such term is defined in the Jumpstart Our Business Startups Act, also known as the JOBS Act). As such, in 2016, we offered stockholders the opportunity to vote, on a non-binding advisory basis, to approve our executive compensation programs, colloquially known as Say-on-Pay, as well as the frequency of such Say-on-Pay votes, or Say-on-Frequency.

Last year, our stockholders overwhelmingly approved, on an advisory basis, the compensation programs for our Named Executive Officers. Advisory votes in favor of these programs were cast by over 97% of the shares of Common Stock present in person or represented by proxy and entitled to vote at the 2016 Annual Meeting of Stockholders. Our stockholders also voted in favor of advisory Say-on-Pay votes on an annual basis, which was the frequency recommended by our Board because it would provide our stockholders with the opportunity to provide real-time feedback regarding our programs and policies. The Board and our Compensation Committee took the results of these votes into account when evaluating the compensation programs for our Named Executive Officers in 2016 and when determining the frequency with which we will provide our stockholders an opportunity to cast a Say-on-Pay vote. Based in part on the level of support from our stockholders, our Compensation Committee elected not to make any material changes to the compensation programs for our Named Executive Officers during 2016 and to provide our stockholders with an annual opportunity to cast an advisory vote on the compensation programs for our Named Executive Officers. We look forward to receiving annual feedback from our stockholders regarding the Company s executive pay practices as we value our stockholders evaluation of our executive compensation programs and policies. As discussed in more detail in Proposal THREE below, the Board has recommended that stockholders vote, on a non-binding advisory basis, to approve our 2016 executive compensation programs as described below.

EXECUTIVE COMPENSATION PHILOSOPHY AND OBJECTIVES

Our executive compensation policies are designed to align management and stockholder interests and create value for investors while attracting and retaining talented executives with the skills and expertise to help us achieve our financial and operational goals. We have a strong interest in the retention of our current Named Executive Officers, as we believe that their unique capabilities and experience enable us to achieve our corporate objectives and create value for stockholders. We aim to provide effective retention mechanisms while preventing excessive payments or improper incentives. We strive to maintain competitive pay practices within our industry while ensuring that our stockholders receive maximum returns and security for their investment. We accomplish this through linking our executive compensation to several measures of the Company s short-term and long-term performance. A majority of our compensation program is comprised of pay that is at-risk.

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Our Compensation Committee regularly reviews best compensation and governance practices to ensure that our executive compensation program is designed such that it is consistent with those practices while striving to achieve the compensation objectives described above. The following chart provides a brief summary of some of our compensation practices.

What we do:		*What we don t do:*
Pay for performance and pay for sustained performance over multi-year performance periods	×	No single-trigger change of control vesting for time-based awards
Establish challenging performance metrics	×	No gross-ups for severance or change of control payments
Substantial portion of pay at-risk	×	No guaranteed bonuses
Equity awards subject to extended vesting periods	×	No payment of current dividends on unvested restricted stock units
Policy prohibiting hedging transactions	×	No excessive perquisites
Policy prohibiting pledging transactions subject to limited exceptions with Audit Committee approval		
Independent Compensation Consultant		
Evaluate officer compensation levels against a peer group of similarly-sized E&P companies		
Stock ownership guidelines for non-employee directors and executives		
Performance-based awards that vest on change of control vest based on actual performance		

HOW WE MAKE COMPENSATION DECISIONS

Role of the Compensation Committee

The Compensation Committee has the responsibility to review and approve the compensation policies, programs, and plans for the Company s officers and directors, including administering the Parsley Energy, Inc. Long-Term Incentive Plan (the LTIP). The Compensation Committee is also responsible for reviewing our Compensation Discussion and Analysis and producing the Compensation Committee Report with respect to our executive compensation disclosures. Finally, the Compensation Committee establishes our compensation objectives in order to maintain a competitive and effective compensation program. The Compensation Committee, in overseeing the compensation of our directors and officers, employs several analytic tools and considers information from multiple resources. Subject in certain circumstances to Board approval, the Compensation Committee has the sole authority to make final decisions with respect to our executive compensation program, and the Compensation Committee is under no obligation to utilize the input of other parties. For more detailed information regarding the Compensation Committee, please refer to the Compensation Committee Charter, which is posted on the Corporate Governance page of the investor relations section of the Company s website at *www.parsleyenergy.com*.

Role of Compensation Consultant in Compensation Decisions

The Compensation Committee has retained Meridian Compensation Partners, LLC (Meridian), as the committee s independent compensation consultant. Meridian provides advice to and works with the

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Compensation Committee in designing and implementing the structure and mechanics of the Company s executive compensation regime as well as other matters related to officer and director compensation. For example, Meridian worked with the Compensation Committee to design the performance-based annual incentive program and long-term equity incentive program implemented in 2015. In addition, Meridian provides the Compensation Committee with external context such as relevant market and peer-company data, trends in executive compensation, and developments in executive compensation practices. This information assists the Compensation Committee in making executive and director compensation decisions based on market pay levels and best practices.

The Compensation Committee made the decision to retain Meridian, and Meridian reports directly and exclusively to the Compensation Committee. Meridian does not have authority to make compensation-related decisions for the Compensation Committee or otherwise with respect to the Company, and the Compensation Committee is not required to utilize any of the information or advice provided by Meridian. In addition, other than its services performed for the Compensation Committee, Meridian does not provide additional services to management, the Company or its affiliates. The Compensation Committee has the discretion to allow Meridian to work with management in preparing or reviewing materials for the Compensation Committee s consideration. During 2016, and after taking into consideration the factors listed in Section 303A.05(c)(iv) of the New York Stock Exchange (NYSE) Listed Company Manual, the Compensation Committee concluded that neither it nor the Company has any conflicts of interest with Meridian, and that Meridian is independent from management. Other than Meridian, no other compensation consultants provided services to the Compensation Committee during 2016.

Role of Executive Officers in Compensation Decisions

After reviewing the information and advice provided by Meridian, our corporate goals, historic and projected performance, the current economic environment, and any other relevant factors, the Compensation Committee determines the compensation for our Chief Executive Officer. In making compensation determinations with respect to the other Named Executive Officers, the Compensation Committee may consider recommendations from our Chief Executive Officer but retains sole discretion over final compensation determinations. Additionally, the Compensation Committee requests that the Named Executive Officers provide recommendations on the appropriate goals when establishing the qualitative and quantitative performance metrics for the short-term cash incentive program. The Compensation Committee may disregard any such suggestions or observations made by our executive officers. In addition, the Compensation Committee may invite any Named Executive Officer to attend Compensation Committee meetings to report on the Company s progress with respect to the annual quantitative and qualitative performance metrics, but such officer is excluded from any decisions involving his individual compensation.

Determining Compensation Levels

As discussed above, the Compensation Committee has the overall responsibility for establishing the elements, terms and target value of compensation delivered to our Named Executive Officers. The Compensation Committee strives to develop competitive, but not excessive, compensation programs for our employees and our Named Executive Officers in order to recruit and retain the best possible talent in our industry. An important element of the Compensation Committee s decision making is compensation data produced by our independent compensation consultant, including direct data from our peer group, other industry compensation surveys, and proprietary data developed by Meridian. Using this data, the Compensation Committee will evaluate each Named Executive Officer s individual performance, the Company s overall performance, and market data to reach compensation decisions for individual officers.

Peer Group

Our Compensation Committee, with input from Meridian, chose our peer group after reviewing the relative size, market capitalization, revenues, enterprise value, business structure, mix of oil and gas production, and

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historical performance of a number of similar companies in the upstream exploration and production business. The Compensation Committee also considered to what extent we directly compete with the peer companies in making its determination (e.g., whether we operate in the same geographic location). The Compensation Committee, with input from Meridian, determined that the peer group for 2016 should be updated in order to better reflect our current market position (e.g., market capitalization, revenues, enterprise value, etc.) and the expectation of continued consolidation and volatility in the energy industry. After taking all of these considerations into account, the Compensation Committee determined that the companies included in the table below reflect an appropriate peer group for 2016:

Cabot Oil & Gas Corp.	Gulfport Energy Corp.	Oasis Petroleum Inc.
Carrizo Oil & Gas Inc.	Laredo Petroleum Inc.	PDC Energy Inc.
Cimarex Energy Co.	Matador Resources Co.	QEP Resources Inc.
Diamondback Energy Inc.	Memorial Resource Development Corp.*	Rice Energy Inc.
Energen Corp.	Newfield Exploration Co.	RSP Permian Inc.

* During 2016, Memorial Resource Development Corp. was acquired, and WPX Energy Inc. was added to the peer group as a replacement.

Compensation and total stockholder return data from the above peer group was used by our Compensation Committee when making decisions regarding the compensation paid to our Named Executive Officers and, as described in 2016 Restricted Stock Unit Awards under the LTIP below, also used for the relative total stockholder return comparison for the performance-based restricted stock units awarded to our Named Executive Officers in February 2016 for the three-year performance period covering January 1, 2016 through December 31, 2018. As described in 2016 Restricted Stock Unit Awards under the LTIP below, at the end of the performance period, the Compensation Committee will certify the total stockholder return for our stock in comparison to our peer group, which will determine the payout level for the performance-based restricted stock units granted to our Named Executive Officers in 2016.

ELEMENTS OF COMPENSATION

Base Salary

Each Named Executive Officer s base salary is a fixed component of compensation each year for performing specific job duties and functions. Base salary is an integral component of our compensation and a crucial aspect of retaining top executive talent. The Compensation Committee works together with our Chief Executive Officer to determine the amount, if any, of modifications to the base salary levels for each of our Named Executive Officers, except for Mr. Sheffield s base salary, which is set directly by the Compensation Committee alone. Adjustments to the base salary rates for the Named Executive Officers are made upon consideration of factors that our Compensation Committee deems relevant, including but not limited to: (a) any increase or decrease in the executive s responsibilities, (b) the executive s experience, (c) the executive s job performance, and (d) the level of compensation paid to executives of other companies with which we compete for executive talent, as estimated based on data provided by Meridian, publicly available information, and the experience of the members of our Compensation Committee. Specifically, in 2016 the Compensation Committee increased the base salaries for our Named Executive Officers to ensure that their base salaries were competitive with the base salaries of similarly situated executives of our peer companies and to reflect each executive s increase in responsibility as a result of our growth in size and expanded operations. The 2016 base salary increases were effective as of July, 2016.

Name	2015 Base Salary		2016 Base Salary	
Bryan Sheffield	$	640,000	$	710,000
Ryan Dalton	$	385,000	$	420,000
Matthew Gallagher	$	400,000	$	460,000
Colin Roberts	$	330,000	$	360,000
Mike Hinson	$	316,000	$	336,000

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The total base salary paid to each of our Named Executive Officers for services provided during 2016 is reported below in the Salary column of our Summary Compensation Table.

Annual Incentive Bonus 2016 Short-Term Cash Incentive Program

Our cash incentive program was implemented in order to provide pre-established objective performance criteria that could be communicated to our Named Executive Officers early in the performance period in order to motivate them to achieve specific short-term financial and operational goals. The 2016 short-term cash incentive program also provides for an established payout structure, with payout percentages that are calculated based upon the Company s actual performance against equally weighted quantitative and qualitative performance goals. No payout percentage is earned for a quantitative metric if the actual performance for that metric is below the threshold level, and the overall payout amount for each Named Executive Officer participant in the 2016 short-term cash incentive program is capped at 200% of that individual s target bonus (regardless of any individual performance adjustment).

The quantitative metrics allow the executives to strive towards very specific numerical performance goals, while the qualitative factors allow the Compensation Committee to evaluate more holistic company goals. Furthermore, the 2016 short-term cash incentive program still allows the Compensation Committee the flexibility to adjust the award if necessary based on individual performance and any relevant market adjustments.

The quantitative performance metrics utilized in 2016, which in the aggregate were weighted 50% of the total annual incentive opportunity, included production volume, measured in million barrels of oil equivalent (MMBoe), lease operating expense (LOE), and finding and development cost for proved developed producing reserves (PDP F&D). Production volume represents the quantity of oil, gas, and natural gas liquids produced. LOE includes all direct and allocated indirect costs of lifting hydrocarbons from a producing formation to the surface constituting part of the current operating expenses of a working interest, including labor, superintendence, supplies, repairs, maintenance, allocated overhead charges, workover, insurance and other expenses incidental to production, but excludes lease acquisition and drilling and completion expenses. PDP F&D is calculated by dividing annual development capital expenditures by year-over-year proved developed producing and proved developed non-producing reserve additions, which includes reclassifications and technical and pricing revisions, but excludes acquisitions and divestitures. LOE and PDP F&D are both measured on a unit basis (*i.e.*, barrel of oil equivalent (Boe)) and are designed to incentivize expense reductions and improved operational efficiencies. The qualitative metrics that the Compensation Committee may consider include, but are not limited to, safety/environmental, general and administrative expense management (G&A Expense), achievement of strategic initiatives, and talent development. The qualitative metrics utilized in 2016, in the aggregate, were weighted 50% of the total annual incentive opportunity. The chart below summarizes the metrics and performance levels established by the Compensation Committee for 2016.

	WEIGHTING	THRESHOLD PERFORMANCE LEVEL	TARGET PERFORMANCE LEVEL	MAXIMUM PERFORMANCE LEVEL
Quantitative Metrics	**50%**			
Production	16.6%	11.0 MMBoe (~30.0 MBoe/d) Payout %: 8.3%	11.5 MMBoe (~31.5 MBoe/d) Payout %: 16.6%	12.1 MMBoe (~33.0 MBoe/d) Payout %: 33.3%
LOE	16.6%	$6.50/Boe	$6.00/Boe	$5.50/Boe

		Payout %: 8.3%	Payout %: 16.6%	Payout %: 33.3%
PDP F&D	16.6%	$16.50/Boe	$15.00/Boe	$13.50/Boe
		Payout %: 8.3%	Payout %: 16.6%	Payout %: 33.3%
Qualitative Factors	**50%**			
Safety/environmental G&A Expense Strategic initiatives Talent development	The payout percentage for qualitative metrics will be determined by the Compensation Committee in its sole and absolute discretion after considering our qualitative performance in any areas it deems relevant, which may include, but are not limited to, the qualitative factors listed here.			

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After the level of performance is determined by the Compensation Committee, the payout percentage for each individual metric is added together to calculate the total payout percentage for each Named Executive Officer. The Compensation Committee may then adjust the total payout percentage for each participant either up or down by no more than 25% to take into account individual performance. The final payout percentage is then multiplied by the participant s target bonus opportunity. In light of the depressed commodities market at the time the metrics were established in February 2016, the Compensation Committee determined that the target bonus opportunity for each of our Named Executive Officers under the 2016 short-term cash incentive program should be reduced to 60% of each officer s base salary in effect at the 2016 fiscal year-end (down from 100% of base salary in 2015).

Base Salary at Fiscal Year End	X	NEO Target Bonus (% of base salary)	X	Payout Percentage (%)	+/-	Individual Performance Adjustments (if any)	=	Actual Bonus Earned

In 2016, while the Compensation Committee intended to administer the program as described above, in order to retain flexibility in the current volatile commodities market, the Compensation Committee reserved the right to increase or decrease final awards or terminate the 2016 short-term cash incentive program entirely at any time prior to settlement of the awards.

In February 2017, the Compensation Committee met to determine the payout percentage for each metric based on the actual level of performance achieved for each of the qualitative and quantitative performance factors. The Compensation Committee reviewed and discussed the data regarding the Company s performance as compared to the targets for each quantitative performance metric established for the 2016 fiscal year. The Compensation Committee did not exercise its discretion to adjust the total payout percentage based on individual performance, modify the final awards in any other way, or to terminate the program during 2016.

The Compensation Committee calculated the payout percentage for the quantitative metrics of 100% by applying the actual results for each quantitative metric for the 2016 fiscal year to the targets approved by the Compensation Committee at its February 2016 meeting. The Company exceeded the maximum performance level for each of the production, LOE, and PDP F&D metrics, resulting in a payout percentage of 33.3% for each metric.

With respect to the qualitative metrics, the Compensation Committee considered a variety of qualitative factors in determining a payout percentage of 75%. The Compensation Committee acknowledged the Company s successes in achieving certain strategic initiatives during 2016, including peer-leading debt-adjusted growth, expansion of the Company s acreage footprint to increase operational capacity and growth potential, an increase in expected high-return drilling locations, improvements in cost performance, and superior performance of the Company s stock, representing value creation for stockholders. The Compensation Committee also considered the Company s progress on G&A Expense, including a reduction in cash-based general and administrative expenses on a unit basis year-over-year from 2015 to 2016. In regards to talent development, the Compensation Committee recognized the Company s progress in many areas, including increased educational opportunities and training, the establishment of an internal committee to scrutinize hiring and promotion activities, the implementation of human resources software to streamline key processes, and high employee morale, as measured by employee surveys. Finally, as part of its evaluation of qualitative factors, the Compensation Committee considered the Company s safety and environmental performance. Accomplishments in this area in 2016 included improved reporting capabilities, employee training initiatives, and limited reportable incidents and spills year-over-year despite a significant increase in activity and exposure hours.

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The following chart shows the Compensation Committee s determination with respect to the 2016 short-term cash incentive program performance measures:

Metric	Threshold	Target	Maximum	Actual Result	Payout Percentage(1)
Quantitative Metrics					
Production/MMBoe	11.0 MMBoe	11.5 MMBoe	12.1 MMBoe	14 MMBoe	33.3%
LOE	$6.50/Boe	$6.00/Boe	$5.50/Boe	$4.23/Boe	33.3%
PDP F&D	$16.50/Boe	$15.00/Boe	$13.50/Boe	$7.95/Boe	33.3%
SUB-TOTAL					**100%**

Qualitative Factors

Factor	Actual Result	
Strategic initiatives	The Company achieved a number of strategic initiatives, including peer-leading debt-adjusted growth, an increase in its acreage footprint and high-return inventory, and strong stock performance.	
G&A expenses	The Company s G&A Expense per Boe decreased year-over-year.	
Talent development	The Company fostered talent development through a variety of initiatives, including training and educational opportunities and streamlining recruiting, hiring, and promotion processes.	**75%**
Safety/environmental	The Company advanced its safety and environmental reporting capabilities, training efforts, and maintained limited reportable incidents and spills year-over-year despite substantially increased development activity.	
TOTAL 2016 PAYOUT PERCENTAGE		**175%**

(1) No payout percentage is earned for a quantitative metric if the actual performance for the applicable metric is below the threshold level, and the overall payout percentages are capped at 200% of target payout.

The final payout percentage of 175%, as determined above, was then multiplied by the Named Executive Officer s target bonus opportunity, which for 2016 was 60% of each Named Executive Officer s base salary in effect as of December 31, 2016, in order to calculate the total bonus payable to each Named Executive Officer. For 2016, the target bonus opportunity was reduced to 60% from 100% of base salary in response to uncertainty caused by the depressed commodities market at the time the metrics were established in February 2016.

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The bonus amounts paid to the Named Executive Officers for the 2016 fiscal year under the 2016 short-term cash incentive program are outlined in the chart below and are reported in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation column:

Name	Base Salary as of 12/31/16 ($)		Target Bonus as % of Base Salary		Payout Percentage		Individual Performance Adjustments ($)		Actual 2016 Bonus Award ($)
Bryan Sheffield	$ 710,000	X	60%	X	175%	+	$ 0	=	$ 745,500
Ryan Dalton	$ 420,000	X	60%	X	175%	+	$ 0	=	$ 441,000
Matthew Gallagher	$ 460,000	X	60%	X	175%	+	$ 0	=	$ 483,000
Colin Roberts	$ 360,000	X	60%	X	175%	+	$ 0	=	$ 378,000
Mike Hinson	$ 336,000	X	60%	X	175%	+	$ 0	=	$ 352,800

2014 Long-Term Incentive Plan

In connection with the closing of our IPO, our Board of Directors adopted, and our stockholders approved, a Long-Term Incentive Plan, or LTIP, to attract, retain, and motivate employees, directors, and other service providers. Our Named Executive Officers are eligible to participate in the LTIP, which provides for the grant of cash and equity-based awards, including options to purchase shares of our Class A Common Stock, stock appreciation rights, restricted stock, restricted stock units (RSUs), bonus stock, dividend equivalents, other stock-based awards, performance awards, and annual incentive awards. Since the adoption of our LTIP, we have awarded only restricted stock, RSUs, and short-term cash incentive bonuses pursuant to our LTIP.

2016 Restricted Stock Unit Awards under the LTIP

On February 18, 2016, the Compensation Committee granted RSUs to each of our Named Executive Officers. One-half of the RSUs granted were awards of Performance-Based Restricted Stock Units (Performance RSUs), and the other one-half of the awards granted were Time-Based Restricted Stock Units (Time RSUs). The awards will be settled in shares of our Class A Common Stock, and the RSUs accrue dividend equivalents that are settled in cash within 45 days of the settlement of the shares distributed pursuant to the award. The Compensation Committee determined to award a mix of Performance RSUs and Time RSUs due to the different incentives and characteristics of each type of award. Specifically, Performance RSUs are intended to ensure that a meaningful portion of our Named Executive Officers compensation is performance-based and variable based on the performance of our stock price relative to our peers, thus incentivizing our Named Executive Officers to achieve long-term company performance goals and aligning Named Executive Officer compensation with the value created for our stockholders. Time RSUs are intended to emphasize retention and stock ownership, serve as a more fixed and predictable compensation element, and to further align our Named Executive Officer s compensation with the interests of our stockholders. In short, the combination of Performance RSUs and Time RSUs are intended to balance performance-based compensation with the need to retain critical talent.

All of the Time RSUs granted to the Named Executive Officers in February 2016 will vest, subject to continued employment with us and the terms of the restricted stock unit agreement and the LTIP, on February 18, 2019.

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The performance metric used for the Performance RSUs granted in 2016 was relative total stockholder return, which measures the Company s total stockholder return as compared to the total stockholder return of peer group companies over the performance period from January 1, 2016 through December 31, 2018. Total stockholder return is calculated as the change in stock price plus dividends paid over the performance period, assuming that the dividends were reinvested in the applicable company. The stock price at the beginning and end of the performance period is calculated using the relevant company s 20 trading-day average closing stock price leading up to the first and last day of the performance period, respectively. The peer group of companies used to measure relative total stockholder return is as follows, which is the same peer group disclosed above in the section entitled Determining Compensation Levels Peer Group.

Cabot Oil & Gas Corp.	Gulfport Energy Corp.	Oasis Petroleum Inc.
Carrizo Oil & Gas Inc.	Laredo Petroleum Inc.	PDC Energy Inc.
Cimarex Energy Co.	Matador Resources Co.	QEP Resources Inc.
Diamondback Energy Inc.	Memorial Resource Development Corp.*	Rice Energy Inc.
Energen Corp.	Newfield Exploration Co.	RSP Permian Inc.

* During 2016, Memorial Resource Development Corp. was acquired, and WPX Energy Inc. was added to the peer group as a replacement.

If during the performance period any member of the peer group is acquired, then it will be excluded from the peer group and a new company will be added to the peer group and used in lieu of the removed member when calculating relative total stockholder return for the entire Performance Period. The replacement member (or members) will be automatically selected from the following list in the order enumerated below:

1. WPX Energy Inc.*
2. Southwestern Energy Co.
3. Range Resources Corp.
4. Concho Resources Inc.
5. Whiting Petroleum Corp.
6. Murphy Oil Corp.
7. EP Energy Corp.

If during the performance period any member of the peer group ceases to exist by reason of bankruptcy or is delisted and ceases to be traded on a national securities exchange, then it will remain in the peer group and its performance will be utilized in the relative total stockholder return calculation, using a zero percent total stockholder return from the date of removal from the peer group through the end of the performance period.

The Compensation Committee determined that relative total stockholder return was an appropriate performance measure over this three-year performance period because it aligns the interests of our Named Executive Officers with those of stockholders. In addition, due to the sustained volatility in commodity prices, the Compensation Committee felt that the Performance RSUs should vest based on performance relative to peers in our industry.

At the end of the three-year performance period, the Performance RSUs will vest based on the Compensation Committee s certification of the Company s relative total stockholder return for the performance period. Following such certification of performance, the Performance RSUs will vest as follows:

Level	**Performance (Percentile Rank vs. Peers)**	**Payout (% of Target)**
< Threshold	< 25th Percentile	0%
Threshold	25th Percentile	50%
Target	50th Percentile	100%
^{3} Maximum	^{3} 75th Percentile	200%

The Performance RSUs will be forfeited entirely if the Company does not achieve at least the threshold level of relative total stockholder return performance. In addition, under no circumstances will the number of Class A Common Stock delivered upon settlement of the Performance RSUs equal more than 200% of the target number of Performance RSUs granted. Payout levels for performance between threshold, target, and maximum will be calculated using straight line interpolation.

Other Compensation Elements

Health, 401(k) and Life Insurance Plans We currently maintain a retirement plan intended to provide benefits under section 401(k) of the Internal Revenue Code of 1986, as amended (the Code), whereby employees, including our Named Executive Officers, are allowed to contribute portions of their base compensation to a tax-qualified retirement account. We provide a 200% match of salary deferrals up to 4% of eligible compensation for all employees. We may also make additional discretionary matching contributions, although no such contributions were made in 2016 or are currently being contemplated for 2017. We also pay all premiums for health insurance coverage and for life insurance coverage of $100,000 for each of our employees on a non-discriminatory basis.

Aircraft Usage In 2013, we purchased a corporate aircraft to facilitate the most efficient business travel for certain employees, members of our Board of Directors, and business partners. Any permitted traveler utilizing corporate aircraft for personal use not associated with business travel must obtain advance approval from our Chief Executive Officer, enter into a time sharing agreement, and reimburse us for all applicable expenses allowable and in accordance with FAA regulations. Messrs. Dalton and Hinson have entered into such a time sharing agreement in accordance with FAA regulations, pursuant to which they reimburse us for all applicable expenses allowable. Pursuant to his employment agreement, our Chief Executive Officer is entitled to utilize the aircraft for reasonable personal use in North America at no cost to him for up to 30 hours per calendar year. The value of unreimbursed personal use of the aircraft by our Chief Executive Officer will also be treated as imputed income to him for tax purposes. Our Chief Executive Officer has also entered into a time sharing agreement in accordance with FAA regulations, pursuant to which he reimburses us for all applicable expenses allowable for flight hours exceeding the 30 hours provided for under his employment agreement. Additionally, dependents of our Named Executive Officers are permitted in limited circumstances to accompany our Named Executive Officers on business flights, provided such flight has the appropriate extra capacity for the dependent.

Pension and Nonqualified Deferred Compensation We have not maintained, and do not currently maintain, a defined benefit pension plan or nonqualified deferred compensation plan.

EMPLOYMENT AGREEMENTS

We have entered into employment agreements with each of our Named Executive Officers. The Compensation Committee has determined that having employment agreements with these executive officers is in the best interests of the Company and its stockholders. Many of the companies with which we compete for executive talent provide similarly situated executives with employment agreements and, as such, the agreements are an important recruiting and retention tool. We believe that the current executive officers were integral to our historical success and are vital to the continuing performance of the Company. We believe that the terms of the employment agreements are fair to the Company and that the compensation under the employment agreements is competitive relative to our peer companies, while not being excessive.

During 2016, we amended the employment agreements with each of our Named Executive Officers. The agreements were amended, in material part, to (i) incorporate the vesting provisions included in the award agreements for outstanding equity awards held by the Named Executive Officers in the event of a termination by us without Cause, or due to death or Disability, (ii) specify that treatment of outstanding equity awards upon a termination by the Named Executive Officers for Good Reason will be the same as the treatment upon a termination without Cause, (iii) specify that, in the event of a termination of employment by reason of death or

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Disability, the Named Executive Officers will receive a pro-rata portion of the annual bonus based on the actual achievement of the applicable performance conditions for the year, and (iv) clarify that, upon the occurrence of a Change of Control, outstanding performance-based equity awards will immediately vest based on the actual achievement of the applicable performance conditions through the date immediately prior to the Change of Control. These changes were made primarily to harmonize the terms of the employment agreements and the equity award agreements, to provide some limited additional protection in the event an executive is terminated by reason of death or Disability, and to clarify ambiguous terms.

In addition, the amendments reduce, from one year to six months, the duration of certain restrictive covenants applicable to the Named Executive Officers in the event of a termination by the Named Executive Officers for Good Reason. This change was made in order to treat the Named Executive Officers equally in the event of a termination by us without Cause and a termination by the Named Executive Officers for Good Reason.

Cause, Disability, Good Reason and Change of Control are defined below in the section entitled Potential Paymen Upon Termination or Change in Control.

For a description of the terms of the employment agreements with each of our Named Executive Officers, please see the section below entitled Narrative Disclosure to the Summary Compensation Table and Grants of Plan-Based Awards Tables. For a more complete description of our obligations under the employment agreements in the event of a termination of employment or change of control, please see the section below entitled Potential Payments Upon Termination or Change in Control.

POST-EMPLOYMENT ARRANGEMENTS

As described elsewhere herein, all of the Named Executive Officers have employment agreements with us that provide for compensatory payments and benefits upon certain termination events, including a termination event in connection with a change of control. In addition, certain awards pursuant to our LTIP provide for termination and change of control payments. For a discussion regarding the mechanics and amounts of these payments, please see the Potential Payments Upon Termination or Change in Control discussion below. Except for our performance-based equity awards, which, pursuant to the amended employment agreements, vest based on the actual achievement of the applicable performance conditions through the date immediately prior to the change of control, we do not have any single-trigger arrangements (*i.e.*, arrangements that provide for payments to executives solely upon a change of control). In exchange for the severance benefits afforded to our Named Executive Officers in their employment agreements, the Named Executive Officers are subject to certain ongoing obligations that accrue to the benefit of the Company, including certain confidentiality, non-competition, and non-solicitation obligations.

We provide these post-employment arrangements in order to retain our Named Executive Officers and to allow them to focus on enhancing the value of the Company without taking into account the personal impact of their business decisions. Our post-employment arrangements allow our Named Executive Officers to objectively manage the Company and provide a competitive benefit for attracting and retaining executives.

TAX AND ACCOUNTING CONSIDERATIONS

The Compensation Committee and the Company review and consider the tax, accounting, and securities law implications of our compensation programs.

Section 162(m) Section 162(m) of the Code (Section 162(m)) prohibits deductions for compensation paid in excess of $1 million during a single fiscal year to certain executive officers. There is an exception to this prohibition for performance-based awards (as that term is defined in the Code). We take the economic effects of Section 162(m) into consideration when determining the structure, implementation, and amount of awards paid to our executive officers, including the deductibility of our executive compensation programs. While awards

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granted under our LTIP, including our annual cash bonuses and equity awards, are currently not subject to Section 162(m), we reserve the right to pay non-deductible compensation to our executive officers. This may occur, for example, if the Compensation Committee determines that the payment of non-deductible compensation is necessary to attract, retain, and motivate executive officers.

Accounting for Executive Compensation Currently, all equity-based compensation is accounted for under the rules of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). This rule requires us to estimate the expense of each equity award over the vesting period of the award and record it as such. We are also obligated to record cash-based awards as an expense at the time our payment obligation is accrued.

RISK ASSESSMENT AND MITIGATION

The Compensation Committee has reviewed our executive and non-executive compensation programs and believes that they do not encourage excessive or unnecessary risk-taking. We believe that any risk inherent in our compensation programs is unlikely to have a material adverse effect on us. In designing and implementing our award structure, we and the Compensation Committee worked closely with Meridian to mitigate any risks and to minimize the creation of imprudent incentives for our executives. We do not believe that our performance-based compensation encourages unnecessary risks because the executive pay mix is sufficiently diversified over several performance metrics as well as over short-term and long-term compensation.

Our compensation program structure and policy includes the following features to prevent and safeguard against excessive risk-taking:

- Payments under our short-term cash incentive program are based upon the Compensation Committee s certification and review of a variety of performance metrics, thereby diversifying the risk associated with any single performance indicator;

- Our long-term equity compensation rewards have performance or vesting periods of at least three years, which encourages executives to focus on sustaining the performance of the Company and its stock price;

- We pay compensation that is competitive with the market and our industry peers, while not being excessive;

- Our compensation mix is balanced among fixed and variable components, annual and long-term compensation, and cash and equity that reward performance in the Company s and our executives long-term best interests;

- Our incentive compensation plans cap the maximum payout and implement design features that do not encourage excessive risk-taking;

- Our Compensation Committee has an appropriate level of discretion to reduce payments under the short-term cash incentive program;

- Our insider trading policy contains a general anti-hedging and, subject to limited exceptions with Audit Committee approval, anti-pledging policy for all insiders; and

- We do not have any agreements that provide for payments solely upon the occurrence of a change in control (except for performance-based equity awards, which vest based on the actual achievement of the applicable performance conditions through the date immediately prior to the change of control).

We believe that our executive compensation program provides our executive officers with appropriate rewards for sustained performance without giving unnecessary weight to any one factor or type of compensation, and avoids excessive risk. Our structure is designed to encourage continual superior performance. Based on the foregoing, the Compensation Committee has concluded that the risks arising from our compensation policies and programs is not reasonably likely to have a material adverse effect on us.

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Recoupment of Compensation

Our LTIP and all of our Named Executive Officers employment agreements are subject to deductions and clawbacks that may be required to be made pursuant to any law, government regulation or stock exchange listing requirement or by any policy adopted by us. To date, the Board has not adopted a formal clawback policy to recoup incentive based compensation upon the occurrence of a financial restatement, misconduct, or other specified events. The Sarbanes-Oxley Act of 2002 mandates that the Chief Executive Officer and Chief Financial Officer reimburse the Company for any bonus or other incentive-based or equity-based compensation paid to them in a year following the issuance of financial statements that are later required to be restated as a result of misconduct. In addition, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) requires the SEC to direct national securities exchanges to prohibit the listing of any security of an issuer that fails to develop and implement a clawback policy. The Compensation Committee is reviewing the SEC s proposed rules on incentive compensation clawbacks pursuant to the Dodd-Frank Act and evaluating the practical, administrative and other implications of adopting, implementing and enforcing a clawback policy, and intends to implement a more specific clawback policy once the SEC s rules are finalized.

Anti-Hedging and Anti-Pledging Policy

The Company maintains an insider trading policy that prohibits trading shares of our Common Stock when in possession of material non-public information. It also prohibits the hedging and, unless a waiver is obtained from our Audit Committee, the pledging of our shares. Since the adoption of our insider trading policy, the Audit Committee has granted two waivers to the policy s general prohibition on pledging, authorizing our Chief Executive Officer and our President to pledge a small percentage of their total ownership position of our stock as collateral for bank loans. The Audit Committee felt that these waivers were appropriate to allow the individual officers to achieve their financial planning objectives while limiting the amount of stock pledged to a small percentage of their ownership position in our stock.

Stock Ownership Guidelines

Upon the recommendation of the Nominating and Governance Committee, in 2015, the Board adopted stock ownership guidelines for non-employee directors and executives, including our Named Executive Officers. The details of the stock ownership guidelines applicable to our Named Executive Officers are outlined below. For information regarding the stock ownership guidelines applicable to our non-employee directors, please see the section of this Proxy Statement below entitled Director Stock Ownership Guidelines. All of our Named Executive Officers own sufficient stock to satisfy these stock ownership guidelines.

Feature	Executives
Structure and Amount	Chief Executive Officer = 5x annual base salary Chief Executive Officer reports and Vice Presidents = 2x annual base salary Other Officers = 1x annual base salary
Years to Meet Requirement	Five years
Shares that Count Towards Requirement	Vested and unvested restricted stock

	Shares held in 401(k), profit sharing or other savings accounts Shares purchased on the open market Shares beneficially owned with immediate family
Penalty for Failing to Meet Requirement	Handled on a case-by-case basis following discussion with Chief Executive Officer or other management officer

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EXECUTIVE COMPENSATION DECISIONS SINCE FISCAL YEAR END

2017 Short-Term Cash Incentive Program

The 2017 short-term cash incentive program is structured in a similar manner as the 2016 short-term cash incentive program. In February 2017, the Compensation Committee determined that the metrics for the 2017 short-term cash incentive program should remain the same as those used in the 2016 short-term cash incentive program, except that cash general and administrative expenses (expressed as a per Boe basis) would be added as a quantitative metric rather than a qualitative metric. Further, the weighting of the quantitative metrics will be different for the 2017 short-term cash incentive program than in prior years. Finally, our Compensation Committee established the target annual bonus levels for each of our Named Executive Officers. Consistent with Item 402 of Regulation S-K, additional information regarding these decisions will be discussed in our Proxy Statement for the 2018 Annual Meeting of Stockholders.

2017 Restricted Stock and Restricted Stock Unit Awards under the LTIP

In February 2017, the Compensation Committee granted restricted stock and RSUs under the LTIP to each of our Named Executive Officers. Similar to the awards granted in 2016, one-half of the awards were Performance RSUs, but unlike the awards granted in 2016, the other one-half were restricted shares of our Class A Common Stock that vest based on time (Time Restricted Shares), rather than Time RSUs. Like the Time RSUs we have historically granted, the Time Restricted Shares will vest contingent upon continued employment with us through the third anniversary of the date of grant. The modification of the type of time-based awards granted in 2017 was primarily driven by an effort to maximize tax deductions for the Company with respect to these awards. The Performance RSUs granted in 2017 have a three-year performance period and will vest based on relative total stockholder return. The threshold, target, and maximum payout percentages remain the same as the 2016 Performance RSUs. Threshold performance must be achieved before any payout occurs, and the maximum payout is capped at 200% of the target number of Performance RSUs granted. The Compensation Committee, with input from Meridian, determined to maintain our 2016 peer group (with the exception of one member who was acquired during 2016 and thus replaced by the first replacement member for 2017) for purposes of the relative total stockholder return calculation associated with the Performance RSUs awarded to Named Executed Officers in the first quarter of 2017. Consistent with Item 402 of Regulation S-K, additional information regarding these decisions will be discussed in our Proxy Statement for the 2018 Annual Meeting of Stockholders.

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2016 Summary Compensation Table

The following table sets forth information regarding the compensation awarded to, earned by or paid to certain of our executive officers during the year ended December 31, 2016. Item 402 of Regulation S-K requires compensation disclosure for our principal executive officer, principal financial officer and the three most highly compensated executive officers other than our principal executive officer and principal financial officer. These five officers are referred to as our Named Executive Officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
Bryan Sheffield,	2016	$ 653,078		$ 2,851,604	$ 745,500	$ 33,380	$ 4,283,562
Chief Executive	2015	$ 628,043		$ 2,750,366	$ 364,800	$ 50,003	$ 3,793,212
Officer and Chairman(4)	2014	$ 616,087	$ 666,087			$ 78,568	$ 1,360,742
Ryan Dalton,	2016	$ 389,606		$ 1,225,299	$ 441,000	$ 21,200	$ 2,077,105
Executive Vice President Chief Financial Officer(5)	2015	$ 342,500		$ 1,222,358	$ 219,450	$ 21,200	$ 1,805,508
Matthew Gallagher,	2016	$ 415,687		$ 1,527,659	$ 483,000	$ 21,200	$ 2,447,546
President and	2015	$ 375,000		$ 1,527,968	$ 228,000	$ 21,200	$ 2,152,168
Chief Operating Officer(4)	2014	$ 313,750	$ 400,000	$ 594,335		$ 51,340	$ 1,359,425
Colin Roberts,	2016	$ 333,956					