

GASTAR EXPLORATION INC.

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**UNITED STATES
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WASHINGTON D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

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Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Gastar Exploration 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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Gastar Exploration Inc.
1331 Lamar Street, Suite 650
Houston, Texas 77010
NOTICE OF THE 2017 ANNUAL MEETING OF STOCKHOLDERS
Tuesday, June 27, 2017

To our Stockholders:

The 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of Gastar Exploration Inc., a Delaware corporation (the “Company”), will be held on Tuesday, June 27, 2017, 10:00 a.m., central time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010. At the Annual Meeting, holders of the Company’s common stock will consider and vote on the following proposals:

1. To elect the six (6) nominees named in the proxy statement accompanying this notice (the “Proxy Statement”) as members of our board of directors to serve until our 2018 annual meeting of stockholders and their successors are elected and qualified;
2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017;
3. To approve on a non-binding advisory basis the compensation of our named executive officers (“Named Executive Officers”);
4. To approve on a non-binding advisory basis the frequency (every one, two or three years) with which an advisory vote on compensation of our Named Executive Officers should be held;
5. To approve an amendment to the Gastar Exploration Inc. Long-Term Incentive Plan to increase the number of shares available for awards under the plan as well as certain other additional changes;
6. To approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 550,000,000 to 800,000,000 shares; and
7. To transact any such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

Holders of record of the Company’s common stock at the close of business on May 10, 2017, which is the record date to establish holders of common stock for the Annual Meeting, are entitled to notice of and to attend the Annual Meeting or any adjournment or postponement thereof and to vote on the above listed matters at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection starting on June 16, 2017 through June 26, 2017 during usual business hours at our offices at 1331 Lamar Street, Suite 650, Houston, Texas 77010, and will also be available for inspection at the Annual Meeting.

It is important that your shares of common stock are represented at the Annual Meeting, whether or not you plan to attend in person and regardless of the number of shares of common stock you own. If you are a stockholder whose shares of common stock are registered in your name, to ensure your shares of common stock are represented, we urge you to submit a proxy containing your voting instructions as soon as possible via the Internet per the instructions provided or by signing and dating the enclosed proxy card and returning it in the envelope provided for that purpose, in the manner described in the Proxy Statement. Even if you submit your proxy, you may still vote in person if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain from the record holder a proxy issued in your name.

The specific details of the matters proposed to be dealt with at the Annual Meeting are set forth in the accompanying Proxy Statement.

Holders of the Company's outstanding Special Voting Preferred Stock, currently consisting of funds managed indirectly by Ares Management LLC, are also entitled to notice of and to attend the Annual Meeting at which the holders of Special Voting Preferred Stock, voting exclusively and separately as a class, will be entitled to elect two additional directors to our board of directors, subject to the holders meeting certain beneficial ownership thresholds. As there will be no record date set with respect to voting the Special Voting Preferred Stock at the Annual Meeting, holders of record of the Special Voting Preferred Stock as of the business day prior to the date of the Annual Meeting will be entitled to vote such shares at the Annual Meeting. Holders of Special Voting Preferred Stock will not be entitled to vote for other director nominees or on any other matter at the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON TUESDAY, JUNE 27, 2017.

The Notice of Annual Meeting of Stockholders, the Proxy Statement and the Annual Report to Stockholders for the year ended December 31, 2016 are available at <http://www.proxyvote.com>.

DATED this 22nd day of May 2017.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ J. RUSSELL PORTER

J. Russell Porter

President and Chief Executive Officer

**Gastar Exploration Inc.
1331 Lamar Street, Suite 650
Houston, Texas 77010**

**PROXY STATEMENT FOR THE
2017 ANNUAL MEETING OF STOCKHOLDERS
Tuesday, June 27, 2017**

This proxy statement (the "Proxy Statement") contains information about the 2017 Annual Meeting of Stockholders (the "Annual Meeting") of Gastar Exploration Inc. ("Gastar," the "Company," "we," "us" or "our"). The Annual Meeting will be held on Tuesday, June 27, 2017, 10:00 a.m., central time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010.

This Proxy Statement is being furnished to our common stockholders in connection with the solicitation by our board of directors (the "Board") of proxies to be voted on at the Annual Meeting. As a stockholder, your vote is very important, and the Board strongly encourages you to exercise your right to vote whether or not you plan to attend the Annual Meeting in person. Shares of common stock cannot be voted at the Annual Meeting unless the owner is present to vote or is represented by proxy. All proxies will be voted in accordance with the instructions they contain.

The matters to be acted on at the Annual Meeting are set forth below and in the accompanying Notice and are explained in more detail elsewhere in this Proxy Statement. Additionally, funds managed indirectly by Ares Management LLC ("Ares"), as holders of all of our outstanding shares of Special Voting Preferred Stock, and 54,917,736 shares, or 25.9% of our outstanding common stock as of May 10, 2017, the record date established for the Annual Meeting, have nominated, and are expected to elect at the Annual Meeting, two directors to serve on our Board. At the Annual Meeting, we will report on our business and financial performance for the year ended December 31, 2016, including our audited consolidated financial statements and the auditor's report for the year ended December 31, 2016, and other information concerning us that can be found in our Annual Report on Form 10-K for the year ended December 31, 2016, a copy of which is included in our 2016 Annual Report to Stockholders (the "2016 Annual Report"). The 2016 Annual Report does not constitute a part of our proxy solicitation materials.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING TO BE HELD ON TUESDAY, JUNE 27, 2017.**

In accordance with rules promulgated by the Securities and Exchange Commission (the "SEC") and in connection with the solicitation of proxies by the Board for the Annual Meeting, we have made our proxy materials available to you free of charge on the Internet in addition to delivering paper versions of these materials to you by mail (including the Notice, this Proxy Statement, the 2016 Annual Report and a form of proxy). Beginning on or about May 26, 2017, these proxy materials are being mailed to our stockholders and are available on the Internet at <http://www.proxyvote.com>.

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Gastar Exploration Inc.
1331 Lamar Street, Suite 650
Houston, Texas 77010

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS,
THE ANNUAL MEETING AND VOTING**

Why am I receiving these proxy materials?

The Board is soliciting your proxy to vote at the Annual Meeting because you owned shares of common stock at the close of business on May 10, 2017, the record date for the Annual Meeting (the "Record Date"), and are therefore entitled to notice regarding the Annual Meeting, and to attend and vote at the Annual Meeting. This Proxy Statement, along with a proxy card, is being mailed to stockholders on or about May 26, 2017. We have also made these materials available to you free of charge on the Internet. This Proxy Statement summarizes the information that you need to know in order to cast your vote at the Annual Meeting. As a stockholder, your vote is very important and the Board strongly encourages you to exercise your right to vote. You do not need to attend the Annual Meeting in person to vote your shares of common stock, and we encourage you to vote even if you are unable to attend the Annual Meeting. If you are unable to attend the Annual Meeting in person, you may vote by Internet or by signing and returning the attached proxy card in the envelope provided. See "How do I vote my shares of common stock?" below.

When and where will the Annual Meeting be held?

The Annual Meeting will be held on Tuesday, June 27, 2017, 10:00 a.m., central time, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010.

Who is soliciting my proxy?

The Board is soliciting your proxy to vote on all matters scheduled to come before the Annual Meeting, whether or not you attend in person. By completing and returning the proxy card or by casting your vote via the Internet, you are authorizing the proxy holders to vote your shares at the Annual Meeting, as you have instructed.

On what matters will I be voting?

At the Annual Meeting, our common stockholders will be asked:

1. To elect the six (6) nominees named in this Proxy Statement members of the Board to serve until our 2018 annual meeting of stockholders and their successors are elected and qualified;
2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017;
3. To approve on a non-binding advisory basis the compensation of our named executive officers ("Named Executive Officers");
4. To approve on a non-binding advisory basis the frequency (every one, two or three years) with which an advisory vote on compensation of our Named Executive Officers should be held;
5. To approve an amendment to the Gastar Exploration Inc. Long-Term Incentive Plan (the "LTIP") to increase the number of shares available for awards under the plan as well as certain other additional changes;
6. To approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 550,000,000 to 800,000,000 shares; and
7. To transact any such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

A proxy that is properly completed and returned will be voted at the Annual Meeting in accordance with the instructions on the proxy. If you properly complete and return a proxy, but do not indicate any contrary voting instructions, your shares will be voted in accordance with the Board's recommendations, which are listed below. If any other business properly comes before the stockholders for a vote at the Annual Meeting, your shares will be voted at the discretion of the holders of the proxy. Such persons intend to vote on any such other matter in accordance with their best judgment. We do not expect any matters to be presented for action at the Annual Meeting other than the items outlined above.

In addition, our executive management will report on our business and financial performance during fiscal year 2016 and respond to your questions.

How does the Board recommend that I cast my vote?

The Board unanimously recommends that you vote:

- **FOR** the election to the Board of each of the six (6) nominees for director;
- **FOR** the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017;
- **FOR** the approval on an advisory basis of the compensation of our Named Executive Officers;
- **FOR** an advisory vote on the compensation of our Named Executive Officers to be held every one year;
- **FOR** the approval of an amendment to the Long-Term Incentive Plan to increase the number of shares available for awards under the plan; and
- **FOR** the approval of an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 550,000,000 shares to 800,000,000 shares.

How many votes may I cast?

Each share of common stock that you own on the Record Date entitles you to cast one vote on each matter that is properly brought before the Annual Meeting.

How many votes can be cast by all common stockholders?

As of the Record Date, there were 211,903,583 shares of common stock outstanding and entitled to vote at the Annual Meeting.

Is my vote important?

Your vote is important regardless of how many shares of common stock that you own. Please take the time to vote. Please read the instructions below, choose the way to vote that is easiest and most convenient for you and cast your vote as soon as possible.

Can I vote if my shares are held in “street name”?

If your shares of common stock are held through a broker, bank or other nominee, you are considered the beneficial owner of the shares of common stock held in “street name.” As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares of common stock and are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares. In order to vote your shares of common stock, you will need to follow the directions your broker, bank or other nominee provides you.

What are broker non-votes and abstentions?

If you hold your shares of common stock in “street name,” you will receive instructions from your broker, bank or other nominee describing how to vote your shares. If you do not instruct your broker, bank or other nominee how to vote your shares, they may vote your shares as they decide as to each matter for which they have discretionary authority under the rules of the NYSE MKT LLC (“NYSE MKT”).

There are also non-discretionary matters for which brokers, banks and other nominees do not have discretionary authority to vote unless they receive timely instructions from you. When a broker, bank or other nominee does not have discretion to vote on a particular matter and you have not given timely instructions on how the broker, bank or other nominee should vote your shares, a “broker non-vote” results. Although any broker non-vote would be counted as present at the meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-discretionary matters.

If your shares of common stock are held in “street name” and you do not give voting instructions, pursuant to NYSE MKT Company Guide Section 723, the record holder will not be permitted to vote your shares with respect to the election of director nominees, the advisory vote to approve Named Executive Officer compensation, the advisory vote regarding the frequency with which an advisory vote to approve Named Executive Officer compensation should be held, and the approval of the amendment to the Gastar Exploration Inc. Long-Term Incentive Plan, and your shares will be considered “broker non-votes” with respect to this proposal. If your shares are held in “street name” and you do not give voting instructions, the record holder will nevertheless be entitled to vote your shares with respect to ratification of the appointment of BDO USA, LLP.

Abstentions occur when stockholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting. The effect of such abstentions is discussed in more detail by proposition below under the question regarding the required vote.

How many shares of common stock must be present to hold the Annual Meeting?

A quorum of stockholders is necessary for a valid Annual Meeting. The required quorum for the transaction of business at the Annual Meeting is the presence, either in person or by proxy, of holders of not less than one-third (33 1/3%) of the total outstanding shares of common stock entitled to vote at the Annual Meeting. Abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

What vote is required to elect the six (6) directors by the common stockholders and to approve each of the common stockholder proposals discussed in this Proxy Statement?

Proposal	Vote Required
To elect the six (6) nominees named in the Proxy Statement as members of the Board to serve until our annual meeting in 2018 or until their successors are qualified and elected.	A plurality of the votes cast in person or by proxy.
To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017.	A majority of the votes cast in person or by proxy.
To approve on a non-binding advisory basis the compensation of our Named Executive Officers.	A majority of the votes cast in person or by proxy.
To approve on a non-binding advisory basis the frequency (every one, two or three years) with which an advisory vote on compensation of our Named Executive Officers should be held.	The option (one, two or three years) that receives the majority of votes cast by stockholders present, in person or by proxy, and entitled to vote; provided, however, if no option receives a majority of votes cast, the option that receives the greatest number of votes cast.
To approve an amendment to the Gastar Exploration Inc. Long-Term Incentive Plan to increase the number of shares available for awards under the plan as well as certain other additional changes.	A majority of the votes cast in person or by proxy.
To approve an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 550,000,000 shares to 800,000,000 shares.	A majority of the outstanding common stock entitled to vote.

As noted above, except with respect to ratification of the appointment of BDO USA, LLP, shares represented by broker non-votes are not considered votes cast. With respect to the election of directors, votes may be cast in favor of or withheld from the election of each nominee. Votes that are withheld from a director’s election will count toward a quorum but will not affect the outcome of the vote on the election of a director. Also, broker non-votes will not be counted as votes cast and will not affect the outcome of the vote on the election of a director because the number of nominees does not exceed the number of Board positions being voted on. With respect to the approval of the compensation of Named Executive Officers and the advisory vote on the

frequency of executive compensation advisory votes, for which the affirmative vote of the holders of a majority of the votes cast in person or by proxy is required, abstentions and broker non-votes will not be counted as votes cast and therefore will not affect the outcome of the vote. With respect to the ratification of the appointment of BDO USA, LLP, abstentions are not considered to be votes cast and therefore will not affect the outcome of the vote. With respect to the approval of the amendment to the Long-Term Incentive Plan and to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock, abstentions will have the same effect as a vote against the proposal. For purposes of the Amended and Restated Certificate of Incorporation, any broker non-votes will have the same effect as a vote against the proposal; however, for purposes of the amendment to the Long-Term Incentive Plan, broker non-votes will not affect the outcome of the vote.

While the advisory vote on Named Executive Officer compensation and the advisory vote on the frequency of named executive compensation advisory votes are required by law, the outcome will not be binding on Gastar or the Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, our company or the Board. However, the Compensation Committee will take into account the outcome of the advisory vote on executive compensation when considering future executive compensation decisions. Likewise, the Board will take into account the outcome of the advisory vote on the frequency of executive compensation advisory vote in making a determination on the frequency at which advisory votes on executive compensation will be included in our proxy statements for future annual meetings.

How do I vote my shares of common stock?

Stockholders of Record. Stockholders of record may vote their shares or submit a proxy to have their shares voted by one of the following methods:

- *To Vote by Mail.* You may vote by completing and signing the proxy card that accompanies this Proxy Statement and promptly mailing it in the enclosed envelope. The shares of common stock that you own will be voted according to the instructions on the proxy card that you provide. If you return the proxy card but do not give any instructions on a particular matter described in this Proxy Statement, the shares of common stock that you own will be voted in accordance with the recommendations of the Board. In order to be valid and acted upon at the Annual Meeting, your proxy card must be received by our registrar and transfer agent, American Stock Transfer & Trust Company, Attention: Proxy Department, 6201 15th Avenue, Brooklyn, New York 11219, at least 24 hours before the time of the Annual Meeting or any adjournment thereof, excluding weekends and holidays.
- *To Vote by Internet.* You may vote online by going to the following Internet address: <http://www.proxyvote.com>. Please have your proxy card available and follow the instructions to obtain your records and create an electronic ballot. You may use the Internet to vote your proxy 24 hours a day, seven days a week until 11:59 p.m. Eastern Time on June 26, 2017.
- *To Vote by Telephone.* You may vote by phone by using a touch-tone telephone and calling the following toll free number: 1-800-690-6903. Please have your proxy card available and follow the instructions to vote. You may use the phone to vote your proxy 24 hours a day, seven days a week until 11:59 p.m. Eastern Time on June 26, 2017.
- *To Vote in Person.* If you attend the Annual Meeting, you may vote by delivering your completed proxy card in person or by completing a ballot, which will be available at the Annual Meeting. Attending the Annual Meeting without delivering your completed proxy card or completing a ballot will not count as a vote. Submitting a proxy via mail or by Internet will not prevent you from attending the Annual Meeting and voting in person.

Street Name Stockholders. Street name stockholders may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

- *By Mail.* You may indicate your vote by completing, signing and dating your voting instruction card or other information forwarded by your broker, bank or other nominee and returning it to such party in the manner specified in such materials.
- *By Methods Listed on Voting Instruction Form.* Please refer to your voting instruction form or other information forwarded by your broker, bank or other nominee to determine whether you may submit a proxy by telephone or electronically on the Internet, following the instructions on the voting instruction form or other information provided by the record holder.
- *In Person with a Proxy from the Record Holder.* You may vote in person at our Annual Meeting if you obtain a legal proxy from your broker, bank or other nominee. Please consult the voting instruction form or other information sent to you by the record holder to determine how to obtain a legal proxy in order to vote in person at our Annual Meeting.

Can I change my vote after I have mailed my proxy card?

Yes, if you are a stockholder of record, you can revoke your proxy at any time before it is exercised by:

- submitting written notice to that effect or a new proxy to our Corporate Secretary at our registered office at any time up to and including the last business day preceding the day of the Annual Meeting;
- submitting written notice to that effect or a new proxy to the chairperson of the Annual Meeting at the Annual Meeting at any time before the polls close at the Annual Meeting;
- voting again through the Internet prior to 11:59 p.m. Eastern Time on June 26, 2017;
- voting in person at the Annual Meeting; and
- in any other manner permitted by law.

If you are a street name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your broker, bank or other nominee in accordance with such entity's procedures. In either case, your attendance at the Annual Meeting alone will not revoke your proxy.

Will any other business be conducted at the Annual Meeting or will other matters be voted on?

At the Annual Meeting, holders of our outstanding Special Voting Preferred Stock, currently consisting of funds managed indirectly by Ares, are entitled to nominate, and voting exclusively and separately as a class will be entitled to elect, two additional directors to our Board, provided that such holders, their permitted subsequent holders and their respective affiliates beneficially own at least 15% of our outstanding common stock. The holders of Special Voting Preferred Stock have nominated and are expected to elect as directors at the Annual Meeting Ronald D. Scott and Nathan W. Walton. Messrs. Scott and Walton were appointed to the Board as directors on May 2, 2017. The required quorum for election of directors by the holders of Special Voting Preferred Stock at the Annual Meeting is the presence in person or by proxy of the holders of a majority of the outstanding shares of Special Voting Preferred Stock. Our Special Voting Preferred Stock does not entitle the holder to vote for other director nominees or on any other matter at the Annual Meeting.

We do not expect any other matters to be presented for action at the Annual Meeting other than the items discussed in this Proxy Statement. If any other matter properly comes before the Annual Meeting, the persons named in the proxy card, whether you submit your proxy in person, over the Internet or by mail, will exercise their judgment in deciding how to vote, or otherwise act, at the Annual Meeting with respect to that matter or proposal.

May I propose actions for consideration at next year's annual meeting or nominate individuals to serve as directors?

You may submit proposals for consideration at future annual meetings. See "Proposals for 2018 Annual Meeting of Stockholders" for information regarding the submission of stockholder proposals at next year's annual meeting.

Where can I find the voting results?

We will report the voting results in a Current Report on Form 8-K with the SEC within four business days of the Annual Meeting.

Who bears the costs of soliciting these proxies?

We will bear the entire cost of the solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement, the proxy card and the other proxy materials furnished to stockholders. In addition to this solicitation by mail, certain directors, officers and employees may also solicit proxies on our behalf by use of mail, telephone, facsimile, electronic means, in person or otherwise. These persons will not receive any additional compensation for assisting in the solicitation but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. We will furnish copies of solicitation materials to banks, brokerage houses, fiduciaries and custodians holding in their names common shares beneficially owned by others to forward to such beneficial owners. We will reimburse banks and brokers for their reasonable out-of-pocket expenses incurred in connection with the distribution of our proxy materials.

How do I get directions to the Annual Meeting?

For directions to the Annual Meeting, please contact our Corporate Secretary at (713) 739-1800.

**INFORMATION ABOUT DIRECTORS, DIRECTOR NOMINEES,
EXECUTIVE OFFICERS AND MEMBERS OF MANAGEMENT**

The Board currently is composed of eight (8) members: Jerry R. Schuyler (Chairman), John H. Cassels, Randolph C. Coley, Stephen A. Holditch, Robert D. Penner, J. Russell Porter, Ronald D. Scott and Nathan W. Walton.

The Nominating & Governance Committee has recommended to the Board, and the Board has nominated Messrs. Schuyler, Cassels, Coley, Holditch, Penner and Porter for re-election by the common stockholders at the Annual Meeting. Messrs. Scott and Walton have been nominated for election as directors by the holders of our Special Voting Preferred Stock. Information about each director nominee can be found beginning on page 37 in connection with “Proposal 1. Election of the Board.” Although the Board does not contemplate that any of the director nominees will refuse or be unable to serve, if such a situation arises prior to the Annual Meeting, the persons named in the accompanying proxy will vote for the election of such other person(s) as may be nominated by the Board or the Board may reduce the size of the Board.

Biographical information about our executive officers and other members of our management as of May 1, 2017 is set forth below other than our Chief Executive Officer, who also serves as director.

Name	Age	Position
J. Russell Porter (1)(2)	55	President and Chief Executive Officer
Michael A. Gerlich (1)	62	Senior Vice President, Chief Financial Officer and Corporate Secretary
Keith R. Blair	62	Vice President – Geoscience
Henry J. Hansen	61	Vice President – Land
Trent J. Determann	30	Vice President – Finance

- (1) Messrs. Porter and Gerlich are currently our only “Executive Officers” as such term is defined by the rules promulgated by the SEC.
(2) For a description of the business background and other information concerning Mr. Porter, see page 37 in connection with “Proposal 1. Election of the Board.”

Michael A. Gerlich joined us in May 2005 as Vice President and Chief Financial Officer and was appointed Corporate Secretary on March 8, 2011 and was promoted to Senior Vice President in June 2013. Mr. Gerlich has more than 36 years of oil and natural gas accounting and finance experience. From 1999 until joining us in 2005, he held various accounting and finance positions at Calpine Natural Gas LP, a wholly-owned subsidiary of Calpine Corporation, an independent electric power generation company listed on the New York Stock Exchange. His last position at Calpine Natural Gas LP was Senior Vice President – Accounting and Finance for natural gas and oil operations of the wholly-owned subsidiary. From 1994 until 1999, Mr. Gerlich served as Vice President and Chief Financial Officer of Sheridan Energy, Inc., an independent natural gas and oil exploration company traded on the NASDAQ, which was acquired in 1999 by Calpine Corporation. Over a 12-year period prior to joining Sheridan Energy, Inc., Mr. Gerlich held various accounting and finance positions with Trinity Resources, Ltd., an independent natural gas and oil exploration and production company, with his last position being Executive Vice President and Chief Financial Officer. Prior to that, Mr. Gerlich was also with the auditing firm of Deloitte LLP, where the focus of his practice was with energy related clients. Mr. Gerlich served as a member of the board of directors and as the Audit Committee Chairman for Petropoint Energy Partners LP (“Petropoint”), a private upstream oil and gas limited partnership, from November 2012 until Petropoint’s property sale and dissolution in August 2014. Mr. Gerlich is a Certified Public Accountant and graduated with honors from Texas A&M University with a Bachelor of Business Administration degree in Accounting.

Keith R. Blair joined us in August 2005 as a Senior Staff Geologist and was promoted to Vice President – Geoscience in 2008. Mr. Blair has more than 36 years of oil and natural gas experience. He has extensive working knowledge of oil and natural gas basins in Colorado, New Mexico, East Texas, West Virginia/Pennsylvania, Offshore Gulf of Mexico and the Texas/Louisiana Gulf Coast. Prior to joining us, from 1999 until 2005, he was an independent exploration geologist. From 1995 until 1999, Mr. Blair was a Senior Geophysicist at Schlumberger Limited. Prior to 1995, he held an Exploration Manager/Supervisor position at ConocoPhillips for 14 years. He began his career as a well logging engineer with Halliburton Company. Mr. Blair graduated from Texas A&M University with a Bachelor of Science degree in Geology.

Henry J. Hansen joined us in September 2005 as Vice President of Land. Mr. Hansen has more than 35 years of land management experience. Prior to joining us, Mr. Hansen was Rocky Mountain Land Manager with El Paso Corporation, an oil and natural gas exploration, production and pipeline company, from 1999 until January 2003. From January 2003 until June 2004, he worked as an independent land consultant. Mr. Hansen returned to El Paso Corporation in June 2004, where he was a senior landman until joining us in September 2005. Mr. Hansen graduated from the University of Texas at Austin with a Bachelor of Business Administration in Petroleum Management.

Trent J. Determann joined us in August 2014 and was promoted to Vice President – Finance in November 2016. Prior to joining Gastar, Mr. Determann was Manager – Financial Planning and Strategy for Petropoint, a private upstream oil and gas limited partnership formed to acquire and exploit mature conventional onshore oil and gas assets, from October 2012 until Petropoint’s sale and dissolution in August 2014. Prior to Petropoint, Mr. Determann worked for the energy group of RBC Capital Markets Global Investment Banking Division from October 2010 to October 2012. Mr. Determann began his career as an analyst in the Commercial Banking Group of BBVA Compass. Mr. Determann graduated from Louisiana State University with a Bachelor of Science in Finance.

There are no family relationships between our Named Executive Officers, those members of management noted above and our directors.

CORPORATE GOVERNANCE

Information about the Board

The Board believes that good corporate governance improves corporate performance and benefits all stockholders. This section sets out our approach to corporate governance and addresses our compliance with NYSE MKT listing requirements.

Mandate of the Board

The Board is responsible for managing our business affairs. The primary responsibility of the Board is to promote our best interests and the best interests of our stockholders. This responsibility includes: (i) approving annual capital expenditure budgets and general and administrative expense budgets and reviewing fundamental operating, financial and other corporate plans, strategies and objectives; (ii) outlining key operating parameters including debt levels and ratios; (iii) evaluating our performance and the performance of our senior management; (iv) determining, evaluating and fixing the compensation of executive officers; (v) adopting policies of corporate governance and conduct; (vi) considering risk management matters; (vii) reviewing the process of providing appropriate financial and operational information to stockholders and the public generally; and (viii) evaluating the overall effectiveness of the Board. The Board explicitly acknowledges its responsibility for our stewardship. The Board reviews with management matters of strategic planning, business risk identification, succession planning, communications policy and integrity of internal control and management information systems. The Board fulfills its responsibilities through regular and special meetings.

Current Members of the Board and Director Independence

The Board currently is comprised of eight (8) members. The Board has determined that each member of the Board, with the exception of Mr. Porter, does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is independent within the meaning of the NYSE MKT listing requirements. Mr. Porter, as our President and Chief Executive Officer, is not considered to be independent. Further, the Board has determined that each of the members of the Audit Committee, the Compensation Committee, the Nominating & Governance Committee and the Reserves Review Committee does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is independent within the meaning of the NYSE MKT listing requirements.

The following sets forth the current committee memberships of our eight (8) directors:

Name	Audit Committee	Compensation Committee	Reserves Review Committee	Nominating & Governance Committee
J. Russell Porter, Director, President and Chief Executive Officer	—	—	—	—
John H. Cassels, Director	X	X	X	—
Randolph C. Coley, Director	X	X	—	Chairman
Stephen A. Holditch, Director	—	—	Chairman	X
Robert D. Penner, Director	Chairman	—	—	X
Jerry R. Schuyler, Director	—	Chairman	X	—
Ronald D. Scott, Director ⁽¹⁾	—	—	X	—
Nathan W. Walton, Director ⁽¹⁾	—	—	—	X

(1) Messrs. Scott and Walton were appointed to the Board and the indicated committees on May 2, 2017.

Board and Committee Meetings

The Board meets a minimum of four (4) times per year. In addition, the Board meets at such other times as may be required if it is not possible to deal with our business at a regularly scheduled quarterly meeting.

The Board facilitates its independent supervision over management in a number of ways, including by holding regular meetings at which members of management and non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

Under the terms of our Special Voting Preferred Stock, holders of such stock have the option and right (but not the obligation) to designate one director elected by class vote of such holders (a “Preferred Director”) to serve on one or more committees of the Board without limitation, provided that such Preferred Director meets the applicable independence requirements and any qualification

requirements applicable to such committee. Messrs. Scott and Walton have been nominated as Preferred Directors by holders of the Special Voting Preferred Stock and are expected to be elected as Preferred Directors at the Annual Meeting.

For the year ended December 31, 2016, Messrs. Porter, Cassels, Coley, Holditch, Penner and Schuyler attended 100% of all meetings held by the Board during the time in which they were a member of the Board.

The following table sets forth the number of Board and committee meetings held during 2016 and the attendance of each director during the time in which he was a member of the Board and of a committee:

Director	Board Meetings	Audit Committee	Compensation Committee	Reserves Review Committee	Nominating & Governance Committee
J. Russell Porter	11 of 11	n/a	n/a	n/a	n/a
John H. Cassels	11 of 11	4 of 4	4 of 4	2 of 2	n/a
Randolph C. Coley	11 of 11	4 of 4	2 of 2	n/a	2 of 2
Stephen A. Holditch	11 of 11	n/a	n/a	2 of 2	2 of 2
Robert D. Penner	11 of 11	4 of 4	n/a	n/a	2 of 2
Jerry R. Schuyler	11 of 11	n/a	3 of 4	2 of 2	n/a

Board Composition and Leadership Structure

Mr. Schuyler was appointed Chairman of the Board effective November 16, 2015. Our President and Chief Executive Officer, Mr. Porter, serves as a director.

The Board has determined that the offices of Chairman of the Board and Chief Executive Officer should be separated at this time. The Board determined that the separation of these roles would maximize management's efficiency and further our ongoing efforts to maintain strong corporate governance and assure stockholder representation and the independent, objective and effective oversight of management. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business, while allowing the Chairman to lead the Board in its fundamental role of providing guidance to and oversight of management. The Corporate Governance Guidelines, however, provide that each year the Nominating & Governance Committee will review whether this policy is in the best interests of the Company and its stockholders. The Board specifically reserves the right to vest the responsibilities of Chairman of the Board and Chief Executive Officer in the same or different individuals.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on our properties, business, operations and industry and on the responsibilities of directors. Board meetings may also include presentations by our management and employees to give the directors additional insight into our business. New directors are provided with access to our publicly-filed documents, technical reports and internal financial information and copies of all of the minutes of Board and committee meetings and corporate governance materials are made available to director nominees. Directors are encouraged to ask questions and communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation.

Nomination of Directors

The Board has delegated the responsibility of identifying new director candidates to the Nominating & Governance Committee. The process and responsibility of the Nominating & Governance Committee is set forth on page 14 under the heading "Nominating & Governance Committee." The current holders of our Special Voting Preferred Stock have the right to nominate and elect at each Annual Meeting up to two directors designated by them to serve on the Board.

Compensation

The Board has delegated the responsibility of determining compensation strategies and recommending the forms and amounts of compensation for directors, officers, consultants and employees to the Compensation Committee. Please refer to the disclosure on page 13 under the heading "Compensation Committee."

Board Evaluations/Assessments

We have established procedures and surveys for assessing and evaluating the performance of the Board. The surveys completed by each director are summarized and discussed by the Board as a whole with the objective of making appropriate changes to the Board's policies or procedures to ensure greater Board effectiveness.

Code of Conduct and Ethics

We adopted a Code of Conduct and Ethics for all directors, officers and other employees. A copy of our Code of Conduct and Ethics is available free of charge on our website at www.gastar.com. A copy of our Code of Conduct and Ethics will also be provided to any person without charge, upon request. Such requests should be directed to our Corporate Secretary at 1331 Lamar Street, Suite 650, Houston, Texas 77010.

Stockholder Communications with the Board

Stockholders or other interested parties may send communications to the Board, the Chairman of the Board, any committee of the Board or any other director in particular, by writing to our Corporate Secretary at 1331 Lamar Street, Suite 650, Houston, Texas 77010. Stockholders and any other interested parties should mark the envelope containing each communication as "Stockholder Communication with Directors" and clearly identify the intended recipient(s) of the communication. Our Corporate Secretary will review each communication received from stockholders and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the Company, our Corporate Secretary may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated.

Comments or complaints relating to our accounting, internal accounting controls or auditing matters will be referred to our Audit Committee. Our Audit Committee has procedures for (i) receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; (ii) receipt, retention and treatment of complaints regarding potential violations of applicable laws, rules and regulations or of our codes, policies and procedures; and (iii) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. These "whistleblower" policies and procedures adopted by the Audit Committee are available free of charge on our website at www.gastar.com.

Attendance at the Annual Meeting of Stockholders

Although all directors are encouraged to attend the annual meeting of stockholders, we do not have a formal policy with regards to director attendance. In 2016, all directors at the time the meeting was held attended our annual meeting of stockholders.

INFORMATION ABOUT OUR COMMITTEES OF THE BOARD

The Board has designated a standing Audit Committee, Compensation Committee, Reserves Review Committee and Nominating & Governance Committee. Each committee has a written charter that has been approved by the Board, which sets forth guidance on the role of the chairman of such committee and the roles and responsibilities of the committee as a whole. Our Board has also adopted a Code of Conduct and Ethics and other governance policies. Each such document is available free of charge on our website at www.gastar.com. A copy of each such document will be provided to any person without charge, upon request. Such requests should be directed to our Corporate Secretary at 1331 Lamar Street, Suite 650, Houston, Texas 77010.

Audit Committee

Composition

The Audit Committee currently consists of Messrs. Penner (Chairman), Cassels and Coley, each of whom the Board has determined to be independent under the rules of the NYSE MKT, including the rules specific to audit committee members, and Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the rules promulgated by the SEC thereunder. The Board has determined that each member of the Audit Committee is able to read and understand fundamental financial statements and that Mr. Penner is an "audit committee financial expert," within the meaning proscribed by the rules and regulations promulgated by the SEC. He became a member of the Board effective July 16, 2007. Mr. Penner is a retired senior partner with KPMG LLP ("KPMG"), whose career of advising public and private clients on tax and accounting matters has spanned more than 41 years. The Audit Committee met four (4) times during 2016.

In accordance with its charter, the Audit Committee examines and reviews, on behalf of the Board, internal financial controls, financial and accounting policies and practices, the form and content of financial reports and statements and the work of the external auditors. The Audit Committee is responsible for hiring, overseeing and terminating the independent registered public accounting firm and determining the compensation of such accountants. The Chief Financial Officer attends the meetings of the Audit Committee by invitation.

Audit Committee Charter

The Audit Committee has performed its annual review and assessment of the Audit Committee charter. A copy of the charter for the Audit Committee is available free of charge on our website at www.gastar.com.

Audit Committee Report

The Audit Committee assists the Board in overseeing matters relating to our accounting and financial reporting practices, the adequacy of its internal controls and the quality and integrity of its financial statements, and is responsible for selecting and retaining the independent auditors. The Audit Committee's responsibilities are more fully described in its charter. Our management is responsible for preparing our financial statements, and the independent auditors are responsible for auditing those financial statements. The Audit Committee does not provide any expert or special assurance as to our financial statements or any professional certification as to the independent auditors' work. The Audit Committee met four (4) times during the year ended December 31, 2016.

In fulfilling its oversight responsibilities, the Audit Committee reviewed our audited financial statements as of and for the year ended December 31, 2016, and discussed them with management and BDO USA, LLP, our independent registered public accounting firm. The Audit Committee discussed and reviewed with BDO USA, LLP all matters required to be discussed by the Public Company Accounting Oversight Board (the "PCAOB") Auditing Standard No. 1301.

The Audit Committee has received the written disclosures and the letter from BDO USA, LLP required by the applicable requirements of the PCAOB regarding communications with the Audit Committee concerning independence and has discussed with BDO USA, LLP its independence from us and our management.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that our audited financial statements be included in our 2016 Annual Report.

Gastar Exploration Inc.
Audit Committee
/s/ Robert D. Penner, Chairman
/s/ John H. Cassels
/s/ Randolph C. Coley

This report of the Audit Committee shall not be deemed “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically request that the information be treated as soliciting material or specifically incorporate by reference into a document filed under the Securities Act of 1933, as amended (“Securities Act”), or the Exchange Act.

* * *

Compensation Committee

The Compensation Committee currently consists of Messrs. Schuyler (Chairman), Cassels and Coley, each of whom the Board has determined to be independent according to the definition of independence used in the NYSE MKT listing standards, including the rules specific to audit committee members. The Compensation Committee met four (4) times during 2016.

The aim of the Compensation Committee is to award and compensate our officers and employees in a manner which provides incentives for the enhancement of stockholder value, for the successful implementation of our business plan and for continuous improvement in corporate and personal performance. The compensation program is based on a pay-for-performance philosophy and consists of three components: base salary, annual incentive (bonus) paid in cash and long-term equity based incentives.

The Compensation Committee reviews and recommends the compensation philosophy and guidelines for us, including recommendations to the Board for its consideration and approval of annual salary, incentive policies and programs, material new benefit programs and material changes to existing benefit programs.

On an annual basis, the Compensation Committee reviews the cash compensation, performance and overall compensation package for each executive officer. It then submits to the Board recommendations with respect to the base salary, bonus and participation in long-term incentive compensation arrangements for each executive officer. In conducting its review, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee’s philosophy and guidelines. The Compensation Committee also has the authority to retain, compensate, direct, oversee and terminate outside counsel, compensation consultants and other advisors hired to assist the Compensation Committee. In determining 2016 annual incentive cash awards, the Compensation Committee retained Longnecker & Associates (“L&A”), a company that monitors executive and board compensation, equity grants and award policies and corporate compensation practices, as its independent compensation consultant for matters related to executive and non-management director compensation. The Compensation Committee used compensation data provided by L&A. In selecting L&A as its independent compensation consultant, the Compensation Committee assessed the independence of L&A pursuant to SEC rules and considered, among other things, whether L&A provides any other services to us, the fees paid by us to L&A as a percentage of L&A’s total revenues, the policies of L&A that are designed to prevent any conflict of interest between L&A, the Compensation Committee and us, any personal or business relationship between L&A and a member of the Compensation Committee or one of our executive officers and whether L&A owned any shares of our common stock. In addition to the foregoing, the Compensation Committee received an independence letter from L&A, as well as other documentation addressing the firm’s independence. L&A reports exclusively to the Compensation Committee and does not provide any additional services to us. The Compensation Committee has discussed these considerations and has concluded that L&A is independent and that we do not have any conflicts of interest with L&A.

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. In particular, the Compensation Committee may delegate the approval of award grants and other transactions and responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Compensation Committee who are (a) “Non-Employee Directors” for the purposes of Rule 16b-3 of the Exchange Act and/or (b) “outside directors” for the purposes of Section 162(m) (“Section 162(m)”) of the Internal Revenue Code, as amended (the “Code”). However, subcommittees shall not have the authority to engage independent legal counsel and other experts and advisors unless expressly granted such authority by the Compensation Committee.

For more information on the role of the Compensation Committee and the use of independent consulting firms and market data, see “Executive Compensation” below.

A copy of the charter for the Compensation Committee is available free of charge on our website at www.gastar.com.

Reserves Review Committee

The Reserves Review Committee currently consists of Messrs. Holditch (Chairman), Cassels, Schuyler and Scott. The Reserves Review Committee met two (2) times during 2016. Its responsibilities include:

- Reviewing our procedures for providing information to the independent qualified reserve evaluator;
- Participating annually in meetings with the independent qualified reserve evaluator to determine whether there are any restrictions that could affect the ability of the evaluator to report without reservation; and
- Reviewing our reserve data with the independent qualified reserve evaluator.

A copy of the charter for the Reserves Review Committee is available free of charge on our website at www.gastar.com.

Nominating & Governance Committee

The Nominating & Governance Committee currently consists of Messrs. Coley (Chairman), Holditch, Penner and Walton, each of whom the Board has determined to be independent under the definition of independence used in the NYSE MKT listing standards. The Nominating & Governance Committee met two (2) times during 2016.

With respect to governance activities, the Nominating & Governance Committee has the responsibility of monitoring our overall approach to corporate governance issues, which include:

- Advising the Board and making recommendations regarding appropriate corporate governance practices and assisting the Board in implementing those practices;
- Assisting the Board by identifying individuals qualified to become members of the Board and recommending director nominees to the Board for election at the annual meetings of stockholders or for appointment to fill vacancies on the Board;
- Advising the Board about the appropriate composition of the Board and its committees;
- Leading the Board in the annual performance review of the Board and its committees;
- Directing all matters relating to the succession of the Company's Chief Executive Officer; and
- Performing such other functions as the Board may assign from time to time.

With respect to nominations, the Nominating & Governance Committee assists the Board in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors, having an understanding of our industry, stage of growth, the law and the highest standards of governance. The tasks and responsibilities are defined in the charter of the Nominating & Governance Committee, which was approved by the Board.

Prior to recommending to the Board that an existing director be nominated for election as a director at the annual meeting of stockholders, the Nominating & Governance Committee considers and reviews the director's: (i) board and committee meeting attendance and performance; (ii) length of Board service; (iii) personal and professional integrity, including commitment to our core values; (iv) experience, skills and contributions that the existing director brings to the Board; and (v) independence under applicable standards.

In the event that a vacancy on the Board arises, the Nominating & Governance Committee seeks and identifies a qualified director nominee to be recommended to the Board for either appointment by the Board to serve the remainder of the term of the director position that is vacant or election at the next annual meeting of stockholders. To identify such a nominee, the Committee solicits recommendations from existing directors and senior management. These recommendations are considered by the Nominating & Governance Committee along with any recommendations that have been received from stockholders. The Nominating & Governance Committee may, in its discretion, retain a search firm to provide additional candidates. Prior to recommending to the Board that a person be elected to fill a vacancy on the Board, the Nominating & Governance Committee considers and reviews the candidate's: (i) relevant skills and experience; (ii) independence under applicable standards; (iii) business judgment; (iv) service on boards of directors of other companies; (v) personal and professional integrity, including commitment to the Company's core values; (vi) openness and ability to work as part of a team; (vii) willingness to commit the required time to serve as a Board member; and (viii) familiarity with the Company and its industry. The Nominating & Governance Committee also considers the optimal enhancement of the current mix of talent and experience on the Board.

The Nominating & Governance Committee treats recommendations for directors that are received from stockholders equally with recommendations received from any other source. Although we do not have a policy regarding the consideration of diversity in assessing a director nominee, the Board considers the individual's background, experience and competencies that the Board desires to have represented among its members.

On March 12, 2014, we entered into a settlement agreement (the "Settlement Agreement") with Kleinheinz Capital Partners, Inc., Global Undervalued Securities Master Fund, L.P., John B. Kleinheinz and Fred N. Reynolds (collectively, the "Kleinheinz Group"). The Settlement Agreement provided that we would expand our Board from five to seven members and appoint two directors agreeable to both us and the Kleinheinz Group (the "Mutually Agreed Directors"). The Mutually Agreed Directors Messrs. Holditch and Schuyler were appointed after the 2014 Annual Meeting. For the term of the Settlement Agreement the Kleinheinz Group has agreed to vote the shares it beneficially owns in favor of the director candidates that are nominated by our Board.

The Settlement Agreement terminated 60 days prior to the expiration of the Company's advance notice period for the nomination of directors and submission of stockholder proposals for the Annual Meeting.

In March 2017, the Nominating & Governance Committee considered and approved our six (6) director nominees to be proposed for election by holders of our common stock. Our full Board at such time, including our non-independent director, then considered and approved the nominees recommended by the Nominating & Governance Committee.

A copy of the charter for the Nominating & Governance Committee is available free of charge on our website at www.gastar.com.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) provides information regarding the compensation paid to J. Russell Porter, our President and Chief Executive Officer (“CEO”) and paid to Michael A. Gerlich, our Senior Vice President and Chief Financial Officer (“CFO”). These individuals are referred to as “Named Executive Officers.” Messrs. Porter and Gerlich are our only Named Executive Officers as they were our only “Executive Officers,” as such term is defined by the rules promulgated by the SEC, during 2016. On February 1, 2016, Michael McCown, our former Senior Vice President and Chief Operating Officer, retired and thus for 2016, was not considered in the compensation decisions described in this Compensation Discussion & Analysis but would be considered a Named Executive Officer and is accordingly included in the tabular disclosures below where applicable.

Compensation Philosophy and Objectives

Our executive compensation program is designed to provide compensation at a level necessary to retain talented and experienced executives and to motivate them to achieve both short-term and long-term corporate goals that enhance stockholder value. Consistent with this philosophy, the following are the key objectives of our compensation program.

Attract, Motivate and Retain Key Employees. Our executive compensation program is shaped by the competitive market for management talent in the independent natural gas and oil exploration and production industry. We believe our executive compensation should be comparable to that of the companies with which we compete for talent. Our goal is to provide compensation and benefits at levels that attract, motivate and retain superior executive talent for the long-term.

Stockholder Interest Alignment. One of the objectives of our executive compensation program is to ensure that an appropriate relationship exists between executive pay, our financial performance and the creation of stockholder value. We believe that linking executive compensation to corporate performance results in a better alignment of compensation with corporate goals and stockholder interests. Our compensation program aligns pay to performance by making a substantial portion of total executive compensation variable, or “at-risk,” through an annual bonus program based on our performance goals and the granting of long-term incentive equity awards, which have included restricted common shares, performance-based units and stock options. As performance goals are met, not met or exceeded, executives are rewarded commensurately.

Determination of Executive Compensation

Role of the Compensation Committee. Executive compensation is the responsibility of the Compensation Committee. The Compensation Committee operates under a written charter adopted by the Board. John H. Cassels, Randolph C. Coley and Jerry R. Schuyler are members of the Board and the current members of the Compensation Committee. Mr. Schuyler is the current Compensation Committee Chairman. Each member of the Compensation Committee qualifies as an independent director under the NYSE MKT listing standards and under the Exchange Act. A copy of the Compensation Committee’s charter is available to stockholders on our website at www.gastar.com.

Philosophy of the Compensation Committee. The Compensation Committee’s philosophy is strongly driven by a “Pay for Performance” compensation approach that focuses on enhancing stockholder value. As described in greater detail below, the Compensation Committee presently targets total compensation, which consists of base salary, annual incentive awards and long-term stock awards at the market 50th percentile of its peer group as defined by an independent third party compensation consultant. If management’s efforts cause the Company’s results to materially exceed or lag behind the results of its peer group, total compensation may be adjusted upward or downward from the market 50th percentile. The Compensation Committee believes that this approach awards and compensates our Named Executive Officers in a manner that fairly and reasonably provides incentives for the enhancement of stockholder value, the successful implementation of our business plan and the continuous improvement in corporate and personal performance.

During 2016, the Compensation Committee reviewed the cash compensation, performance and overall compensation package for each Named Executive Officer. It then submitted to the Board recommendations with respect to the salary, bonus and participation in equity-based compensation arrangements for each Named Executive Officer. In conducting its review of management’s recommendations, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee’s philosophy and guidelines.

Interaction Between the Compensation Committee and Management. Our CEO plays an important role in the executive compensation process and is closely involved in assessing the performance of our CFO, who was our only other Named Executive Officer as of December 31, 2016. He also makes recommendations to the Compensation Committee regarding base salary, bonus targets, and performance goals established for the annual incentive plan, as well as weighting and equity compensation for our CFO. Our CEO's recommendations are based on his review of any market or peer group analysis data provided by our compensation consultant, an assessment of our CFO's responsibilities and individual performance, our Company performance and the compensation that companies in our peer group pay their executives in comparable positions. Our CFO also plays an important role in our executive compensation process. He makes recommendations to the Compensation Committee regarding the structure of the annual cash bonus awards program and the appropriate performance threshold, target and maximum opportunities of the program. These recommendations are drawn from his previous work experience, informal discussions with other CEOs and with CFOs and review of publicly filed information of other similarly-sized natural gas and oil companies regarding their bonus programs.

Role of Compensation Consultant and Market Analysis. For 2016, the Compensation Committee utilized 2015 peer company data and 2016 published survey sources supplied by L&A in reviewing and making certain compensation decisions. For the purposes of its report, L&A's engagement objectives included:

- Reviewing total direct compensation (base salary, annual incentives and long-term incentives) for the Named Executive Officers;
- Assessing the market competitiveness of executive compensation as compared to our peer group and published surveys of other companies in the oil and natural gas industry with revenues and capital assets comparable to our revenue and capital assets; and
- Providing conclusions and recommending considerations for current total direct compensation packages for our Named Executive Officers.

L&A's approach to this study was based upon its experience in the design of executive compensation programs in the energy industry and external market data procured from the marketplace in which we compete for top-level talent. This experience, along with its competitive market analysis, allowed L&A to make compensation recommendations that provide us with information to attract, retain, and motivate top-level executive talent. Additionally, L&A's recommendations were tailored to balance external market data and our internal environment to ensure fiscal responsibility.

Specifically, L&A's approach was to gather compensation data from (a) public peer companies and (b) published salary surveys and to conduct a market comparison analysis of the gathered data. Prior to beginning its analysis, L&A reviewed the composition of our peer group to assess the continued appropriateness of the group and ensure that the included companies were still relevant for comparative purposes. Based on its review, L&A recommended that companies that had been acquired or delisted, as well as companies whose geographic scope and nature of operations differed from ours be removed to ensure that the peer group was comprised of companies with a similar production profile, revenue base and size, as measured by market capitalization. The updated peer group was approved by the Compensation Committee as representative of the sector in which we operate. Next, L&A analyzed current total direct compensation (base salary, plus annual incentives, plus long-term incentives), as compared to the updated peer group and published survey data based on industry, size and performance. This was followed by developing conclusions and recommending considerations, which were reported to the Compensation Committee.

Companies reviewed by L&A (the "Peer Group") included:

Abraxas Petroleum Corp.
Bonanza Creek Energy, Inc.
Comstock Resources Inc.
Contango Oil & Gas Co.
Earthstone Energy, Inc.
Eclipse Resources Corp.
Evolution Petroleum Corp.
Jones Energy, Inc.
Panhandle Oil and Gas Inc.
PetroQuest Energy Inc.
Rex Energy Corporation
Synergy Resources Corp.

Based upon 2015 comparative pay information of our Peer Group developed by L&A and published survey data, the Compensation Committee determined that the Named Executive Officers' (a) 2016 base salaries were 8% and 2% above the market 50th percentile of our Peer Group for the CEO and CFO, respectively, (b) 2016 total cash compensation (base salary, plus the annual cash incentive award) was 8% and 13% above the market 50th percentile of our Peer Group for the CEO and CFO, respectively, (c) 2016 long-term equity awards were 18% and 10% below the market 50th percentile of our Peer Group for the CEO and CFO, respectively, and (d) 2016 total direct compensation (base salary, plus the annual cash incentive award, plus equity incentive awards) was 3% and 5% above the market 50th percentile of our Peer Group for the CEO and CFO, respectively. Based upon these findings, the Compensation Committee believes that the individual pay components and total direct compensation levels of the Named Executive Officers in 2016 approximated competitive market levels.

Though we review information regarding the compensation practices of our Peer Group of companies and the survey data just discussed, individual compensation decisions for our CFO are subject to upward or downward adjustment, based on the recommendations of our CEO and a number of factors related to both corporate and individual performance. We use the data regarding the pay practices of companies in our Peer Group as a reference point and as a guide to competitiveness and reasonableness, but we do not adhere to rigid targets, based upon the compensation components of employees at companies within that group. Our present objective is to maintain total direct compensation, consisting of base salary, performance-based cash compensation and equity awards, in proximity to the market 50th percentile of our Peer Group. However, the Compensation Committee has the discretion to adjust an award upward or downward to account for individual achievement in the last fiscal year, the requirements of a particular position, and market competitiveness for a particular individual's skills and services, among other factors.

L&A also reviewed and provided recommended considerations to the Compensation Committee on the Company's long-term incentive plan, including the amount of long-term incentives to provide the Named Executive Officers and the form in which those long-term incentive grants were provided to the Named Executive Officers.

Compensation for our Named Executive Officers and Rationale

Base Salary. Base salary represents the fixed element of the Named Executive Officers' cash compensation. The base salary reflects results of individual negotiations, economic consideration for each individual's level of responsibility, expertise, skills, knowledge, experience and performance and reasonable comparability of similar executive base salaries for executives employed by companies in our Peer Group. Since 2015, the Compensation Committee has not adjusted the base salary amounts for Messrs. Porter and Gerlich from the amounts agreed upon in 2015. Messrs. Porter and Gerlich's 2016 base salaries were greater than the market 50th percentile of our Peer Group by 8% and 2%, respectively. The following table sets forth base salary information for our Named Executive Officers for the periods presented:

Name and Principal Position	Base Salary		
	2016	2015	2014
J. Russell Porter, President and Chief Executive Officer	\$ 550,000	\$ 550,000	\$ 535,000
Michael A. Gerlich, Senior Vice President and Chief Financial Officer	\$ 325,000	\$ 325,000	\$ 312,000
Michael McCown, Former Senior Vice President and Chief Operating Officer (1)	\$ 350,000	\$ 350,000	\$ 312,000

(1) Mr. McCown retired on February 1, 2016 and only received a pro rata portion of his base salary for such year.

Annual Cash Incentive Awards. Our annual cash incentive awards reflect our philosophy to reward performance. Historically, these awards provided our Named Executive Officers with an opportunity to earn an annual cash bonus based on pre-established operational and financial performance targets and an evaluation of individual performance. In response to a volatile industry environment and retention concerns with regard to our key talent, the normal annual cash incentive award program for 2016 was replaced with an employee retention award program that provided cash awards to our CEO and CFO which were not dependent upon the usual corporate performance metrics. The 2016 award values for our CEO and CFO were equal to 100% of their respective base salary amounts. For 2016, the Compensation Committee approved an \$875,000 total management cash bonus pool for our Named Executive Officers, which was based on the sum of each of our Named Executive Officer's 2016 "target bonus" opportunity expressed as a percentage of the Named Executive Officer's base salary. Historically, the bonus pool was accrued throughout the year, and bonuses are normally paid out early in the following year. However, the 2016 employee retention awards were paid out in equal installments over five quarters beginning in April 2016 with the last payment made April 2017. For 2016, the annual cash incentive awards for Messrs. Porter and Gerlich were equal to and 20% above the market 50th percentile of our Peer Group, respectively. We plan to resume the normal annual cash incentive award program for 2017 based on specific operational and financial performance targets.

At the beginning of each year, and as part of our annual budgeting process, specific operational and financial target criteria are established by the Compensation Committee. However, given the Compensation Committee's election to implement the employee retention award program, the specific operational and financial target criteria used historically were not used.

Prior to 2016, the Compensation Committee analyzed the relative importance of each of the target criteria to our business strategy for the upcoming year to develop the appropriate target criteria and their respective weightings. Each criterion is given a certain weighting. In the past, 30% of the potential bonus opportunity was contingent on the achievement of specific operational factors, 20% contingent on the achievement of specific financial performance factors and 50% contingent on the achievement of additional per share operational targets and a specific market factor. During the year in which an annual incentive award program is used, the Company's operational and financial performance is measured against the criteria. Market performance is measured at year-end. Judgments that the criteria are being met or not being met may lead to an increase in the pool and an adjustment in the bonus accrual. If threshold targets are not met with respect to a criterion, then the portion of the bonus allocable to that criterion is not paid. At the end of the year, an approved bonus pool is calculated based on the bonus pool criteria accomplishments. The amount of the calculated bonus pool is subject to adjustment and final approval by the Compensation Committee.

The Compensation Committee's policy is not to award bonuses if performance targets are not met. The Board, however, maintains the ability to award discretionary bonuses if warranted. Pursuant to Mr. Porter's employment agreement, Mr. Porter is guaranteed a minimum bonus equal to 20% of his annual base salary.

In 2017, the Company expects to continue determining annual cash incentive award amounts based on operational and financial target criteria established by the Compensation Committee. The 2017 criterion are expected to be materially similar to those used in 2015 as follows:

Goal
Target average annual production (MBoe/d)
Target proved reserves additions (MBoe)
Average finding costs (\$/Boe)
Average controllable lifting costs (\$/Boe)
Drilling capital efficiency (\$/Boe)
Operating cash flow (\$ in millions)
Operating cash flow per share
Production per share (Boe)
Reserves per share (Boe)

Long-Term Stock-Based Compensation. We believe that stock-based compensation is the most effective means of linking compensation provided to our Named Executive Officers with long-term operational success and increases in stockholder value. The Board has discretionary authority to determine granting and vesting periods of stock option, restricted common share and performance based unit grants. We use stock-based compensation as a long-term vehicle for compensation because we believe:

- Stock-based compensation aligns the interests of our Named Executive Officers with those of the stockholders by providing equity participation to our Named Executive Officers; and
- The vesting period incorporated into stock-based compensation fosters a longer-term perspective necessary for executive retention, stability and continuity.

During 2016, the stock-based compensation granted to our Named Executive Officers consisted of a combination of restricted shares and performance-based units ("PBUs"). The 2016 grants of restricted common shares vest in one-third increments on the first, second and third anniversaries of the grant date, a vesting period that the Compensation Committee believes is an appropriate balance between longer-term incentives coupled with an element of shorter term reward. The 2016 grants of PBUs will vest and be measured in full following completion of a three-year period. The PBUs represent a contractual right to receive shares of the Company's common stock, an amount of cash equal to the fair market value of a share of the Company's common stock, or a combination of shares of the Company's common stock and cash as of the date of settlement based on the number of PBUs to be settled. Previous grants of PBUs have been settled in shares of the Company's common stock upon vesting. The settlement of PBUs may range from 0% to 200% of the targeted number of PBUs stated in the agreement contingent upon the achievement of certain share price appreciation targets as compared to a peer group index, specifically the iShares Dow Jones U.S. Oil & Gas Exploration & Production Index Fund (NYSEARCA:IEO). The PBUs granted prior to 2015 vested equally and settlement was determined annually over a three-

year period. Any PBUs not vested at each measurement date expire. The Compensation Committee adheres to our policy of only granting stock-based compensation grants during open trading windows. The following table sets forth criteria for determination of earned PBUs for the 2016 grant:

Performance Delta ⁽¹⁾	Payout as a % of the Number of Initial PBUs for which Measurement Date is Occurring	Payout if Share Price Appreciation During the Period is Not Positive
30 or Greater	200%	100%
25	180%	90%
20	160%	80%
15	140%	70%
10	120%	60%
0	100%	50%
-5	75%	38%
-10	50%	25%
Less than -10.01	0%	0%

(1) Equal to the difference between the share price appreciation of the Company and the share price appreciation of the peer group index for the period beginning on the first day of the performance period and ending at the end of the applicable measurement date.

In 2016, Messrs. Porter and Gerlich received restricted common share grants of 404,412 shares and 191,176 shares, respectively. In addition to restricted common shares, Messrs. Porter and Gerlich received PBU grants of 404,412 units and 191,176 units, respectively. The combined fair values of these grants calculated to be 207% and 165% of Messrs. Porter and Gerlich's base salaries, respectively, which placed Messrs. Porter and Gerlich 18% and 10%, respectively, below the market 50th percentile. The goal of the Compensation Committee has been to move more of the Named Executive Officers' total executive compensation to variable, or "at-risk," and thus further align the interest of the officer with the stockholders by providing the Named Executive Officers a greater stake in our long-term performance. The 2016 restricted stock and PBU grants were consistent with this goal.

Upon vesting on January 30, 2017, the third tranche of PBUs granted on January 31, 2014 to Messrs. Porter and Gerlich settled at 0% and no shares were issued.

All Other Compensation. The Named Executive Officers are eligible to participate on a non-discriminatory basis in the same comprehensive benefits as are offered to all full-time employees. These benefits are provided so as to assure that we are able to maintain a competitive position in terms of attracting and retaining executive officers and other employees.

Tax Deductions for Compensation

In conducting our executive compensation programs, the Compensation Committee considers the effects of Section 162(m), which denies publicly held companies a tax deduction for annual compensation in excess of \$1.0 million paid to their chief executive officer or any of their three other most highly compensated executive officers, other than the chief financial officer, who are employed on the last day of a given year, unless their compensation is based on performance criteria that are established by a compensation committee which is made up of outside directors and approved, as to their material terms, by our stockholders.

In 2016, the Company's compensation to Mr. Porter exceeded the deductibility limits under Section 162(m). Mr. Porter's total compensation exceeded the deductibility limit by approximately \$509,000, which represented a cost to the Company of approximately \$179,000 as a result of the lost tax deduction.

The lost deduction was a result of the determination by the Compensation Committee to provide a service-based retention bonus as well as the value of the restricted stock vesting in 2016 which had been awarded in prior years. The Compensation Committee believes that this amount, including the cost of the lost tax deduction, was justifiable in order to be competitive with peer companies. As indicated above, the Company will return to its historic performance-based annual incentives in 2017; however, restricted stock does not constitute performance-based compensation under Section 162(m) and to the extent our stock price increases a portion of the restricted stock vesting in future years could be nondeductible. While the Compensation Committee generally considers the deductibility of compensation when making decisions, the Compensation Committee retains the right to pay nondeductible compensation to our Named Executive Officers in order to maintain its flexibility in structuring appropriate compensation programs it feels to be appropriate.

Post Termination Compensation and Benefits

Each of our Named Executive Officers is party to an employment agreement which provides for payments and benefits in connection with certain termination of employment scenarios.

In addition, we maintain a change of control severance plan (the “Severance Plan”), covering all employees, including the Named Executive Officers. The purpose of the Severance Plan is to promote stability and continuity of management and employees in the event a change of control transaction should occur (as defined below). Pursuant to the terms of our Severance Plan, our Named Executive Officers are entitled to receive certain post-termination compensation and benefits upon the occurrence of certain events. In order for the Named Executive Officers to receive payments under the Severance Plan, the Named Executive Officers would have to be terminated within two years of a change of control.

For additional information regarding our employment agreements and the Severance Plan, see “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards” and “Potential Payments Upon Termination or Change of Control” below.

Consideration of Previous Shareholder Advisory Vote

In June 2016, our stockholders approved the compensation of our Named Executive Officers as described in our 2016 proxy statement, with approximately 79% of stockholder votes cast in favor of our 2016 “say-on-pay” resolution (excluding abstentions and broker non-votes). The Compensation Committee considered these results as evidence of support for our compensation program and decisions as described in our 2016 proxy statement, and as grounds for maintaining a similar approach for 2017.

Additionally, the Compensation Committee considered and responded to the current economic environment in late 2015 and early 2016 by adopting the following changes for 2016 Named Executive Officer compensation:

- (i) Initiation of a salary freeze at 2015 base salary levels until market conditions improve;
- (ii) Reduction of 2015 bonus payments made in 2016 below targeted amounts;
- (iii) Reduction of 30% of 2016 long-term incentive awards; and
- (iv) Adoption of retention bonus program in 2016 to replace the performance-based annual cash incentive award program.

Hedging Prohibitions

Our insider trading policy prohibits our Named Executive Officers from engaging in any speculative transactions involving our common shares including buying or selling puts or calls, short sales or purchases of securities on margin or otherwise hedging the risk of ownership of our stock. Any such activity would require the approval and authorization of either the CEO or the Chairman of the Audit Committee (in the case of a transaction involving our CEO).

Stock Ownership and Retention Policy

Our Board, the Compensation Committee and our executive officers recognize that ownership of our common stock is an effective means by which to align the interests of our directors and officers with those of our stockholders. The terms of the stock ownership policy for our executive officers and directors is summarized below.

Under the stock ownership policy, our officers and directors are required to hold shares of our common stock as follows:

Officer Position	Value of Shares Owned
Chief Executive Officer	5x Base Salary
Chief Financial Officer and other Named Executive Officers	4x Base Salary
Vice Presidents	3x Base Salary
Directors	3x Annual Retainer and Chairman Fees

Our officers and directors are required to meet the applicable requirements within three years of appointment to the position subject to the policy. Only vested shares of common stock are considered under the policy. The value of stock holdings in any year is determined using the average per share closing price of our common stock for the preceding calendar year.

Officers are required to continuously own sufficient shares to meet the stock ownership requirements once attained. If an officer attains compliance with the stock ownership policy and subsequently falls below the requirement because of a decrease in the price of our common stock, the officer will be deemed in compliance provided that the officer retains the shares then held.

As of December 31, 2016, all of our Named Executive Officers were in compliance with the stock ownership policy.

Summary Compensation and Awards

Summary Compensation Table

The following table and discussion below sets forth information about the compensation awarded to, earned by or paid to our Named Executive Officers during the years ended December 31, 2016, 2015 and 2014:

Name and Principal Position	Year	Base Salary	Bonus (1)	Restricted Stock and PBUs (2)	All Other Compensation (3)	Total
J. Russell Porter	2016	\$ 550,000	\$ 330,000	\$ 1,136,398	\$ 10,600	\$ 2,026,998
President and Chief	2015	\$ 550,000	\$ 263,537	\$ 1,549,738	\$ 10,600	\$ 2,373,875
Executive Officer	2014	\$ 535,000	\$ 470,804	\$ 1,529,006	\$ 10,400	\$ 2,545,210
Michael A. Gerlich	2016	\$ 325,000	\$ 195,000	\$ 537,205	\$ 10,600	\$ 1,067,805
Senior Vice President and	2015	\$ 325,000	\$ 138,424	\$ 732,606	\$ 10,600	\$ 1,206,630
Chief Financial Officer	2014	\$ 312,000	\$ 272,571	\$ 690,980	\$ 10,400	\$ 1,285,951
Michael McCown (4)	2016	\$ 29,167	\$ —	\$ 380,423	\$ 545,451	\$ 955,040
Senior Vice President and	2015	\$ 350,000	\$ 149,072	\$ 788,957	\$ 10,600	\$ 1,298,629
Chief Operating Officer	2014	\$ 312,000	\$ 272,571	\$ 566,379	\$ 10,400	\$ 1,161,350

- (1) Bonus amounts for 2016 represent performance-based annual cash incentive awards earned in 2016 which amount reflects 60% of the 2016 retention award granted and paid in 2016. Bonus amounts for 2014 and 2015 represent bonuses earned in the year presented but paid in the immediately succeeding year.
- (2) The dollar values of restricted stock and PBU awards provided are equal to the aggregate grant date fair value of such award grants awarded to Messrs. Porter and Gerlich during the years ended December 31, 2016, 2015 and 2014 calculated in accordance with Accounting Standards Codification Topic 718 (“ASC 718”) prior to a deduction for estimated forfeitures related to service-based conditions. For a description of the assumptions used in calculating these amounts for 2016, see Item 8. “Financial Statements and Supplementary Data, Note 9. Equity Compensation Plans” included in the Form 10-K for the fiscal year ended December 31, 2016. The dollar value of restricted stock and PBU awards provided for Mr. McCown equals the vesting date fair value of the restricted stock and PBUs vested on January 30, 2016.
- (3) All other compensation for Messrs. Porter and Gerlich and for Mr. McCown for 2014 and 2015 includes the Company’s contribution to the Named Executive Officers’ retirement plans.
- (4) Mr. McCown retired on February 1, 2016. All other compensation for 2016 for Mr. McCown includes his severance payment of 1.5 times his annual salary, the actual amount paid for his COBRA payments during 2016 and the amount paid to him for his unused vacation.

Grants of Plan-Based Awards

The following table shows certain information about the restricted common stock and PBUs granted to our Named Executive Officers during the year ended December 31, 2016.

Name	Date	Estimated Future Payout Under Equity Incentive Plan Awards (2)			Grant Date Fair Value of PBUs (1)	All Other Equity Awards: Number of Shares of Stock	Grant Date Fair Value of Stock Awards (1)
		Threshold	Target	Maximum			
J. Russell Porter	1/30/2016	—	—	—	—	404,412	\$ 481,250
J. Russell Porter	1/30/2016	—	404,412	808,824	\$ 655,147	—	\$ —
Michael A. Gerlich	1/30/2016	—	—	—	—	191,176	\$ 227,500
Michael A. Gerlich	1/30/2016	—	191,176	382,352	\$ 309,705	—	\$ —

- (1) The fair value of the respective restricted share and PBU grants as of the grant date is calculated in accordance with ASC 718 and assumes a target payout of 100% for PBUs. These restricted shares are subject to a 3-year vesting schedule of 33.33% each year, beginning on the first anniversary date of the grant. These PBUs are subject to a 3-year cliff vesting on the third

- anniversary date of the grant. Upon vesting, the PBUs can be settled at 0% to 200% depending upon our stock price performance.
- (2) The estimated future payout for PBUs assumes a target payout of 100% of units granted and a maximum payout of 200% of units granted. For additional information, see “Compensation Discussion & Analysis.”

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following is a narrative of our various compensation plans and the general terms of each:

Long-Term Incentive Plan. We maintain a long-term incentive plan which provides our Compensation Committee with the flexibility to grant different types of awards in respect of our common stock including, without limitations, stock options, restricted shares and PBUs. For 2016, our Named Executive Officers received awards in the form of restricted shares and PBUs. For a description of the terms of such awards, see “Compensation Discussion & Analysis-Long-Term Stock-Based Compensation.”

Employee Severance Plan. For the Named Executive Officers, the Severance Plan provides that if a Named Executive Officer’s employment is terminated within two years following a change of control for any reason other than (i) death, (ii) disability, (iii) by us for “cause” or (iv) by the Named Executive Officer for other than a “good reason,” the Named Executive Officer will receive a lump-sum payment equal to a multiple that is equal to the applicable severance period, as set forth in the Severance Plan, times the sum of (1) his annual salary and (2) annual target bonus.

A change of control is defined in the Severance Plan to mean (1) the consummation of a merger, consolidation, reorganization or other transaction whereby our stockholders retain less than 50% control, directly or indirectly, of us or the surviving company, (2) our incumbent directors cease to constitute a majority of the Board or (3) a sale or other disposition of all or substantially all of our assets. The Severance Plan does not change the specific, non-change of control severance payments in place under the existing employment agreements with our Named Executive Officers but does provide change of control severance benefits to the Named Executive Officers only if they are greater than the severance benefits provided under the employment agreement. The Severance Plan does not allow for any duplication of severance benefits.

The following summarizes the severance periods and target bonus percentages for the Named Executive Officers set forth in the Severance Plan, as amended:

	Severance Period In Years	Target Bonus Percentage
Chief Executive Officer	3.00	89%
Chief Financial Officer	2.50	88%

Additionally, during the applicable severance period, Named Executive Officers would receive reimbursement for the cost of COBRA continuation health care coverage, less the amount charged at the time of termination to the employee for medical coverage.

If the Named Executive Officer receives a payment or benefit that is subject to the “golden parachute” excise tax, the Named Executive Officer will receive an additional payment under the severance plan to make him or her “whole” for that excise tax and any taxes on the additional parachute tax gross-up payment.

If the individual’s employment is terminated within six months prior to a change of control and it is reasonably shown to have been in connection with the change of control, then the change of control will be treated with respect to that employee as having occurred prior to his or her termination.

Employment Agreements. We entered into employment agreements with J. Russell Porter, our President and CEO, and Michael A. Gerlich, our CFO, effective February 24, 2005, and May 17, 2005, respectively, each amended July 25, 2008. Mr. Porter’s employment agreement was amended on February 3, 2011 to remove a provision that allowed him to trigger severance payments by providing the Company with six months’ notice. Mr. Gerlich’s employment agreement was amended on April 10, 2012 (effective as of January 1, 2012) to reflect the change in his target bonus amount used for purposes of determining his severance entitlement under his employment agreement. The agreements with Messrs. Porter and Gerlich set forth, among other things, annual compensation, and adjustments thereto, minimum bonus payments, fringe benefits, termination and severance provisions. The agreements with Messrs. Porter and Gerlich renew annually; however, they may be terminated at any time with or without cause.

Mr. Porter's employment agreement provides that he is entitled to a minimum annual bonus in an amount that may take the form of cash compensation, the award of stock or stock options, royalty rights or otherwise and that he shall receive an annual cash bonus equal to at least 20% of his annual base salary. The employment agreement further provides that such bonuses shall reflect not only the results of our operations and business, but also his contribution as President and CEO.

Mr. Gerlich's employment agreement provides that the Compensation Committee may on a yearly basis, or more frequently, award Mr. Gerlich a discretionary bonus or bonuses based not only on the positive results of our operations and business, but Mr. Gerlich's contribution as CFO. Such bonuses may take the form of cash compensation, the award of common shares or stock options, royalty rights or otherwise.

Salary and Cash Bonus in Proportion to Total Compensation

The following table sets forth the percentage of each Named Executive Officer's total compensation that we paid in the form of base salary and cash bonus earned (excluding long-term incentive cash awards) for the year 2016.

	Base Salary and Cash Bonuses as a Percentage of Total Compensation
J. Russell Porter	49%
Michael A. Gerlich	55%

Outstanding Equity Awards at Fiscal Year-End for 2016

The following table sets forth information about outstanding equity awards held by our Named Executive Officers as of December 31, 2016:

Name	Grant Date	Option Awards				PBU Awards		Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of PBUs That Have Not Vested (1)	Market Value of PBUs That Have Not Vested (1)	Number of Shares of Restricted Stock That Have Not Vested	Market Value of Restricted Stock That Have Not Vested (2)
J. Russell Porter (3)	3/19/2009	30,000	—	\$ 2.60	3/19/2019	—	—	—	—
	1/30/2014	—	—	—	—	38,793	\$ 2,328	—	—
	1/30/2015	—	—	—	—	286,458	\$ 415,364	—	—
	1/30/2016	—	—	—	—	404,412	\$ 845,221	—	—
	1/30/2014	—	—	—	—	—	—	38,793	\$ 60,129
	1/30/2015	—	—	—	—	—	—	190,972	\$ 296,007
Michael A. Gerlich (4)	1/30/2016	—	—	—	—	—	—	404,412	\$ 626,839
	3/19/2009	20,000	—	\$ 2.60	3/19/2019	—	—	—	—
	1/30/2014	—	—	—	—	17,528	\$ 1,052	—	—
	1/30/2015	—	—	—	—	135,417	\$ 196,355	—	—
	1/30/2016	—	—	—	—	191,176	\$ 399,558	—	—
	1/30/2014	—	—	—	—	—	—	17,529	\$ 27,170
1/30/2015	—	—	—	—	—	—	90,278	\$ 139,931	
1/30/2016	—	—	—	—	—	—	191,176	\$ 296,323	

(1) For purposes of this table, we assumed that the unvested PBUs granted on January 30, 2014 will vest at the target of 100% with a fair value of \$0.06 per unit on December 31, 2016, the unvested PBUs granted on January 30, 2015 will vest at the target of 100% with a fair value of \$1.45 per unit on December 31, 2016 and the unvested PBUs granted on January 30, 2016 will vest at the target of 100% with a fair value of \$2.09 per unit on December 31, 2016.

(2) The closing price of our common shares on December 31, 2016 was \$1.55.

(3) The 38,793 unvested restricted common shares granted to Mr. Porter on January 30, 2014 vested 100% on January 30, 2017. The 190,972 unvested restricted common shares granted to Mr. Porter on January 30, 2015 vest 50% on January 30, 2017 and

2018, respectively. The 404,412 unvested restricted common shares granted to Mr. Porter on January 30, 2016 vest 33.3% on January 30, 2017, 2018 and 2019, respectively. The 38,793 unvested PBUs granted to Mr. Porter on January 30, 2014 vest 100% on January 30, 2017. The 286,458 unvested PBUs granted to Mr. Porter on January 30, 2015 vest 100% on January 30, 2018. The 404,412 unvested PBUs granted to Mr. Porter on January 30, 2016 vest 100% on January 30, 2019.

- (4) The 17,529 unvested restricted common shares granted to Mr. Gerlich on January 30, 2014 vested 100% on January 30, 2017. The 90,278 unvested restricted common shares granted to Mr. Gerlich on January 30, 2015 vest 50% on January 30, 2017 and 2018, respectively. The 191,176 unvested restricted common shares granted to Mr. Gerlich on January 30, 2016 vest 33.3% on January 30, 2017, 2018 and 2019, respectively. The 17,528 unvested PBUs granted to Mr. Gerlich on January 30, 2014 vest 100% on January 30, 2017. The 135,417 unvested PBUs granted to Mr. Gerlich on January 30, 2015 vest 100% on January 30, 2018. The 191,176 unvested PBUs granted to Mr. Gerlich on January 30, 2016 vest 100% on January 30, 2019.

Restricted Stock and PBUs Vested for 2016

During the year ended December 31, 2016, our Named Executive Officers exercised no stock options. The following restricted common shares vested to the benefit of our Named Executive Officers during 2016:

Name	Stock Awards			
	Grant Date	Vesting Date	Number of Shares Acquired on Vesting	Value Realized on Vesting (1)
J. Russell Porter	1/30/2013	1/30/2016	161,638	\$ 192,349
	1/30/2014	1/30/2016	38,794	\$ 46,165
	1/30/2015	1/30/2016	95,486	\$ 113,628
Michael A. Gerlich	1/30/2013	1/30/2016	80,819	\$ 96,175
	1/30/2014	1/30/2016	17,528	\$ 20,858
	1/30/2015	1/30/2016	45,139	\$ 53,715
Michael McCown	1/30/2013	1/30/2016	56,034	\$ 66,680
	1/30/2014	1/30/2016	28,736	\$ 34,196
	1/30/2015	1/30/2016	145,833	\$ 173,541

- (1) Equals the closing stock price of our common shares on the day prior to the applicable vesting date multiplied by the number of restricted shares vesting on such date.

Name	Performance Based Units			
	Grant Date	Vesting Date	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting (2)
J. Russell Porter	1/30/2013	1/30/2016	254,654	\$ 303,038
	1/30/2014	1/30/2016	—	\$ —
Michael A. Gerlich	1/30/2013	1/30/2016	160,200	\$ 190,638
	1/30/2014	1/30/2016	—	\$ —
Michael McCown	1/30/2013	1/30/2016	89,080	\$ 106,005
	1/30/2014	1/30/2016	—	\$ —

- (1) The third tranche of the January 30, 2013 PBU grant vested at 200% of the amount granted. The second tranche of the January 30, 2014 PBU grant vested at 0% of the amount granted.
- (2) Equals the closing stock price of our common shares on the day prior to the applicable vesting date multiplied by the number of PBUs vesting on such date.

Potential Payments Upon Termination or Change of Control

The table below discloses the amount of compensation and/or other benefits due to the Named Executive Officers in the event of their termination of employment, including, but not limited to, in connection with a change in control.

The amounts shown for Messrs. Porter and Gerlich below assume that such termination was effective as of December 31, 2016, and thus include amounts earned through such date and are estimates of the amounts that would be paid to the Named Executive

Officers upon their respective termination. The actual amounts to be paid can only be determined at the time the Named Executive Officer is terminated. The amounts shown for Mr. McCown represent the actual amounts received upon his retirement on February 1, 2016.

Named Executive Officer and Post Termination Benefits	Termination for other than Reasonable Cause (1)	Constructive Termination and Termination in Connection with Change of Control (2)	Termination for Reasonable Cause (3)	Death (1)(4)	Disability (1)(4)
J. Russell Porter:					
Salary	\$ 2,475,000	\$ 3,118,500	\$ —	\$ 2,475,000	\$ 2,475,000
Accrued Vacation	16,659	16,659	16,659	16,659	16,659
Paid health and medical	32,274	32,274	—	32,274	32,274
Parachute tax gross-up payment (5)	—	1,253,448	—	—	—
Equity compensation (6)	—	2,113,955	—	—	—
Total	<u>\$ 2,523,933</u>	<u>\$ 6,534,836</u>	<u>\$ 16,659</u>	<u>\$ 2,523,933</u>	<u>\$ 2,523,933</u>
Michael A. Gerlich:					
Salary	\$ 1,527,500	\$ 1,527,500	\$ —	\$ 1,527,500	\$ 1,527,500
Accrued Vacation	21,094	21,094	21,094	21,094	21,094
Paid health and medical	32,274	32,274	—	32,274	32,274
Parachute tax gross-up payment (5)	—	504,422	—	—	—
Equity compensation (6)	—	996,814	—	—	—
Total	<u>\$ 1,580,868</u>	<u>\$ 3,082,104</u>	<u>\$ 21,094</u>	<u>\$ 1,580,868</u>	<u>\$ 1,580,868</u>

(1) Per Mr. Porter's employment agreement, if he is involuntarily terminated for any reason other than for Reasonable Cause (as defined below) and if proper notice is received, Mr. Porter will be entitled to a lump sum severance payment equal to the product of 4.5 multiplied by the highest annual base salary in effect at any time during the one year period preceding his termination. At December 31, 2016, Mr. Porter's severance was calculated by multiplying \$550,000 by 4.5. If Mr. Porter is considered a "specified employee" under Section 409A of the Code at the time of his termination, this payment will be delayed for a period of six months if necessary to avoid the additional excise tax under Section 409A of the Code. If Mr. Porter timely elects COBRA continuation coverage, he and his family will be entitled to continuation of health insurance at our expense, subject to the limitations imposed by law and our insurance plan, which is currently 18 months (the "COBRA Continuation Period"). As of December 31, 2016, the cost for health and medical coverage for Mr. Porter as an employee was \$1,793 per month. Mr. Porter currently is entitled to 20 working days of vacation per year. He would receive a lump-sum cash payment of his unused vacation time of up to 10 days that are not used during each year employed. As of December 31, 2016, Mr. Porter had available 7.0 days of accrued but unused vacation pay. In addition, effective on Mr. Porter's termination for any reason other than if Mr. Porter elects to terminate his own employment, the unvested portion of all stock options held by Mr. Porter will immediately vest and be exercisable for a period of 90 days. All other terms and conditions of his stock options will remain unchanged, including provision that all stock options will terminate 90 days after Mr. Porter's termination. As of December 31, 2016, Mr. Porter had no unvested stock options to acquire common shares and he had no vested stock options that were "in-the-money" that could be exercised upon his termination of employment. On December 31, 2016, he had 634,179 unvested restricted common shares, which would be canceled upon his termination. On December 31, 2016, Mr. Porter had 342,145 unvested PBUs that could potentially vest upon termination and 387,518 unvested PBUs, which would be canceled upon his termination.

Per Mr. Gerlich's employment agreement, if he is involuntarily terminated for any reason other than for Reasonable Cause (as defined below), he will be entitled to a lump sum severance payment equal to the product of 2.5 and the sum of (1) his highest annual base salary in effect at any time during the one year period preceding his termination (at December 31, 2016, this amount was \$325,000) and (2) his target bonus amount of 88% of his base salary (\$286,000). If Mr. Gerlich is considered a "specified employee" under Section 409A of the Code at the time of his termination, this payment will be delayed for a period of six months if necessary to avoid the additional excise tax under Section 409A of the Code. If Mr. Gerlich timely elects COBRA continuation coverage, he and his family will be entitled to continuation of health insurance at our expense, during the COBRA Continuation Period. If Mr. Gerlich dies during the COBRA Continuation Period, his family will be entitled to continuation of

health insurance at our expense, subject to the limitations imposed by law and our insurance plan. At December 31, 2016 the maximum cost over the 18-month period was \$1,793 per month. In addition, Mr. Gerlich will receive a lump-sum cash payment of his unused vacation time of up to 10 days per each year employed, up to a maximum of 15 days. As of December 31, 2016, Mr. Gerlich had 21.5 days of available accrued but unused vacation and thus was only paid for 15 days. Per Mr. Gerlich's stock option agreements, he will have 90 days after termination to exercise all vested options. As of December 31, 2016, Mr. Gerlich did not have any unvested options and had no vested options that were "in-the-money" that could be exercised upon his termination of employment. Additionally, on December 31, 2016, he had 298,985 unvested restricted common shares, which would be canceled upon his termination. On December 31, 2016, Mr. Gerlich had 160,998 unvested PBUs that could potentially vest upon termination and 183,123 unvested PBUs, which would be canceled upon his termination.

- (2) The Severance Plan provides that if an employee incurs an involuntary termination within a two-year period following a change of control (or, in certain limited circumstances, during the six month period prior to a change of control), covered employees, including Named Executive Officers, will receive a lump-sum cash payment equal to the applicable severance period times the sum of the covered employee's annual pay and target bonus, contingent on the employee executing a full release and settlement agreement. Mr. Porter's severance period is 3 years, and his annual salary and 89% target bonus at December 31, 2016 were \$550,000 and \$489,500, respectively. Mr. Gerlich's severance period is 2.5 years, and his annual salary and 88% target bonus at December 31, 2016 were \$325,000 and \$286,000, respectively. The Employee Severance Plan provides that if there is a change of control, covered employees, including Named Executive Officers, will be eligible to receive reimbursement of COBRA costs. Other termination or severance compensation is determined by the individual Named Executive Officer's employment agreement. The Severance Plan does not change the specific, non-change of control severance payments in place under the existing employment agreements with our Named Executive Officers but does provide change of control severance benefits to the Named Executive Officers only if they are greater than the severance benefits provided under the employment agreement. The Severance Plan does not allow for any duplication of severance benefits. Additionally, the award agreements for the Named Executive Officers restricted stock, PBUs and stock option agreements provide for the acceleration of vesting upon a change of control, thus the amounts in the table above reflect the acceleration of the outstanding restricted stock and PBUs awards each Named Executive Officer held as of December 31, 2016. As of December 31, 2016, no stock option awards were unvested so no value has been included in the table above with respect to the accelerated vesting of stock options.
- (3) Per their respective employment agreements, we are not obligated to pay any amounts to Messrs. Mr. Porter or Gerlich other than accrued and unused vacation days and their pro-rata base salary through the date of his termination of employment, as a result of a termination for Reasonable Cause (as defined below). Only the stock options held by Messrs. Porter and Gerlich that were already vested as of December 31, 2016, would remain eligible for exercise following his termination of employment.
- (4) Per their respective employment agreements, if Messrs. Porter's or Gerlich's employment terminates due to death, his eligible beneficiary will be entitled to receive his severance payment as described in Footnote 1 above. If Messrs. Porter's or Gerlich's employment terminates due to Disability (as defined below), he shall be entitled to receive a severance payment in the form and amount as determined in Footnote 1 above.
- (5) Our Severance Plan provides that if the Named Executive Officer receives a payment or benefit that is subject to the "golden parachute" excise tax, the Named Executive Officers will receive an additional payment under the severance plan to make him or her "whole" for that excise tax and any taxes on the additional parachute tax gross-up payment (the "gross-up payment"). If the total payments provided to an individual that were contingent on a change in control exceed three times an individual's "base amount," that individual is considered to be receiving a "parachute payment." If the individual is considered to have received a "parachute payment," then a tax will be imposed on any "excess parachute payment" amount, which is the amount in excess of one times the individual's "base amount." To determine Messrs. Porter's and Gerlich's amount of the gross-up payment, Messrs. Porter's and Gerlich's "base amount" was calculated using the five-year average of his compensation for the years 2012-2016. In making the calculation, the following assumptions were used: (a) the change of control occurred on December 31, 2016, (b) the closing price of our stock was \$1.55 on such date, (c) the excise tax rate under Section 4999 of the Code is 20%, the federal income tax rate is 39.6%, the Medicare rate is 1.45%, the adjustment to reflect the phase-out of itemized deductions is 1.05%, and there is no state or local income taxes, (d) no amounts will be discounted as attributable to reasonable compensation, (e) all cash severance payments are contingent upon a change of control, (f) the presumption required under applicable regulations that the equity awards granted were contingent upon a change of control could be rebutted.
- (6) The award agreements for the Named Executive Officers restricted stock, PBUs and stock options agreements provide for the acceleration of vesting upon a change of control, thus the amounts in the table above reflect the acceleration of the outstanding PBUs and restricted stock awards each Named Executive Officer held as of December 31, 2016. As of December 31, 2016, no stock option awards were unvested so no value has been included in the table above with respect to the accelerated vesting of

stock options. The amount shown is the product of the number of restricted shares and PBUs held by the Named Executive Officer times the closing price of our common shares on December 31, 2016 or \$1.55 per common share.

Mr. McCown retired on February 1, 2016. Per his severance agreement, upon his retirement, he received 1.5 times his annual salary and payment for his unused vacation hours totaling \$534,084. The Company will reimburse him for COBRA costs up to \$1,791 per month for 18 months. Actual COBRA costs for 2016 and 2017 for Mr. McCown were \$1,137 and \$1,200 per month, respectively. Additionally, 111,590 shares of unvested restricted stock scheduled to vest in 2017 and 2018 were vested at \$1.19 per share.

The employment agreements of Messrs. Porter and Gerlich generally use the following terms:

“Reasonable Cause” or “Cause” means any of the following (a) an act or omission that amounts to dishonesty, disloyalty, fraud, deceit, gross negligence, willful misconduct or recklessness, including the willful violation of any of our policies or procedures; (b) a felony conviction (or, in the case of Mr. McCown, any crime involving moral turpitude); (c) a breach of any material term of the employment agreement; (d) the refusal to perform any services that the Named Executive Officer is required to perform under the employment agreement; or (e) with respect to Mr. Porter’s agreement only, an act that is determined by the vote of two-thirds of the shareholders to constitute “Reasonable Cause” or to be detrimental to our best interests.

“Disability” means the inability to perform the functions essential to the Named Executive Officer’s position with or without accommodation during a continuous 12 month period, due to physical or mental illness of the Named Executive Officer. The date of disability is the last day of the 12-month period. Successive periods of illness or injury that are due to the same or related causes are considered one period of disability unless the Named Executive Officer returns to work full-time for three successive months.

Under Mr. Gerlich’s employment agreement, a “change of control” occurs as a result of a sale of all or substantially all of our assets, purchase of over 50% of our stock, or through merger, consolidation, corporate restructuring or otherwise.

The Severance Plan generally uses the following terms:

“Change of Control” means (1) the consummation of a merger, consolidation, reorganization or other transaction whereby our shareholders retain less than 50% control, directly or indirectly, of us or the surviving company, (2) our incumbent directors cease to constitute a majority of the Board or (3) a sale or other disposition of all or substantially all of our assets, or (4) the Board’s adoption of a plan of dissolution or liquidation for us.

“Involuntary Termination” means any termination of employment that occurs within two years following a Change of Control (or, in certain limited circumstances, during the six months prior to such Change of Control) and which (1) is by us other than for cause (but excluding a termination due to the employee’s failure to accept comparable employment), or (2) is by the employee for Good Reason. An “Involuntary Termination” does not include: (a) a termination of the employee by us for cause, (b) a termination of the employee due to his death or disability, (c) a voluntary resignation by the employee other than for Good Reason, or (d) any termination of the employee by the employer as a result of the employee declining to accept an offer of comparable employment with a successor employer.

“Good Reason” means the occurrence of any of the following events after a Change of Control: (1) relocating the covered employee’s place of employment without his consent to a place that would constitute a material change in his place of employment, (2) reducing the covered employee’s annual base salary or (3) a substantial reduction in the covered employee’s position or responsibilities. In certain circumstances, the occurrence of one of these events within six months prior to the Change of Control may be Good Reason.

The Severance Plan provides that if any payment made, or benefit provided, to or on behalf of a covered employee pursuant to the plan or otherwise (“Payments”) results in a covered employee being subject to the excise tax imposed by Section 4999 of the Code (or any successor or similar provision) (“Excise Tax”), we shall, as soon as administratively practicable, pay such covered employee an additional amount in cash (the “Additional Payment”) such that after payment by the covered employee of all taxes, including, without limitation, any taxes imposed on the Additional Payment, such covered employee retains an amount of the Additional Payment equal to the Excise Tax imposed on the Payments. Such determinations shall be made by our independent certified public accounting firm.

Mr. Porter’s employment agreement contains a confidentiality provision applicable both during the term of his employment and following his termination of employment. Pursuant to the confidentiality provision, Mr. Porter agrees to hold in confidence and not

disclose any confidential information about our business, except as required in the ordinary course of performing his employment duties with us. A breach of this confidentiality provision could result in a Reasonable Cause termination. Mr. Porter's employment agreement further provides that, for a period of two years after his termination of employment with us for a reason other than Reasonable Cause (six months if terminated for Reasonable Cause). Mr. Porter shall not compete with us directly or indirectly.

Mr. Gerlich's employment agreement provides that, unless specifically pre-approved by the CEO in writing, which approval may not be unreasonably withheld, Mr. Gerlich will not directly compete (as defined in the employment agreement) with us for a period of two years following his termination of employment.

Risk Assessment

The Compensation Committee uses the structural elements set forth in Part III of our 2016 Annual Report to establish compensation that will provide sufficient incentives for Named Executive Officers to drive results while avoiding unnecessary or excessive risk taking that could harm the long-term value of the Company. The Compensation Committee, with the assistance of the independent compensation consultant, continually evaluates the Company's assessment of risk created by the Company's compensation policies and practices. The Compensation Committee concludes that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Report

Board of Directors of Gastar Exploration Inc.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on the review and discussions referred to above, the Compensation Committee recommends to the Board that the Compensation Discussion and Analysis be included in the this proxy statement on Schedule 14A.

Gastar Exploration Inc.
Compensation Committee

/s/ Jerry R. Schuyler, Chairman

Randolph C. Coley

John H. Cassels

The above Report of the Compensation Committee of the Board does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act or the Exchange Act, except to the extent we specifically incorporates this proxy statement by reference therein.

DIRECTORS' COMPENSATION

For the year ended December 31, 2016, non-employee directors received the following fees:

- An aggregate of \$70,000 per year for a director retainer;
- An aggregate of \$37,500 per year for the Chairman of the Board;
- An aggregate of \$15,000 for the Chairman of the Audit Committee;
- An aggregate of \$10,000 per year for the Chairman of the Compensation Committee;
- An aggregate of \$10,000 per year for the Chairman of the Nominating & Corporate Governance Committee; and
- An aggregate of \$10,000 per year for the Chairman of the Reserves Review Committee.

We also grant to our non-employee directors restricted common shares under our stock-based compensation plan in addition to their specified cash compensation to be paid as directors. These grants are, in part, to compensate our directors for the strict regulatory role in which they have to operate and to provide them with incentives to remain as a director by offering them a long-term stake in our potential future value.

The following table shows certain information about non-employee director compensation for the year ended December 31, 2016:

Director Compensation Table

Director	Fees Earned or Paid in Cash	Shares of Common Stock (1)	Total
John H. Cassels	\$ 80,000	\$ 70,000	\$ 150,000
Randolph C. Coley	\$ 80,000	\$ 70,000	\$ 150,000
Stephen A. Holditch	\$ 80,000	\$ 70,000	\$ 150,000
Robert D. Penner	\$ 85,000	\$ 70,000	\$ 155,000
Jerry R. Schuyler	\$ 107,500	\$ 70,000	\$ 177,500

- (1) Amounts reflect the grant date fair value of restricted common stock grants awarded to each of our outside directors during the year ended December 31, 2016, calculated in accordance with ASC 718 prior to a deduction for estimated forfeitures related to service-based vesting conditions.

The following table sets forth information about outstanding equity awards held by our Directors as of December 31, 2016:

Name	Grant Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares of Restricted Stock That Have Not Vested	Market Value of Shares of Restricted Stock That Have Not Vested (1)
John H. Cassels (2)	1/30/2014	—	—	—	—	5,747	\$ 8,908
	1/30/2016	—	—	—	—	58,824	\$ 91,177
Randolph C. Coley (3)	1/14/2010	40,000	—	\$ 4.27	1/14/2020	—	—
	1/30/2014	—	—	—	—	5,747	\$ 8,908
Stephen A. Holditch (4)	1/30/2016	—	—	—	—	58,824	\$ 91,177
	8/8/2014	—	—	—	—	10,735	\$ 16,639
Robert D. Penner (5)	1/30/2016	—	—	—	—	58,824	\$ 91,177
	7/9/2007	40,000	—	\$ 10.95	7/9/2017	—	—
Jerry R. Schuyler (6)	3/19/2009	15,000	—	\$ 2.60	3/19/2019	—	—
	1/30/2014	—	—	—	—	5,747	\$ 8,908
	1/30/2015	—	—	—	—	58,824	\$ 91,177
Jerry R. Schuyler (6)	8/8/2014	—	—	—	—	10,735	\$ 16,639
	1/30/2015	—	—	—	—	58,824	\$ 91,177

- (1) The closing price of our common shares on December 31, 2016 was \$1.55.
- (2) The 5,747 unvested restricted common shares granted to Mr. Cassels on January 30, 2014 vest 100% on January 30, 2017. The 58,824 unvested restricted common shares granted to Mr. Cassels on January 30, 2016 vest 100% on January 30, 2017.
- (3) The 5,747 unvested restricted common shares granted to Mr. Coley on January 30, 2014 vest 100% on January 30, 2017. The 58,824 unvested restricted common shares granted to Mr. Coley on January 30, 2016 vest 100% on January 30, 2017.
- (4) The 10,735 unvested restricted common shares granted to Mr. Holditch on August 8, 2014 vest 100% on August 8, 2017. The 58,824 unvested restricted common shares granted to Mr. Holditch on January 30, 2016 vest 100% on January 30, 2017.
- (5) The 5,747 unvested restricted common shares granted to Mr. Penner on January 30, 2014 vest 100% on January 30, 2017. The 58,824 unvested restricted common shares granted to Mr. Penner on January 30, 2016 vest 100% on January 30, 2017.
- (6) The 10,735 unvested restricted common shares granted to Mr. Schuyler on August 8, 2014 vest 100% on August 8, 2017. The 58,824 unvested restricted common shares granted to Mr. Schuyler on January 30, 2016 vest 100% on January 30, 2017.

For the year ending December 31, 2017, non-employee directors are expected to receive the fees listed below. The annual retainer fees are to be paid semi-annually in arrears for the prior quarters.

Annual director retainer	\$ 70,000
Chairman of Board annual retainer	\$ 50,000
Chairman of Audit Committee annual retainer	\$ 15,000
Chairman of Compensation Committee annual retainer	\$ 10,000
Chairman of Nominating & Corporate Governance Committee annual retainer	\$ 10,000
Chairman of Reserves Review Committee	\$ 10,000

There will be no additional amounts paid for meeting or committee attendance.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information about the beneficial ownership of common stock and preferred stock by:

- Each of our directors and nominees;
- Each of our executive officers, as listed in the Summary Compensation Table, set forth under “Executive Compensation”;
- All of our executive officers and directors as a group; and
- Each person known to us to be the beneficial owner of more than 5% of our outstanding common shares.

The table below is based upon information supplied by executive officers, directors, principal stockholders and from documents filed with the SEC. Applicable percentages are based on 211,903,583 shares of common stock, 4,045,000 shares of the Company’s 8.625% Series A Cumulative Preferred Stock (the “Series A Preferred Stock”) and 2,140,000 shares of the Company’s 10.75% Series B Cumulative Preferred Stock (the “Series B Preferred Stock”) outstanding on May 10, 2017. Ares Management LLC’s ownership percentage is calculated based on 211,903,583 shares of common stock outstanding plus an additional 73,520,769 shares of common stock issuable upon conversion of our convertible notes due 2022 (the “Notes”) held by the Ares Investment Vehicles (as defined below). To the knowledge of our directors and executive officers, as of March 31, 2017, no person, firm or corporation owns, directly or indirectly, or exercise control or direction over voting securities carrying more than 5% of the voting rights attached to any class of our voting securities, except as indicated below. Unless otherwise stated and subject to community property laws where applicable, management believes that all persons named in the following table have sole voting and investment power over all shares of common and preferred stock reported as beneficially owned by them.

Name and Address of Beneficial Owner	Common Stock		Series A Preferred Stock		Series B Preferred Stock	
	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding
Our greater than 5% stockholders:						
Ares Management LLC (1) 2000 Avenue of the Stars, 12th Floor Los Angeles, CA 90067	128,438,505	45.0%				
Our non-employee directors (2) :						
John H. Cassels (3)	250,999	*	—	—%	—	—%
Randolph C. Coley (4)	324,987	*	—	—%	—	—%
Stephen A. Holditch (5)	219,888	*	—	—%	—	—%
Robert D. Penner (6)	353,498	*	—	—%	—	—%
Jerry R. Schuyler (7)	192,938	*	—	—%	—	—%
Ronald D. Scott (8)	52,910	*	—	—%	—	—%
Nathan W. Walton (9)	52,910	*	—	—%	—	—%
Our executive officers (2) :						
J. Russell Porter, President and Chief Executive Officer (10)	2,456,857	1.2%	7,459	*	2,000	*
Michael A. Gerlich, Senior Vice President and Chief Financial Officer (11)	1,154,732	0.5%	2,525	*	2,000	*
Our directors and executive officers, as a group (9 persons)	4,953,899	2.3%	9,984	*	4,000	*

* Less than 1%.

(1) Included as shares of common stock beneficially owned by certain funds (the “Ares Investment Vehicles”) managed indirectly by Ares Management LLC are (i) an aggregate of 54,864,826 shares of common stock outstanding and (ii) 73,520,769 shares of common stock issuable upon conversion at the option of the Ares Investment Vehicles of the Notes, in the individual amounts below:

Ares Investment Vehicle	Common Stock	Convertible Note Shares
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AF V Energy I AIV A1 L.P.	2,725,730	3,652,512
AF V Energy I AIV A2 L.P.	2,701,078	3,619,484
AF V Energy I AIV A3 L.P.	2,704,798	3,624,461
AF V Energy I AIV A4 L.P.	2,718,589	3,643,011
AF V Energy I AIV A5 L.P.	2,732,870	3,662,013
AF V Energy I AIV A6 L.P.	2,715,545	3,638,939
AF V Energy I AIV A7 L.P.	2,655,683	3,558,858
AF V Energy I AIV A8 L.P.	2,690,706	3,605,911
AF V Energy I AIV A9 L.P.	2,725,730	3,652,512
AF V Energy I AIV A10 L.P.	2,725,730	3,652,512
AF V Energy I AIV A11 L.P.	2,690,706	3,605,911
AF V Energy I AIV A12 L.P.	2,656,361	3,559,310
AF V Energy I AIV A13 L.P.	3,201,100	4,289,540
AF V Energy I AIV B1 L.P.	19,220,200	25,755,795
TOTAL:	54,864,826	73,520,769

Also included as shares of common stock beneficially owned by the Ares Investment Vehicles are 52,910 of shares held by Nathan W. Walton, which represent shares granted to Mr. Walton in his capacity as a director of the Company and for the sole benefit of the Ares Entities (as defined below) (see footnote 9 below for more information). The shares of common stock together with the shares issuable upon the conversion of the Notes held by AF V Energy I AIV B1, L.P. represent approximately 18.9% of our outstanding shares of common stock. None of the other Ares Investment Vehicles hold shares of common stock representing 5.0% or more of our outstanding shares of common stock. The manager of the Ares Investment Vehicles is ACOF Investment Management LLC (“ACOF”). The sole member of ACOF is Ares Management LLC. The sole member of Ares Management LLC is Ares Management Holdings L.P. (“Ares Management Holdings”) and the general partner of Ares Management Holdings is Ares Holdco, LLC (“Ares Holdco”). The sole member of Ares Holdco is Ares Holdings Inc. (“Ares Holdings”), whose sole stockholder is Ares Management, L.P. (“Ares Management”). The general partner of Ares Management is Ares Management GP LLC (“Ares Management GP”), and the sole member of Ares Management GP is Ares Partners Holdco LLC (“Ares Partners”, and together with the Ares Investment Vehicles, Ares Management LLC, Ares Management Holdings, Ares Holdco, Ares Holdings, Ares Management, and Ares Management GP, the “Ares Entities”). Ares Partners is managed by a board of managers, which is composed of Michael Arougheti, R. Kipp deVeer, David Kaplan, Antony Ressler and Bennett Rosenthal. Decisions by Ares Partners’ board of managers generally are made by a majority of the members, which majority, subject to certain conditions, must include Antony Ressler. Each of the Ares Entities (other than each of the Ares Investment Vehicles with respect to the shares held directly by it) and the members of Ares Partners’ board of managers and the other directors, officers, partners, stockholders, members and managers of the Ares Entities expressly disclaims beneficial ownership of the shares of common stock. The address of each Ares Entity is 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

- (2) The contact address for our non-employee directors and executive officers is 1331 Lamar Street, Suite 650, Houston, Texas 77010. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (3) As of May 10, 2017, Mr. Cassels owned 190,756 common shares directly and beneficially held 60,241 unvested restricted common shares. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (4) As of May 10, 2017, Mr. Coley owned 224,745 common shares directly, beneficially held 60,241 unvested restricted common shares and held stock options to purchase 40,000 common shares, all of which currently are vested and exercisable as of May 10, 2017 regardless of trading price. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (5) As of May 10, 2017 Mr. Holditch owned 148,912 common shares directly and beneficially held 70,977 unvested restricted common shares. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (6) As of May 10, 2017, Mr. Penner owned 238,257 common shares directly, beneficially held 60,241 unvested restricted common shares, and held stock options to purchase 55,000 common shares, all of which currently are vested and exercisable as of May 10, 2017 regardless of trading price. Individuals holding unvested restricted common shares have the right to vote those common shares.

- (7) As of May 10, 2017, Mr. Schuyler owned 121,962 common shares directly and beneficially held 70,976 unvested restricted common shares. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (8) As of May 10, 2017, Mr. Scott owned no common shares directly and beneficially held 52,910 unvested restricted common shares. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (9) As of May 10, 2017 Mr. Walton owned no common shares directly and held 52,910 unvested restricted common shares (the “Restricted Shares”). The Restricted Shares are held by Mr. Walton for the benefit of the Ares Entities. Pursuant to the policies of Ares Management LLC, Mr. Walton holds the Restricted Shares as a nominee on behalf, and for the sole benefit, of the Ares Entities and has assigned all economic, pecuniary and voting rights in respect of the Restricted Shares to Ares Management LLC. Mr. Walton disclaims beneficial ownership of the Restricted Shares. Individuals holding unvested restricted common shares have the right to vote those common shares.
- (10) As of May 10, 2017, Mr. Porter owned 1,911,761 common shares directly, beneficially held 365,096 unvested restricted common shares and 150,000 common shares in trust and held stock options to purchase 30,000 common shares, all of which currently are vested and exercisable as of May 10, 2017 regardless of trading price. Additionally, as of May 10, 2017, Mr. Porter held 372,741 restricted stock units which were granted in place of restricted common stock. These restricted stock units, at the approval of the stockholders of additional shares to the LTIP, will be converted to restricted common stock that will vest in three equal annual installments beginning on January 30, 2018. As of May 10, 2017, Mr. Porter also held 690,870 unvested PBUs. Additionally, as of May 10, 2017, Mr. Porter held 372,741 performance based rights units which were granted in place of performance based units. These performance based rights units, at the approval of the stockholders of additional shares to the LTIP, will be converted to performance based units that will vest in their entirety at the end of a three-year performance period with settlement in common stock between 0% and 200% of the target award based on Gastar’s share price appreciation over the three-year performance period relative to a peer index. Individuals holding unvested restricted common shares have the right to vote those common shares. Additionally, as of May 10, 2017, Mr. Porter directly owned 7,459 shares of Gastar USA 8.625% Series A Cumulative Preferred Stock and 2,000 shares of Gastar 10.75% Series B Cumulative Preferred Stock.
- (11) As of May 10, 2017, Mr. Gerlich owned 962,140 common shares directly, beneficially held 172,592 unvested restricted common shares and held stock options to purchase 20,000 common shares, all of which currently are vested and exercisable as of May 10, 2017 regardless of trading price. Additionally, as of May 10, 2017, Mr. Gerlich held 171,310 restricted stock units which were granted in place of restricted common stock. These restricted stock units, at the approval of the stockholders of additional shares to the LTIP, will be converted to restricted common stock that will vest in three equal annual installments beginning on January 30, 2018. As of May 10, 2017, Mr. Gerlich also held 326,593 unvested PBUs. Additionally, as of May 10, 2017, Mr. Gerlich held 171,310 performance based rights units which were granted in place of performance based units. These performance based rights units, at the approval of the stockholders of additional shares to the LTIP, will be converted to performance based units that will vest in their entirety at the end of a three-year performance period with settlement in common stock between 0% and 200% of the target award based on Gastar’s share price appreciation over the three-year performance period relative to a peer index. Individuals holding unvested restricted common shares have the right to vote those common shares. Additionally, as of May 10, 2017, Mr. Gerlich directly owned 2,525 shares of Gastar 8.625% Series A Cumulative Preferred Stock and 2,000 shares of Gastar 10.75% Series B Cumulative Preferred Stock.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Board has adopted a formal written related party policy. These written policies and procedures for review, approval or ratification of related party transactions fall within the responsibilities of the Audit Committee. Our policy covers any transaction in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related party had or will have a direct or indirect material interest. For the purposes of the policy, related parties include all executive officers, directors, and persons known to us to be the beneficial owner of more than 5% of our outstanding common shares, and family members of the foregoing. The Audit Committee reviews and approves all related party transactions. In the course of its review, the Audit Committee considers, among other factors it deems appropriate, (1) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, (2) the extent of the related party's interest in the transaction and (3) whether the transaction is material to the Company. As a matter of course, any Audit Committee member that cannot be viewed as independent with respect to the transaction at issue will withhold his vote and declare his interest in the transaction.

Mr. Walton is a Partner in the Ares Private Equity Group and a member of the management committee of Ares Management. The Ares Investment Vehicles entered into material definitive agreements with the Company as previously disclosed in the Company's Current Report on Form 8-K, File No. 001-35211, filed with the SEC on March 7, 2017 and the Company's Current Report on Form 8-K filed with the SEC on March 22, 2017. Mr. Walton does not have any family relationships with any of the Company's directors or executive officers, and, except for Mr. Walton's affiliation with the Ares Investment Vehicles, he is not a party to and does not have any material interest in any transactions of the type listed in Item 404(a) of Regulation S-K of the Exchange Act.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than 10% of our common shares to file reports of ownership and changes in ownership with the SEC. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

To our knowledge, based on our review of the copies of such reports and written representations that no other reports were required, we believe that all such filing requirements were complied with during the fiscal year ended December 31, 2016.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2016, Messrs. Cassels and Schuyler each served as members of the Compensation Committee during all of the year and Mr. Coley served subsequent to his appointment in March 2016. None of these directors is or has ever served as one of our officers or employees. None of our executive officers serves or has served as a director or member of a board of directors or compensation committee (or committee performing similar functions) of any other entity, one or more of whose executive officers serve on the Board or Compensation Committee.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding securities authorized for issuance under our equity compensation plan as of December 31, 2016:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted- average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders - Stock Options	214,600	\$ 4.87	1,804,927
Equity compensation plans approved by security holders - PBUs	1,475,730	n/a	3,280,657
Equity compensation plans not approved by security holders	—	—	—
Total	<u>1,690,330</u>	<u>\$ 0.62</u>	<u>3,280,657</u>

(1) Number of shares shown with respect to performance based units reflects the number of shares issuable upon settlement at 100% of target performance.

BOARD'S ROLE IN OVERSIGHT OF RISK MANAGEMENT

Risk is inherent in business, and it is the responsibility of the senior management to develop and implement the Company's short and long-term objectives and to identify, evaluate, manage and mitigate the risks inherent in seeking to achieve those objectives. The

Board is actively involved in oversight of risks that could affect us and works with management to ensure that it has in place processes for dealing appropriately with risk.

Board oversight is conducted in part through its committees. In particular, the Audit Committee is charged with oversight of our risks relating to finance, legal, regulatory and accounting compliance and is updated at least quarterly on our compliance with internal controls. The Board satisfies its oversight responsibility through full reports by each committee chairman regarding the committee's considerations and actions, as well as through reports from officers responsible for oversight of our particular risks. In addition, we have internal audit systems in place to review adherence to established policies and procedures. The Nominating & Governance Committee receives updates and advice from management and outside advisors regarding the Company's procedures for complying with corporate governance regulations, as well as with respect to the Company's governance structure and protections. This Committee also reviews the Company's Corporate Governance Guidelines at least annually to further the Company's goal of providing effective governance. The Compensation Committee receives updates and advice on the ongoing advisability of the Company's compensation practices from both management and its independent consultant. The Reserves Review Committee monitors the integrity of our reserve estimates and related disclosures. Each of the Board's committees reports regularly to the Board on risk-related matters within its responsibilities.

INDEPENDENT ACCOUNTANTS, FEES AND POLICIES

The Board has determined, upon the recommendation and approval of the Audit Committee, to appoint BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017.

Representatives of BDO USA, LLP are expected to be present at the Annual Meeting and available to respond to appropriate questions. They will also have the opportunity to make a statement if they desire to do so.

Summary of Audit Fees

Aggregate fees incurred for professional services rendered to us by BDO USA, LLP, our principal independent registered public accounting firm, for the years ended December 31, 2016 and 2015 were:

	For the Years Ended December 31,	
	2016	2015
	(in thousands)	
Audit fees	\$ 425	\$ 371
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total	\$ 425	\$ 371

The audit fees for the years ended December 31, 2016 and 2015 were primarily for professional services rendered in connection with the audits of our consolidated financial statements and internal control over financial reporting and services rendered in connection with quarterly reviews of financial statements and various documents filed with various governmental agencies. Audit fees for 2016 include \$75,000 of audit services related to financing, disposition and stockholder rights agreement activities and audit fees for 2015 include \$20,000 of audit services related to financing activities.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and non-audit services provided by our independent registered public accounting firm prior to its engagement with respect to such services. In addition to separately approved services, the Audit Committee's pre-approval policy provides for pre-approval of certain audit and permitted non-audit services provided by our independent registered public accounting firm.

PARTICULARS OF MATTERS TO BE AC T E D UPON AT THE ANNUAL MEETING

Proposal 1. Election of the Board

As of the Record Date, the Board consists of eight (8) directors. The term of each director currently serving on the Board will expire on the date of the Annual Meeting. Based upon the recommendation of the Nominating & Governance Committee, Messrs. Porter, Cassels, Coley, Holditch, Penner and Schuyler have been nominated for election by the holders of our common stock to the Board at the Annual Meeting. Messrs. Scott and Walton have been nominated by the current holders of our Special Voting Preferred Stock, and are expected to be elected to the Board by such holders at the Annual Meeting pursuant to the rights of such holders under the Certificate of Designations of Special Voting Preferred Stock. Holders of Special Voting Preferred Stock will not be entitled to vote for other director nominees or on any other matters at the Annual Meeting.

If any nominee should become unavailable for election, your proxy may be voted for a substitute nominee selected by the Board, or the Board's size may be reduced accordingly. The Board is unaware of any circumstances likely to render any nominee unavailable. Once elected, our directors hold office until our next annual meeting of stockholders, until successors are elected and qualified or until their earlier resignation or removal.

As discussed in more detail under the heading "Corporate Governance" on page 9 of this Proxy Statement, in evaluating individual directors, the Board and the Nominating & Governance Committee consider the particular experiences, qualifications, attributes and skills of that person to determine whether he should serve as one of our directors, as well as the composition of the Board as a whole. The biographies of each of the nominees below contain information as of May 1, 2017 regarding the person's service as our director, business experience, other director positions held currently or at any time during the last five years and information regarding involvement in certain legal or administrative proceedings over the past 10 years, if applicable. The biographies also highlight the particular experiences, qualifications, attributes or skills that caused the Nominating & Governance Committee and the Board to conclude that the person should serve as a director of the Company.

The director nominees proposed for election by the holders of our common stock are as follows:

J. Russell Porter, 55, has been a member of the Board and has served as our President and Chief Executive Officer since February 2004. From August 2006 until January 2010, he also served as Chairman of the Board. From September 2000 to February 2004, he served as our Chief Operating Officer. Mr. Porter has an energy focused background, with approximately 24 years of oil and natural gas exploration and production experience and five years of banking and investment experience specializing in the energy sector. From April 1994 to September 2000, Mr. Porter served as an Executive Vice President of Forcenergy, Inc., a publicly-traded exploration and production company, where he was responsible for the acquisition and financing of the majority of its assets across the United States and Australia. He currently is a director of Petrel Energy Ltd., a publicly-traded exploration and development company listed on the Australian Securities Exchange. Mr. Porter served as director of Caza Oil & Gas, Inc., a publicly-traded exploration and development company listed on the Toronto Stock Exchange and the London AIM exchange, from June 2006 until the sale of the company in May 2016. He currently holds no other directorship positions in publicly-traded companies. Mr. Porter holds a Bachelor of Science degree in Petroleum Land Management from Louisiana State University and a MBA from the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill. Mr. Porter was chosen as a director because he is our Chief Executive Officer and has proven management skills. He has extensive knowledge of the natural gas and oil industry and experience in managing natural gas and oil assets as well as relationships with chief executives and other senior management of natural gas and oil companies and oilfield service companies throughout the United States. Mr. Porter actively participates in all facets of our business and has a significant influence on both its business strategy and daily operations. Mr. Porter resides in Houston, Texas, USA.

John H. Cassels, 69, was elected to the Board effective March 8, 2011. Mr. Cassels is a Chartered Accountant with 39 years of direct experience in the Canadian oil and natural gas industry, having been a senior officer and director of ten junior oil and natural gas companies. On September 1, 2015, Mr. Cassels was appointed President, Chief Financial Officer and Director of Birkdale Energy Ltd., a private oil and natural gas exploration and production company. Prior to that appointment, he was Vice President, Chief Financial Officer and Secretary of Cascade Resources Inc., a private junior oil and natural gas exploration company based in Calgary, Alberta. On December 15, 2011, Cascade Resources Inc. was amalgamated with Northern Spirit Resources Inc., a publicly traded oil and natural gas company listed on the Toronto Stock Exchange, and Mr. Cassels served in such position until July 31, 2015. From December 2009 to July 2011, he served as a partner and Chief Financial Officer of Purdy Partners Inc., a private equity/merchant bank in Calgary, Alberta. From September 2008 until November 2009, Mr. Cassels was a financial consultant to a Canadian oil and gas exploration company operating in both Argentina and Canada. From 2007 through September 2008, he served as a Director of World Cup Operations/Alpine Canada, which organized Alpine test events for the 2010 Olympic Winter Games in Vancouver. From 2003 through 2007, he was a founding shareholder, Chief Executive Officer and director of Highview Resources, a publicly-traded

company that built a significant inventory of oil and natural gas prospects in Alberta and Saskatchewan. Mr. Cassels holds a Bachelor of Arts degree from Bishop's University in Sherbrooke, Québec. Mr. Cassels resides in Calgary, Alberta, Canada. Mr. Cassels was chosen as a director because of his valuable financial expertise and extensive knowledge of the oil and gas industry. His business and management expertise from his position as an executive officer and director of many companies also provides the Board with important perspectives on key corporate governance matters.

Randolph C. Coley, 70, was appointed to the Board in January 2010. Mr. Coley is currently retired and has been since the end of 2008. From 1999 until his retirement at the end of 2008, Mr. Coley was a partner in the Houston, Texas office of the law firm of King & Spalding LLP, where his practice was concentrated in the areas of corporate and securities law. Previously, he served as Executive Managing Director and Head of Investment Banking for Morgan Keegan & Company, Inc. and was a partner in King & Spalding LLP's Atlanta office. He is a director of Deltic Timber Corporation, a publicly-traded natural resources company engaged primarily in the growing and harvesting of timber and the manufacture and marketing of lumber, a position he has held since 2007. Additionally, he is a member of the audit and the nominating and corporate governance committees of that organization. He also served as a director of Trade Street Residential, Inc. ("Trade Street"), a real estate investment trust that develops and owns residential apartments, from 2013 until it was merged out of existence in September 2015. Mr. Coley was a member of the audit committee and chaired the nominating and corporate governance committee of Trade Street. He has held no other directorship positions in publicly-traded companies during the last five years. Mr. Coley earned his undergraduate degree from Vanderbilt University and graduated with a law degree from Vanderbilt School of Law. Mr. Coley resides in Atlanta, Georgia, USA. Mr. Coley was chosen as a director because of his extensive business and legal background and his keen understanding of various corporate governance matters that he has attained through his representation of and service on other public company boards.

Stephen A. Holditch, 70, became a member of the Board effective August 8, 2014. Dr. Holditch is a Professor Emeritus in the Harold Vance Department of Petroleum Engineering at Texas A&M University, having retired from the University on January 31, 2013. Dr. Holditch was the Director of the Texas A&M University Energy Institute from 2011 to 2012. From January 2004 to January 2012, Dr. Holditch was head of the Harold Vance Department of Petroleum Engineering at Texas A&M University. In 1995, Dr. Holditch was elected to the National Academy of Engineering, the highest professional honor awarded to an engineer for his innovative work in developing low permeability gas reservoirs. From 1977 to 1997, Dr. Holditch was the President of S.A. Holditch & Associates, Inc., a company specializing in evaluations, completions and stimulation of tight gas reservoirs, to include sandstones, coal seams and shale formations. Schlumberger purchased S.A. Holditch & Associates, Inc. in 1997 and Dr. Holditch worked for Schlumberger as an advisor to top level management until 2004. Dr. Holditch was previously on the board of directors at Matador Petroleum Corporation and is an original shareholder in Matador Resources Company. He was first elected to the board of directors of Matador Resources Company in January 2004 and served as chair of the Operations and Engineering Committee until rotating off the board in 2014. Additionally, from February 2006 to December 2011, Dr. Holditch was on the board of directors of Triangle Petroleum Corporation, an oil and natural gas exploration company. While there, he helped to formulate the strategy and oversee the company's growth before resigning in 2011 to devote more time to Texas A&M University. Dr. Holditch received his B.S., M.S. and Ph.D. in Petroleum Engineering from Texas A&M University in 1969, 1970 and 1976, respectively. Dr. Holditch was selected to be a Distinguish Alumnus from Texas A&M University in 2014. Dr. Holditch was chosen as a director because of his extensive experience in the energy industry and substantial knowledge of petroleum engineering matters.

Robert D. Penner, 73, became a member of the Board effective July 2007. Mr. Penner currently is and has been an independent consultant since 2004, when he retired from his position as a senior partner with the auditing firm of KPMG, after a career of advising public and private clients on tax and accounting matters for more than 40 years. He currently serves on the board of directors for Equana Technologies Inc. (formerly Sustainable Energy Technologies Ltd.), a manufacturer and seller of electronic components for grid-connected solar power systems as well as Corridor Resources Inc., a company involved in the exploration, development and production of natural gas and oil. On April 20, 2010, Mr. Penner resigned from the board of directors of Altima Resources Ltd. (successor company to Unbridled Energy Corporation), an oil and natural gas exploration company. On September 29, 2011, Mr. Penner resigned from the Board of Storm Cat Energy Corporation. In 2016, Mr. Penner resigned from the Board of Terra Energy Corp. He additionally serves on the board of directors of several private companies and the Canadian National Institute for the Blind, a non-governmental organization. Mr. Penner received his Chartered Accountant designation in 1971 in Manitoba and 1977 in Alberta. He has held no other directorship positions in publicly-traded companies during the last five years. Mr. Penner is currently the audit committee chairman for each of the public companies of which he is a director. Mr. Penner is a graduate member of the Institute of Corporate Directors. Mr. Penner resides in Calgary, Alberta, Canada. Mr. Penner was chosen as a director because of his keen understanding of finance, accounting and various corporate governance matters that he has attained through his career with KPMG and service on other public company boards.

Jerry R. Schuyler, 62, became a member of the Board effective August 8, 2014 and effective November 16, 2015, was appointed Chairman of the Board. Mr. Schuyler currently serves as an independent director for Penn Virginia Corporation ("Penn Virginia"), an

exploration and production company. He was elected to the Penn Virginia board in November 2016. Mr. Schuyler served as an independent director for privately-funded Yates Petroleum Corporation, an exploration and production company, from December 2015 until the sale of the company in October 2016. Mr. Schuyler was also an independent director for private equity funded Gulf Coast Energy Resources Company, an exploration and production company, a position he held from 2010 until the company's sale in 2015. He also served as an independent director for publicly traded Rosetta Resources Inc. ("Rosetta"), an independent oil and natural gas exploration company, from December 2013 until Rosetta was purchased in 2015. Mr. Schuyler previously served as a director for Laredo Petroleum, Inc. ("Laredo") for six years. He joined Laredo in June 2007 as Executive Vice President and Chief Operating Officer. In July 2008, he was promoted to President and Chief Operating Officer. He served in that capacity and as a director of the Laredo board of directors until July of 2013 when he announced his retirement. During Mr. Schuyler's tenure at Laredo, he was instrumental in helping grow Laredo from a private equity financed start-up company into a publicly traded company listed on the NYSE. Mr. Schuyler has a Bachelor of Science degree in Petroleum Engineering from Montana College of Mineral Science and Technology and attended several graduate business courses in the executive program at the Bauer College of Business at the University of Houston. Mr. Schuyler was chosen as a director because of his substantial knowledge of the energy industry and his business, leadership and management expertise.

With respect to the election of directors by our common stockholders, the above director nominees must receive a plurality of votes cast in person or by proxy to be elected as directors.

The Board unanimously recommends that common stockholders vote "FOR" the election of each of the above director nominees.

The director nominees proposed for election by the holders of our Special Voting Preferred Stock are as follows:

Ronald D. Scott, 58, was appointed to the Board on May 2, 2017. Mr. Scott has more than 30 years of oil and natural gas industry experience. In April 2017, Mr. Scott was appointed President and Chief Executive Officer of Development Capital Resources, an oil and gas company focused on providing development capital to North American exploration and production operators. Mr. Scott currently serves on the board of directors and the reserves committee of Halcón Resources, a position he has held since September 2016. From 2013 to 2016, Mr. Scott served as President and CEO of True Oil Company, a private equity backed oil and gas firm. Prior to that, from 1996 to 2012, he served as President and Chief Operating Officer of Midland, Texas-based Henry Petroleum and its successor companies, Henry Resources and HPC Energy. During this time, Mr. Scott successfully led the sale and re-start of multiple companies. Beginning his career with Exxon Corporation, from 1983 to 1995, Mr. Scott held various supervisory and managerial assignments in Engineering, Operations, Planning and Financial Accounting and Reporting. In addition to the Permian Basin, he had assignments covering operational areas in the Gulf Coast/Gulf of Mexico region, California and the Rocky Mountains. Mr. Scott was the Technical Manager for Exxon's multi-billion dollar onshore operations in the Western United States and prior to joining Henry Petroleum. Mr. Scott serves as a Director of Blackbrush Oil and Gas and Pardus Oil and Gas and as the Vice President of the Board of the Henry Foundation, a founding member of Educate Midland and on the Chamber of Commerce. Mr. Scott holds Master and Bachelor of Science degrees in Engineering from New Mexico State University and is a Registered Petroleum Engineer in the State of Texas. Mr. Scott was chosen as a director because of his qualifications which include his more than thirty years in the oil and gas industry, leadership experience and technical expertise as a petroleum engineer.

Nathan W. Walton, 39, was appointed to the Board on May 2, 2017. Mr. Walton is a Partner in the Ares Private Equity Group and a member of the management committee of Ares Management. He joined Ares Management in 2006. Mr. Walton serves on the Ares Private Equity Group's ACOF Investment Committee. He also serves on the Board of Directors of Development Capital Resources, LP, Halcón Resources Corporation, Verdad Resources Holdings LLC and the parent company of BlackBrush Oil & Gas L.P. Mr. Walton holds a B.A. from Princeton University in Politics and an M.B.A. from the Stanford Graduate School of Business. Mr. Walton has experience managing investments in, and serving on the boards of directors of, companies operating in various industries, including the oil and natural gas exploration and production industry. Mr. Walton's qualifications to serve on the board include his vast knowledge of the oil and natural gas exploration and production industry, his directorship experience and investment expertise in the energy industry.

With respect to the election of directors by holders of Special Voting Preferred Stock, director nominees must receive a majority of votes cast in person or by proxy to be elected as directors.

The Board has not made any recommendation to holders of our Special Voting Preferred Stock regarding the election of their director nominees.

Proposal 2. Ratification of the Appointment of BDO USA, LLP as our Independent Registered Public Accounting Firm for the year ending December 31, 2017

On March 7, 2017, the Audit Committee recommended and approved the appointment of BDO USA, LLP, as our independent registered public accounting firm, for the year ending December 31, 2017. BDO USA, LLP served as our independent registered public accounting firm during the years ended December 31, 2016 and 2015. See “Independent Accountants, Fees and Policies” on page 37. Stockholder ratification of the selection of BDO USA, LLP as the Company’s independent auditors is not required by the Company’s Bylaws or otherwise. However, we are seeking stockholder ratification of such appointment as a matter of good corporate practice. If the stockholders do not ratify the appointment, the Audit Committee will consider whether it should appoint another independent registered public accounting firm.

Representatives of BDO USA, LLP are expected to be present at the Annual Meeting and will be available to respond to appropriate questions. They will also have the opportunity to make a statement if they desire to do so.

The affirmative vote of a majority of the common stock votes cast in person or by proxy is required to ratify the appointment of BDO USA, LLP.

The Board unanimously recommends that common stockholders vote “FOR” the proposal to ratify the appointment of the firm of BDO USA, LLP as our independent registered public accounting firm for the year ending December 31, 2017.

Proposal 3. Advisory Vote on Executive Compensation

The Board recognizes that executive compensation is an important matter for our stockholders. As described in detail in the “Executive Compensation” section and elsewhere in this Proxy Statement, the Compensation Committee is tasked with the implementation of our executive compensation philosophy, and the core of that philosophy has been, and continues to be, to pay our executive officers based on our performance. In particular, the Compensation Committee strives to attract, retain and motivate exceptional executives, to reward past performance measured against established goals and provide incentives for future performance, and to align executives’ long-term interests with the interests of our stockholders. To do so, the Compensation Committee uses a combination of short and long-term incentive compensation to reward near-term excellent performance and to encourage executives’ commitment to our long-range, strategic business goals. It is the intention of the Compensation Committee that our executive officers be compensated competitively and consistently with our strategy, sound corporate governance principles and stockholder interests and concerns.

As described in the CD&A, we believe our compensation program is effective, appropriate and strongly aligned with the long-term interests of our stockholders and that the total compensation package provided to the Named Executive Officers (including potential payouts upon a termination or change of control) are reasonable and not excessive. As you consider this Proposal 3, we urge you to read the CD&A section of this Proxy Statement for additional details on executive compensation, including the more detailed information about our compensation philosophy and objectives and the past compensation of the Named Executive Officers, and to review the tabular disclosures regarding Named Executive Officer compensation together with the accompanying narrative disclosures in the “Executive Compensation” section of this Proxy Statement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2012, as well as Section 14A of the Exchange Act, and the rules promulgated thereunder, enables our stockholders the opportunity to express their views, on an advisory basis, on the compensation of the Named Executive Officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. We welcome the opportunity to give our stockholders an opportunity to provide us with such a vote on executive compensation at the Annual Meeting.

Based on the voting results at Gastar Exploration Ltd.’s 2011 Annual General and Special Meeting of Shareholders with respect to the frequency of advisory votes to approve the compensation of the Company’s Named Executive Officers, the Company has decided to include an advisory vote to approve the compensation of its Named Executive Officers in its proxy materials on an annual basis.

As an advisory vote, this Proposal 3 is not binding on the Board or the Compensation Committee, will not overrule any decisions made by the Board or the Compensation Committee or require the Board or the Compensation Committee to take any action. Although the vote is non-binding, the Board and the Compensation Committee value the opinions of our stockholders and will carefully consider the outcome of the vote when making future compensation decisions for executive officers. In particular, to the

extent there is any significant vote against the Named Executive Officers' compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

For the reasons set forth above, the following resolution will be submitted for common stockholder approval at the Annual Meeting:

“**RESOLVED**, that the compensation paid to the Company's Named Executive Officers and the related compensation philosophy, policies and procedures disclosed in the Proxy Statement, including in the Compensation Discussion and Analysis, compensation tables, and narrative discussion, pursuant to the compensation disclosure rules of the SEC, is hereby approved.”

The Board recommends that the common stockholders vote “FOR” the approval of the compensation of our Named Executive Officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC.

Proposal 4. Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation.

This proposal, commonly known as a “say-on-frequency” proposal, provides our stockholders with the opportunity to cast an advisory vote on whether the Company should hold a stockholder advisory vote on the compensation of the Company's Named Executive Officers (such as in Proposal 3 above) every one, two or three years or to abstain from such vote.

The Board recommends that the Company hold an advisory vote on executive compensation every year. The Board believes that an advisory vote on executive compensation provides stockholders with a frequent and consistent opportunity to express their views on its executive compensation as disclosed in the CD&A. It is important to note that the Company's compensation objectives are designed to reward executives both for meeting or exceeding short-term financial and operating goals as well as furthering the long-term strategy of the Company. Accordingly, the Board encourages stockholders to consider our executive compensation practices and the results achieved over a multi-year horizon. Nonetheless, the Board believes that an annual advisory vote will allow the Compensation Committee to more timely take into account the views of the Company's stockholders.

As an advisory vote, this Proposal 4 is not binding on the Board or the Compensation Committee, will not overrule any decisions made by the Board or the Compensation Committee or require the Board or the Compensation Committee to take any action. Although the vote is non-binding, the Board and the Compensation Committee value the opinions of our stockholders and will carefully consider the outcome of the vote when making future decisions regarding the frequency of the vote for executive officer compensation.

The Board recommends that the common stockholders vote for “ONE YEAR” as the frequency of the vote on compensation of our Named Executive Officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC.

Proposal 5. Approval of an Amendment to our Amended and Restated Long-Term Incentive Plan to increase the number of shares available for awards under the plan as well as certain other additional changes.

Background and Description of Proposal

We are seeking stockholder approval of (i) the second amendment to the LTIP (f/k/a the Gastar Exploration Ltd. Long-Term Stock Incentive Plan) (such amendment, the “Amendment” and such plan as amended, the “Amended LTIP”) in the form attached to this proxy statement as Annex A, (ii) the material terms of the performance goals for performance awards that may be granted under the Amended LTIP and (iii) certain additional changes.

Our Board has unanimously approved the Amended LTIP, subject to stockholder approval. If the Amended LTIP is approved by stockholders, all future awards granted will be subject to the terms of the Amended LTIP. If the stockholders do not approve the Amendment, then the Amendment will not become effective, the LTIP will continue in effect pursuant to its current terms, and we will continue to grant awards under the LTIP, subject to the terms, conditions and limitations as currently in effect. However, if this Proposal 5 is not approved, our ability to make new grants under the LTIP will be severely limited and we will be required to find other ways to attract and retain directors and key employees in the future.

The Amendment provides for an additional 14,000,000 shares of common stock to be available for issuance pursuant to the LTIP. In addition, the Amendment extends the term of the Amended LTIP to May 1, 2027.

As of May 10, 2017, we had only 65,372 shares remaining available for issuance pursuant to the LTIP plus any shares subject to outstanding awards that may be forfeited. We believe that approval of the Amendment is advisable in order to ensure we have an adequate number of shares available in connection with our equity compensation program and so that awards granted under the LTIP that are intended to qualify as “performance-based compensation” with in the meaning of Section 162(m) will be fully deductible by us. The Amendment will allow us to continue to utilize equity awards to retain and attract the services of key individuals essential to our long-term growth and financial success and to further align their interests with those of our stockholders.

Stockholders are also being asked to approve the Amended LTIP to satisfy the stockholder approval requirements of Section 162(m) and to approve the material terms of the performance goals for performance awards that may be granted under the Amended LTIP. Under Section 162(m), the federal income tax deductibility of compensation paid to our chief executive officer and three other most highly compensated officers other than our chief executive officer or chief financial officer (each, a “Covered Employee”) may be limited to the extent such Covered Employee’s compensation exceeds \$1,000,000 in any taxable year. However, we may deduct compensation paid to a Covered Employee in excess of that amount if it qualifies as “performance-based compensation” as defined in Section 162(m). For awards under the LTIP to constitute “performance-based compensation,” among other things, the material terms of the performance goals under the LTIP must be disclosed to, and approved by, the Company’s stockholders. Under the Treasury regulations issued under Section 162(m), the “material terms” of the performance goals under the LTIP (the “Performance Goal Terms”) are (i) the maximum amount of compensation that may be paid to an individual participant under the LTIP pursuant to awards intended to qualify as “performance-based compensation” under Section 162(m) in any specified period, (ii) the employees eligible to receive compensation under the LTIP, and (iii) the business criteria on which the performance goals may be based, each of which is described in the summary of the material features of the LTIP below. Stockholder approval of this Proposal 5 will constitute approval of the material terms of the performance goals under the LTIP for purposes of Section 162(m). Nevertheless, there can be no guarantee that compensation under the LTIP will ultimately be treated as qualified “performance-based compensation” under Section 162(m). The Company may also elect to grant awards to Covered Employees under the LTIP that are not intended to qualify as “performance-based compensation” under Section 162(m).

The Amendment also contains certain clarifying changes that do not require stockholder approval. The Amended LTIP provides that shares withheld under awards to pay taxes will again be available for future awards under the Amended LTIP. Prior to the Amendment, the LTIP was amended to allow for the withholding of shares for taxes due under awards up to the maximum statutory rate rather than the minimum statutory rate; however, such shares would be available for future awards only to the extent of the minimum statutory tax rate. This limitation is being eliminated in the Amendment pursuant to guidance from the NYSE that the increase in the rate pursuant to which tax obligations can be withheld is not a material term of a plan provided the plan does not have a term that exceeds ten years. The second immaterial change made pursuant to the Amendment is the clarification that the 2,000,000 share limit on awards granted under the LTIP only applies to the extent the award is intended to constitute “performance based compensation” for purposes of Section 162(m).

Summary of Material Features of the Amended LTIP

The description of the Amended LTIP set forth below is a summary of the material features of the Amended LTIP. This summary, however, does not purport to be a complete description of all of the provisions of the Amended LTIP and is qualified in its entirety by reference to the full text of the Amended LTIP, a copy of which is attached to this proxy statement as Annex A. The Amended LTIP provides for the grant of options to purchase shares of our common stock, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, other awards (including cash-based awards) and performance awards.

Share Limits. Subject to adjustment in accordance with the Amended LTIP, 28,000,000 shares of our common stock will be available for issuance pursuant to awards under the LTIP, which reflects the 14,000,000 shares approved since inception of the LTIP plus an additional 14,000,000 shares added in accordance with the Amendment.

In addition, under the terms of the Amended LTIP:

- No more than 28,000,000 shares of our common stock in the aggregate may be issued pursuant to incentive stock options (which generally are stock options that meet the requirements of Section 422 of the Code);
- No more than 2,000,000 shares of our common stock may be subject to one or more stock options and stock appreciation rights granted to any single participant during any 12-month period that are intended to qualify as “performance-based compensation” under Section 162(m);
- No more than 2,000,000 shares of our common stock may be subject to any other awards granted to any single participant during any 12-month period that are intended to qualify as “performance-based compensation” under Section 162(m);

- No more than \$2,000,000 may be paid in cash to any single participant during any 12-month period with respect to one or more awards payable in cash that are intended to qualify as “performance-based compensation” under Section 162(m); and
- The maximum aggregate grant date fair value of awards granted to a non-employee director during any calendar year is \$250,000 (or \$400,000 in the first year in which an individual becomes a non-employee director).

All of the foregoing share limitations are subject to adjustment in the event of certain transactions or changes in our corporate structure. Common stock subject to an award that expires or is canceled, forfeited, exchanged, settled in cash or otherwise terminated will again be available for delivery in connection with awards under the Amended LTIP. In addition, subject to applicable listing requirements, awards granted under the Amended LTIP upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity acquired by or combined with the Company or any of its subsidiaries (referred to in the Amended LTIP as “substitute awards”) will not reduce the number of shares of our common stock reserved for issuance under the Amended LTIP. Also, for purposes of the limitations above, performance awards under which the number of shares of common stock issuable will depend on the level of attainment of performance criteria will be counted for purposes of the individual share limitations set forth above based upon the number of shares of common stock issuable upon attainment of 100% of target performance.

Shares of common stock subject to an award under the LTIP that expire or are canceled, forfeited, exchanged, settled in cash or otherwise terminated, including (i) shares forfeited with respect to restricted stock, (ii) shares tendered or withheld in payment of any exercise or purchase price of an award or taxes relating to an award and (iii) shares that were subject to an option or stock appreciation right and were not issued or delivered upon the net settlement or net exercise of such option or stock appreciation right, shall be available again for issuance in connection with awards under the LTIP.

Administration . The Amended LTIP will continue to be administered by the compensation committee of our board of directors, which is referred to herein as the “committee,” except in the event our board of directors chooses to administer the Amended LTIP. Subject to the terms and conditions of the Amended LTIP, the committee has broad discretion to administer the Amended LTIP, including the power to determine the employees and directors to whom awards will be granted, to determine the type of awards to be granted and the number of shares to be subject to awards and the terms and conditions of awards, to determine and interpret the terms and provisions of each award agreement, to accelerate the vesting or exercise of any award, to make determinations of the fair market value of the stock pursuant to the plan and to make all other determinations and to take all other actions necessary or advisable for the administration of the Amended LTIP.

Eligibility . The committee will determine the employees and members of our board of directors who are eligible to receive awards under the Amended LTIP. As of May 8, 2017, we had 46 employees and seven directors that would be eligible to receive awards under the Amended LTIP.

Stock Options . The committee may grant incentive stock options and options that do not qualify as incentive stock options, except that incentive stock options may only be granted to persons who are our employees or employees of one of our subsidiaries in accordance with Section 422 of the Code. Except as provided below with respect to substitute awards, the exercise price of a stock option cannot be less than 100% of the fair market value of a share of our common stock on the date on which the option is granted and the option must not be exercisable more than ten years after the date of grant. In the case of an incentive stock option granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the exercise price of the stock option must be at least 110% of the fair market value of a share of our common stock on the date of grant and the option must not be exercisable more than five years from the date of grant.

Stock Appreciation Rights . Stock appreciation rights, or SARs, may be granted in connection with, or independent of, a stock option. A SAR is the right to receive an amount equal to the excess of the fair market value of one share of our common stock on the date of exercise over the grant price of the SAR. SARs are exercisable on such terms as the committee determines. The term of a SAR will be for a period determined by the committee but will not exceed ten years. SARs may be paid in cash, common stock or a combination of cash and common stock, as determined by the committee and set forth in the relevant award agreement.

Restricted Stock . Restricted stock is a grant of shares of common stock subject to a substantial risk of forfeiture, restrictions on transferability and any other restrictions determined by the committee. Except as otherwise provided in an award agreement or other agreement with the company or as otherwise determined by the committee, restricted stock that has not become vested will be forfeited and reacquired by us upon the termination of a participant’s employment or service relationship. Common stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, may be subject to the same restrictions and risk of forfeiture as the restricted stock with respect to which the distribution was made.

Restricted Stock Units. Restricted stock units are rights to receive cash, common stock or a combination of cash and common stock at the end of a specified period. Restricted stock units may be subject to restrictions, including a risk of forfeiture, as determined by the committee. Unless otherwise determined by the committee, restricted stock units will be forfeited upon the termination of a participant's employment or service relationship. The committee may, in its sole discretion, grant dividend equivalents with respect to restricted stock units.

Substitute Awards. Individuals who become eligible to participate in the Amended LTIP following a merger, consolidation or other acquisition by the Company may be entitled to receive substitute awards in exchange for similar awards that they may have held prior to the applicable merger, consolidation or other acquisition. If the substitute award is in the form of a stock option or SAR, these awards may be granted with an exercise price that is less than the fair market value per share on the replacement date, to the extent necessary to preserve the value of the original award.

Other Awards. Subject to limitations under applicable law and the terms of the Amended LTIP, the committee may grant other awards related to our common stock or cash-based awards. Such awards may include, without limitation, performance-based cash bonus awards, common stock awarded as a bonus, dividend equivalents, convertible or exchangeable debt securities, other rights convertible or exchangeable into common stock, purchase rights for common stock, awards with value and payment contingent upon our performance or any other factors designated by the committee, and awards valued by reference to the book value of our common stock or the value of securities of, or the performance of, specified subsidiaries. The committee determines the terms and conditions of all such awards may also be granted in lieu of obligations to pay cash or deliver other property under the Amended LTIP or under other plans or compensatory arrangements, subject to any applicable provision under Section 16 of the Exchange Act.

Performance Awards. The Amended LTIP also permits the committee to designate certain awards as performance awards. Performance awards represent awards with respect to which a participant's right to receive cash, shares of our common stock, or a combination of both, are contingent upon the attainment of one or more specified performance measures within a specified period. The committee determines the applicable performance period, the performance goals and such other conditions that apply to each performance award. If the committee determines that a participant is a covered employee under Section 162(m) and the contemplated award is intended to qualify as "performance-based compensation" under Section 162(m), then the grant, exercise and/or settlement of such award will be contingent upon the achievement of one or more pre-established performance goals based on one or more of the business criteria set forth below. However, as described above, the committee retains the discretion to make awards to covered employees which are not intended to qualify as "performance-based compensation" under Section 162(m).

Consistent with certain provisions of Section 162(m), the business criteria on which performance goals may be based must be provided for in the Amended LTIP and approved by our stockholders. However, even if stockholders approve the business criteria set forth below and the other Performance Goal Terms for purposes of the "performance-based compensation" exception, the committee may decide to pay compensation that is not "performance-based compensation" under Section 162(m) and that is not deductible by reason thereof. With respect to awards intended to constitute "performance-based compensation," performance goals will be designed to be objective, "substantially uncertain" of achievement at the date of grant and will otherwise meet the requirements of Section 162(m). Performance goals may vary among participants or among awards to the same participant. Performance goals will be established not later than 90 days after the beginning of any performance period applicable to such awards, or at such other date as may be required or permitted for "performance-based compensation" under Section 162(m).

One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries, divisions, businesses or geographical units of the company (except with respect to stock price and earnings per share criteria), will be used by the committee in establishing performance goals: (1) basic or diluted earnings per share; (2) increase in revenues; (3) cash flow; (4) cash flow from operations; (5) return on cash flow; (6) return on net assets; (7) return on assets; (8) return on investment; (9) return on capital; (10) return on equity; (11) economic value added; (12) operating margin; (13) contribution margin; (14) net income; (15) net income per share; (16) pretax earnings; (17) earnings before or after either, or any combination of, interest, taxes, depreciation, depletion or amortization; (18) total stockholder return; (19) debt reduction; (20) market share; (21) change in the fair *market* value of the a share of common stock; (22) cost or expense management goals; (23) operational measures such as proved reserves, reserves per share, production, production per share, drilling costs, lifting costs, controllable lifting costs, exploration costs, environmental compliance, safety and accident rates, mix of oil and natural gas production or reserves; (24) finding and development costs; (25) recycling ratios; (26) reserve growth, additions or revisions; (27) captured prospects; (28) lease operating expense; (29) captured net risked resource potential; (30) acquisition cost efficiency; (31) acquisitions of oil and gas interests; (32) drillable prospects, capabilities and critical path items established; (33) third-party capital sourcing; (34) reserve replacement ratios; (35) reserve replacement costs; (36) exploration successes; (37) operational downtime; (38) rig utilization; (39) customer satisfaction or growth; (40) employee satisfaction; (41) cost reduction; (42) economic profit; (43) changes in working capital; or (44) any of the above goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the committee.

Change in Control . Subject to the terms of the applicable award agreement, upon a “change in control” (as defined in the Amended LTIP), the committee may, in its discretion, (i) accelerate the time of exercisability of an award, (ii) require awards to be surrendered in exchange for a cash payment, (iii) remove any applicable forfeiture restrictions on any award or (iv) make other adjustments to awards as the committee deems appropriate to reflect the applicable transaction or event.

Amendment and Termination . The Amended LTIP will automatically expire on the tenth anniversary of its effective date of the Amendment. Our board of directors may amend or terminate the Amended LTIP at any time, subject to any requirement of stockholder approval required by applicable law, rules or regulations. The committee may generally amend the terms of any outstanding award under the Amended LTIP at any time. However, no action may be taken by our board of directors or the committee under the Amended LTIP that would materially and adversely affect the rights of a participant under a previously granted award without the affected participant’s consent.

Certain Federal Income Tax Consequences

The following discussion is a brief summary of the principal U.S. federal income tax consequences of the Amended LTIP under the provisions of the Code and the guidance issued thereunder as currently in effect. These rules are subject to change (possibly on a retroactive basis) or different interpretation. This summary is not intended to be exhaustive and does not describe, among other things, state, local, or foreign income tax consequences or the effect, if any, of gift, estate, and inheritance taxes. The specific tax consequences to a participant will depend upon the participant’s individual circumstances. The Amended LTIP is not qualified under Section 401(a) of the Code.

Incentive Stock Options . A participant receiving an incentive stock option will not recognize taxable income upon grant. Additionally, if applicable holding period requirements (a minimum of two years from the date of grant and one year from the date of exercise) are satisfied, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the shares acquired at the time of exercise over the aggregate exercise price is an item of tax preference income potentially subject to the alternative minimum tax. If shares acquired upon exercise of an incentive stock option are held for the holding period described above, the gain or loss (in an amount equal to the difference between the fair market value of the shares on the date of sale and the exercise price under the option) upon disposition of the shares will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. If the holding period requirements are not met, the incentive stock option will be treated as one that does not meet the requirements of the Code for incentive stock options and the tax consequences described below for nonqualified stock options will apply.

Nonqualified Stock Options . If a participant is granted a nonqualified stock option under the Amended LTIP, the participant will not recognize taxable income upon the grant of the option. Generally, the participant will recognize ordinary income at the time of exercise in an amount equal to the difference between the fair market value of the shares acquired at the time of exercise and the exercise price under the option. For purposes of determining gain or loss on a subsequent sale or disposition of such shares, a participant’s basis will generally be the fair market value of the shares on the date the option was exercised. Any subsequent gain or loss will be taxable as a capital gain or loss. The Company will generally be entitled to a federal income tax deduction at the time and for the same amount as the participant recognizes as ordinary income.

Other Awards . Stock appreciation rights are taxed and deductible in substantially the same manner as nonqualified stock options. An award of nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition by a participant in an amount equal to the fair market value of the shares received (determined as if the shares were not subject to any risk of forfeiture) at the time the restrictions lapse and the shares vest, unless the participant has elected under Section 83(b) of the Code to accelerate income recognition and the taxability of the award to the date of grant. Restricted stock unit awards and performance awards generally result in income recognition by a participant at the time payment of such an award is made in an amount equal to the amount paid in cash or the then-current fair market value of the shares received, as applicable. Compensation otherwise effectively deferred is taxed when paid. In each of these cases, the Company will generally be entitled to a corresponding deduction at the time the participant recognizes income, subject to the limitations described below.

Limitations on Deductibility . In general, the Company should receive a federal income tax deduction with respect to compensation amounts earned by participants pursuant to the Amended LTIP provided that such amounts constitute reasonable compensation for services rendered or to be rendered, are ordinary and necessary business expenses, and the amount of the deduction is not limited by the deduction limitations of Section 162(m). The Company’s ability to obtain a deduction for future payments under the Amended LTIP could also be limited by the golden parachute payment rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of a corporation.

Section 409A of the Code . The foregoing discussion of tax consequences of awards under the Amended LTIP assumes that the award discussed is either not considered a “deferred compensation arrangement” subject to Section 409A of the Code, or has been structured to comply with its requirements. If an award is considered a deferred compensation arrangement subject to Section 409A but fails to comply, in operation or form, with the requirements of Section 409A, the affected participant will generally be (i) required to include in income, when the award vests, the amount deemed “deferred,” (ii) required to pay an additional 20% income tax, and (iii) required to pay interest on the tax that would have been paid but for the deferral. Awards under the Amended LTIP are generally intended to comply with or be exempt from Section 409A of the Code.

Tax Withholding . The Company and its subsidiaries have the right to deduct or withhold, or require a participant to remit to the Company or such subsidiary, an amount sufficient to satisfy federal, state, local and foreign taxes (including employment taxes) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising with respect to an award granted under the Amended LTIP. The committee may, at the time the award is granted or thereafter, require or permit that any such withholding requirement be satisfied, in whole or in part, by delivery of, or withholding from the award, shares having a fair market value on the date of withholding equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the company with respect to the applicable award.

Amended LTIP Benefits and Prior Awards

The awards, if any, that will be made to eligible individuals under the Amended LTIP are subject to the discretion of the committee, and thus we cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to its executive officers, employees, directors and consultants under the Amended LTIP. Therefore, a New Benefits Table is not provided.

We made annual equity awards under the LTIP in 2016 to the Named Executive Officers, non-employee directors and to other eligible employees. The 2016 grants to the Named Executive Officers are reflected in the “Grants of Plan-Based Awards” table on page 22 of this Proxy Statement. The 2016 grants to non-employee directors are reflected in the section entitled “Directors’ Compensation” on page 31 of this Proxy Statement. On May 9, 2017, the closing price of the Company’s common stock was \$1.35 per share.

The following table sets forth, for the Named Executive Officers and certain other groups, all shares underlying outstanding stock options and performance-based units awarded before 10, 2017, under the Amended LTIP. No associate of any of the directors or Named Executive Officers set forth below holds or has held options to purchase our common stock.

Name and Principal Position	Number of Shares Underlying Options (1)	Dollar Value (2)	Number of Shares Underlying Performance Based Units (3)	Dollar Value (2)
J. Russell Porter:				
President and Chief Executive Officer	30,000	\$ 39,300	690,870	\$ 905,040
Michael A. Gerlich	20,000	26,200	326,593	427,837
Senior Vice President, Chief Financial Officer and Corporate Secretary				
Michael McCown	—	—	—	—
Former Senior Vice President and Chief Operating Officer				
All Executives as a group	50,000	\$ 65,500	1,017,763	\$ 1,332,877
Non-executive director group (5)	95,000	124,450	—	—
Non-executive officer employee group	24,000	\$ 31,440	665,392	\$ 871,664
Total	169,000	\$ 221,390	1,683,155	\$ 2,204,541

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- (1) The weighted average exercise price of our outstanding stock options as of May 8, 2017 was \$4.87.
 - (2) Estimated using the closing price of our Common Stock on May 5, 2017 of \$1.31 per share.
 - (3) Reported assuming payout at 100% of target performance. Actual payout will range from 0-200% of the amount reflected above.
 - (4) Consists of all members of the Board who are not executive officers.

Vote Required

Approval of this proposal requires the affirmative vote of a majority of the votes cast by the holders of our common stock at the Annual Meeting with respect to the proposal. Abstentions will have the same effect as a vote against the proposal. Broker non-votes will not be counted as votes cast, and, accordingly, will not affect the outcome of this vote.

The Board unanimously recommends that common stockholders vote “FOR” the approval of the Amended Gastar Exploration Inc. Long-Term Incentive Plan and the material terms of the performance goals thereunder.

Proposal 6. Approval of an Amendment to our Amended and Restated Certificate of Incorporation to Increase the Number of Shares of Authorized Common Stock from 550,000,000 Shares to 800,000,000 Shares

On May 2, 2017 the Board approved an amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 550,000,000 to 800,000,000 shares. We are currently authorized pursuant to our Amended and Restated Certificate of Incorporation to issue up to 550,000,000 shares of common stock. As of May 10, 2017, there were 211,903,583 shares of common stock issued and outstanding. Additionally, we have reserved 73,520,569 shares of common stock issuable upon conversion at the option of the selling stockholders of convertible notes due 2022, 22,056,210 additional shares that may be issued to selling stockholders in respect of the original principal amount of the Notes as “make-whole” shares under certain circumstances and 19,491,821 additional shares that may be issued to selling stockholders in respect of the conversion of additional principal of the Notes issued at the option of the Company as “pay in kind” interest on the Notes upon occurrence of certain registration defaults under the indenture. Assuming Proposal 5 above is approved, an additional 14,000,000 shares will be reserved for the issuance of awards under the LTIP. The purpose of our proposed increase in the authorized shares of common stock is to make available additional shares of common stock for issuance for financing activities, acquisitions, stock issuances pursuant to employee benefit plans and other corporate purposes without the requirement of further action by our stockholders. We have no current commitments to issue any of the additional shares of common stock that will become authorized shares of our capital pursuant to the proposed amendment. Nonetheless, we regularly monitor the capital and credit markets for opportunities that we believe will improve our balance sheet, and may engage, from time to time, in financing or refinancing transactions as market conditions permit. Future activities may include, but are not limited to, public or private debt or equity offerings, the purchase of our outstanding debt for cash in open market purchases or privately negotiated refinancing, extension and exchange transactions or public or private exchange offers or tender offers. Any financing or refinancing transaction may occur on a stand-alone basis or in connection with, or immediately following, other transactions. As such, we believe that it is important for us to have available for issuance a number of authorized shares of common stock sufficient to provide adequate flexibility for future corporate needs.

If the proposed amendment is approved by stockholders, we would have 588,096,417 shares of common stock available for issuance. Those shares would be available for issuance from time to time at the discretion of the Board without further stockholder action, except as may be required for a particular transaction by law, stock exchange regulations or other agreements or restrictions we may enter into in the future. Increasing the number of authorized shares of common stock will provide us with greater flexibility and allow the issuance of additional shares of common stock, or securities convertible into common stock, in most cases without the expense or delay of seeking further approval from stockholders.

If the proposed amendment is not approved by stockholders, our financing alternatives may be limited by the lack of unissued and unreserved authorized shares of common stock, and stockholder value may be harmed by this limitation. In addition, our success depends in part on our continued ability to attract, retain and motivate highly qualified management and operations personnel, and if the proposed amendment is not approved by our stockholders, the lack of unissued and unreserved authorized shares of common stock to provide future equity incentive opportunities that the Compensation Committee of our Board deems appropriate could adversely impact our ability to achieve these goals. In short, the Board believes approval of the proposed amendment is important to access the capital markets, attract, retain and motivate employees, and pursue other business opportunities integral to our success.

The proposed new authorized shares of common stock would become part of the existing class of common stock and, if and when issued, would have the same rights and privileges as the shares of common stock presently issued and outstanding. No

stockholder has any preemptive rights to acquire additional shares of the common stock. The increase in the authorized shares of common stock will not itself cause any changes in our capital accounts or have any immediate effect on the rights of existing stockholders. However, to the extent that additional authorized shares of common stock are issued in the future, they will decrease the existing stockholders' percentage equity ownership interests and could be issued at prices lower than the prices at which existing stock holders purchased their stocks. Any such issuance of additional shares of common stock could have the effect of diluting the earnings per share and book value per share of outstanding shares of common stock.

An increase in the number of authorized shares of our common stock may make it more difficult to, or discourage an attempt to, obtain control of us by means of a takeover bid that the Board determines is not in our best interest nor in the best interests our stockholders. However, the Board does not intend or view the proposed increase in the number of authorized shares of common stock as an anti-takeover measure and is not aware of any attempt or plan to obtain control of us. We have no current plans or proposals to adopt other provisions or enter into other arrangements that may have material anti-takeover consequences.

Pursuant to Section 242(b) of the Delaware General Corporation Law, approval of this Proposal 4 requires the affirmative vote of a majority of the votes of the shares of common stock issued and outstanding and entitled to vote. Abstentions will have the same effect as a vote against this Proposal 4. While we do not expect broker non-votes on this Proposal 4 because brokers have discretion to vote on it under NYSE MKT rules, any broker non-votes received will have the same effect as a vote against this Proposal 6.

If this Proposal 6 is approved by the requisite holders of the common stock as set forth above, the proposed amendment to Article 4 of the Amended and Restated Certificate of Incorporation will become effective upon the filing of a Certificate of Amendment to the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which filing we expect to make as soon as practicable following such stockholder approval.

Text of the Amendment . We propose to amend Section 1 of Article 4 of the Amended and Restated Certificate of Incorporation so that the second sentence of Section 1 would read in its entirety as follows:

“The Corporation shall have authority to issue 800,000,000 shares of common stock, \$0.001 par value (the “Common Stock”), and 40,000,000 shares of preferred stock, \$0.01 par value per share (the “Preferred Stock”).”

The only changes that would be made to Section 1 of Article 4 of the Amended and Restated Certificate of Incorporation, as currently in effect, would be to increase the number of authorized shares of common stock from 550,000,000 to 800,000,000.

The Board unanimously recommends that common stockholders vote “FOR” the proposal to amend our Amended and Restated Certificate of Incorporation to Increase the Number of Shares of Authorized Common Stock From 550,000,000 Shares to 800,000,000 Shares.

HOUSEHOLDING OF PROXY MATERIALS

We have adopted a procedure approved by the SEC called “householding.” Under this procedure, stockholders of record who have the same last name and address will receive only one copy of the proxy materials unless we have received instructions from one or more of such stockholders that they would like to receive multiple copies. This procedure reduces duplicate mailings and saves significant printing costs and postage fees. Stockholders who receive a household mailing this year and who would like to receive additional copies of the proxy materials (including with respect to those materials that may be delivered to stockholders in connection with future annual or special meetings of stockholders) should contact us by written notification to our corporate offices at 1331 Lamar Street, Suite 650, Houston, Texas 77010 or by telephone at (713) 739-1800, and upon receipt of such request, we will promptly provide separate copies of the proxy materials. Stockholders who currently receive multiple copies of the proxy materials at their shared address and would like to request “householding” of their communications should notify us of the same at the contact information set out above.

PROPOSALS FOR 2017 ANNUAL MEETING OF STOCKHOLDERS

Proposals for Inclusion in Our Proxy Statement

Under the rules of the SEC, stockholder proposals that are being submitted for inclusion in our proxy statement relating to our 2018 annual meeting of stockholders must be received no later than January 26, 2018 at our principal executive office, located at 1331 Lamar Street, Suite 650, Houston, Texas 77010. Such proposals, when submitted, must be in full compliance with applicable laws, including Rule 14a-8 of the Exchange Act, and our Bylaws.

Proposals Not for Inclusion in Our Proxy Statement

Our Bylaws require advance written notice from any stockholder seeking to present any business or proposal, not for inclusion in next year’s proxy statement, but directly at the 2018 annual meeting of stockholders, including nominations of persons for election to our Board. Notice of such proposals must be received at our principal executive office, located at 1331 Lamar Street, Suite 650, Houston, Texas 77010, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year’s annual meeting of stockholders. Based upon the anniversary date of the 2017 Annual Meeting of Stockholders as currently scheduled, a stockholder must send advance written notice of such nominations or other business or proposals such that the notice is received no earlier than February 27, 2018 and no later than March 29, 2018. In the event that the date of the annual meeting is advanced more than 30 days prior to such anniversary date or delayed more than 30 days after such anniversary date, then to be timely such notice must be received no earlier than 120 days prior to such annual meeting and no later than the later of 90 days prior to the date of the meeting or the 10th day following the day on which public announcement of the date of the meeting was first made by the Company. Such proposals when submitted must be in full compliance with applicable law and our Bylaws.

ADDITIONAL INFORMATION

Additional information relating to us is filed with the SEC at www.sec.gov. Stockholders may contact Michael A. Gerlich, Senior Vice President, Chief Financial Officer and Corporate Secretary at 1331 Lamar Street, Suite 650, Houston, Texas 77010 to request at no charge copies of our Annual Report on Form 10-K, which includes our financial statements for the year ended December 31, 2016.

* * *

**PROPOSED AMENDMENT
TO THE
GASTAR EXPLORATION INC. LONG-TERM INCENTIVE PLAN**

This Second Amendment (the “**Second Amendment**”) to Gastar Exploration Inc. Long-Term Incentive Plan (the “**Plan**”) is made effective as of the ___ day of _____, 2017 by Gastar Exploration Inc., a Delaware corporation (the “**Company**”). Unless otherwise defined in this Second Amendment, capitalized terms used herein shall have the same definition as set forth in the Plan.

WHEREAS, the Company currently sponsors the Gastar Exploration Inc. Long-Term Incentive Plan (f/k/a the Gastar Exploration Ltd. 2006 Long-Term Incentive Plan), as amended and restated from time to time (the “**Plan**”), pursuant to which it may grant eligible employees, consultants and directors awards with respect to the Company’s common stock (“**Common Stock**”);

WHEREAS, the Board approved the First Amendment to the Amended and Restated Gastar Exploration Inc. Long-Term Incentive Plan on December 15, 2016, to, among other things, increase the percentage of tax withholding available for the net settlement of awards under the Plan which such additional shares withheld would not be available for future awards under the Plan;

WHEREAS, Section 10(c) of the Plan provides that the Board may amend the Plan from time to time without approval of the stockholders of the Company, except that any amendment to the Plan of which approval of the stockholders is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the shares of the Company are listed or quoted must be approved by the stockholders of the Company;

WHEREAS, the Board has determined that it is in the best interests of the Company and its subsidiaries to amend the Plan, subject to the approval of the Company’s stockholders at the Company’s 2017 Annual Meeting (the “**Annual Meeting**”), to increase the total number of authorized shares of Common Stock available under the Plan by 14,000,000 shares (the “**Additional Shares**”);

WHEREAS, the Board has determined that it is in the best interests of the Company and its subsidiaries to extend the term of the Plan to May 1, 2027;

WHEREAS, the Board has determined that it is in the best interests of the Company and its subsidiaries to make certain clarifying revisions with respect to award grant limits provided in the Plan; and

WHEREAS, the Board has determined that it is in the best interests of the Company and its subsidiaries to amend and restate the Plan to allow for additional shares withheld from an award in excess of the minimum statutory withholding rate to again be available for awards under the Plan.

Approval of the Second Amendment to the Plan

NOW, THEREFORE, BE IT RESOLVED, that, the Plan shall be amended (the “**Second Amendment**”) effective as of May 2, 2017 as set forth below:

1. Subject to shareholder approval, there are hereby reserved for issuance in connection with awards to be granted under the Plan, as amended by the Second Amendment (the “**Amended Plan**”), an additional 14,000,000 shares of Common Stock, subject to adjustment from time to time pursuant to the terms and provisions of such Amended Plan, and that the Company and its officers are authorized and directed to issue such shares of Common Stock in accordance with the terms of the awards granted or outstanding under the Amended Plan (as further amended from time to time), and such shares of Common Stock when so issued will be validly issued, fully paid and nonassessable shares of Common Stock.
2. Subject to shareholder approval, the term of the Amended Plan is hereby extended to May 1, 2027.
3. The last sentence of Section 4(c) of the Plan is hereby deleted in its entirety to allow for the additional shares withheld from an award in excess of the minimum statutory withholding rate to be available again for awards under the Plan.
4. Section 4(d)(ii) of the Plan is hereby deleted in its entirety and replaced with the following language:

No Participant shall be granted, during any 12-month period, Options or Stock Appreciation Rights that the Committee intends to qualify as “performance-based compensation” under section 162(m) of the Code with respect to more than 2,000,000 shares of Stock in the aggregate or any other Awards that the Committee intends to qualify as “performance-based compensation” under section 162(m) of the Code with respect to more than 2,000,000 shares of Stock (in each case, subject to adjustment as provided in Section 9).

FURTHER RESOLVED , that except as provided above, the Plan shall continue to read in its current state.

[*Signature page follows*]

IN WITNESS WHEREOF , the undersigned has executed this letter as of the date first written above.

Jerry R. Schuyler

J. Russell Porter

John H. Cassels

Randolph C. Coley

Robert D. Penner

Stephen A. Holditch

Ronald D. Scott

Nathan W. Walton

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Proxy Card and Notice and Proxy Statement are available at www.proxyvote.com

GASTAR EXPLORATION INC.

Instrument of Proxy

Annual Meeting of Stockholders

June 27, 2017 10:00 AM Central Time

This proxy is solicited by the Board of Directors

The undersigned stockholder of Gastar Exploration Inc. (the "Company") hereby appoints J. Russell Porter, President and Chief Executive Officer of the Company, and Michael A. Gerlich, Senior Vice President, Chief Financial Officer and Corporate Secretary of the Company, or either of them, each with the power to appoint his substitute, as proxies, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of the Company that the stockholder is entitled to vote at the Annual Meeting of Stockholders, to be held at 10:00 A.M. central time on June 27, 2017, at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas 77010, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side