



Approach Resources Inc.


AREX NASDAQ

Oil / Gas Exploration / Production

Market Capitalization USD:

\$483.20 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: J. Ross Craft

Age: 54

CEO Since: 2002

	2009	2010	2011
Base Salary	\$303,400	\$312,500	\$400,000
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$182,040	\$187,500	\$510,000
Benefits and Perquisites	\$18,925	\$19,163	\$19,380
TOTAL ANNUAL COMPENSATION	\$504,365	\$519,163	\$929,380
Increase in Post-Retirement Benefits	\$0	\$0	\$0
Stock Option Awards	\$0	\$0	\$0
Stock Awards	\$504,002	\$810,000	\$1,947,996
TOTAL COMPENSATION	\$1,008,367	\$1,329,163	\$2,877,376
Median of Other Named Executive Officers Total Compensation	\$579,947	\$859,488	\$1,620,194
Value Realized on Exercise of Stock Option	\$0	\$0	\$496,939
Value Realized on Vesting of Stock	\$0	\$142,801	\$0
TOTAL REALIZED EQUITY COMPENSATION	\$0	\$142,801	\$496,939

Proxy Date: 20 Apr 2012

Annual Meeting Date: 31 May 2012

Equity Reserves: 4.43%

Stock Option Run Rate: 0.00%

Approach Resources Inc.

AREX NASDAQ

Oil / Gas Exploration / Production

Market Capitalization USD: **\$483.20 mm**

Performance Comparison

■ S&P500 ■ Industry ■ AREX



Peer Comparisons (TRBC) =Oil / Gas Exploration / Production

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
AREX	Approach Resources Inc.	\$1,008,367	\$1,329,163	\$2,877,376	\$483,202,888
KWK	Quicksilver Resources, Inc.	\$5,054,301	\$4,799,619	\$4,488,173	\$1,297,071,673
GPOR	Gulfport Energy Corporation	\$378,356	\$347,686		\$1,231,488,173
NOG	Northern Oil and Gas, Inc.	\$2,360,186	\$4,727,472	\$10,786,785	\$1,224,254,041
KOG	Kodiak Oil & Gas Corp.	\$1,080,995	\$1,893,680		\$1,090,601,167
SFY	Swift Energy Company	\$2,826,377	\$3,840,102	\$5,863,759	\$1,033,675,233
WTI	W&T Offshore, Inc.	\$1,463,008	\$6,983,299	\$7,537,468	\$1,024,685,940

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Abraxas Petroleum Corporation, Oasis Petroleum Inc., Brigham Exploration Company, Petroleum Development Corporation, Carrizo Oil & Gas, Inc., PetroQuest Energy, Inc., Comstock Resources Inc., Resolute Energy Corporation, GMX Resources Inc., Rex Energy Corporation, Goodrich Petroleum Corporation, Rosetta Resources Inc., Gulfport Energy Corporation, Stone Energy Corporation, Kodiak Oil & Gas Corp.

Performance Peer Group

Abraxas Petroleum Corporation, Oasis Petroleum Inc., Petroleum Development Corporation, Carrizo Oil & Gas, Inc., PetroQuest Energy, Inc., Comstock Resources Inc., Resolute Energy Corporation, GMX Resources Inc., Rex Energy Corporation, Goodrich Petroleum Corporation, Rosetta Resources Inc., Gulfport Energy Corporation, Stone Energy Corporation, Kodiak Oil & Gas Corp.

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
James H. Brandi	Chairman	63	Male	5	Outside
James C. Crain	Member	63	Male	5	Outside
Sheldon B. Lubar	Member	82	Male	5	Outside

This report is for informational purposes only, and should not be considered a solicitation to buy or sell any security. Thomson Reuters Business Classification (TRBC) is a global industry classification system that is owned and operated by Thomson Reuters and has been licensed for use by GMI Ratings.

COPYRIGHT 2012 | GMI Ratings | ALL RIGHTS RESERVED