

Intrepid Potash, Inc.  
Form PRE 14A  
March 23, 2016

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)  
[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**INTREPID POTASH, INC.**

---

(Name of Registrant as Specified In Its Charter)

---

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3)

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
    - o Fee paid previously with preliminary materials.
    - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

Table of Contents

**Intrepid Potash, Inc.**  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202

[ • ], 2016

Dear Stockholder:

We cordially invite you to attend the 2016 annual meeting of stockholders of Intrepid Potash, Inc. The meeting will be held on Tuesday, May 24, 2016, at 10:00 a.m. mountain time, at the Denver City Center, Telluride Conference Room, 21<sup>st</sup> Floor, 707 17<sup>th</sup> Street, Denver, CO 80202.

You will find important information about the matters to be voted on at the meeting in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. We are sending most of our stockholders a one-page notice regarding the Internet availability of these materials and our 2015 Annual Report on Form 10-K instead of sending them a full set of printed materials. This notice tells you how to access and review on the Internet all of the important information contained in the proxy materials. This notice also tells you how to vote on the Internet or by phone and how to request to receive a printed copy of our proxy materials.

Your vote is important. We hope you will attend the meeting in person. Whether or not you are able to attend the meeting, we encourage you to review the proxy materials and to vote as soon as possible. You may vote on the Internet or by telephone as described in the attached proxy materials. You also may vote by mail if you timely request to receive printed copies of these proxy materials in the mail.

Very truly yours,

Robert P. Jornayvaz III  
*Executive Chairman of the Board, President,  
and Chief Executive Officer*

---

Table of Contents

**Intrepid Potash, Inc.**

**707 17<sup>th</sup> Street, Suite 4200**

**Denver, CO 80202**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

<b>Annual Meeting Date</b>	Tuesday, May 24, 2016
<b>Time</b>	10:00 a.m. mountain time
<b>Place</b>	Denver City Center, Telluride Conference Room, 21 <sup>st</sup> Floor, 707 17 <sup>th</sup> Street, Denver, CO 80202
<b>Items of Business</b>	<ol style="list-style-type: none"><li>(1) To elect two Class II directors nominated by our Board of Directors to serve three-year terms expiring at our 2019 annual meeting of stockholders</li><li>(2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2016</li><li>(3) To approve, on an advisory basis, our executive compensation</li><li>(4) To approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 100 million to 400 million</li><li>(5) To approve an amendment to our Restated Certificate of Incorporation to effect a reverse stock split of the shares of our common stock at a ratio of 1-for-5, 1-for-10, 1-for-15, 1-for-20 or 1-for-25, with the exact ratio and effective time of the reverse stock split to be determined by our Board of Directors in its sole discretion</li><li>(6) To approve our Amended and Restated Short-Term Incentive Plan</li><li>(7) To approve our Amended and Restated Equity Incentive Plan</li><li>(8) To transact any other business that properly comes before the meeting and any adjournment or postponement of the meeting</li></ol>
<b>Record Date</b>	The accompanying proxy statement provides more details about each of these proposals. Only holders of record of our common stock on March 28, 2016, are entitled to receive notice of, and to vote at, the meeting and any postponement or adjournment of the meeting.
<b>Voting</b>	Your vote is very important. Whether or not you plan to attend the meeting, we encourage you to read the accompanying proxy materials and submit your vote as soon as possible. You can find specific information about how to cast your vote in the Question and Answer section of the accompanying proxy statement.

---

Table of Contents

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 24, 2016**

**This notice, our proxy statement, and our 2015 annual report are available at [investors.intrepidpotash.com](http://investors.intrepidpotash.com) or [envisionreports.com/IPI](http://envisionreports.com/IPI).**

By Order of the Board of Directors of Intrepid Potash, Inc.

Margaret E. McCandless

*Secretary*

Denver, CO  
[ • ], 2016

---

Table of Contents

**TABLE OF CONTENTS**

<u>Questions and Answers about the Annual Meeting and Voting</u>	<u>1</u>
<u>Proposal 1 Election of Class II Directors</u>	<u>5</u>
<u>Proposal 2 Ratification of the Appointment of KPMG as our Independent Registered Public Accounting Firm for 2016</u>	<u>8</u>
<u>Proposal 3 Advisory Vote to Approve Executive Compensation</u>	<u>9</u>
<u>Proposal 4 Approval of Amendment to Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock</u>	<u>10</u>
<u>Proposal 5 Approval of Amendment to Restated Certificate of Incorporation to Effect a Reverse Stock Split</u>	<u>11</u>
<u>Proposal 6 Approval of Amended and Restated Short-Term Incentive Plan</u>	<u>22</u>
<u>Proposal 7 Approval of Amended and Restated Equity Incentive Plan</u>	<u>26</u>
<u>Equity Compensation Plan Information</u>	<u>36</u>
<u>Corporate Governance</u>	<u>36</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>42</u>
<u>Compensation Committee Report</u>	<u>42</u>
<u>Compensation Discussion and Analysis</u>	<u>42</u>
<u>Executive Compensation</u>	<u>60</u>
<u>Risks Arising from Compensation Policies and Practices</u>	<u>70</u>
<u>Director Compensation</u>	<u>71</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>73</u>
<u>Certain Relationships and Related Person Transactions</u>	<u>75</u>
<u>Limitation of Liability and Indemnification</u>	<u>78</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>78</u>
<u>Audit Committee Report</u>	<u>79</u>
<u>Householding</u>	<u>79</u>
<u>Stockholder Proposals</u>	<u>80</u>
<u>Annual Report on Form 10-K and Other SEC Filings</u>	<u>80</u>
<u>Other Matters</u>	<u>80</u>
<u>Appendix A Form of Certificate of Amendment to Restated Certificate of Incorporation to increase the number of authorized shares</u>	
<u>Appendix B Form of Certificate of Amendment to Restated Certificate of Incorporation to effect a reverse stock split</u>	
<u>Appendix C Amended and Restated Short-Term Incentive Plan</u>	
<u>Appendix D Amended and Restated Equity Incentive Plan</u>	

---

Table of Contents

**Intrepid Potash, Inc.**  
707 17<sup>th</sup> Street, Suite 4200  
Denver, CO 80202  
(303) 296-3006

---

**Proxy Statement**

---

**Questions and Answers about the Annual Meeting and Voting**

**Why did I receive these proxy materials?**

We are providing these proxy materials to you in connection with the solicitation by the Board of Directors of Intrepid Potash, Inc., a Delaware corporation, of proxies to be voted at our 2016 annual meeting of stockholders.

The meeting will be held on Tuesday, May 24, 2016, at 10:00 a.m. mountain time, at the Denver City Center, Telluride Conference Room, 21<sup>st</sup> Floor, 707 17<sup>th</sup> Street, Denver, CO 80202.

We will begin furnishing these proxy materials to stockholders on or about April 11, 2016.

When we use the term "Intrepid," "us," "we," or "our," we mean Intrepid Potash, Inc. and its consolidated subsidiaries, unless the context otherwise requires.

**What matters will be voted on at the annual meeting?**

We will ask stockholders to vote on the following matters at the annual meeting:

- (1) To elect two Class II directors nominated by our Board to serve three-year terms expiring at our 2019 annual meeting of stockholders
- (2) To ratify the appointment of KPMG LLP, or KPMG, as our independent registered public accounting firm for 2016
- (3) To approve, on an advisory basis, our executive compensation
- (4) To approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 100 million to 400 million
- (5)

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

To approve an amendment to our Restated Certificate of Incorporation to effect a reverse stock split of the shares of our common stock at a ratio of 1-for-5, 1-for-10, 1-for-15, 1-for-20 or 1-for-25, with the exact ratio and effective time of the reverse stock split to be determined by our Board in its sole discretion

- (6) To approve our Amended and Restated Short-Term Incentive Plan
- (7) To approve our Amended and Restated Equity Incentive Plan



Table of Contents

(8)

To transact any other business that properly comes before the meeting and any adjournment or postponement of the meeting

**Why did I receive a one-page notice about the Internet availability of these materials instead of printed materials?**

Under rules of the Securities and Exchange Commission, or the SEC, we have elected to furnish proxy materials to our stockholders on the Internet. This means that most of our stockholders will receive a one-page Notice of Internet Availability of Proxy Materials instead of printed copies of the proxy materials. If you receive this notice, you will not receive printed copies of the proxy materials unless you specifically request them. The notice provides instructions on how to access and review the proxy materials on the Internet, how to request to receive a printed set of the proxy materials by mail, and how to vote your shares.

The notice also provides instructions on how to elect to receive all future proxy materials electronically by email or in printed form by mail. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email or printed form by mail will remain in effect until you terminate it.

**What is the difference between a stockholder of record and a beneficial holder?**

Most of our stockholders hold their shares through a stockbroker, bank, or other nominee rather than directly in their own name. There are some important distinctions between shares held of record and those owned beneficially.

**Stockholder of Record**

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., or Computershare, you are the stockholder of record for those shares and are receiving proxy materials directly from us. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the meeting.

**Beneficial Holder**

If your shares are held in a stock brokerage account or by a bank or other nominee (commonly referred to as being held in "street name"), you are the beneficial holder of those shares. Your broker, bank, or nominee is the stockholder of record and has forwarded proxy materials to you as beneficial holder. As the beneficial holder, you have the right to direct your broker, bank, or other nominee how to vote your shares and are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you obtain a signed proxy from your broker, bank, or nominee giving you the right to vote the shares.

**Who can vote?**

Only stockholders of record at the close of business on the record date of March 28, 2016, are entitled to receive notice of, and to vote at, the annual meeting. As of March 28, 2016, there were [ • ] shares of common stock issued and outstanding. Each share is entitled to one vote on each item voted on at the annual meeting.

A list of stockholders entitled to vote at the meeting will be available for inspection by any stockholder at the annual meeting and during normal business hours for the ten days prior to the annual meeting at our corporate headquarters located at 707 17<sup>th</sup> Street, Suite 4200, Denver, CO 80202.

Table of Contents

**How do I vote?**

**Stockholder of Record**

If you are a stockholder of record, you can vote over the telephone or on the Internet by following the instructions you received from us in the mail or by email. If you requested to receive a full set of proxy materials in the mail, you also can vote by mail using the proxy card included with the materials. Finally, you can vote in person at the meeting.

**Beneficial Holder**

If you are a beneficial holder, you can vote over the telephone or on the Internet by following the instructions you received from your bank, broker, or nominee in the mail or by email. If you requested to receive a full set of proxy materials in the mail, you also can vote by mail using the voting instruction card included with the materials. If you have not received this information from your broker, bank, or other nominee, please contact them as soon as possible. You can vote in person at the meeting only if you obtain a signed proxy from your broker, bank, or nominee giving you this right.

If you do not give your bank, broker, or nominee instructions as to how to vote, under the rules of the New York Stock Exchange, or NYSE, your bank, broker, or nominee may not vote your shares on any of the proposals other than the ratification of auditors without your instructions. Please be sure to return your voting instructions to your bank, broker, or nominee so that your vote is counted.

**Multiple Holdings**

If you hold shares both as a stockholder of record and as a beneficial holder, **you must vote separately** for each set of shares.

**Can I change or revoke my vote?**

If you are a stockholder of record, you may change your vote at any time prior to the vote at the annual meeting by taking any of the following actions:

submitting a new proxy with a later date using any of the available methods described above

providing a written revocation to our Corporate Secretary

voting in person at the meeting

If you are a beneficial holder, you may change your vote by submitting new voting instructions to your bank, broker, or nominee following the instructions they provided.

Your attendance at the meeting will not automatically revoke your proxy.

**What is the quorum requirement for the meeting?**

A quorum of stockholders is necessary for any action to be taken at the meeting (other than adjournment or postponement of the meeting). Our Bylaws provide that a quorum exists if stockholders holding a majority of the outstanding shares of our common stock are present at the meeting in person or by proxy. If you submit a properly completed proxy, even if you abstain from voting, your shares will be counted for purposes of determining the presence of a quorum. Broker non-votes (described below) also will be counted for purposes of determining the presence of a quorum provided that the bank, broker, or nominee uses its discretionary authority to vote on at least one routine matter.

**How will my shares be voted at the meeting?**

Your shares will be voted in accordance with your properly submitted instructions.



Table of Contents**Stockholders of Record**

If you are a stockholder of record and you submit a proxy but do not include voting instructions on a particular matter, your shares will be voted **FOR** each of the nominees named in Proposal 1 and **FOR** each of Proposals 2-7 in accordance with the recommendations of our Board. If any other matters are properly presented for a vote at the meeting or any adjournment or postponement of the meeting, your shares will be voted in the discretion of the named proxies.

**Beneficial Holders and Broker Non-Votes**

If you are a beneficial holder and you do not provide voting instructions to your bank, broker, or nominee, that organization will determine if it has the discretionary authority to vote your shares on the particular matter. Under NYSE rules, these organizations have the discretion to vote your shares on routine matters, such as the ratification of the appointment of KPMG as our independent registered public accounting firm for 2016 and the amendments to our Restated Certificate of Incorporation (Proposals 2, 4, and 5). However, they do not have the discretion to vote your shares on non-routine matters, including all of the other proposals up for a vote (Proposals 1 and 3, 6, and 7). The unvoted shares are called "broker non-votes." Shares that constitute broker non-votes are considered present for purposes of determining a quorum but are not considered entitled to vote or votes cast on the particular matter.

**What are the voting requirements for each matter?**

<b>Proposal</b>	<b>Vote Required</b>	<b>Effect of Abstentions</b>	<b>Broker Discretionary Voting Allowed</b>	<b>Effect of Broker Non-Vote</b>
(1) To elect each Class II director	More votes FOR than AGAINST	No effect	No	No effect
(2) To ratify the appointment of KPMG	More votes FOR than AGAINST	No effect	Yes	Not applicable
(3) To approve, on an advisory basis, our executive compensation	More votes FOR than AGAINST	No effect	No	No effect
(4) To approve an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock	Majority of shares of common stock outstanding	Same as a vote AGAINST	Yes	Same as a vote AGAINST
(5) To approve an amendment to our Restated Certificate of Incorporation to effect a reverse stock split of the shares of our common stock at a ratio of 1-for-5, 1-for-10, 1-for-15, 1-for-20 or 1-for-25, with the exact ratio and effective time of the reverse stock split to be determined by our Board in its sole discretion	Majority of shares of common stock outstanding	Same as a vote AGAINST	Yes	Same as a vote AGAINST
(6) To approve our Amended and Restated Short-Term Incentive Plan	More votes FOR than total of votes AGAINST and ABSTENTIONS	Same as a vote AGAINST	No	No effect
(7) To approve our Amended and Restated Equity Incentive Plan	More votes FOR than total of votes AGAINST and ABSTENTIONS	Same as a vote AGAINST	No	No effect

With respect to the election of Class II directors, each director nominee has tendered a contingent, irrevocable resignation to the Board that will become effective only if he fails to receive the required majority vote and the Board accepts the resignation. In the event a director does not receive a majority of the votes cast, the Nominating and Corporate Governance Committee of the Board (sometimes referred to as the Governance Committee) will make a recommendation to the Board as to whether to accept or reject the resignation or whether some other action should be taken. The Board will act (taking into account the



Table of Contents

recommendation of the Governance Committee) and publicly disclose its decision and the rationale behind it within 90 days after the date of the certification of the election results.

Although the advisory vote to approve executive compensation is non-binding, as provided by law, our Board and its Compensation Committee will review the results of the vote and will consider the results in making future decisions on executive compensation.

**Who will count the votes?**

A representative or designee of Computershare will act as inspector of election and tabulate the votes.

**Who will pay the costs of soliciting votes for the meeting?**

We will pay all costs of soliciting proxies. We have retained Alliance Advisors, LLC to assist in the solicitation of proxies. We expect to pay Alliance Advisors, LLC \$2,500, plus reimbursement of reasonable expenses. The solicitation may be made personally or by mail, telephone, email, or other electronic means of communication. In addition, our officers, directors, and employees, without additional compensation, may also solicit proxies using any of these methods. We will send proxy materials or additional soliciting materials to banks, brokers, other institutions, nominees, and fiduciaries, and these organizations will then forward the materials to the beneficial holders of our shares. On request, we will reimburse these organizations for their reasonable expenses in forwarding these materials.

**Proposal 1 Election of Class II Directors**

Our Board consists of six directors who are divided into three classes, designated as Class I, Class II, and Class III. In accordance with our Bylaws and Certificate of Incorporation, the number of directors constituting the entire Board is fixed exclusively by the Board from time to time. The directors are divided as evenly as possible into the three classes. If the number of directors is not evenly divisible by three, the remaining positions are allocated first to Class III and then to Class II. The classes of directors serve for staggered three-year terms, with their current terms ending at the annual meeting of stockholders in the following years: Class I directors 2018; Class II directors 2016; and Class III directors 2017.

The Class II directors elected at the 2016 annual meeting will serve until the 2019 annual meeting. Our nominees for these Class II directorships are J. Landis Martin and Barth E. Whitham. Each nominee is currently serving on our Board and was most recently elected by stockholders at our 2013 annual meeting. In making these nominations, our Board and Governance Committee considered each nominee's specific experiences, qualifications, and skills as described below. Each nominee has consented to serve as a director if elected. However, if either or both nominees are unable to serve, or for good cause will not serve, the persons named in the proxy intend to vote in their discretion for one or more substitutes who will be designated by the Board.

To be elected, each nominee must receive a majority of the votes cast. Specifically, the number of shares voted "for" the nominee must exceed the number of votes cast "against" that nominee. Cumulative voting is not permitted in the election of directors. Abstentions and broker non-votes will not count as votes cast. Each nominee has tendered to the Board a contingent, irrevocable resignation that will become effective only if the nominee fails to receive the required majority vote and the Board decides to accept the resignation. In the event a nominee does not receive a majority of the votes cast, the Governance Committee will make a recommendation to the Board whether to accept or reject the resignation or whether some other action should be taken. The Board will act (taking into account the recommendation of the Governance Committee) and publicly disclose its decision and the rationale behind its decision within 90 days after the date of the certification of the election results.

Our Corporate Governance Guidelines provide that the Governance Committee is responsible for identifying and recommending directors for nomination by the Board for election as members of the Board.

Table of Contents

The Governance Committee performed its evaluation and nominating committee functions in early 2016. The Governance Committee seeks independent directors who represent a mix of backgrounds and experiences that it believes will enhance the quality of the Board's deliberations and decisions. When searching for new candidates, the Governance Committee considers the evolving needs of the Board and selects nominees based on individual skills, achievements, and experience. The Governance Committee does not have a formal policy with respect to diversity; however, the independent directors seek to promote through the nomination process an appropriate diversity on the Board. The Governance Committee also believes that nominees should have the highest level of personal and professional ethics, integrity, and values together with expertise that is useful to Intrepid and complementary to the background and expertise of other members of the Board. Additionally, nominees are expected to have a willingness and ability to devote the time necessary to carry out the duties and responsibilities of membership on the Board and a desire to ensure that our operations and financial reporting are effected in a transparent manner and in compliance with applicable laws, rules, and regulations.

The Governance Committee evaluates each potential nominee individually and in the context of the Board as a whole. The objective is to recommend a group that will contribute to our long-term success and effectively represent stockholder interests. With respect to the nomination of continuing directors for re-election, the individuals' contributions to the Board are also considered.

When seeking candidates for a new director, the Governance Committee may solicit suggestions from incumbent directors, management, stockholders, and others. The Governance Committee has authority under its charter to retain a search firm for this purpose. If the Governance Committee believes a candidate would be a valuable addition to the Board, it recommends his or her candidacy to the full Board.

The Governance Committee will consider suggestions by stockholders of possible future nominees. The Governance Committee does not intend to alter its criteria for evaluating potential director candidates, including the criteria described above, in the case of director candidates recommended by stockholders. Stockholders may nominate persons for election to the Board only in accordance with our Bylaws. You can find more information about the requirements for submitting stockholder proposals, including proposals relating to director nominees, below under the heading "*Stockholder Proposals*."

Below is biographical and other information about our Class II director nominees and continuing directors. Below each director's biographical information, we also provide the specific experience, qualifications, and skills that helped lead our Board to conclude that he should serve as a director.

**Class II Nominees**

Nominee	Age	Director Since	Principal Occupation
J. Landis Martin	70	December 2007	Managing Director of Platte River Equity
Barth E. Whitham	59	April 2008	President and Chief Executive Officer of Enduring Resources, LLC

**J. Landis Martin** is the founder of the private equity firm Platte River Equity and has been a Managing Director since 2005. Mr. Martin retired as Chairman and Chief Executive Officer of Titanium Metals Corporation, an integrated producer of titanium metals, where he served from 1989 until 2005. Mr. Martin served as President and Chief Executive Officer of NL Industries, Inc., a manufacturer of titanium dioxide chemicals, from 1987 to 2003 and was Chairman and Chief Executive Officer of Baroid Corporation, an oil services company, from 1990 to 1994. Mr. Martin is Chairman of the Board of Crown Castle International Corp. and is lead director of Halliburton Company and Apartment Investment Management Company.

Mr. Martin has management and director experience with public companies and business experience with companies in the manufacturing sector and energy industry. As a former chief executive of four NYSE-listed companies and a lawyer, Mr. Martin brings particular expertise to the Board in the areas of operations, finance, and governance.

Table of Contents

**Barth E. Whitham** has served as President and Chief Executive Officer of Enduring Resources, LLC, a privately held company focused on the acquisition and exploitation of upstream energy assets in domestic onshore basins, since 2005, and also serves on its board of directors. From 1991 to 2005, Mr. Whitham served as President and Chief Operating Officer of Westport Resources Corp., a publicly traded oil and gas exploration and production company, and also served on its board of directors. Mr. Whitham is a director of Ensign Energy Services Inc.

Mr. Whitham has management and director experience with operations and management of public companies and business experience in the energy and extractive industries. Mr. Whitham's experience with companies in the energy and extractive industries provides the Board with a unique perspective into these industries, within which our industrial sales customers operate.

**Continuing Directors**

Name	Age	Director Since	Class/Term Expiration
Terry Considine	68	April 2008	Class I/2018
Chris A. Elliott	50	August 2010	Class I/2018
Robert P. Jornayvaz III	57	December 2007	Class III/2017
Hugh E. Harvey, Jr.	63	December 2007	Class III/2017

**Terry Considine** has served as Chief Executive Officer and Chairman of the Board of Apartment Investment Management Company, a publicly held, multi-family apartment real estate investment trust, since 1994. Mr. Considine also served as Chief Executive Officer and Chairman of American Land Lease, Inc., another publicly held real estate investment trust, from 1996 to 2009.

Mr. Considine has management and director experience with public companies and business experience in the real estate industry. As the current chief executive of an NYSE-listed company and a former chief executive of three other listed companies, Mr. Considine brings particular expertise to the Board in the areas of operations, finance, and governance.

**Chris A. Elliott** has served as President and Chief Executive Officer of Agricultural Company of America, a privately held company that owns, manages, and operates agriculture real estate that produces a variety of crops over a diverse geographic spectrum, since 2007. Mr. Elliott has also served as President and co-owner of Accuform Technologies, LLC, a privately held agriculture product development company, since 2007. Mr. Elliott previously served as President and Chief Executive Officer of Nutra-Park Inc., an agriculture plant growth regulator company, from 2002 to 2006.

Mr. Elliott has over 25 years of business experience in the agriculture industry and in-depth knowledge of agricultural commodities. Mr. Elliott's day-to-day involvement in the agricultural industry provides the Board with a unique perspective with respect to this industry and our agricultural customers.

**Robert P. Jornayvaz III** has served as our Executive Chairman of the Board since May 2010 and as our President and Chief Executive Officer since August 2014. Mr. Jornayvaz served as our Chairman of the Board and Chief Executive Officer from our formation in 2007 until May 2010. Mr. Jornayvaz served, directly or indirectly, as a manager of our predecessor, Intrepid Mining LLC, from 2000 until its dissolution at the time of our initial public offering, or IPO, in 2008. Mr. Jornayvaz is the sole owner of Intrepid Production Corporation, which owns approximately 15.1% of our common stock as of March 15, 2016.

Mr. Jornayvaz has management experience with us and our predecessor company, over 15 years of experience in the potash mining industry, over 30 years of experience in the oil and gas industry, and experience in extractive and commodities businesses.

**Hugh E. Harvey, Jr.** has served as our Executive Vice Chairman of the Board since May 2010 and as a member of our Board since our formation in 2007. Mr. Harvey served as our Chief Technology Officer from May 2009 until May 2010, our Chief Operating Officer from February 2009 to October 2009, and our



Table of Contents

Executive Vice President of Technology from 2007 until May 2009. Mr. Harvey served, directly or indirectly, as a manager of Intrepid Mining from 2000 until its dissolution at the time of our IPO in 2008. Mr. Harvey is sole owner of Harvey Operating and Production Company, which owns approximately 11.5% of our common stock as of March 15, 2016.

Mr. Harvey has management experience with us and our predecessor company, over 15 years of experience in the potash mining industry, over 30 years of experience in the oil and gas industry, a unique combination of mining, mineral processing, drilling, field operations, and economic evaluation experience, and engineering and operational experience in extractive industries.

**Recommendation of our Board of Directors**

**Our Board recommends a vote "for" each nominee.** Proxies will be voted in favor of each nominee unless you specify otherwise in your proxy.

**Proposal 2 Ratification of the Appointment of KPMG as our Independent Registered Public Accounting Firm for 2016**

The Audit Committee of our Board has selected KPMG to serve as our independent registered public accounting firm for the year ending December 31, 2016, and our Board is asking stockholders to ratify this selection. Stockholder approval or ratification is not required to appoint KPMG; however, our Board believes that submitting the appointment of KPMG to stockholders for ratification is good corporate governance. If stockholders do not ratify this appointment, the Audit Committee will reconsider whether to retain KPMG. If the selection of KPMG is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time it decides that a change would be in the best interest of us and our stockholders.

In selecting KPMG, the Audit Committee considered a number of factors, including the following:

The Audit Committee's and management's assessments of KPMG's performance

KPMG's independence and integrity

KPMG's fees and the quality of services provided to us

KPMG has served as our independent registered public accounting firm since 2007. To our knowledge, neither KPMG nor any of its members has any direct or material indirect financial interest in Intrepid or any connection with Intrepid in any capacity other than as independent public accountants. A representative of KPMG is expected to be present at the meeting and will have an opportunity to make a statement if he or she desires to do so and to respond to appropriate questions.

We paid the following fees to KPMG for the audit of our consolidated financial statements and for other services provided in the years ended December 31, 2015, and 2014. All of these services and fees were approved by the Audit Committee pursuant to the policy and procedures set forth below.

	2015	2014
Audit Fees	\$ 866,980	\$ 660,563
Audit-Related Fees		
Tax Fees		
All Other Fees		
<b>Total Fees</b>	<b>\$ 866,980</b>	<b>\$ 660,563</b>

Audit fees include fees associated with the annual audit of our consolidated financial statements and internal control over financial reporting; the review of our periodic reports; accounting consultations;



Table of Contents

services related to, or required by, statute or regulation, such as consents; and other audit services related to SEC and other regulatory filings.

**Audit Committee Pre-Approval Policy and Procedures**

Under its charter, the Audit Committee is responsible for approving the fees and any other significant compensation paid to our independent accountants and pre-approving any non-audit services to be performed by our independent accountants. The pre-approval requirement may be waived only if the non-audit services meet a *de minimis* exception allowed by law. In carrying out this responsibility, the Audit Committee follows the following general procedures for the preapproval of non-audit services:

If applicable, each year the Audit Committee reviews and pre-approves a schedule of the particular services and estimated fees for proposed non-audit services to be provided by the independent accountants during the next annual audit cycle.

Actual amounts paid to the independent accountants are monitored by management and reported to the Audit Committee.

Any non-audit services proposed to be provided by the independent accountants and the related fees that have not been pre-approved during the annual review by the Audit Committee must be pre-approved by the Audit Committee in advance of any work performed.

Incremental fees for previously approved non-audit services that are expected to exceed the previously approved fee estimate must also be pre-approved by the Audit Committee.

**Recommendation of our Board of Directors**

**Our Board recommends a vote "for" Proposal 2.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

**Proposal 3 Advisory Vote to Approve Executive Compensation**

We are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the Securities Exchange Act of 1934, as amended, or the Exchange Act, and SEC rules. This proposal is commonly called a "say-on-pay" vote. We encourage you to read the Compensation Discussion and Analysis, or CD&A, section of this proxy statement and the summary compensation and other tables that follow the CD&A. These sections provide detailed information about our compensation objectives, the design and operation of our executive compensation program, and the 2015 compensation of our executives.

We believe that our executive compensation program is aligned with the long-term interests of our stockholders. Specifically, our executive compensation program is designed to meet the following goals:

To provide compensation opportunities that attract, retain, motivate, and reward talented executives

To emphasize pay for performance by linking a substantial portion of the compensation of our executives to corporate and individual performance

To encourage stock ownership by our executives to align their interests with the interests of our other stockholders

We are asking stockholders to approve the following non-binding resolution:

RESOLVED, that the compensation paid to Intrepid's executives, as disclosed pursuant to the compensation disclosure rules of the SEC, including in the Compensation Discussion and Analysis, compensation tables, and related narrative discussions,

is hereby APPROVED.

Table of Contents

The say-on-pay vote gives our stockholders the opportunity to express their views on the compensation of our executives. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our executives and the principles, policies, and practices described in this proxy statement. As an advisory vote, the outcome of the vote is not binding on us, our Board, or the Compensation Committee. Our Board and Compensation Committee will consider the outcome of the vote when making future executive compensation decisions. At our 2015 annual meeting, our stockholders expressed support for the compensation of our executives, with 98% of the votes cast for advisory approval of our executive compensation.

At our 2011 annual meeting, our stockholders supported, on an advisory basis, holding the say-on-pay vote on an annual basis. After the 2011 annual meeting and taking into consideration stockholder support for an annual say-on-pay vote, our Board determined to hold the say-on-pay vote annually. Accordingly, the next say-on-pay vote will occur at our 2017 annual meeting. The next advisory vote on the frequency for the say-on-pay vote will also occur at our 2017 annual meeting.

**Recommendation of our Board of Directors**

**Our Board recommends a vote "for" Proposal 3.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

**Proposal 4 Approval of Amendment to Restated Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock**

Our Board has adopted an amendment to our Restated Certificate of Incorporation to increase the number of shares of capital stock that we are authorized to issue from 120,000,000 (100,000,000 shares of common stock and 20,000,000 shares of preferred stock), par value \$0.001, to 420,000,000 (400,000,000 shares of common stock and 20,000,000 shares of preferred stock), par value \$0.001. Our Board believes the amendment is advisable and in the best interests of Intrepid and its stockholders. For this amendment to be effective, stockholders must approve this proposal.

We are asking stockholders to approve the following resolution:

RESOLVED, that Section 4.01 of the Restated Certificate of Incorporation of Intrepid is hereby amended to read as follows: "The total number of shares of capital stock that the Corporation shall have the authority to issue is 420,000,000, which shall be divided into 400,000,000 shares of common stock, par value \$0.001 (the "*Common Stock*"), and 20,000,000 shares of preferred stock, par value \$0.001 per share (the "*Preferred Stock*")."

A copy of the proposed amendment to our Restated Certificate of Incorporation is included as Appendix A to this proxy statement. If stockholders approve the proposed amendment, it will become effective upon filing of a Certificate of Amendment to the Restated Certificate of Incorporation with the Delaware Secretary of State.

As of March 15, 2016, 76,077,062 shares of common stock were issued and outstanding and an additional 3,766,062 shares were issuable under outstanding stock options and performance stock units and reserved for issuance under our Equity Incentive Plan, leaving 20,156,876 shares of common stock unissued and unreserved. As of March 15, 2016, our directors and executive officers had the right to vote 20,544,887 shares of common stock. If the proposed amendment is approved, Intrepid would have 320,156,876 shares of common stock available for issuance (after taking into consideration the shares required to be held in reserve as set forth above). As of March 15, 2016, no shares of preferred stock were issued and outstanding. The number of shares available for issuance will also increase if Proposal 5 is approved and our Board decides to implement a reverse stock split.

The purpose of the amendment is to provide us with greater flexibility with respect to managing our common stock in connection with certain corporate purposes as may be considered advisable by the Board

Table of Contents

from time to time. These corporate purposes could include the issuance of shares in connection with stock splits or dividends, the issuance of shares under our Equity Incentive Plan or in connection with other employee benefit plans, the issuance of shares in connection with equity financings and the issuance of shares in connection with acquisitions. We do not have any immediate plans with respect to the issuance of additional shares of common stock, other than shares issuable under our Equity Incentive Plan (as may be amended and restated under Proposal 7). Nonetheless, we regularly monitor the capital and credit markets 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, extension and exchange transactions or public or private exchange offers or tender offers. 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 support our growth and to provide adequate flexibility for future corporate needs.

The increase in authorized common stock will not have any immediate effect on the rights of existing stockholders. However, the Board may issue authorized common stock without requiring future stockholder approval of the issuances, except as may be required by our Restated Certificate of Incorporation and applicable law and regulations, including NYSE rules and regulations. The holders of any additional shares of common stock authorized by the proposed amendment would have the same rights and privileges as the holders of shares of common stock currently authorized. If additional authorized shares are issued in the future, they will decrease the existing stockholders' percentage equity ownership and, depending upon the price at which they are issued as compared to the price paid by existing stockholders for their shares, could be dilutive to our existing stockholders. The holders of common stock have no preemptive rights to subscribe for or purchase any additional shares of common stock that may be issued in the future. In addition, under Delaware law, our stockholders are not entitled to dissenters' or appraisal rights in connection with the proposed increase in the number of shares of common stock authorized for issuance.

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 of 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.

**Recommendation of our Board of Directors**

**Our Board recommends a vote "for" Proposal 4.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

**Proposal 5 Approval of Amendment to Restated Certificate of Incorporation to Effect a Reverse Stock Split**

Our Board proposes that stockholders authorize (but not require) the Board to select and file one of several possible amendments to our Restated Certificate of Incorporation to effect a reverse stock split of all issued and outstanding shares of our common stock at one of five reverse stock split ratios, 1-for-5, 1-for-10, 1-for-15, 1-for-20, or 1-for-25, as determined by the Board in its sole discretion at any time prior to April 30, 2017. Our Board believes the authorization is advisable and in the best interests of Intrepid and its stockholders. For this authorization to be effective, stockholders must approve this proposal.

A copy of the proposed form of amendment to our Restated Certificate of Incorporation is included as Appendix B to this proxy statement. If stockholders approve the proposed amendment and if the Board determines to proceed with the reverse stock split, it will become effective upon filing of the amendment with the Delaware Secretary of State.

By approving this proposal, stockholders will approve a series of five separate amendments to the Restated Certificate of Incorporation pursuant to which any increment of five outstanding shares between and including 5 and 25 would be combined into 1 share of our common stock, and will authorize the

Table of Contents

Board, if it subsequently determines to proceed with the reverse stock split at any time prior to April 30, 2017, to file only one of these amendments with the Delaware Secretary of State, as determined by the Board in its sole discretion in the manner described in this proposal, and to abandon each other amendment not selected by the Board. The Board believes that stockholder approval of all of the amendments and granting the Board discretion to subsequently determine whether to proceed with the reverse stock split and, if so determined, to abandon the amendments other than the amendment at the chosen reverse stock split ratio, rather than approval of a specified reverse stock split ratio, provides the Board with maximum flexibility to react to then-current market conditions and, therefore, is advisable and in the best interests of Intrepid and its stockholders. The Board may effect only one reverse stock split, if any, as a result of stockholder adoption of this proposal. The Board may also elect to abandon all of the amendments and not to effect any reverse stock split. The Board's decision as to whether and when to effect the reverse stock split will be based on a number of factors, including market conditions, the historical, existing and expected trading price of our common stock, the anticipated impact of the reverse stock split on the trading price of our common stock, and the continued listing requirements of the NYSE. Although the stockholders may approve the reverse stock split, we will not effect the reverse stock split if the Board does not deem it to be in the best interests of Intrepid and its stockholders.

Because the reverse stock split, if effected, will decrease the number of outstanding shares of our common stock by a ratio in the range of 1-for-5, 1-for-10, 1-for-15, 1-for-20, or 1-for-25, as determined by the Board, each of the five separate proposed amendments would result in a relative increase in the number of authorized and unissued shares of our common stock. The number of authorized and unissued shares will also increase if Proposal 4 is approved. For more information on the relative increase in the number of authorized shares of our common stock, see "*Principal Effects and Purpose of Decrease (Relative Increase) in Number of Authorized Shares of our Common Stock*" and "*Anti-takeover Effects of Proposed Amendment*" below.

**Purpose and Background of the Reverse Stock Split**

On March 22, 2016, the Board approved the proposed amendment to the Restated Certificate of Incorporation to effect the reverse stock split, if any, for the following reasons:

The Board believes that effecting the reverse stock split could be an effective means of continuing compliance with the minimum \$1.00 bid price requirement for continued listing of our common stock on the NYSE. The closing price of a share of our common stock on March 15, 2016, was \$1.29.

The Board believes that continued listing on the NYSE provides overall credibility to an investment in our common stock, given the stringent listing and disclosure requirements of the NYSE. Notably, some trading firms discourage investors from investing in lower priced stocks that are traded in the over-the-counter market because they are not held to the same stringent standards. Increasing visibility of our common stock among a larger pool of potential investors could result in higher trading volumes. These increases in visibility and liquidity could also help facilitate future financings.

If our common stock is delisted from the NYSE, our ability to issue shares under our current registration statement could be limited thereby preventing us from accessing the public equity markets.

The Board believes that a higher stock price, which may be achieved through a reverse stock split, could help generate investor interest in Intrepid and help attract, retain, and motivate employees.

The Board believes that some potential employees are less likely to work for Intrepid if we have a low stock price or are no longer listed on the NYSE, regardless of the size of our overall market capitalization.

Table of Contents

**Risks Associated with the Reverse Stock Split**

There are risks associated with the reverse stock split, if effected, including that the reverse stock split may not result in a sustained increase in the per share price of our common stock. These risks include the following:

The market price per share of our common stock after the reverse stock split may not rise in proportion to the reduction in the number of shares of our common stock outstanding before the reverse stock split.

The reverse stock split may not result in a per share price that increases the level of investment in our common stock by institutional investors or increase analyst and broker interest in Intrepid.

The reverse stock split may not result in a per share price that increases our ability to attract and retain employees and other service providers.

The market price per share may not remain in excess of the \$1.00 minimum bid price as required by the NYSE and we may not otherwise be able to meet the requirements of the NYSE for continued inclusion for trading on the NYSE.

Stockholders should note that the effect of the reverse stock split, if any, upon the market price of our common stock cannot be accurately predicted. In particular, we cannot assure you that the price for shares of our common stock after the reverse stock split, if effected, will be 5 to 25 times, as applicable, the price for shares of our common stock immediately prior to the reverse stock split. Furthermore, even if the market price of our common stock does rise following the reverse stock split, we cannot assure you that the market price of our common stock immediately after the proposed reverse stock split will be maintained for any period of time. Even if an increased per-share price can be maintained, the reverse stock split may not achieve the desired results that have been outlined above. Moreover, because some investors may view the reverse stock split negatively, we cannot assure you that the reverse stock split will not adversely impact the market price of our common stock.

The market price of our common stock will also be based on our performance and other factors, some of which are unrelated to the reverse stock split or the number of shares outstanding. If the reverse stock split is effected and the market price of our common stock declines, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of a reverse stock split. The total market capitalization of our common stock after implementation of the reverse stock split when and if implemented may also be lower than the total market capitalization before the reverse stock split. Furthermore, the liquidity of our common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

While we aim that the reverse stock split, if effected, will be sufficient to maintain our listing on the NYSE, it is possible that, even if the reverse stock split results in a bid price for our common stock that exceeds \$1.00 per share, we may not be able to continue to satisfy the NYSE's additional criteria for continued listing of our common stock.

We believe that the reverse stock split may result in greater liquidity for our stockholders. However, it is also possible that our liquidity could be adversely affected by the reduced number of shares outstanding after the reverse stock split, particularly if the price of our common stock does not increase as a result of the reverse stock split.

**Principal Effects of the Reverse Stock Split**

If stockholders approve this proposal and the Board determines to implement the reverse stock split, we will file an amendment to our Restated Certificate of Incorporation in the form set forth in Appendix B to this proxy statement. We would also obtain a new CUSIP number for our common stock at the effective time of the reverse stock split, which number is used to identify our securities, and stock certificates with



Table of Contents

the old CUSIP number will need to be exchanged for stock certificates with the new CUSIP number by following the procedures outlined below.

By approving this amendment, stockholders will approve the combination of any increment of five shares of common stock between and including 5 and 25 into one share of common stock. If the Board determines to proceed with the reverse stock split, the Certificate of Amendment filed with the Delaware Secretary of State will include only that reverse stock split ratio determined by the Board to be in the best interests of Intrepid and its stockholders. The Board will not implement any amendment providing for a different reverse stock split ratio.

The reverse stock split, if any, will be effected simultaneously for all issued and outstanding shares of common stock (including any shares held in treasury) and the reverse stock split ratio will be the same for all issued and outstanding shares of common stock (including any shares held in treasury). The reverse stock split will affect all of our stockholders uniformly and will not affect any stockholder's percentage ownership interests in Intrepid, except to the extent that the reverse stock split results in the payment of cash to any stockholder in lieu of issuing a fractional share. After the reverse stock split, the shares of our common stock will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to our common stock now authorized. Common stock issued pursuant to the reverse stock split will remain fully paid and non-assessable. The reverse stock split will not affect Intrepid continuing to be subject to the periodic reporting requirements of the Exchange Act.

Following the effectiveness of any reverse stock split approved by the stockholders and implementation by the Board, current stockholders will hold fewer shares of common stock, with the number of shares dependent on the specific ratio of the reverse stock split. For example, if the Board determines to proceed with a 1-for-10 reverse stock split, a stockholder owning a "round-lot" of 100 shares of common stock prior to the reverse stock split would hold 10 shares of common stock following the reverse stock split. **The higher the reverse ratio (1-for-10 being higher than 1-for-5, for example), the greater the reduction of related shares each existing stockholder will experience after the reverse stock split.** Moreover, as a result of the reverse stock split, some stockholders may own less than 100 shares of our common stock. A purchase or sale of less than 100 shares, known as an "odd lot" transaction, may result in incrementally higher trading costs through certain brokers, particularly "full service" brokers. Therefore, those stockholders who own less than 100 shares following the reverse stock split may be required to pay higher transaction costs if they sell their shares of our common stock.

In deciding whether to implement the reverse stock split and the specific reverse stock split ratio to be used, the Board will consider primarily the satisfaction of the NYSE continued listing requirements. It may also consider, among other things: (1) the market price of the common stock at the time of the reverse stock split; (2) the number of shares that will be outstanding after the reverse stock split; (3) the expected number of stockholders following the reverse stock split; (4) our stockholders' equity at that time; (5) the shares of common stock available for issuance in the future; (6) the liquidity of our common stock in the market and the improved liquidity that may result; (7) prevailing general market and economic conditions; and (8) other circumstances and factors the Board determines are advisable in its sole discretion. The Board maintains the right to abandon all of the proposed amendments to our Restated Certificate of Incorporation if it determines, in its sole discretion, that we will be able to satisfy the listing requirements of the NYSE without implementing the reverse stock split or if the proposed amendments to our Restated Certificate of Incorporation are otherwise no longer in the best interests of Intrepid and its stockholders.

*If this proposal is not approved, we may be unable to maintain the listing of our common stock on the NYSE, which could adversely affect the liquidity and marketability of our common stock.*

Table of Contents

**Principal Effects and Purpose of Decrease in Number of Outstanding Shares of our Common Stock (Relative Increase in Number of Authorized Shares of our Common Stock)**

Because the reverse stock split, if effected, will decrease the number of outstanding shares of our common stock by a ratio in the range of 1-for-5, 1-for-10, 1-for-15, 1-for-20, or 1-for-25, as determined by the Board in its sole discretion, each of the proposed amendments would result in a relative increase in the number of authorized and unissued shares of our common stock. The relative increase in the amount of authorized and unissued shares of our common stock will provide us with the ability to issue additional shares of common stock in connection with future financings, public or private exchange offers, employee and director benefit programs, and other desirable corporate activities, without requiring our stockholders to approve an increase in the authorized number of shares of common stock each time such an action is contemplated. If any of the proposed amendments to our Restated Certificate of Incorporation are approved and a Certificate of Amendment is filed with the Delaware Secretary of State, all or any of the authorized and unissued shares of common stock may be issued in the future for any corporate purposes and any consideration as the Board deems advisable from time to time, without further action by our stockholders and without first offering those shares to our stockholders. When and if additional shares of common stock are issued, these new shares would have the same voting and other rights and privileges as our currently issued and outstanding shares of common stock, including the right to cast one vote per share. Except pursuant to our Equity Incentive Plan, we presently have no plan, commitment, arrangement, understanding, or agreement regarding the issuance of common stock. However, we regularly consider our capital requirements and growth opportunities and may conduct equity offerings in the future.

Because our stockholders have no preemptive rights to purchase or subscribe for any of our unissued common stock, the future issuance of additional shares of common stock may reduce our current stockholders' percentage ownership interest in the total outstanding shares of common stock. In the absence of a proportionate increase in our future earnings and book value, a future increase in the number of our outstanding shares of common stock would dilute our projected future earnings per share, if any, and book value per share of all our outstanding shares of the common stock. If these factors were reflected in the price per share of our common stock, the potential realizable value of a stockholder's investment could be adversely affected. An issuance of additional shares could therefore have an adverse effect on the potential realizable value of a stockholder's investment.

**Effects of the Reverse Stock Split on our Common Stock**

If the reverse stock split is effected, after the effective time of the amendment to our Restated Certificate of Incorporation, each stockholder will own fewer shares of our common stock as a result of the reverse stock split, regardless of the reverse stock split ratio chosen by the Board. Because the reverse stock split will decrease the number of outstanding shares of our common stock, each of the proposed amendments will result in a relative increase in the number of authorized and unissued shares of our common stock. All outstanding equity awards relating to our common stock, including any held by our officers and directors, would be adjusted as a result of the reverse stock split. In particular, the number of shares issuable upon the exercise or settlement of each award would be reduced, and the exercise price per share, if applicable, would be increased, in accordance with the terms of each award and based on the ratio of the reverse stock split. The chart below outlines the capital structure as described in this proposal and prior to and immediately following a possible reverse stock split at each of the proposed reverse stock split ratios. The number of shares disclosed in the column "Number of Shares of Common Stock Before Reverse Stock Split" reflects the number of shares as of March 15, 2016. The number of shares disclosed in the columns "Estimated Number of Shares of Common Stock After Reverse Stock Split" gives effect to

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

### Table of Contents

the reverse stock split at each of the proposed ratios as of March 15, 2016, but does not give effect to any other changes, including any issuance of securities after that date.

	Number of Shares of Common Stock Before Reverse Stock Split	Estimated Number of Shares of Common Stock After Reverse Stock Split(4) Ratio of Reverse Stock Split:				
		1:5	1:10	1:15	1:20	1:25
Authorized(1)	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued and Outstanding	76,077,062	15,215,412	7,607,706	5,071,804	3,803,853	3,043,082
Maximum Issuable under Outstanding Stock Options and Performance Stock Units	597,881	119,576	59,788	39,858	29,894	23,915
Reserved for Issuance(2)	3,168,181	633,636	316,818	211,212	158,409	126,727
Authorized but Unissued(1)(3)	20,156,876	84,031,376	92,015,688	94,677,125	96,007,844	96,806,276

- (1) The amounts in this table do not take into account any increase to our authorized shares of common stock pursuant to Proposal 4.
- (2) Represents shares reserved for future issuance under our Equity Incentive Plan, excluding shares issuable under outstanding stock options and performance stock units and the effect of any approval of Proposal 7.
- (3) Represents common stock available for future issuance beyond shares outstanding as of March 15, 2016, shares issuable under outstanding stock options and performance stock units, and shares reserved for future issuance under our Equity Incentive Plan.
- (4) The shares presented are an estimate as we do not know the number of fractional shares that will be required to be paid out in cash following the reverse stock split.

### **Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates, if Applicable**

If the proposed amendments to our Restated Certificate of Incorporation are approved by stockholders, and if at that time or at any time through April 30, 2017, the Board still believes that a reverse stock split is in the best interests of Intrepid and its stockholders, the Board will determine the ratio, within the range approved by stockholders, of the reverse stock split to be implemented. The reverse stock split will become effective at the time of filing of the Certificate of Amendment with the Delaware Secretary of State (the "Effective Time"). At the Effective Time, shares of common stock issued and outstanding immediately prior to the Effective Time will be combined, automatically and without any action on the part of the stockholders, into new shares of common stock in accordance with the reverse stock split ratio contained in the Certificate of Amendment.

As soon as practicable after the Effective Time, stockholders of record will be notified by our transfer agent that the reverse stock split has been effected. If you hold shares of common stock in book-entry form, you will not need to take any action to receive post-reverse stock split shares of our common stock. As soon as practicable after the Effective Time, our transfer agent will send to your registered address a transmittal letter along with a statement of ownership indicating the number of post-reverse stock split shares of common stock you hold. If applicable, a check representing a cash payment in lieu of fractional shares will also be mailed to your registered address as soon as practicable after the Effective Time (see "*Fractional Shares*" below).

Some stockholders hold their shares of common stock in certificate form. Our transfer agent will act as exchange agent for purposes of implementing the exchange of stock certificates, if applicable. If you are a stockholder holding pre-reverse stock split shares in certificate form, you will receive a transmittal letter from our transfer agent as soon as practicable after the Effective Time. The transmittal letter will be accompanied by instructions specifying how you can exchange your certificate or certificates representing the pre-reverse stock split shares of our common stock for a statement of ownership. When you submit your certificate or certificates representing the pre-reverse stock split shares of our common stock, your



Table of Contents

post-reverse stock split shares of our common stock will be held electronically in book-entry form in the Direct Registration System. This means that, instead of receiving a new stock certificate representing the aggregate number of post-reverse stock split shares you own, you will receive a statement indicating the number of post-reverse stock split shares you own in book-entry form. We will no longer issue physical stock certificates unless you make a specific request for a certificate representing your post-reverse stock split ownership interest.

***Stockholders should not destroy any stock certificates and should not submit any certificates until requested to do so.***

Beginning at the Effective Time, each certificate representing pre-reverse stock split shares will be deemed for all corporate purposes to evidence ownership of post-reverse stock split shares.

Upon the implementation of the reverse stock split, we intend to treat shares held by stockholders in "street name" (i.e., through a bank, broker, custodian or other nominee) in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers, custodians, or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding our common stock in street name. However, these banks, brokers, custodians, or other nominees may have different procedures than registered stockholders for processing the reverse stock split and making payment for fractional shares. If a stockholder holds shares of our common stock with a bank, broker, custodian, or other nominee and has any questions in this regard, stockholders are encouraged to contact their bank, broker, custodian, or other nominee.

**Fractional Shares**

No scrip or fractional shares will be issued if, as a result of the reverse stock split, a stockholder would otherwise become entitled to a fractional share. Instead, each stockholder will be entitled to receive a cash payment from our transfer agent. Our transfer agent will aggregate all fractional shares following the reverse stock split and sell them into the market in an orderly manner and time so as not to significantly depress the market price for our common stock. The total amount of cash that will be paid to holders of fractional shares following the reverse stock split will be an amount equal to the net proceeds (after customary brokerage commissions and other expenses) attributable to such sales. Holders of fractional shares as a result of the reverse stock split will be paid such proceeds on a pro rata basis, depending on the fractional amount of shares that they owed. Stockholders would not be entitled to receive interest for their fractional shares.

In the event the reverse stock split is effected, then-current stockholders would have no further interest in Intrepid with respect to their fractional shares. A person entitled to a fractional share would not have any voting, dividend, or other rights in respect of their fractional share except to receive the cash payment as described above. The cash payments would reduce the number of post-reverse stock split stockholders to the extent that there are stockholders holding fewer than that number of pre-reverse stock split shares within the reverse stock split ratio that is determined by us as described above. Reducing the number of post-reverse stock split stockholders, however, is not the purpose of this proposal.

Stockholders should be aware that, under the escheat laws of the various jurisdictions where stockholders reside, where we are domiciled and where the funds for fractional shares would be deposited, sums due to stockholders in payment for fractional shares that are not timely claimed after the Effective Time may be required to be paid to the designated agent for the appropriate jurisdiction. Thereafter, stockholders otherwise entitled to receive those funds may have to seek to obtain them directly from the state to which they were paid.

Table of Contents

**Effect on Outstanding Stock Options and Performance Stock Units**

Under our Equity Incentive Plan, we have issued stock options to purchase shares of our common stock and performance stock units that provide for a payout, if any, in shares of our common stock. As of March 15, 2016, we had outstanding under our Equity Incentive Plan stock options and performance stock units representing a maximum of 597,881 shares of our common stock. In the event of a reverse stock split, our Board generally has the discretion to determine the appropriate adjustment to awards granted under our Equity Incentive Plan. Accordingly, if the reverse stock split is approved by our stockholders and our Board decides to implement the reverse stock split, as of the Effective Time, the number of all outstanding options and performance stock units, the number of shares issuable upon the exercise of the options or the settlement of the performance stock units, as applicable, and the exercise price of the options will be proportionately adjusted based on the reverse stock split ratio selected by our Board, subject to the terms of the options and performance stock units. Our Board has also authorized Intrepid to effect any other changes necessary, desirable, or appropriate to give effect to the reverse stock split, if any, including any applicable technical, conforming changes.

**Exchange Act Matters**

Our common stock is currently registered under the Exchange Act, and we are subject to the periodic reporting and other requirements of the Exchange Act. The reverse stock split, if implemented, will not affect the registration of our common stock under the Exchange Act or our reporting or other requirements thereunder. The CUSIP number for our common stock will also change in connection with the reverse stock split and will be reflected on new certificates issued by our transfer agent and in electronic entry systems.

**Accounting Matters**

The reverse stock split, if effected, will not affect the common stock capital account on our balance sheet. However, because the par value of our common stock will remain unchanged at the Effective Time of the split, the components that make up the common stock capital account will change by offsetting amounts. Depending on the size of the reverse stock split the Board decides to implement, the stated capital component will be reduced to an amount between 1-to-5 and 1-to-25 of its present amount, and the additional paid-in capital component will be increased with the amount by which the stated capital is reduced. The per share net income or loss and net book value of our common stock will be increased because there will be fewer shares of common stock outstanding. Prior periods' per share amounts will be restated to reflect the reverse stock split.

**No Appraisal Rights**

Under the Delaware General Corporation Law, stockholders will not be entitled to appraisal rights with respect to the reverse stock split, and we do not intend to independently provide stockholders with any appraisal rights.

**No Going Private Transaction**

Notwithstanding the decrease in the number of outstanding shares following the reverse stock split, the Board does not intend for this transaction to be the first step in a series of plans or proposals of a "going private transaction" within the meaning of Rule 13e-3 of the Exchange Act.

**Interests of Certain Persons in the Proposal**

Our officers and directors have an interest in this Proposal 5 as a result of their ownership of shares of our common stock. However, we do not believe that our officers or directors have interests in Proposal 5 that are different from or greater than those of any of our other stockholders.

Table of Contents

**Anti-takeover Effects of Proposed Amendment**

Release No. 34-15230 of the staff of the SEC requires disclosure and discussion of the effects of any action, including the proposed amendment to our Restated Certificate of Incorporation discussed in this Proposal 5, that may be used as an anti-takeover mechanism. Because the proposed amendment to our Restated Certificate of Incorporation will result in a relative increase in the number of authorized but unissued shares of our common stock vis-à-vis the number of outstanding shares of our common stock after the reverse stock split, the reverse stock split could, under certain circumstances, have an anti-takeover effect, although this is not the purpose or intent of our Board. A relative increase in the number of our authorized shares could enable the Board to render more difficult or discourage an attempt by a party attempting to obtain control of Intrepid by tender offer or other means. The issuance of common stock in a public or private sale, merger or similar transaction would increase the number of outstanding shares entitled to vote, increase the number of votes required to approve a change of control of the company, and dilute the interest of a party attempting to obtain control of Intrepid. Any such issuance could deprive stockholders of benefits that could result from an attempt to obtain control of Intrepid, such as the realization of a premium over the market price that the attempt could cause. Moreover, the issuance of common stock to persons friendly to the Board could make it more difficult to remove incumbent officers and directors from office even if the change were favorable to stockholders generally.

As stated above, in the event of a reverse stock split, we have no present intent to use the relative increase in the number of authorized but unissued shares of our common stock for anti-takeover purposes, and the proposed amendments are not part of a plan by the Board to adopt a series of anti-takeover provisions; however, if the proposed amendments are approved by the stockholders, then a greater number of shares of our common stock would be available for this purpose than is currently available. We are not aware of any pending or threatened efforts to obtain control of Intrepid, and the Board has no present intent to authorize the issuance of additional shares of common stock to discourage these efforts if they were to arise.

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

The following discussion summarizes certain U.S. federal income tax consequences of the reverse stock split, if effected, to holders of our common stock but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, and judicial authority and administrative interpretations, all as of the date of this proxy statement, and all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure holders that the Internal Revenue Service ("IRS") will not challenge one or more of the tax consequences described in this proxy statement, and we have not obtained, nor do we intend to obtain a ruling from the IRS or an opinion of counsel with respect to the U.S. federal income tax consequences of the reverse stock split of our common stock.

This discussion is limited to holders who, if the reverse stock split is effected, hold pre-reverse stock split shares of our common stock and will hold post-reverse stock split shares of common stock as "capital assets" (generally, property held for investment). This discussion does not address all U.S. federal income tax considerations that may be relevant to a holder's particular circumstances, including the impact of the Medicare tax on net investment income. In addition, this discussion does not address consequences relevant to certain categories of investors that may be subject to special rules, including, but not limited to the following:

banks, insurance companies or other financial institutions

tax-exempt or governmental organizations

Table of Contents

pension or other employee benefit plans

brokers, dealers or traders in securities

corporations that accumulate earnings to avoid U.S. federal income tax

persons subject to the alternative minimum tax

U.S. persons whose functional currency is not the U.S. dollar

former U.S. citizens or long-term residents of the United States

real estate investment trusts (REITs) or regulated investment companies (RICs)

S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein)

persons that hold pre-reverse stock split shares of our common stock or will hold post-reverse stock split shares of our common stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction

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

***Each holder of our common stock is urged to consult its own tax advisors regarding the U.S. federal, state, local, and foreign income and other tax consequences of the reverse stock split.***

**U.S. Holders**

For purposes of this discussion, "U.S. Holder" means a beneficial owner of our common stock that, for U.S. federal income tax purposes, is or is treated as one of the following:

an individual citizen or resident of the United States;

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

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



## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

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

The reverse stock split, if effected, should be treated as a "recapitalization" for U.S. federal income tax purposes. Therefore, except as described below with respect to cash received in lieu of a fractional share, generally no gain or loss should be recognized by a U.S. Holder upon the receipt of a reduced number of shares of our common stock as a result of the reverse stock split, if effected. The U.S. Holder's aggregate tax basis in the post-reverse stock split shares of common stock should equal the aggregate tax basis of the shares of common stock surrendered (excluding the portion of the tax basis that is allocable to any fractional share) and such U.S. Holder's holding period in the post-reverse stock split shares of common stock should include the holding period for the shares of common stock surrendered. Treasury Regulations provide detailed rules for allocating the tax basis and holding period of the shares surrendered to the shares received pursuant to the reverse stock split, if effected. A U.S. Holder that holds shares of common

Table of Contents

stock with differing bases or holding periods should consult its tax advisor with regard to identifying the bases or holding periods of the particular shares of common stock received in the reverse stock split, if effected.

A U.S. Holder that receives cash in lieu of a fractional share of common stock will generally be treated as if the U.S. Holder received the fractional share in the reverse stock split and then received the cash in redemption of the fractional share. The deemed redemption generally will result in capital gain or loss equal to the difference between the amount of cash received and the portion of the U.S. Holder's tax basis in its common stock that is allocable to the fractional share. Such capital gain or loss should be long-term capital gain or loss if the U.S. Holder's holding period in its common stock surrendered exceeded one year at the effective time of the reverse stock split. The deductibility of capital losses is subject to limitations. In certain circumstances, it is possible that the cash received in lieu of a fractional share could be characterized as a dividend rather than as capital gain.

**U.S. Information Reporting and Backup Withholding Tax.** Information returns generally will be required to be filed with the IRS with respect to the receipt of cash in lieu of a fractional share of our common stock pursuant to the reverse stock split, if effected, unless the U.S. Holder is an exempt recipient and, if requested, certifies as to such status. U.S. Holders may be subject to backup withholding at the applicable rate on the payment of cash if they fail to provide their taxpayer identification numbers in the manner required or otherwise fail to comply with applicable backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is properly furnished to the IRS on a timely basis. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

**Non-U.S. Holders**

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

Subject to the discussion in the next paragraph, a Non-U.S. Holder that receives solely a reduced number of shares of our common stock as a result of the reverse stock split, if effected, generally should not recognize any gain or loss. A Non-U.S. Holder that receives cash in lieu of a fractional share pursuant to the reverse stock split, if effected, should not be subject to U.S. federal income tax on any gain recognized on the deemed redemption of such fractional share unless:

the gain is effectively connected with the conduct of a trade or business in the United States (provided, in the case of certain Non-U.S. Holders entitled to the benefits of an income tax treaty with the United States);

with respect to a Non-U.S. Holder who is an individual, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year the reverse stock split occurs and certain other conditions are met; or

our common stock constitutes a United States real property interest by reason of our status as a United States real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Generally, a U.S. corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are a USRPHC and that our common stock should be treated as regularly traded on an established securities market (within the meaning of applicable Treasury regulations). Assuming our common stock is treated as regularly traded on an established securities market, only a Non-U.S. Holder that actually or constructively owns, or owned at any time during the shorter of the five-year period ending on the date of the reverse stock split or the

Table of Contents

non-U.S. holder's holding period for the common stock, more than 5% of our common stock (a "5% shareholder") will be taxable, with respect to the third bullet point above, on gain recognized on the receipt of cash in lieu of a fractional share. In addition, a Non-U.S. Holder that is a 5% shareholder will be required to satisfy certain IRS filing requirements in order to avoid recognizing taxable gain, if any, on the receipt of a reduced number of shares of our common stock pursuant to the reverse stock split, if effected, notwithstanding the treatment of the reverse stock split as a recapitalization.

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

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

**Recommendation of our Board of Directors**

**Our Board recommends a vote "for" Proposal 5.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

**Proposal 6 Approval of Amended and Restated Short-Term Incentive Plan**

We are asking stockholders to approve our Amended and Restated Short-Term Incentive Plan, or STIP. We are seeking stockholder approval of the STIP to permit certain awards paid to executive officers to qualify as performance-based compensation for purposes of Section 162(m) of the Code ("Section 162(m)").

**Background**

Our Board and stockholders most recently approved the Short-Term Incentive Plan in 2012. In March 2016, the Compensation Committee and our Board unanimously approved the STIP, subject to stockholder approval. Our Board then directed that we submit the STIP to a vote of our stockholders at the annual meeting.

**Purpose of the STIP; Section 162(m)**

The STIP is designed to provide annual incentives to our executive officers and other key employees to achieve pre-established, objective performance goals. The STIP is an important element of our executive compensation program. It provides incentives for the achievement of near-term financial and operational corporate goals and individual objectives.

The STIP is also designed to preserve the deductibility of payments that constitute qualifying performance-based compensation for purposes of Section 162(m), as well as to provide for compensation not intended to constitute performance-based compensation under Section 162(m). Section 162(m) limits a corporation's federal tax deduction for compensation in excess of \$1 million paid to "covered employees" (the chief executive officer and the other officers employed at yearend the compensation of which is disclosed in the proxy statement, other than the chief financial officer).

Table of Contents

The deduction limit of Section 162(m) does not apply to qualifying performance-based compensation. Compensation can qualify as performance-based only if the material terms of the performance goals are disclosed to and approved by a company's stockholders before the compensation is paid and other requirements are satisfied. The material terms include the following: (a) the employees eligible to receive compensation; (b) a description of the business criteria on which the performance goals are based; and (c) either the maximum amount of compensation that could be paid to an employee if the performance goals are achieved or the formula used to calculate the amount. Periodic stockholder approval of the material terms of performance goals is necessary to preserve a company's federal income tax deduction for performance-based compensation paid to certain executive officers under Section 162(m).

We are asking stockholders to approve the STIP at the annual meeting so that we may continue to be eligible to structure our cash bonus program to take a federal income tax deduction for qualifying performance-based compensation payable to certain of our executive officers.

**Summary of the STIP**

Below is a summary of the material terms of the STIP. We do not describe all of the terms of the STIP. Please read the complete text of the STIP included as Appendix C to this proxy statement.

*Purpose*

The purpose of the STIP is to provide an opportunity for eligible participants to earn competitive annual incentive compensation based on the achievement of pre-established, objective performance goals or targets. The STIP is intended to permit the payment of amounts that constitute qualified performance-based compensation for purposes of Section 162(m), as well as payments not intended to constitute performance-based compensation under Section 162(m).

*Administration*

The STIP is administered and interpreted by the committee. The committee means the Compensation Committee or other committee of the Board appointed by the Board to administer the STIP. The committee or the Board may designate one or more subcommittees consisting solely of two or more "outside directors" within the meaning of Section 162(m) with the power and authority delegated by the committee or the Board to administer the plan. All determinations and interpretations by the committee are final and binding on all persons.

*Eligibility and Participation*

Awards under the STIP may be granted to executive officers or other key employees of Intrepid or any subsidiary whom the committee designates as a participant under the STIP for a plan year. As of March 15, 2016, seven executive officers and other key employees were eligible participants under the STIP. Within 90 days of the beginning of each plan year (our fiscal year, which currently runs from January 1 through December 31), the committee designates the participants for the plan year.

*Target Awards and Performance Goals*

Within 90 days of the beginning of each plan year, the committee establishes (a) each participant's target award, if any, (b) the specific performance goals to receive an earned award, and (c) the formula or other methodology used to determine the amount of any earned award. The target awards, performance goals and formula or methodology for determining awards need not be the same for all participants.

A performance goal under the STIP may be based on one or more of the following measures:

Absolute or relative total shareholder return

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

### Table of Contents

Return on assets, return on equity, or return on capital employed

Earnings per share, corporate or business-unit net income, net income before extraordinary or non-recurring items, earnings before interest and taxes, or earnings before interest, taxes, depreciation, and amortization

Cash flow from operations

Gross or net revenues or gross or net margins

Levels of operating expense or other expense items reported on the income statement

Measures of customer satisfaction and customer service

Safety

Annual or multi-year production or average production growth

Annual or multi-year sales or average sales growth

Annual or multi-year production or sales volume

Annual or multi-year absolute or per-unit operating and maintenance costs

Satisfactory completion of a project or organizational initiative with specific criteria set in advance by the committee

Debt ratios or other measures of credit quality or liquidity

Strategic asset sales or acquisitions in compliance with the specific criteria set in advance by the committee

Annual or multi-year "net-back" sales or the introduction of new products in accordance with specific goals set in advance by the committee

Compliance with Section 404 or other provisions of the Sarbanes-Oxley Act of 2002 or with other laws, regulations, or policies

Staffing and retention

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

Capital expenditures or investments

Milestones relating to sales, production, or capital projects

The performance goals may be based on pro forma numbers and may include or exclude the effect of payment of awards under the STIP and any other incentive or bonus plan of Intrepid. Subject to Section 162(m) requirements, the committee may provide that the attainment of the performance goal shall be measured by appropriately adjusting the evaluation of the attainment of the performance goal for exclusion of the impact of an event or occurrence which the committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of Intrepid, (f) an event either not directly related to our operations or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in our fiscal year, (i) the refinancing or repurchase of bank loans or debt securities, (j), unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to common stock, (m) any business interruption event, (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

Table of Contents

***Earned Awards and Payment of Awards***

After the end of each plan year, the committee reviews and certifies the level of attainment of the performance goals for the year and calculates the potential earned award amount for each participant based on the pre-specified formula or other methodology. The incentive award to be paid to any covered employee will not exceed the maximum award amount described below. The committee has discretion to reduce or eliminate the amount of any potential earned award for any reason (including individual performance).

All earned awards are paid as soon as reasonably practicable after the end of the plan year and the committee's certification of the level of attainment of the performance goals and determination of the earned award for each participant, but in no event later than March 15 of the year following the plan year for the award unless otherwise deferred. Earned awards are ordinarily paid in cash, but the committee has discretion to pay all or any portion of an earned award in stock pursuant to the terms of our Equity Incentive Plan. A participant must be employed on the date of payment in order to be eligible to receive an earned award except as otherwise determined by the committee.

***Maximum Award***

The maximum amount of compensation payable as a performance award under the STIP to a participant who is determined to be a covered employee for purposes of Section 162(m) for any calendar year is \$5 million.

***Amendment and Termination***

The STIP may be amended or terminated at any time for any reason by our Board. No amendment will be effective without stockholder approval if stockholder approval is necessary for purposes of Section 162(m).

***Recoupment of Awards***

Awards granted or amounts payable under the STIP shall be subject to the terms of any compensation recoupment policy then applicable, if any, to the extent the policy applies to such award or amount and any provision of applicable law relating to cancellation, rescission, payback or recoupment of compensation.

***Tax Withholding***

All earned awards will be subject to applicable tax withholdings.

***Unfunded; Unsecured General Creditor***

Amounts payable under the STIP will be paid from our general assets. The rights of any participant or beneficiary will be only those of an unsecured general creditor.

***New Plan Benefits***

The amounts of awards payable under the STIP, if any, are not determinable. The potential amount payable to any participant depends on the performance goals established for the participant, the determination as to whether the performance goals were met, the participant's individual performance and the discretion of the committee.

***Recommendation of the Board of Directors***

**Our Board recommends a vote "for" Proposal 6.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

Table of Contents

**Proposal 7 Approval of Amended and Restated Equity Incentive Plan**

We are asking stockholders to approve our Amended and Restated Equity Incentive Plan, or EIP. We are seeking stockholder approval of the EIP to increase the number of shares available for issuance under the EIP, to permit certain awards that may be granted in the future under the plan to qualify as performance-based compensation for purposes of Section 162(m), and to make certain other changes to the EIP. This is the first increase to the number of shares available for issuance that we have asked stockholders to approve since the EIP was originally adopted in 2008. By approving this proposal, stockholders would authorize a total of 7,060,000 shares for issuance under the EIP, less grants made after December 31, 2015, and prior to the effective date of the amended and restated EIP, counted at the new fungible ratio as described below.

**Background**

Our Board and stockholders approved the EIP in 2008 and approved an amendment and restatement of the EIP in 2012 to permit certain awards to qualify as performance-based compensation for purposes of Section 162(m). In March 2016, the Compensation Committee and our Board unanimously approved the EIP, subject to stockholder approval. Our Board then directed that we submit the EIP to a vote of our stockholders at the annual meeting.

**Purpose of the EIP; Section 162(m)**

The EIP is an equity incentive plan that is designed to provide long-term equity incentives to attract, retain, and motivate eligible employees, directors, and consultants and to align their interests with those of our stockholders. The EIP is designed with the flexibility to award restricted stock, restricted stock units, performance awards, incentive stock options, non-qualified stock options, stock appreciation rights, cash-based awards, and other stock-based awards to eligible individuals. Long-term equity incentives have been an important part of our incentive compensation program. A portion of total annual compensation of our executive officers is paid in the form of long-term equity awards to more closely align the interests of management with the long-term interests of our stockholders.

As discussed in more detail above under the heading "*Proposal 6 Approval of Amended and Restated Short-Term Incentive Plan*," Section 162(m) generally provides that amounts paid to a covered employee in excess of \$1 million are not deductible for federal income tax purposes. This deduction limit does not apply to qualifying performance-based compensation if the material terms of the performance goals are disclosed to and approved by stockholders and other requirements are met. We are asking stockholders to approve the EIP so that we may continue to take a federal income tax deduction for certain qualifying performance-based compensation payable with respect to certain awards granted to executive officers. If our stockholders do not approve the EIP at the annual meeting, we may continue to grant awards under the EIP. However, future grants may not qualify as performance-based compensation under Section 162(m).



Table of Contents**Burn Rate and Overhang**

In setting and recommending to stockholders the number of additional shares to authorize under the EIP, the Compensation Committee considered historical equity awards granted under the EIP, as well as our three-year average burn rate for the preceding three fiscal years as follows:

Year	Stock Options Granted	Stock Awards Granted(1)	Earned PSUs	Total	Weighted Average Common Shares Outstanding	Burn Rate
2015	0	265,824	0	265,824	75,669,489	0.35%
2014	0	400,390	0	400,390	75,504,677	0.53%
2013	0	253,170	23,139	276,309	75,378,655	0.37%
Three-Year Average	0	306,461	7,713	314,174	N/A	0.42%

(1)

Includes fully-vested director stock awards: 2015 grants 28,568 shares; 2014 grants 21,144 shares; and 2013 grants 17,680 shares.

Our average burn rate for the preceding three fiscal years as set forth in the table above was 0.42%. The burn rate is the ratio of the number of shares underlying awards granted under the EIP during a fiscal year (except that we reflect performance units in the year they were earned, which is the final year of the applicable performance period) to the number of our weighted average common shares outstanding for the corresponding fiscal year.

We calculate overhang as the sum of the total number of shares subject to equity awards outstanding and the total number of shares available for grant under the EIP (our only equity plan) divided by the sum of the total common stock outstanding, the total number of shares subject to equity awards outstanding (which are not already included in total common stock outstanding) and the total number of shares available for grant under the EIP. Our overhang as of December 31, 2015, was 5.2%. If the amended and restated EIP is approved, the additional 4.0 million shares available for issuance would increase the overhang to approximately 9.8%.

The following table shows certain information about the EIP as of December 31, 2015:

Number of shares that will be authorized for future grant after stockholder approval of the EIP(1)	7,060,000
Number of shares relating to outstanding stock options at 12/31/15	241,961
Number of shares outstanding at 12/31/15 relating to awards of restricted stock, and performance units(2)	843,110
Weighted average remaining term of outstanding options	3.5 years
Weighted average exercise price of outstanding options	\$ 25.96

(1)

Any shares that are subject to option or stock appreciation rights will be counted against this amount as one share for every one share granted, and any shares that are subject to awards other than option or stock appreciation rights will be counted against this amount as 1.7 shares for every one share granted. This amount will also be decreased by one share for every one share that was subject to an option or stock appreciation right granted after December 31, 2015, and prior to May 24, 2016, and by 1.7 shares for every one share that was subject to an award other than an option or stock appreciation right granted after December 31, 2015, and prior to May 24, 2016.

(2)

Performance units are disclosed assuming maximum performance.

Table of Contents

**Summary of Proposed Changes**

We are asking stockholders to approve the following changes in our EIP:

Approve an additional 4,004,647 new shares of common stock available for grant under the EIP, which when added to the shares available for grant as of December 31, 2015, will authorize a total of 7,060,000 shares of common stock available for grant under the EIP, less awards made after December 31, 2015, and counted at the new fungible ratio (described below).

Adopt a "fungible" share design, where each share subject to an award of options or stock appreciation rights counts against the share authorization as one share and where each share subject to an award other than an option or stock appreciation right counts against the share authorization as 1.7 shares.

Add a one-year minimum vesting provision applicable to full value awards (awards other than options or stock appreciation rights), subject to limited exceptions as described in the EIP.

Eliminate liberal share recycling on options and stock appreciation rights, so that shares tendered or withheld to pay for taxes on these awards or to pay an option exercise price will not be added to the shares available for grant.

Add an individual award limit for awards to nonemployee directors (which limits both cash and equity) and modify certain other individual award limits.

Extend the duration of the plan to May 24, 2026.

Make certain other administrative changes.

**Summary of the EIP**

The following is a summary of the material terms of the EIP, and does not describe all of the plan terms. Please read the complete text of the EIP included as Appendix D to this proxy statement.

***Purpose and Awards***

The EIP is intended to enhance the ability of Intrepid and its affiliates to attract and retain highly qualified officers, directors, key employees, and other individuals to contribute to our growth and success, to provide incentives to individuals to contribute to our long-term growth and profitability, and to further align the interests of these individuals with the interests of stockholders. The EIP permits the grant of restricted stock, restricted stock units, performance awards, incentive stock options, non-qualified stock options, stock appreciation rights, cash-based awards, and other stock-based awards.

***Administration***

The Compensation Committee or another committee of the Board generally administers the EIP. The committee or the Board may delegate to one or more subcommittees the power and authority to grant awards to specified groups of eligible individuals. The committee selects participants and determines the amount, type, and other terms and conditions of the awards. The committee has full authority to administer the EIP, including the authority to interpret and construe any provision in the EIP and the terms of any award agreement and to adopt any rules and regulations for administering the EIP that it may deem necessary or appropriate. Pursuant to this authority, on or after the date of grant of an award, the committee may (a) accelerate the date on which an award becomes vested, exercisable, or transferable; (b) extend the term of any award, including extending the period following termination of a participant's service during which the award may remain outstanding; (c) waive any conditions with regard to vesting, exercisability, or transferability of an award; and (d) make changes to recognize differences in local law, tax policy, or custom for individuals employed outside the United States.



Table of Contents

***Stock Subject to the Plan, Adjustments, and Share Counting***

We are asking stockholders to approve an additional 4,004,647 shares for issuance under the EIP. This is the first increase to the number of shares available for issuance that we have asked stockholders to approve since the EIP was originally adopted in 2008. By approving this proposal, stockholders would authorize a total of 7,060,000 shares of common stock. This amount will be decreased by one share for every one share that was subject to an option or stock appreciation right granted after December 31, 2015, and prior to May 24, 2016, and by 1.7 shares for every one share that was subject to an award other than an option or stock appreciation right granted after December 31, 2015, and prior to May 24, 2016.

Any shares that are subject to option or stock appreciation rights will be counted against this limit as one share for every one share granted, and any shares that are subject to awards other than option or stock appreciation rights will be counted against this limit as 1.7 shares for every one share granted. If stockholders approve this proposal, after May 24, 2016, no Awards may be granted under any previous version of the EIP.

The number of shares that may be granted under the EIP is subject to adjustment in the event of any stock dividend or split, reorganization, recapitalization, merger, share exchange, or any other similar corporate event (including any reverse stock split authorized under Proposal 5). Outstanding awards under the EIP are also subject to similar adjustment for these types of events.

To the extent that an award previously granted under the EIP expires or is canceled, forfeited, settled in cash, or otherwise terminated without delivery to the participant of the full number of shares to which the award related, the shares retained or returned to us will again be available for grant. Shares withheld in payment of the taxes relating to a full value award will be again available for awards under the EIP. Notwithstanding the foregoing, the following shares will not be added to the shares authorized for grant under the EIP: (i) shares tendered or withheld to pay for the exercise price of an option or the taxes related to an option or stock appreciation right; (ii) shares subject to a stock appreciation right that are not issued in connection with its stock settlement on exercise thereof, and (iii) shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of options. Shares that we issue under the EIP may be authorized but unissued shares or previously issued shares that we have reacquired and held as treasury shares. Fair market value is generally defined under the EIP as the closing sale price of a share of our common stock on the exchange upon which our shares are traded. The closing price of a share of our common stock on March 15, 2016, was \$1.29.

***Individual Award Limits***

The following limits apply to Awards intended to constitute performance-based compensation under Section 162(m):

Options and stock appreciation rights: No participant may be granted within any calendar year one or more options or stock appreciation rights that in the aggregate are for more than 1,500,000 shares of stock reserved for issuance under the EIP, plus an additional aggregate of 1,500,000 shares of stock reserved for issuance under the EIP for one-time awards to a newly hired or newly promoted participant.

Awards of restricted stock and restricted stock units: No participant may be granted within any calendar year one or more awards of restricted stock and restricted stock units subject to vesting conditions based on the attainment of performance goals for more than an aggregate of 1,500,000 shares of stock reserved for issuance under the EIP.

Performance shares and performance units: No participant may be granted within any calendar year one or more awards of performance shares and performance units that could result in the participant receiving pursuant to those performance shares and performance units more than 4,500,000 shares of stock reserved for issuance under the EIP.

Table of Contents

Cash-based awards: No participant may be granted within any calendar year one or more cash-based awards that could result in the participant receiving pursuant to those cash-based awards more than \$10,000,000.

For nonemployee directors, the aggregate amount of cash (including annual retainers and other fees, whether or not granted under the EIP) plus the aggregate grant date fair value of all awards granted to any nonemployee director during any single calendar year may not exceed \$600,000.

All of the limitations described above will be adjusted for changes in our capitalization.

***Eligibility and Participation***

All employees, officers, or directors of Intrepid or an affiliate are eligible to participate in the EIP when selected by the committee for an award. Consultants and advisers who provide services to us or an affiliate are also eligible to participate when selected by the committee for an award. As of March 15, 2016, approximately 70 of our employees, officers, directors, consultants, and advisers were eligible participants under the EIP.

***Significant Features of Awards***

The following is a description of the significant terms that apply to each type of award that may be issued under the EIP:

**Restricted Stock, Restricted Stock Units, and Performance Awards**

The committee may grant awards of restricted stock, which is an award of actual shares subject to a risk of forfeiture and restrictions on transfer. The committee may also grant an award of restricted stock units, which is a bookkeeping entry representing the equivalent of shares of stock. The committee may also grant a performance award in the form of performance shares, performance units, or a cash-based award that vests or pays out based on the attainment of performance goals and any other terms and conditions determined by the committee. The terms and conditions of restricted stock, restricted stock units, performance shares, performance units, or cash-based award will be determined by the committee. Except as set forth in the award agreement, upon termination of a participant's services, any unvested shares of restricted stock or restricted stock units will be forfeited. Each award agreement will set forth the extent to which the participant will retain performance shares, performance units, or cash-based awards upon termination of service.

**Minimum Vesting Requirement**

The amended and restated EIP contains a minimum vesting requirement. Specifically, no full value award (which is an award other than an option or stock appreciation right) granted on or after the effective date may vest in less than one year from its date of grant. However, up to 5% of the available shares of stock authorized for issuance under the EIP (adjusted to reflect the fungible share ratio as it applies to full value awards) may vest (in full or in part) in less than one year from their date of grant. Any full value award may vest in full or in part upon death or disability of the participant, or upon a change in control of the Company, and these vestings will not count against the 5% basket described above.

**Performance-Based Compensation**

The committee may grant one or more awards designed to qualify as "performance-based" compensation under Section 162(m) based on the grant, vesting, or payout of the awards being contingent on the achievement of pre-established performance goals. The committee will establish objective performance goals within 90 days of the beginning of the performance period and the formula or other methodology used to determine the number or value of shares, units, or payout of any earned award. The

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

### Table of Contents

target awards, performance goals, and formula or methodology for determining awards need not be the same for all participants.

A performance goal under the plan may be based on one or more of the following measures:

Absolute or relative total shareholder return

Return on assets, return on equity, or return on capital employed

Earnings per share, corporate or business-unit net income, net income before extraordinary or non-recurring items, earnings before interest and taxes, or earnings before interest, taxes, depreciation, and amortization

Cash flow from operations

Gross or net revenues or gross or net margins

Levels of operating expense or other expense items reported on the income statement

Measures of customer satisfaction and customer service

Safety

Annual or multi-year production or average production growth

Annual or multi-year sales or average sales growth

Annual or multi-year production or sales volume

Annual or multi-year absolute or per-unit operating and maintenance costs

Satisfactory completion of a project or organizational initiative with specific criteria set in advance by the committee

Debt ratios or other measures of credit quality or liquidity

Strategic asset sales or acquisitions in compliance with the specific criteria set in advance by the committee

Annual or multi-year "net-back" sales or the introduction of new products in accordance with specific goals set in advance by the committee

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

Compliance with Section 404 or other provisions of the Sarbanes-Oxley Act of 2002 or with other laws, regulations, or policies

Staffing and retention

Capital expenditures or investments

Milestones relating to sales, production, or capital projects

The performance goals may be based on pro forma numbers and may include or exclude the effect of payment of awards under the plan and any other incentive or bonus plan of Intrepid. Subject to Section 162(m) requirements, the Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of Intrepid, (f) an event either not directly related to our operations or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in our fiscal year, (i) the refinancing or repurchase of bank loans or debt securities, (j), unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of

Table of Contents

convertible securities to common stock, (m) any business interruption event, (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results.

After the applicable performance period has been completed, the committee will certify the level of achievement of the performance goals and determine the number or value of any earned award.

**Options and Stock Appreciation Rights**

Each option entitles the holder to purchase a specified number of shares at a specified exercise price. Each option agreement will specify whether the option is an "incentive stock option," or "ISO" (within the meaning of Section 422 of the Code), or a nonqualified stock option. Each stock appreciation right entitles the holder to receive, upon exercise, the excess of the fair market value of a share at the time of exercise over the grant price of the stock appreciation right multiplied by the specified number of shares to which the stock appreciation right is being exercised. Except for substitute awards, the exercise or grant price of each option and stock appreciation right will be at least 100% of the fair market value of a share on the date the award is granted. The term of any option or stock appreciation right may not exceed 10 years and the option or stock appreciation right will vest over a period determined by the committee. The award agreement may provide that the period of time over which an option other than an ISO and stock appreciation right may be exercised will be automatically extended if on the scheduled expiration date, the exercise of the option or stock appreciation right would violate applicable securities laws or our insider trading policy. Each option or stock appreciation right agreement will specify the consequences to the award with respect to a termination of service with us and our affiliates.

**Other Stock-Based Awards**

The committee may grant other types of stock-based awards in which participants may (a) acquire shares of stock or (b) receive an award, whether payable in cash or stock, the value of which is determined in whole or in part, based on the value of our common stock, subject to the terms and conditions of the EIP.

***Dividends and Dividend Equivalents***

The committee will determine and set forth in the award agreement whether the participant will be entitled to receive (currently or on a deferred basis) dividends or dividend equivalents with respect to shares of stock covered by the award; *provided, however*, in no event may dividends or dividend equivalents be paid on awards that vest or pay based on the attainment of performance goals until and to the extent the award is earned, although amounts can be accumulated, and dividend equivalents are not payable in connection with an option or stock appreciation right. The committee may provide that any dividends paid on shares subject to an award will be reinvested in additional shares of stock, which may or may not be subject to the same vesting conditions and restrictions applicable to the award.

***Change of Control***

The restated EIP contains a "double trigger." Unless otherwise provided by the committee, the acquiror may, without the consent of the participant, either assume our rights and obligations under outstanding awards or substitute the award with a substantially equivalent award for the acquiror's stock, *provided, however*, if the award is continued, assumed, or substituted and within 24 months after the change of control the participant's service is terminated without cause or the participant resigns for good reason, the following will apply: (a) all options and stock appreciation rights will become immediately exercisable and (b) any restrictions imposed on restricted stock, restricted stock units, performance shares, performance units, cash-based awards, and other stock-based awards will lapse and the award will be paid. The committee may, in its sole discretion, provide at the time of the award or otherwise for specific



Table of Contents

treatment of an outstanding award at any time prior to, coincident with, or after the time of a change of control.

For purposes of the EIP, a "change of control" occurs upon the occurrence of any one of the following events:

Any individual, entity or group (other than our current principal owners) becomes the beneficial owner of more than 50% of our voting securities.

The directors on our Board at the beginning of any 24-month period, or directors nominated by those directors, cease to constitute a majority of the Board.

There is a merger, consolidation, or other direct or indirect sale of Intrepid or its assets that will result in the voting securities of the successor entity being owned 50% or less by our voting security holders prior to the transaction.

Our stockholders approve a complete plan of liquidation or dissolution.

***Tax Withholding***

The EIP provides that participants may elect to satisfy certain federal, state, and local income tax and employment tax withholding requirements by remitting to us cash or, subject to certain conditions, shares, or by instructing us to withhold shares payable to the participant.

***Recoupment of Awards***

Awards granted or amounts payable under the EIP will be subject to the terms of any Intrepid compensation recoupment policy then applicable, if any, to the extent the policy applies to such award or amount and any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation.

***Repricing***

Except for adjustments to reflect the effects of certain corporate transactions, the EIP requires stockholder approval of any amendment or modification to outstanding options or stock appreciation rights that reduces the exercise or grant price; provides for a cancellation and replacement grant with a lower exercise or grant price; provides for a cancellation for cash or another award if the exercise or grant price is higher than the then-current fair market value; or provides for any other change that would be treated as a repricing under the exchange upon which our shares are traded.

***Amendment and Termination***

Generally, our Board may amend, modify, or terminate the EIP at any time; *provided, however*, that no amendment or modification may become effective without approval of stockholders if stockholder approval is required to satisfy any applicable statutory or regulatory requirements or if we determine that stockholder approval is otherwise necessary or desirable. We will not make any grants under the plan after May 24, 2026, but awards outstanding at that time will continue in accordance with their terms.

**Federal Income Tax Consequences**

The following is intended only as a brief summary of the current material U.S. federal income tax consequences of awards granted under the EIP. The tax consequences to a participant will depend upon the type of award issued to the participant. In general, if a participant recognizes ordinary income in connection with the grant, vesting, or exercise of an award, we will be entitled to a corresponding deduction equal to the amount of the income recognized by the participant. This summary does not

Table of Contents

address the effects of other federal taxes (including possible excise taxes) or taxes imposed under state, local, or foreign tax laws.

***Restricted Stock, Restricted Stock Units, Performance Awards, and Other Stock-Based Awards***

If an award is subject to a restriction on transferability and a substantial risk of forfeiture (for example, restricted stock), the participant generally must recognize ordinary income equal to the fair market value of the transferred amounts at the earlier of the removal of the restrictions on transferability or when the risk of forfeiture lapses. However, the participant may elect under Section 83(b) of the Code within 30 days of the date of grant to recognize ordinary income or shares of restricted stock as of the date of grant equal to the excess of the fair market value of the shares on the date of grant, over the amount paid, if any. If an award has no restriction on transferability or is not subject to a substantial risk of forfeiture, the participant generally must recognize ordinary income equal to the cash or the fair market value of shares received. If a participant receives an award that includes a performance or vesting requirement or other restriction that must be satisfied prior to payment or receipt of shares, the participant will generally not recognize income for federal income tax purposes at the time of grant of the award and we are not entitled to a deduction at that time. At the time the performance or vesting requirements or other restrictions are satisfied, the participant will recognize ordinary income in the amount equal to the fair market value of any shares delivered or the amount of any cash paid. If a participant sells or disposes of shares delivered to the participant pursuant to an award, the participant will recognize short-term or long-term capital gain or loss measured by the difference between the sale price and the participant's tax basis in the shares.

***Options and Stock Appreciation Rights***

In general, a participant does not have taxable income upon the grant of an option or a stock appreciation right. The participant will recognize ordinary income upon exercise of a nonqualified stock option equal to the excess of the fair market value of shares acquired on exercise over the aggregate option price for the shares. Upon exercising a stock appreciation right, the participant will recognize ordinary income equal to the cash or fair market value of the shares received over the aggregate base price for the shares. A participant will not recognize ordinary income upon exercise of an ISO, except that the alternative minimum tax may apply. If a participant disposes of shares acquired upon exercise of an ISO before the end of the applicable holding periods, the participant will recognize ordinary income. Otherwise, a sale of shares acquired by exercise of an option or a stock appreciation right generally will result in short-term or long-term capital gain or loss measured by the difference between the sale price and the participant's tax basis in the shares. We normally can claim a tax deduction equal to the amount recognized as ordinary income by a participant in connection with an option or stock appreciation right, but no tax deduction relating to a participant's capital gains. We will not be entitled to any tax deduction with respect to an ISO if the participant holds the shares for the applicable ISO holding periods before selling or transferring the shares.

***Section 409A***

Section 409A of the Code imposes election, payment, and funding requirements on "nonqualified deferred compensation" plans. If a nonqualified deferred compensation arrangement subject to Section 409A of the Code fails to meet, or is not operated in accordance with, the requirements of Section 409A, then compensation deferred under the arrangement may become immediately taxable and subject to a 20% additional tax. Some awards that may be issued under the plan may constitute a "deferral of compensation" subject to the requirements of Section 409A of the Code.

***Section 162(m)***

Compensation that qualifies as "performance-based" compensation is excluded from the \$1 million deduction limitation of Section 162(m). Under the plan, options and stock appreciation rights granted with

Table of Contents

an exercise price at least equal to 100% of the fair market value of the underlying shares on the date of grant and certain other awards paid to covered employees that are conditioned upon achievement of performance goals are intended to qualify as "performance-based" compensation. A number of requirements must be met for compensation paid or earned with respect to an award granted under the EIP to qualify as performance-based compensation for purposes of Section 162(m).

**New Plan Benefits**

The amount of awards payable under the EIP are not determinable. No awards have been granted that are conditioned upon stockholder approval of the EIP. You can find more information regarding our equity-based awards granted to our executives during 2015 below under the heading "*Executive Compensation Grants of Plan-Based Awards in 2015.*"

**Stock Options Granted Under the Plan**

The following table sets forth, as of December 31, 2015, the aggregate number of stock options that we have granted under the EIP since its adoption in 2008 to our individual executive officers, our executive officers as a group, our directors who are not executive officers as a group, and all employees as a group. In accordance with SEC rules, we have not included in the table information about any other types of awards granted under the plan or information about stock options that have been forfeited or exercised and are therefore no longer outstanding. You can find information about currently outstanding stock options held by our executives and directors below under the headings "Executive Compensation Outstanding Equity Awards at the End of 2015" and "Director Compensation Director Compensation Table."

Name or Group	Number of Securities Underlying Stock Options Granted
Robert P. Jornayvaz III	60,173
James N. Whyte	23,829
Kelvin G. Feist	3,751
Brian D. Frantz	1,339
John G. Mansanti	11,495
<b>Executive officers, as a group</b>	<b>100,587</b>
<b>Directors who are not named above, as a group (includes director nominees)</b>	<b>60,173</b>
<b>All employees, as a group (includes executive officers and employee directors)</b>	<b>241,961</b>

We have not granted any stock options under the EIP to any of our nonemployee directors, including our director nominees, J. Landis Martin and Barth E. Whitham. We also have not issued any stock options under the EIP to associates of any of our executive officers, directors, or director nominees or to any other person who has received or is expected to receive 5% of options available under the EIP.

Table of Contents**Share Usage Analysis**

The following table provides information about our use of shares authorized under the EIP for the last three years (including options and shares of restricted stock that were granted and subsequently forfeited, withheld, or otherwise returned to us):

Year	Number of Options Granted	Number of Shares of Restricted Stock and Unrestricted Common Stock Granted	Number of Performance Units Granted (at Target)
2015		265,824	189,075
2014		400,390	
2013		253,170	58,986

**Recommendation of the Board of Directors**

**Our Board recommends a vote "for" Proposal 7.** Proxies will be voted in favor of the proposal unless you specify otherwise in your proxy.

**Equity Compensation Plan Information**

The following table sets forth information as of December 31, 2015, regarding our equity compensation plan:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	625,408(1)	\$ 25.96(2)	3,055,353(3)
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>625,408</b>	<b>\$ 25.96</b>	<b>3,055,353</b>

- 
- (1) Includes, as of December 31, 2015, (a) 241,961 shares issuable upon the exercise of outstanding nonqualified stock options issued under our EIP and (b) 383,447 shares potentially issuable upon the vesting of performance stock units issued under our EIP.
- (2) Represents the weighted-average exercise price of outstanding options. Performance stock units do not have an exercise price and therefore are not taken into account in the calculation of weighted-average exercise price.
- (3) Represents shares available for future issuance under our EIP.

**Corporate Governance****Director Independence**

Our Board is comprised of a majority of independent directors. Our Board has determined that each of Terry Considine, Chris A. Elliott, J. Landis Martin, and Barth E. Whitham is an independent director under the rules of the SEC and NYSE and does not have any material

relationship with us other than his position as a director and stockholder. In making these determinations, our Board considered past employment, remuneration, and all other relationships with Intrepid, as well as the specific independence tests set forth

Table of Contents

in the NYSE's director independence rules. Our Board also considered the relationships described below among directors and in each case concluded that the relationship did not compromise the director's independence. As employees of Intrepid, Messrs. Jornayvaz and Harvey are not considered independent directors under SEC and NYSE rules.

**Messrs. Martin and Considine** Each of Messrs. Jornayvaz, Harvey, and Considine has an investment in an investment fund controlled by Mr. Martin. Our Board considered among other things that each of these investments constitutes less than 1% of the total amount of the fund.

**Messrs. Considine and Whitham** Each of Messrs. Jornayvaz, Considine, and Whitham has made investments in companies that were created to acquire and own residential apartment properties and that are managed and controlled by Mr. Considine's son. Our Board considered among other things the size and characteristics of each of these investments.

**Board Leadership Structure**

Our Board has appointed Mr. Jornayvaz to serve as both our Executive Chairman of the Board and our Chief Executive Officer. Our Board believes that Mr. Jornayvaz is best situated to serve as Executive Chairman of the Board because he is the director most familiar with our business and industry and is most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. We believe that independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight, and expertise from outside the company and from different industries, while Mr. Jornayvaz brings company- and industry-specific experience and expertise. In addition, Mr. Jornayvaz is our largest stockholder, holding approximately 15.1% of our outstanding common stock as of March 15, 2016. Consequently, Mr. Jornayvaz's interests are generally aligned with the interests of our other stockholders.

At this time, our Board believes that the combined role of Executive Chairman of the Board and Chief Executive Officer promotes strategy development and execution and facilitates information flow between management and our Board, each of which is essential to effective corporate governance. One of the key responsibilities of our Board is to develop strategic direction and to hold management accountable for the execution of strategy once it is developed. Our Board believes the combined role of Executive Chairman of the Board and Chief Executive Officer, supported by an independent lead director having the duties described below, is in the best interest of stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

**Independent Lead Director**

Our Board has selected Mr. Martin to serve as its independent lead director. Our lead director has the following responsibilities:

Serves as the principal liaison between non-management directors and the Executive Chairman of the Board and between the Board and our stockholders

Presides over regularly scheduled executive sessions of non-management directors and meetings of independent directors

Presides at all Board meetings at which the Executive Chairman of the Board is not present

Together with the Executive Chairman of the Board, approves meeting agendas for the Board and reviews any materials, as so desired by the lead director, that will be distributed to the Board; the lead director also may request that additional materials be distributed to the Board

Approves meeting schedules to ensure that there is sufficient time for discussion of all agenda items

At his or her discretion, calls meetings of the non-management or independent directors

Table of Contents

If requested by major stockholders, ensures that he or she is available for consultation and direct communication

Performs any other duties as may from time to time be delegated to the lead director by the Board

**Risk Management**

We are exposed to a number of risks, and we annually undertake a risk management review to identify and evaluate risks throughout our company and to develop plans to manage them effectively. We have established an enterprise risk management program to assist in this process. Our Executive Vice President of Human Resources and Risk Management is directly responsible for our risk management functions, and, in this role, he periodically updates the Board regarding ongoing assessment and mitigation of our risks and works closely with members of senior management, mine general managers, and others within Intrepid to identify and design programs or procedures to mitigate potential risks where possible. We also have established a compliance program, including our Code of Business Conduct and Ethics and ancillary statements and policies, and have appointed a Chief Compliance Officer to manage the compliance program. In this capacity, our Chief Compliance Officer reports directly to the Audit Committee.

Our Board has an active role, as a whole and at its committee level, in overseeing management of our risks. Our Board regularly reviews information about financial, operational, and other risks that may impact our business. The Compensation Committee is responsible for overseeing the management of risks relating to our compensation plans and arrangements. The Audit Committee oversees the management of accounting, financial reporting, and financial risks and the management of our compliance program. The Governance Committee manages risks associated with director independence and potential conflicts of interest. Our Board oversees management of risks associated with operations, environmental, health, and safety. While each committee is responsible for evaluating certain risks and overseeing the management of those risks, the entire Board is regularly informed about those risks through committee reports.

We have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us. You can find more information about our assessment of risks arising from compensation policies and practices below under the heading "*Risks Arising from Compensation Policies and Practices.*"

**Communication with Directors**

Stockholders and other interested parties who wish to communicate with our Board, including our independent or non-management directors as a group, our lead director, or any other individual director, may do so by submitting a written communication to our lead director at the following address:

Lead Director  
c/o Intrepid Potash, Inc.  
707 17th Street, Suite 4200  
Denver, CO 80202

Communications can be made anonymously and confidentially using this method. A copy of communications will be forwarded to our legal counsel and retained for a reasonable period of time. Our lead director may discuss these communications with our legal counsel, independent advisors, non-management directors, or management and may take other action or no action as he determines in good faith, using reasonable judgment and discretion.

The Audit Committee oversees our procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, or audit matters. We have established a website and telephone number for employees to use to report, on a confidential and anonymous basis, any concerns regarding questionable accounting, internal accounting controls, or auditing matters.

Table of Contents**Stock Ownership Guidelines**

We believe that stock ownership by our directors and senior management better aligns their interests with those of our other stockholders. Our Board has established stock ownership guidelines that encourage these individuals to own meaningful amounts of our common stock. Each covered individual is expected to own Intrepid common stock with a value at least equal to a specified multiple of his then-current annual salary or annual cash retainer, subject to a phase-in period. Ownership value is measured based on the greater of market or acquisition value. After the phase-in period, the individual may not enter into any transaction (including a sale of shares received through awards of stock, restricted stock, or performance stock units) that would result in non-compliance, excluding the withholding of shares to cover taxes due upon the vesting of an award. In addition, during any period of non-compliance, the individual is expected to retain ownership of at least 50% of the total number of shares received from the exercise of stock options, excluding any shares withheld to cover taxes and any shares sold or netted to pay the exercise price, until the ownership level has been achieved. The Compensation Committee may waive these guidelines if compliance would place a severe hardship on an individual. All of our directors and executives are in compliance with the stock ownership guidelines or are within the applicable phase-in period.

The table below summarizes our stock ownership guidelines:

<b>Individual</b>	<b>Multiple of Annual Salary or Cash Retainer</b>	<b>Phase-In Period</b>
Chief Executive Officer or Principal Executive Officer (CEO)	6	5 years after first becoming CEO
Senior Vice Presidents and above (Senior Employees)	2	5 years after first becoming a Senior Employee
Nonemployee Board members	5	5 years after first becoming a Board member

**Insider Trading Policy and Hedging and Pledging Transactions**

Our directors and executives are subject to various trading restrictions under our insider trading policy. These individuals may enter into transactions involving our securities or derivative securities only during regular quarterly trading periods and must receive our permission before entering into these transactions. Derivative transactions may allow a person to own our securities without the full risks and rewards of ownership and, as a result, the person may no longer have the same objectives as other holders of our securities. Accordingly, we approve transactions in derivative securities only when they do not involve this risk. Directors and executives are prohibited from engaging in short sales relating to our securities. They are also prohibited from pledging our securities as collateral for a loan, including holding our securities in a margin account, except under special circumstances as approved by our Chief Accounting Officer or General Counsel.

None of our directors or executives is involved in any hedging or pledging transactions relating to our securities or owns any derivative securities relating to our stock other than equity incentive awards granted by us.

**Committees and Meetings**

Our Board met 5 times in 2015. In 2015, each director attended in person or by telephone 75% or more of the aggregate of the total number of meetings of the Board and of each committee on which he served during the year. Each director is expected to attend our annual meetings. All of our directors attended our 2015 annual meeting. Our independent and non-management directors meet regularly in executive session without management present.



## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

### Table of Contents

Our Board has an Audit Committee, a Nominating and Corporate Governance Committee, and a Compensation Committee. Each of these committees is comprised solely of independent directors. The charters for these committees are available on our website at [www.intrepidpotash.com](http://www.intrepidpotash.com). Each of these committees meets regularly in executive session without management present.

The following table sets forth the chairperson and members of each committee and the number of meetings held in 2015.

Name of Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Terry Considine	X	Chair	X
Chris A. Elliott	X	X	X
J. Landis Martin	Chair	X	X
Barth E. Whitham	X	X	Chair
<b>Number of Meetings in 2015</b>	<b>8</b>	<b>3</b>	<b>6</b>

**Audit Committee**

The Audit Committee assists the Board in fulfilling its responsibilities to us and our stockholders relating to the accounting and financial reporting processes and the audit of our financial statements. The Audit Committee oversees management's processes and activities related to maintaining the reliability and integrity of our accounting policies, financial reporting practices, and financial statements; the assessment of the independent auditor's qualifications and independence; and compliance with laws and regulations and the requirements of the NYSE. The Audit Committee is solely responsible for the engagement and discharge of independent auditors and reviews the quarterly and annual financial results. The committee reviews the audit plan and the results of the audit with the independent auditors and reviews the independence of the auditors, the range of audit fees, the scope and adequacy of our system of internal accounting controls, and our risk management policies. The Audit Committee also has oversight responsibility for our internal audit function.

Our Audit Committee members are prohibited from serving on more than two other audit committees of public companies.

Our Board has determined that each member of the Audit Committee is financially literate in accordance with the rules of the NYSE and is independent under the NYSE's director independence standards applicable to audit committee members, including the heightened independence requirements under SEC rules. In addition, the Board has determined that each of Messrs. Martin, Considine, and Whitham qualifies as an "audit committee financial expert" as defined by SEC rules.

### **Nominating and Corporate Governance Committee**

The Governance Committee reviews the overall composition of our Board, identifies individuals qualified to become members of our Board, and recommends to our Board the director nominees for the next annual meeting. The Governance Committee also oversees the evaluation of our Board and management succession plans, reviews from time to time our policies and practices on corporate governance including our Corporate Governance Guidelines, and recommends to our Board any changes it may deem necessary. Additionally, the Governance Committee is responsible for the periodic review and recommendation to the Board of the compensation structure for the nonemployee directors for Board and committee service.

Our Board has determined that each member of the Governance Committee is independent under the NYSE's director independence standards.

Table of Contents

**Compensation Committee**

The Compensation Committee assists the Board in discharging its responsibilities relating to compensation of our executives; administers our equity incentive plans; and has overall responsibility for evaluating and approving (or recommending for approval to the Board) all compensation plans, policies, and programs that affect our executives. You can find more information about the Compensation Committee's role in setting executive compensation below under the heading "*Compensation Discussion and Analysis*." The Compensation Committee may form and delegate responsibility to subcommittees as it deems necessary or appropriate; provided that any subcommittee must meet all applicable independence requirements. In addition, the Compensation Committee may not delegate to persons other than independent directors.

Our Board has determined that each member of the Compensation Committee is independent under the NYSE's director independence standards applicable to compensation committee members, including the heightened independence requirements under SEC rules.

**Director Designation and Voting Agreement**

Intrepid, Intrepid Production Corporation (or IPC), and Harvey Operating and Production Company (or HOPCO) are parties to a Director Designation and Voting Agreement that was entered into in 2008. Mr. Jornayvaz is the sole owner of IPC, and Mr. Harvey is the sole owner of HOPCO. IPC and HOPCO, together with Messrs. Jornayvaz and Harvey, in the aggregate own 26.6% of our outstanding common stock as of March 15, 2016. Under this agreement, each of IPC and HOPCO has agreed to designate one candidate for nomination and election to our Board and to vote their shares in favor of the other's candidate. We have agreed to use our best efforts to ensure that the designees are included in the slate of nominees to the Board and recommended for election. We have also agreed to not take any action to change the size of the Board to exceed seven members, without the prior consent of IPC and HOPCO, subject to any limitations imposed by the rules of the NYSE. The directors currently serving on our Board under this agreement are Mr. Jornayvaz (nominated by IPC) and Mr. Harvey (nominated by HOPCO). Each of Messrs. Jornayvaz and Harvey is serving as a Class III director for a term that expires in 2017.

Each of IPC and HOPCO has also agreed, except in the case of a transfer to each other or their affiliates or a public tender offer, to not knowingly sell shares of its common stock to any person if the result of that sale would be that the purchaser of the shares would own, directly or indirectly, 5% or more of our outstanding common stock. The rights and obligations under this agreement are not transferable upon sale or other transfer of common stock by IPC or HOPCO except to any affiliate of IPC or HOPCO. The agreement will terminate with respect to either stockholder party and its affiliates when their collective beneficial ownership falls below 5% of our outstanding common stock.

Other than the Director Designation and Voting Agreement, there are no arrangements or understandings between any director and any other person pursuant to which that director was or is to be elected.

**Governance-Related Materials**

You can find copies of our governance-related materials, including our Corporate Governance Guidelines, our Code of Business Conduct and Ethics, and the written charters of the Audit Committee, Governance Committee, and Compensation Committee, in the investor relations section of our website at [www.intrepidpotash.com](http://www.intrepidpotash.com). Copies of these materials also are available in print to any stockholder who requests them by sending a written request to the following address:

Corporate Secretary  
Intrepid Potash, Inc.  
707 17th Street, Suite 4200  
Denver, CO 80202

Table of Contents

**Compensation Committee Interlocks and Insider Participation**

During 2015, Messrs. Whitham, Considine, Elliott, and Martin served on our Compensation Committee. None of our executive officers currently serves, or served during 2015, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee. No member of our Compensation Committee has ever been an executive officer or employee of Intrepid.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on this review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

THE COMPENSATION COMMITTEE OF THE  
BOARD OF DIRECTORS OF INTREPID POTASH, INC.

Barth E. Whitham, Chairman  
Terry Considine  
Chris A. Elliott  
J. Landis Martin

**Compensation Discussion and Analysis**

This section describes our executive compensation program as it relates to the following individuals:

Robert P. Jornayvaz III Executive Chairman of the Board, President, and Chief Executive Officer

James N. Whyte Executive Vice President of Human Resources and Risk Management

Kelvin G. Feist Senior Vice President of Sales and Marketing

Brian D. Frantz Senior Vice President and Chief Accounting Officer

John G. Mansanti Senior Vice President of Strategic Initiatives and Technical Services

When we refer to our "executives" throughout this proxy statement, we mean the five individuals named above. Mr. Jornayvaz serves as our principal executive officer for SEC purposes, and Mr. Frantz serves as our principal financial officer and principal accounting officer for SEC purposes.

**Executive Summary**

We believe that a strong executive team is critical to our long-term success. One of the key goals of our executive compensation program is to attract, motivate, and retain a talented team of executives who will provide leadership for our success in dynamic and competitive markets. We seek to accomplish this goal in a way that rewards performance and is aligned with our stockholders' long-term interests. We believe the design of our executive compensation program is effective and is in the best interests of our stockholders.



Table of Contents

**2015 Performance**

Intrepid faced numerous and significant challenges in 2015, many of which are continuing into 2016:

Our average net realized sales price per ton of potash\* decreased by 23% from \$362 for the quarter ended March 31, 2015, to \$277 for the quarter ended December 31, 2015, caused by oversupply and aggressively priced imports from Canada and Russia

Our sales volume was down in 2015 as compared to 2014 due to overall softness in the fertilizer market, as well as decreased oil and gas drilling activity

Our production volume was down in 2015 as compared to 2014 due to adverse weather conditions at our solar facilities and operational issues at our conventional facilities

You can find more information about our 2015 financial and operating performance in our Annual Report on Form 10-K for the year ended December 31, 2015.

\*

Average net realized sales price per ton of potash is a non-GAAP financial measure calculated as net sales, divided by the number of tons sold in the period. Net sales is also a non-GAAP financial measure calculated as sales less freight costs. We consider average net realized sales price and net sales to be useful because they remove the effect of transportation and delivery costs on sales and pricing. When we arrange transportation and delivery for a customer, we include in revenue and in freight costs the costs associated with transportation and delivery. However, many of our customers arrange for and pay their own transportation and delivery costs, in which case these costs are not included in our revenue and freight costs. We use average net realized sales price and net sales as key performance indicators to analyze sales and price trends. These non-GAAP financial measures should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, because the presentation of these non-GAAP financial measures varies among companies, our non-GAAP financial measures may not be comparable to similarly titled measures used by other companies. Below is a reconciliation of these non-GAAP measures to the most directly comparable GAAP measure for the periods presented (in thousands, except average net realized sales price per ton of potash):

	<b>Three Months Ended December 31, 2015</b>	<b>Three Months Ended March 31, 2015</b>
Sales	\$ 27,648	\$ 90,729
Freight costs	3,004	7,206
<b>Net sales</b>	<b>\$ 24,644</b>	<b>\$ 83,523</b>
Divided by:		
Tons sold	89	231
<b>Average net realized sales price per ton of potash</b>	<b>\$ 277</b>	<b>\$ 362</b>

Table of Contents

**Pay for Performance**

Our executive compensation program is designed to reward performance and align our executives' interests with the long-term interests of our stockholders. We emphasize pay for performance in several ways:

**2015 Executive Compensation Summary**

As discussed above, 2015 was a difficult year for Intrepid. Consistent with our pay-for-performance philosophy, we eliminated annual cash bonuses for 2015 for executives (with the exception of an individualized bonus for Mr. Mansanti). In addition, the potential payout under the first tranche of Mr. Jornayvaz's performance stock units (which represented all of his targeted total direct compensation for 2015 other than a \$100,000 salary) was reduced to zero based on our performance.

Below are key features of our 2015 executive compensation program. Each of these items is described in more detail later in this CD&A.

**Market Adjustment and Shift to Almost Entirely Performance-Based Equity for 2015 CEO Compensation** In August 2014, our Board appointed Mr. Jornayvaz as our President and Chief Executive Officer, in addition to his continuing role as Executive Chairman of our Board. At Mr. Jornayvaz's request, the Compensation Committee did not make any changes to

his

Table of Contents

compensation at that time. In February 2015, taking into account market data collected by F. W. Cook, the Compensation Committee set Mr. Jornayvaz's target total direct compensation at \$2,800,000. This amount represented the median compensation for chief executive officers at our peer companies. Mr. Jornayvaz requested, and the Compensation Committee approved, that all of this amount, other than his \$100,000 base salary, be at risk and granted in the form of performance stock units. These performance stock units are tied to the compound annual growth rate for our stock price over one-, two-, and three-year periods with a target payout at a 10% compound annual growth rate and no payout at a compound annual growth rate below 5%. Earned shares, if any, will vest and be paid out to Mr. Jornayvaz in February 2018. In March 2016, the Compensation Committee reviewed our performance under the award for the one-year performance period running from February 25, 2015, to February 24, 2016, and certified a payout of zero for that portion of the award.

**Elimination of Annual Cash Bonuses for 2015** In 2016, we implemented various cost-savings initiatives to better align our cost structure with the current business environment. This included the elimination of 2015 annual bonuses for executives under our short-term cash incentive plan (with the exception of the individualized bonus for Mr. Mansanti in his role as Senior Vice President of Strategic Initiatives and Technical Services, as described below). The calculated bonus payout would have been 40% of target based on the achievement of pre-established goals under the plan; however, the Compensation Committee used its discretion to reduce bonuses to zero for 2015 for executives in order to save costs.

**Compensation for Other Executives** For 2015, we did not make any changes to the target total direct compensation for Messrs. Whyte, Feist, and Mansanti as compared to 2014 (without taking into account temporary salary reductions for these employees during the first half of 2014). For Mr. Mansanti, who transitioned into the role of Senior Vice President of Strategic Initiatives and Technical Services at the beginning of 2015, the Compensation Committee shifted a significant amount of his target total direct compensation from salary, target annual bonus, and target equity award into an individualized target cash bonus tied to his and our performance with respect to our strategic initiatives. In connection with his promotion to Senior Vice President and Chief Accounting Officer in June 2015, the Compensation Committee approved an increase in Mr. Frantz's base salary from \$205,000 to \$250,000 effective as of March 1, 2015.

**Equity Awards** As noted above, Mr. Jornayvaz's 2015 equity award was granted in the form of performance stock units. The grant date value of this award was over 90% of his total 2015 compensation value, and 100% of the award is performance-based tied to the compound annual growth rate for our stock price over one-, two-, and three-year periods with a target payout at a 10% compound annual growth rate and no payout at a compound annual growth rate below 5%. This award was granted in February 2015 prior to the significant decrease in our stock price starting in June 2015. One-third of the award has already been forfeited based on the compound annual growth rate for our stock price during the first, one-year performance period under the award. Our stock price is currently below the price required for payout under the second, two-year performance period and the third, three-year performance period under the award (although these performance periods do not end until February 2017 and February 2018, respectively, and therefore a payout could occur for these performance periods if our stock price improves). For 2015, we granted executives other than Mr. Jornayvaz restricted stock that vests ratably over three years. The Compensation Committee did not make any changes to the target equity awards or form of awards for 2015 as compared to 2014, except for Mr. Mansanti, whose compensation was restructured in connection with his transition into the role of Senior Vice President of Strategic Initiatives and Technical Services at the beginning of 2015. Market data collected by F.W. Cook in late 2014 showed that these grant amounts were generally at or below the 25<sup>th</sup> percentile for our peer group.



Table of Contents

**2016 Executive Compensation Preview**

Intrepid faced numerous and significant challenges during 2015, many of which continue into 2016. These challenges include a continued decrease in potash prices and lower sales and production volumes. In response to these challenges, in January 2016, we implemented various cost-savings initiatives to better align our cost structure with the current business environment. For 2016, these initiatives include the following:

Reductions in executive salaries by 50% for Mr. Jornayvaz and 10% for other executives

Elimination of all 2016 bonus opportunity under our Short-Term Incentive Plan

Requirement that executives take one week of unpaid time off during the first half of the year

Suspension of 401(k) matching contributions

**Impact of 2015 Say-on-Pay Advisory Vote**

At our 2015 annual meeting, stockholders expressed support for the compensation of our executives, with 98% of the votes cast for advisory approval of our executive compensation. When the Compensation Committee conducts its annual review of executive compensation during the first part of each year, it considers a variety of factors as discussed in this CD&A, including the results of the previous year's advisory vote to approve executive compensation. While the Compensation Committee has considered the results of the 2015 advisory vote, it did not make any changes to our executive program or policies as a result of the vote in light of the strong stockholder support.

**Objectives of Compensation Program**

Our executive compensation program has three primary objectives:

Table of Contents

**Elements of Compensation**

The primary elements of our 2015 executive compensation program are described below:

<b>Element</b>	<b>Purpose</b>	<b>Intrepid Practice</b>
Salary	To provide a fixed amount of pay for an executive's primary duties and responsibilities	Salaries are reviewed annually and are set based on market competitiveness, individual performance, and the health of our business.
Annual Cash Bonus	To incentivize the achievement of near-term financial and operational corporate goals and individual objectives	Target bonus amounts are reviewed annually and set based on market competitiveness and individual performance. Potential payout amounts vary relative to corporate and individual performance. Mr. Jornayvaz did not participate in our 2015 cash bonus program. For other executives, the calculated bonus payout for 2015 would have been 40% of target based on the achievement of pre-established goals; however, the Compensation Committee used its discretion to reduce bonuses to zero for 2015 for executives in order to save costs (with the exception of the individualized bonus for Mr. Mansanti in his role as Senior Vice President of Strategic Initiatives and Technical Services, as described below).
Long-Term Equity Awards	To support our goals of retaining our critical talent and aligning management interests with the interests of our other stockholders	For 2015, we granted long-term equity awards in the form of performance stock units for Mr. Jornayvaz and restricted stock for all other executives. The value of any equity award is inherently linked to the longer-term performance of our stock. In addition, earned shares, if any, under Mr. Jornayvaz's award will vest and be paid out to Mr. Jornayvaz in February 2018, and restricted stock for all other executives vests ratably over three years, meaning that the value of these awards becomes potentially realizable over the long term.

Table of Contents

We also provide the following other compensation elements to our executives:

<b>Element</b>	<b>Purpose</b>	<b>Intrepid Practice</b>
Employee Benefits	To provide basic employee benefits that are generally consistent with the benefits provided to our other employees and with benefits provided by other companies of our size	We provide basic health, life, and disability insurance and 401(k) benefits to our employees, including our executives. Executives are also entitled to the payment or reimbursement of supplemental long-term disability insurance premiums.
Perquisites	To provide benefits that are designed to keep our executives in good health and to increase their time and travel efficiencies	Executives are eligible for a gym membership allowance and paid parking, which are benefits that are generally consistent with the benefits provided to all of our Denver-based employees. Executives are also eligible for an executive physical allowance and for personal use of corporate aircraft, subject to the explicit approval from our Executive Chairman of the Board or Executive Vice Chairman of the Board.
Change-in-Control Benefits	To preserve executive productivity and encourage retention in an actual or potential change in control	These benefits are carefully tailored to our company and are generally competitive with benefits offered by similarly situated companies.

**Role of the Compensation Committee, Compensation Consultants, and Management**

The Compensation Committee retained Frederic W. Cook & Co., Inc., or F.W. Cook, as its independent compensation consultant. F.W. Cook helps the Compensation Committee collect and analyze market data to provide a competitive reference on pay levels, structure, and performance alignment for executives and directors. F.W. Cook may also advise the Compensation Committee on a variety of executive and director compensation matters and provides information about general compensation trends.

Outside of its role as independent compensation consultant, F.W. Cook does not provide any other services to us or our management and does not have any other direct or indirect business relationships with us or our management. The Compensation Committee has assessed the independence of F.W. Cook and concluded that its work does not raise any conflicts of interest.

While market data provided by an independent compensation consultant can be a useful guide in setting executive compensation, the Compensation Committee believes that a successful compensation program also requires that the Compensation Committee apply its own judgment and subjective determination to reconcile the program's objectives with the realities of rewarding and retaining our valued executives and to measure the individual performance of our executives. In this regard, the Compensation Committee asks Mr. Jornayvaz to make recommendations about the compensation to be paid to executives. While the Compensation Committee is solely responsible for the appointment of the independent compensation consultant and for approving executive compensation, management supports the work of the Compensation Committee and the independent compensation consultant. In addition, at the request of the Compensation Committee, Mr. Jornayvaz and other members of our executive management team meet periodically with the Compensation Committee regarding the design of our compensation programs and

Table of Contents

other compensation matters. The Compensation Committee meets regularly in executive sessions without management present.

**Role of Peer Groups**

In setting 2015 executive compensation, the Compensation Committee reviewed market data collected by F.W. Cook at the end of 2014. This market data showed that target total direct compensation for Mr. Jornayvaz was at median (although almost all of Mr. Jornayvaz's target total direct compensation was granted in the form of performance-based equity) and target total direct compensation for all other executives was generally below the median.

The market data consisted of information about the compensation paid to executives at our peer companies, as reported in these companies' proxy statements. For each executive position, the data showed salary, target bonus, target total cash compensation (which includes salary and target bonus), target equity compensation, and target total direct compensation (which includes salary, target bonus, and target equity compensation) for similarly situated executives at the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles.

With assistance from F.W. Cook, the Compensation Committee approves the makeup of our peer group. In general, our peer group consists of companies with which we may compete for business, capital, or executive talent. Specifically, for 2015, our peer group was made up of natural resource, diversified metal and mining, and fertilizer companies based in the U.S. that had revenues and market capitalizations ranging from about 0.25 times to 4.0 times our revenue and market capitalization at the time the data was collected at the end of 2014. Our revenue, market capitalization, and enterprise value approximated the median as compared to the peer group at the time the group was chosen and at the time the market data was reviewed by the Compensation Committee. Our peer group for 2015 consists of the following companies:

Allied Nevada Gold Corp.	Minerals Technologies Inc.
Approach Resources Inc.	Natural Resource Partners L.P.
Balchem Corporation	Niska Gas Storage Partners LLC
Bill Barrett Corporation	Petroquest Energy, Inc.
Calgon Carbon Corporation	Rhino Resource Partners LP
Chase Corporation	Rosetta Resources Inc.
Clayton Williams Energy, Inc.	Royal Gold, Inc.
Coeur d'Alene Mines Corporation	Stillwater Mining Company
Compass Minerals International Inc.	Thompson Creek Metals Company Inc.
Globe Specialty Metals, Inc.	Warren Resources, Inc.
Hecla Mining Company	

We did not use a peer group for 2014. In 2014, the Compensation Committee approved temporary reductions in executive compensation and therefore decided not to review market data in advance of its 2014 executive compensation decisions. Our 2015 peer group was the same as our 2013 peer group, except as follows:

We removed AMCOL International Corporation and Venoco, Inc. because they were no longer public companies.

We removed Cheniere Energy, Inc., H.B. Fuller Company, and Spectra Energy Corp. because their revenues or market capitalizations no longer fell within the ranges described above.

We added Approach Resources Inc., Chase Corporation, Niska Gas Storage Partners LLC, Petroquest Energy, Inc., Rhino Resource Partners LP, and Warren Resources, Inc. because they met the general peer group parameters described above.

Table of Contents**2015 Compensation Decisions****Salary**

Mr. Jornayvaz's current employment agreement sets his salary at \$100,000, subject to annual review by the Compensation Committee. The agreement was entered into in May 2010 when Mr. Jornayvaz transitioned to the role of Executive Chairman of the Board from Chief Executive Officer (a role he has since reassumed) and his day-to-day responsibilities at that time transitioned to other executives. In August 2014, our Board appointed Mr. Jornayvaz as our President and Chief Executive Officer, in addition to his continuing role as Executive Chairman of our Board. At Mr. Jornayvaz's request, the Compensation Committee did not make any changes to his compensation at that time. In February 2015, taking into account market data collected by F. W. Cook, the Compensation Committee set Mr. Jornayvaz's target total direct compensation at \$2,800,000. This amount represented the median compensation for chief executive officers at our peer companies. Mr. Jornayvaz requested, and the Compensation Committee approved, that all of this amount, other than his \$100,000 base salary, be at risk and granted in the form of performance stock units. As discussed below, with respect to the performance stock units that were granted in lieu of higher salary or any 2015 cash bonus opportunity, one-third of the award has already been forfeited based on the compound annual growth rate for our stock price during the first, one-year performance period under the award. Our stock price is currently below the price required for payout under the second, two-year performance period and the third, three-year performance period under the award (although these performance periods do not end until February 2017 and February 2018, respectively, and therefore a payout could occur for these performance periods if our stock price improves). Mr. Jornayvaz's 2016 salary has been reduced to \$50,000 as part of the cost-savings initiatives described above.

In June 2015, we promoted Mr. Frantz to Senior Vice President and Chief Accounting Officer. Taking into account the recommendations of Messrs. Jornayvaz and Whyte, the Compensation Committee approved an increase in Mr. Frantz's salary from \$205,000 to \$250,000 effective as of March 1, 2015, to reflect his increased role and responsibilities. This amount represented approximately the median of similar positions based on survey data. Mr. Frantz previously served as our Interim Chief Financial Officer since August 2014. The Compensation Committee did not make any changes to Mr. Frantz's salary when he assumed the position of Interim Chief Financial Officer.

In January 2015, Mr. Mansanti transitioned from the role of Senior Vice President of Operations to Senior Vice President of Strategic Initiatives and Technical Services. In this role, Mr. Mansanti has been responsible for, among other items, overseeing the implementation of our three strategic initiatives: increasing langbeinite production; increasing solar production; and optimizing conventional assets. As part of this change and taking into account the recommendation of Mr. Jornayvaz, for 2015 the Compensation Committee shifted a significant portion of Mr. Mansanti's target total direct compensation from salary, target annual bonus, and target equity award into an individualized target annual bonus tied to his and our performance with respect to these strategic initiatives. The purpose of this change was to tie a significant portion of Mr. Mansanti's compensation to the success of the specific projects that he was responsible for overseeing. Specifically, Mr. Mansanti's target total direct compensation was revised to emphasize bonus over salary and long-term equity, but with no change in target total direct compensation, as follows:

	<b>2014</b>	<b>2015</b>
Base salary	\$ 320,000	\$ 255,000
Target annual bonus (50% salary)	\$ 160,000	\$ 127,500
Target annual equity award (50% and 115% salary, respectively)	\$ 368,000	\$ 125,000
Individualized target annual bonus		\$ 340,500
<b>Target total direct compensation</b>	<b>\$ 848,000</b>	<b>\$ 848,000</b>

Table of Contents

In March 2015, the Compensation Committee conducted its annual review of executive salaries. Taking into account market data and the recommendations of Mr. Jornayvaz, the Compensation Committee did not make any changes to the salaries of our other executives. Mr. Whyte's salary remained at \$275,000, and Mr. Feist's salary remained at \$295,000. The market data collected by F.W. Cook reflected that target total direct compensation for Mr. Jornayvaz was at median of the peer group (but below the median for salary) and for all other executives was generally below the median of the peer group.

**Annual Cash Bonus**

***Elimination of Annual Cash Bonuses for 2015***

Intrepid faced numerous and significant challenges during 2015, as described above under the heading "*Executive Summary*." These challenges include a significant decrease in potash prices, lower sales volumes, and lower production. In response to these challenges, in January 2016, we implemented various cost-savings initiatives to better align our cost structure with the current business environment. As part of these initiatives, management recommended, and the Compensation Committee approved, the elimination of all 2015 bonuses for executives under the STIP (with the exception of Mr. Mansanti's additional bonus, as described below). The calculated bonus payout under the STIP would have been 40% of target based on the achievement of pre-established goals; however, the Compensation Committee used its discretion to reduce bonuses to zero for 2015 in order to save costs.

***Background***

Our STIP allows for the payment of annual bonuses based on the attainment of pre-established annual performance goals, as described above under the heading "*Proposal 6 Approval of Amended and Restated Short-Term Incentive Plan*." The STIP is intended to allow us to grant awards that qualify as performance-based compensation within the meaning of Section 162(m).

The Compensation Committee administers the STIP. Within the first 90 days of each year, the Compensation Committee selects the executive officers and other key employees who are eligible to participate in the plan, establishes their target bonus amounts, and sets the performance goals for the year in accordance with the plan. The target bonus amounts and performance goals are then communicated to plan participants. Shortly after the end of each year, the Compensation Committee certifies the bonus payments to be made for the year, if any, based on actual performance as compared to the pre-established goals. Bonuses are paid in cash or stock no later than March 15 of the following year. The Compensation Committee may reduce or eliminate the amount of a potential earned award under the STIP. Our Board can also amend or terminate the STIP at any time, subject to any restrictions under Section 162(m).

***Calculation of Potential Bonuses***

Although we did not pay annual bonuses for 2015 to executives (other than Mr. Mansanti, as described below), we include information below about how potential bonuses would have been calculated under the pre-established target bonuses and performance goals. The 2015 annual bonuses would have been determined as follows:

$$\begin{array}{ccccccc}
 \text{Target} & & \text{Corporate} & & \text{Individual} & & \text{2015} \\
 \text{Bonus} & \times & \text{Performance} & \times & \text{Performance} & = & \text{Potential} \\
 & & \text{(on a scale of} & & & & \text{Bonus} \\
 & & \text{0 - 200\%)} & & & & 
 \end{array}$$

***Target Bonuses***

Mr. Jornayvaz's current employment agreement provides that his target annual bonus is generally intended to be \$500,000; provided that his actual target bonus for any year will be determined by the

## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

### Table of Contents

Compensation Committee in its sole discretion. This amount was negotiated between the Compensation Committee and Mr. Jornayvaz when the agreement was entered into in May 2010.

As described below under the heading "*Long-Term Equity Awards*," in February 2015, Mr. Jornayvaz requested, and the Compensation Committee approved, that all of his target total direct compensation, other than his \$100,000 2015 base salary, be at risk and granted in the form of performance stock units. As a result, Mr. Jornayvaz did not participate in our annual bonus program in 2015.

In March 2015, the Compensation Committee established the target bonuses for our other executives. Target bonuses were stated in terms of a percentage of salary: 50% of actual salary paid for Messrs. Whyte, Feist, and Mansanti, and 35% of actual salary paid for Mr. Frantz. The Compensation Committee did not make any changes to these target bonus percentages as compared to 2014.

### ***Corporate Performance***

In March 2015, taking into account management's recommendations, the Compensation Committee approved the 2015 performance measures, goals, and weightings under the STIP. For each measure, the Compensation Committee set threshold, target, and maximum levels of performance that corresponded to payouts within the range of 0% to 200%. The five primary performance measures used for 2015 were generally the same as those used for 2014, except that we replaced a capital investments measure with a net production tons measure. In 2014, we were focused on completing several large, multi-year capital projects. With that work completed, for 2015 we shifted additional focus to reaching designed production levels from these investments. For 2015, we also made some changes designed to encourage performance that not only met, but exceeded, budget. To this end, for several measures, we set target performance above (instead of at) our budgeted amount for the year. Similarly, we tightened the downside payout ranges in several cases.

The actual bonus paid to each executive under our STIP could have ranged from 0% to 200% of the executive's target bonus based on the achievement of the pre-established performance goals. The Compensation Committee may consider the impact of non-cash, unusual, or non-recurring items in determining performance against any performance objective.

As shown in the tables below, had we paid 2015 bonuses, the corporate performance payout percentage would have been 40% of target.

Measure	Weight	Calculated Payout on the Measure Based on Performance	Contribution to Potential Corporate Performance Percentage
Safety Incident Rate	15%	0%	0%
Net Production Tons	20%	0%	0%
Average Net Realized Sales Price Advantage for Potash	20%	200%	40%
Adjusted Cash Operating Costs Per Ton of Potash	20%	0%	0%
Adjusted EBITDA	25%	0%	0%
Total Corporate Performance Payout Percentage			40%

We include below more information about our reasons for selecting each of these measures and the calculations used to determine the potential payout for each measure. Overall, management recommended, and the Compensation Committee approved, these measures, goals, and weightings because we believed they would appropriately focus our executives and employees on the most important elements of our business for 2015.

Table of Contents

**Safety** Safety is a core value and operating requirement for us. We measured safety based on our four-year average incident rate for employees and onsite contractors, as compared to Potash Corporation of Saskatchewan Inc., The Mosaic Company, and Agrium Inc. based on publicly available information.

**Incident Rate Relative to Peers Weight** 15%

**Performance Against Goal**

Payout Range	Goal: Our incident rate relative to our peers'	Actual Performance	Calculated Payout on This Metric
200%	50% better		
100%	40% better	Threshold for	0%
50%	30% better	payout was not met	
0%	Less than 30% better or a fatality		

× 0%

**Contribution to Potential Corporate Performance Percentage** 0%

**Net Production Tons** The production of tons of potash and langbeinite is believed to be mostly within the control of management. The metric was intended to measure our ability to produce tons against a budget with the budget considering productive capacity and expected market demand for product. Taking into account management's recommendation, the Compensation Committee set the goal for a 100% payout on this metric at slightly above the Board's budgeted amount for the year.

**Weight** 20%

**Performance Against Goal**

Payout Range	Goal	Actual Performance	Calculated Payout on This Metric
200%	1,134,349		
100%	1,046,695	930,235	0%
85%	1,000,289		

× 0%

**Contribution to Potential Corporate Performance Percentage** 0%

**Average Net Realized Sales Price Advantage for Potash** We calculate average net realized sales price as gross sales less freight costs, divided by the number of tons sold in the period. We calculate average net realized sales price advantage as the difference between our average net realized sales price and the combined estimated average net realized sales prices of Potash Corporation of Saskatchewan Inc., The Mosaic Company, and Agrium Inc. based on publicly available information



## Edgar Filing: Intrepid Potash, Inc. - Form PRE 14A

and our estimates. This measure reflects our focus on achieving the highest net realized sales price on each ton of potash sold to maximize our margins. This measure is a financial measure not calculated in accordance with GAAP. You can find more information about this financial measure, including reconciliations to the most directly comparable GAAP measure, in our Annual Report on Form 10-K for the year ended December 31, 2015. Taking into account

Table of Contents

management's recommendation, the Compensation Committee set the goal for a 100% payout on this metric at our 10-year average net realized sales price advantage.

**Average Net Realized Sales Price Advantage for Potash Weight** **20%**

**Performance Against Goal**

Payout Range	Goal	Actual Performance	Calculated Payout on This Metric
200%	30% advantage		
100%	24% advantage	40%	200%
20%	14% advantage		

**× 200%**

**Contribution to Potential Corporate Performance Percentage** **40%**

**Adjusted Cash Operating Costs Per Ton of Potash** Cash operating costs per ton of potash is largely a function of the operating rates at our facilities and our ability to manage costs associated with production. For this purpose, cash operating costs are calculated as total of cost of goods sold divided by the number of tons of potash and Trio<sup>®</sup> sold and then adjusted to exclude per-ton abnormal production, royalties, depreciation, depletion, and amortization. We also adjusted cash operating costs to include the impact of lower-of-cost-or-market adjustments during the year. This measure is a financial measure not calculated in accordance with GAAP. You can find more information about this financial measure, including reconciliations to the most directly comparable GAAP measure, in our Annual Report on Form 10-K for the year ended December 31, 2015. Taking into account management's recommendation, the Compensation Committee set the goal for a 100% payout on this metric at slightly better than the Board's budgeted amount for the year. As shown below, higher-than-expected cash operating costs correlate to a lower-than-target payout on this metric.

**Weight** **20%**

**Performance Against Goal**

Payout Range	Goal	Actual Performance	Calculated Payout on This Metric
200%	\$		