

Parsley Energy, Inc.
Form 424B5
January 10, 2017
Table of Contents

Index to Financial Statements

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-204766**

This preliminary prospectus supplement relates to an effective registration statement filed with the Securities and Exchange Commission, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell the securities described herein, and are not soliciting an offer to buy such securities, in any state or jurisdiction where such offer or sale is not permitted.

Subject to Completion, dated January 10, 2017

PROSPECTUS SUPPLEMENT

(To Prospectus dated June 5, 2015)

20,000,000 Shares

Parsley Energy, Inc.

Class A Common Stock

We are offering 20,000,000 shares of our Class A common stock.

Our Class A common stock is listed on the New York Stock Exchange (NYSE) under the symbol PE . On January 6, 2017, the last sale price of our Class A common stock as reported on the NYSE was \$36.61 per share.

Investing in our Class A common stock involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Us
Per Share	\$	\$	\$
Total	\$	\$	\$

(1) We have also agreed to reimburse the underwriters for certain of their expenses in connection with this offering.
See Underwriting.

We have granted the underwriters an option to purchase up to an additional 3,000,000 shares of Class A common stock from us at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement.

The shares are expected to be ready for delivery on or about _____, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Morgan Stanley

Prospectus Supplement dated

, 2017

BMO Capital Markets

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About This Prospectus Summary</u>	S-ii
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	S-iii
<u>Summary</u>	S-1
<u>Company Information</u>	S-4
<u>The Offering</u>	S-5
<u>Risk Factors</u>	S-6
<u>Use of Proceeds</u>	S-11
<u>Capitalization</u>	S-12
<u>Dividend Policy</u>	S-14
<u>Market Price of our Class A Common Stock</u>	S-15
<u>Material U.S. Federal Income Tax Considerations for Non-U.S. Holders</u>	S-16
<u>Underwriting</u>	S-20
<u>Legal Matters</u>	S-25
<u>Experts</u>	S-25
<u>Where You Can Find Additional Information</u>	S-25
<u>Incorporation of Certain Documents by Reference</u>	S-26

Prospectus

	Page
<u>About This Prospectus</u>	1
<u>About Parsley Energy, Inc.</u>	1
<u>Incorporation of Certain Documents by Reference</u>	2
<u>Available Information</u>	3
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	4
<u>Risk Factors</u>	6
<u>Use of Proceeds</u>	7
<u>Ratios of Earnings to Fixed Charges</u>	8
<u>Description of Debt Securities</u>	9
<u>Description of Capital Stock</u>	11
<u>Description of Depositary Shares</u>	16
<u>Description of Warrants</u>	17
<u>Selling Stockholders</u>	18
<u>Legal Matters</u>	19
<u>Experts</u>	19

Unaudited Pro Forma Financial Statements
Index to Financial Statements

19
F-1

S-i

Table of Contents

Index to Financial Statements

ABOUT THIS PROSPECTUS SUMMARY

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the accompanying prospectus combined. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under **Incorporation of Certain Documents by Reference** in this prospectus supplement. To the extent that any statement we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference herein, you should rely on the information contained in this prospectus supplement, which will be deemed to modify or supersede those made in the accompanying prospectus or documents incorporated by reference herein or therein.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or to the information to which we have referred you. Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell shares of our Class A common stock and seeking offers to buy shares of our Class A common stock only in jurisdictions where such offers and sales are permitted. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus supplement, or that the information in the accompanying prospectus or contained in any document incorporated by reference is accurate as of any date other than the date of such prospectus or document incorporated by reference, regardless of the time of delivery of this prospectus supplement or any sale of a security. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See **Risk Factors** and **Cautionary Statement Regarding Forward-Looking Statements**.

Table of Contents

Index to Financial Statements

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil and natural gas reserves, drilling program, capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes and derivative activities. Forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, anticipate, potential, could, may, foresee, plan, goal or other words that convey uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. We have based these forward-looking statements on our current expectations and assumptions about future events. These statements are based on certain assumptions and analyses made by us in light of currently available information, our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Actual results may differ materially from those implied or expressed by the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus supplement, or if earlier, as of the date they were made. We disclaim any obligation to update or revise these statements unless required by law, and we caution you not to rely on them unduly. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties relating to, among other matters, the risks discussed under the headings Risk Factors in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K, all of which are incorporated by reference into this prospectus, and the risk factors included in this prospectus and in any documents incorporated by reference herein.

Forward-looking statements may include statements about our:

business strategy;

reserves;

exploration and development drilling prospects, inventories, projects and programs;

ability to replace the reserves we produce through drilling and property acquisitions;

financial strategy, liquidity and capital required for our development program;

realized oil, natural gas and natural gas liquids (NGLs) prices;

timing and amount of future production of oil, natural gas and NGLs;

hedging strategy and results;

future drilling plans;

competition and government regulations;

ability to obtain permits and governmental approvals;

pending legal or environmental matters;

marketing of oil, natural gas and NGLs;

leasehold or business acquisitions;

S-iii

Table of Contents

Index to Financial Statements

costs of developing our properties;

general economic conditions;

credit markets;

uncertainty regarding our future operating results; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of oil, natural gas and NGLs. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under **Risk Factors** herein and in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K, all of which are incorporated by reference herein.

Additionally, we caution you that reserve engineering is a process of estimating underground accumulations of oil, natural gas and NGLs that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus supplement.

Table of Contents

Index to Financial Statements

SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. It does not contain all of the information that may be important to you. Before deciding whether to invest in our Class A common stock, for a more complete understanding of our business and this offering, you should read carefully this entire prospectus supplement, the accompanying prospectus, the information incorporated by reference herein and therein, and any other documents to which we refer. You should pay special attention to the Risk Factors sections of this prospectus supplement, the accompanying prospectus, our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K to determine whether an investment in our Class A common stock is appropriate for you. As used in this prospectus supplement, references to the Company, Parsley, we, us and our refer to Parsley Energy, Inc. and its consolidated subsidiaries unless we state otherwise or the context otherwise requires. Unless we indicate otherwise, the information presented in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional shares.

Overview

We are an independent oil and natural gas company focused on the acquisition and development of unconventional oil and natural gas reserves in the Permian Basin. The Permian Basin is located in West Texas and Southeastern New Mexico and is comprised of three primary sub-areas: the Midland Basin, the Central Basin Platform and the Delaware Basin. These areas are characterized by high oil and liquids-rich natural gas content, multiple vertical and horizontal target horizons, extensive production histories, long-lived reserves and historically high drilling success rates. Our properties are located in the Midland and Delaware Basins, where we focus predominantly on horizontal development drilling and expect to target various stacked pay intervals in the Spraberry, Wolfcamp, Upper Pennsylvanian (Cline) and Atoka shales. For additional information about our company, please read the documents listed under Incorporation of Certain Documents by Reference.

Recent Developments

Glasscock County Acquisition

On October 4, 2016, we acquired, from unaffiliated third-party sellers, 11,672 gross (9,140 net) undeveloped acres and 67 gross (60 net) vertical wells with estimated current net production of approximately 270 Boe/d in Glasscock County, Texas, as well as certain mineral and overriding royalty interests (the Glasscock County Acquisition), for an aggregate purchase price of \$390.9 million in cash, inclusive of a \$20.0 million deposit paid to an escrow account upon signing the purchase and sale agreement in the third quarter of 2016.

New Revolving Credit Facility

On October 28, 2016, we and Parsley Energy, LLC, our majority-owned subsidiary (Parsley LLC), entered into a revolving credit agreement (the revolving credit agreement) with Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, BMO Harris Bank, N.A., as documentation agent, and the other lenders party thereto, which replaced our previously existing amended and restated credit agreement, which was terminated concurrently with entry into the revolving credit agreement.

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The revolving credit agreement provides for a five-year senior secured revolving credit facility (the revolving credit facility), maturing on October 28, 2021, with a borrowing capacity of the lowest of (i) the borrowing base, (ii) the aggregate elected borrowing base commitments and (iii) \$2.5 billion. The available borrowing capacity under the revolving credit facility is \$599.7 million as of the date of this prospectus

S-1

Table of Contents

Index to Financial Statements

supplement. The amount we are able to borrow under the revolving credit facility is subject to compliance with the financial covenants, satisfaction of various conditions precedent to borrowing, and other provisions of the revolving credit agreement. The revolving credit facility is secured by substantially all of the assets of Parsley LLC and its restricted subsidiaries.

December 2016 Refinancing

On December 6, 2016, Parsley LLC and Parsley Finance Corp., a wholly owned subsidiary of Parsley LLC (Finance Corp.), as issuers, and certain other subsidiaries of Parsley LLC, as guarantors, entered into a purchase agreement to sell \$650.0 million aggregate principal amount of 5.375% senior notes due 2025 (the 2025 Notes), at par, in an offering that was exempt from registration under the Securities Act (the 2025 Notes Offering). The 2025 Notes Offering closed on December 13, 2016, and resulted in net proceeds, after deducting the initial purchasers discount and offering expenses, of approximately \$644.1 million.

Concurrently with the 2025 Notes Offering, Parsley LLC used a portion of the net proceeds therefrom to fund a tender offer (the Tender Offer) to purchase for cash any and all of its \$550 million aggregate principal amount of 7.500% Senior Notes due 2022 (the 2022 Notes). Pursuant to the terms of the Tender Offer, holders of 2022 Notes that were validly tendered and accepted received total cash consideration of \$1,066.72 per \$1,000 principal amount of 2022 Notes, plus accrued and unpaid interest to, but not including, the settlement date, which was December 13, 2016, or, in the case of certain 2022 Notes tendered pursuant to guaranteed delivery procedures, December 15, 2016, resulting in aggregate cash payments of approximately \$532.7 million. The 2022 Notes that remained outstanding following consummation of the Tender Offer were redeemed by Parsley LLC and Finance Corp. on January 5, 2017, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, plus a make-whole premium, pursuant to the terms of the indenture relating to the 2022 Notes.

Recent Acquisitions

Since September 30, 2016, we have entered into purchase agreements to acquire, in unrelated transactions, approximately 31,800 gross (23,000 net) acres in the Midland and Southern Delaware Basins for aggregate consideration of approximately \$607 million. These acquisitions include estimated current net production of approximately 2,300 Boe/d and 340 associated net horizontal drilling locations in our primary target intervals, including the Wolfcamp A, Wolfcamp B, Lower Spraberry and Bone Spring formations. In addition, since September 30, 2016, we have acquired certain mineral interests in approximately 660 net royalty acres in the Southern Delaware Basin for aggregate consideration of approximately \$43 million. The transactions described above are referred to herein collectively as the Acquisitions.

The purchase agreements related to the Acquisitions generally contain customary representations and warranties, covenants and indemnification provisions. We expect each of the Acquisitions that has not yet closed to close on or before February 27, 2017, subject to the satisfaction of customary closing conditions. This offering is not conditioned on the consummation of the Acquisitions.

We intend to fund the aggregate purchase price for the Acquisitions with a portion of the net proceeds from this offering. Please read Use of Proceeds.

Ongoing Acquisition and Investment Activities

We regularly engage in discussions with potential sellers regarding acquisition opportunities. Such acquisition efforts may involve our participation in auction processes, as well as situations in which we believe we are the only buyer or one of a very limited number of potential buyers in negotiations with the potential seller. These acquisition efforts can involve assets that, if acquired, would have a material effect on our financial condition and results of operations. We finance acquisitions with a combination of funds from equity and debt offerings, bank borrowings and cash generated from operations.

S-2

Table of Contents

Index to Financial Statements

We typically do not announce a transaction until after we have executed a definitive agreement. In certain cases, in order to protect our business interests or for other reasons, we may defer public announcement of a transaction until closing or a later date. Past experience has demonstrated that discussions and negotiations regarding a potential transaction can advance or terminate in a short period of time. Moreover, the closing of any transaction for which we have entered into a definitive agreement may be subject to customary and other closing conditions, which may not ultimately be satisfied or waived. Accordingly, we can give no assurance that our current or future acquisition or investment efforts will be successful.

Table of Contents

Index to Financial Statements

COMPANY INFORMATION

We are a Delaware corporation. Our principal executive offices are located at 303 Colorado Street, Suite 3000, Austin, Texas 78701 and our telephone number at that address is (737) 704-2300. Our website address is *www.parsleyenergy.com*. Our periodic reports and other information filed with or furnished to the Securities and Exchange Commission (the SEC) are available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Except for information specifically incorporated by reference into this prospectus supplement that may be accessed from our website, the information on, or otherwise accessible through, our website or any other website does not constitute a part of this prospectus supplement.

The following diagram indicates our simplified ownership structure immediately following this offering (assuming that the option to purchase additional shares is not exercised):

S-4

Table of Contents

Index to Financial Statements

THE OFFERING

Issuer	Parsley Energy, Inc.
Shares of Class A common stock offered by us	20,000,000 shares (23,000,000 shares if the option to purchase additional shares is exercised in full).
Option to purchase additional shares	We have granted the underwriters an option to purchase up to an additional 3,000,000 shares of Class A common stock within 30 days of the date of this prospectus supplement.
Shares of Class A common stock to be outstanding immediately after this offering	199,590,617 shares (202,590,617 shares if the option to purchase additional shares is exercised in full). The foregoing number of shares of our Class A common stock is based on 179,590,617 shares outstanding as of January 6, 2017. Unless we indicate otherwise or the context otherwise requires, all of the information in this prospectus supplement (i) assumes no exercise of the option to purchase additional shares and (ii) includes 600,761 shares of restricted stock outstanding and unvested under the Parsley Energy, Inc. 2014 Long Term Incentive Plan.
Use of proceeds	We estimate that, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, we will receive approximately \$ million of net proceeds from this offering, or \$ million if the option to purchase additional shares is exercised in full. We anticipate that we will contribute all of the net proceeds from this offering to Parsley LLC in exchange for a number of units in Parsley LLC (PE Units) equal to the number of shares of our Class A common stock issued by us in this offering. We intend to use a portion of the net proceeds from this offering to fund the aggregate purchase price for the Acquisitions. Any remaining net proceeds will be used to fund a portion of our capital program and for general corporate purposes, including potential future acquisitions. This offering is not conditioned on the consummation of the Acquisitions. Please read Use of Proceeds.
Risk factors	Investing in our Class A common stock involves risks. Before deciding to invest in our Class A common stock, you should carefully read and consider the information set forth in the Risk Factors and

Cautionary Statement Regarding Forward-Looking Statements sections of this prospectus supplement, the Risk Factors sections of our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and all other information set forth in, or incorporated by reference into, this prospectus supplement.

Listing and trading symbol

PE.

S-5

Table of Contents

Index to Financial Statements

RISK FACTORS

Investing in our Class A common stock involves risks. Before deciding whether to purchase shares of our Class A common stock, you should carefully consider the risks and uncertainties described below as well as those described under "Risk Factors" in our most recent Annual Report on Form 10-K and in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, together with all of the other information included in, or incorporated by reference into, this prospectus supplement. See "Incorporation of Certain Documents by Reference." If any of these risks actually occur, our business, financial condition and results of operations could be materially and adversely affected and we may not be able to achieve our goals, the value of our securities could decline and you could lose some or all of your investment. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

We are a holding company. Our sole material asset is our equity interest in Parsley LLC and we are accordingly dependent upon distributions from Parsley LLC to pay taxes, make payments under the Tax Receivable Agreement and cover our corporate and other overhead expenses.

We are a holding company and have no material assets other than our equity interest in Parsley LLC. We have no independent means of generating revenue. To the extent Parsley LLC has available cash, we intend to cause Parsley LLC to make distributions to its unitholders, including us, in an amount sufficient to cover all applicable taxes at assumed tax rates and payments under the tax receivable agreement (the "Tax Receivable Agreement") we have entered into with Parsley LLC and each holder of PE Units (a "PE Unit Holder"), and to reimburse us for our corporate and other overhead expenses. We are limited, however, in our ability to cause Parsley LLC and its subsidiaries to make these and other distributions to us due to the restrictions under our revolving credit agreement and the indentures governing our 6.250% Senior Notes due 2024 (the "2024 Notes") and our 2025 Notes (together with the 2024 Notes, the "Notes"). To the extent that we need funds and Parsley LLC or its subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of their financing arrangements, or are otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

The price of our Class A common stock in this offering may not be indicative of the market price of our Class A common stock after this offering and may fluctuate significantly.

The market price of our Class A common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock, you could lose a substantial part or all of your investment in our Class A common stock. The price of our Class A common stock in this offering will be negotiated between us and the underwriters and may not be indicative of the market price of our Class A common stock after this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price paid by you in this offering.

The following factors, among others, could affect our stock price:

our operating and financial performance;

the number of identified drilling locations and our reserves estimates;

quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues, capital expenditures, production, and unit costs;

the public reaction to our press releases, our other public announcements and our filings with the SEC;

strategic actions by our competitors;

changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;

S-6

Table of Contents

Index to Financial Statements

speculation in the press or investment community;

the failure of research analysts to cover our Class A common stock;

sales of our Class A common stock by us or other stockholders, or the perception that such sales may occur;

changes in accounting principles, policies, guidance, interpretations or standards;

additions or departures of key management personnel;

actions by our stockholders;

general market conditions, including fluctuations in commodity prices;

domestic and international economic, legal and regulatory factors unrelated to our performance; and

the realization of any risks described in this Risk Factors section or in the Risk Factors section in our most recent Annual Report on Form 10-K or subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

The stock markets in general have historically experienced significant volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. During the 52-week period immediately preceding the date of this prospectus supplement, the price of our Class A common stock as reported on the NYSE ranged from a high of \$39.82 to a low of \$14.51 per share. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

We may not consummate the Acquisitions, and this offering is not conditioned on the consummation of the Acquisitions.

We intend to use a portion of the net proceeds from this offering to fund the aggregate purchase price for the Acquisitions, as described under Summary Recent Developments. However, we may not consummate the Acquisitions, which are subject to the satisfaction of customary closing conditions. There can be no assurance that such conditions will be satisfied or that the Acquisitions will be consummated.

This offering is not conditioned on the consummation of the Acquisitions. Therefore, upon the closing of this offering, you will become a holder of our Class A common stock regardless of whether the Acquisitions are consummated,

delayed or terminated. If the Acquisitions are delayed or terminated, the price of our Class A common stock may decline to the extent that the current market price of our Class A common stock reflects a market assumption that the Acquisitions will be consummated on the terms described herein.

If the Acquisitions are not consummated, our management will have broad discretion in the application of the net proceeds from this offering and could apply the proceeds in ways that you or other stockholders may not approve, which could adversely affect the market price of our Class A common stock.

Our actual operating results, costs and activities could differ materially from our guidance.

We have incorporated by reference in this prospectus supplement certain forecasted operating results, costs and activities, including, without limitation, our future expected production results, price realizations, operating expenses, capital expenditures and drilling activity. This forward-looking guidance represents our management's estimates as of the date of this prospectus supplement, is based upon a number of assumptions that are inherently uncertain and is subject to numerous business, economic, competitive, financial and regulatory risks, including

S-7

Table of Contents

Index to Financial Statements

the risks described under Risk Factors and Cautionary Statement Regarding Forward-Looking Statements in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated herein by reference. Many of these risks and uncertainties are beyond our control, such as declines in commodity prices and the speculative nature of estimating natural gas, NGLs and oil reserves and in projecting future rates of production. If any of these risks and uncertainties actually occur or the assumptions underlying our guidance are incorrect, our actual operating results, costs and activities may be materially and adversely different from our guidance. In addition, investors should also recognize that the reliability of any guidance diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put our guidance in context and not to place undue reliance upon it.

Our amended and restated certificate of incorporation and our amended and restated bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock.

Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our amended and restated certificate of incorporation and our amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including:

limitations on the removal of directors;

limitations on the ability of our stockholders to call special meetings;

providing that the board of directors is expressly authorized to adopt, or to alter or repeal our bylaws; and

establishing advance notice and certain information requirements for nominations for election to our board of directors and for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, certain change of control events have the effect of accelerating any payments due under our revolving credit agreement and our Tax Receivable Agreement, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company. Please see In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

We do not intend to pay dividends on our Class A common stock, and our revolving credit agreement and the indentures governing our Notes place certain restrictions on our ability to do so. Consequently, your only opportunity to achieve a return on your investment is if the price of our Class A common stock appreciates.

We do not plan to declare dividends on shares of our Class A common stock in the foreseeable future. Additionally, our revolving credit agreement and the indentures governing our Notes place certain restrictions on our ability to pay cash dividends. Consequently, your only opportunity to achieve a return on your investment in us will be if you sell

your Class A common stock at a price greater than you paid for it. There is no guarantee that the price of our Class A common stock that will prevail in the market will ever exceed the price that you pay for our Class A common stock in this offering.

Future sales of our Class A common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of Class A common stock or securities convertible into shares of our Class A common stock in subsequent offerings. We cannot predict the size of future issuances of our Class A common

S-8

Table of Contents

Index to Financial Statements

stock or securities convertible into Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock will have on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

On May 27, 2014, we filed a registration statement with the SEC on Form S-8 providing for the registration of 12,727,273 shares of our Class A common stock issued or reserved for issuance under our equity incentive plan. Subject to the satisfaction of vesting conditions, the expiration or waiver of lock-up agreements and the requirements of Rule 144 under the Securities Act, shares registered under the registration statement on Form S-8 are available for resale immediately in the public market without restriction.

On March 11, 2015, we filed a registration statement with the SEC on Form S-1 providing for the registration of 14,885,797 shares of our Class A common stock in connection with a private placement of such Class A common stock at a price of \$15.50 per share to selected institutional investors.

On June 5, 2015, we filed an automatically effective registration statement with the SEC on Form S-3 providing for the continued registration of such shares of our Class A common stock, which are available for resale immediately in the public market without restriction, as well as the registration of additional shares of our Class A common stock and certain other of our securities.

We are required to make payments under the Tax Receivable Agreement for certain tax benefits we may claim, and the amounts of such payments could be significant.

The PE Unit Holders generally have the right to exchange (the Exchange Right) their PE Units (and a corresponding number of shares of Class B common stock), for shares of our Class A common stock at an exchange ratio of one share of Class A common stock for each PE Unit (and a corresponding number of shares of Class B common stock) exchanged (subject to conversion rate adjustments for stock splits, stock dividends and reclassifications), or, if either we or Parsley LLC so elects, cash (the Cash Option).

We have entered into a Tax Receivable Agreement with Parsley LLC and the PE Unit Holders and certain other holders of equity interests in us (each such person, a TRA Holder). This agreement generally provides for the payment by us to a TRA Holder of 85% of the net cash savings, if any, in U.S. federal, state or local income tax that we actually realize (or are deemed to realize in certain circumstances) in periods after our initial public offering (IPO) as a result of (i) any tax basis increases resulting from the contribution in connection with our IPO by such TRA Holder of all or a portion of its PE Units to us in exchange for shares of Class A common stock, (ii) the tax basis increases resulting from the exchange by such TRA Holder of PE Units for shares of Class A common stock pursuant to the Exchange Right (or resulting from an exchange of PE Units for cash pursuant to the Cash Option) and (iii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, any payments we make under the Tax Receivable Agreement. In addition, payments we make under the Tax Receivable Agreement will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return.

For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing our actual tax liability to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The term of the Tax Receivable Agreement commenced upon the completion of our IPO and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the Tax Receivable Agreement by making the termination payment specified in the agreement.

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The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of the exchanges of PE Units, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the

S-9

Table of Contents

Index to Financial Statements

amount and timing of the taxable income we generate in the future and the tax rate then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest or depletable, depreciable or amortizable basis. We expect that the payments that we will be required to make under the Tax Receivable Agreement could be substantial.

The payments under the Tax Receivable Agreement are not conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in us. See "Transactions with Related Persons - Tax Receivable Agreement" in our Definitive Proxy Statement on Schedule 14A for our 2016 Annual Meeting of Stockholders, which is incorporated herein by reference.

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

If we elect to terminate the Tax Receivable Agreement early or it is terminated early due to certain mergers or other changes of control we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the Tax Receivable Agreement, which calculation of anticipated future tax benefits will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including the assumption that we have sufficient taxable income to fully utilize such benefits and that any PE Units that the PE Unit Holders or their permitted transferees own on the termination date are deemed to be exchanged on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of such future benefits.

In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control due to the additional transaction cost a potential acquirer may attribute to satisfying such obligations.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine. The holders of rights under the Tax Receivable Agreement will not reimburse us for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

Certain federal income tax deductions currently available with respect to natural gas and oil exploration and development may be eliminated as a result of future legislation.

In recent years, legislation has been proposed that would, if enacted into law, significantly change U.S. tax laws, including certain key U.S. federal income tax provisions currently available to oil and gas companies. Such legislative proposals have included, but not been limited to: (i) the repeal of the percentage depletion allowance for oil and gas properties; (ii) the elimination of current deductions for intangible drilling and development costs; (iii) the elimination of the deduction for certain domestic production activities; and (iv) an extension of the amortization period for certain geological and geophysical expenditures. Congress could consider, and could include, some or all of these proposals as part of tax reform legislation accompanying lower federal income tax rates. Moreover, other more general features of tax reform legislation, including changes to cost recovery rules and to the deductibility of interest expense, may be

developed that also would change the taxation of oil and gas companies. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals or any similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that currently are available with respect to oil and gas development, or increase costs, and any such changes could have an adverse effect on our financial position, results of operations and cash flows.

S-10

Table of Contents

Index to Financial Statements

USE OF PROCEEDS

We estimate that, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, we will receive approximately \$ million of net proceeds from this offering, or \$ million if the option to purchase additional shares is exercised in full. We anticipate that we will contribute all of the net proceeds from this offering to Parsley LLC in exchange for a number of PE Units equal to the number of shares of our Class A common stock issued by us in this offering. We intend to use a portion of the net proceeds from this offering to fund the aggregate purchase price for the Acquisitions. Any remaining net proceeds will be used to fund a portion of our capital program and for general corporate purposes, including potential future acquisitions. This offering is not conditioned on the consummation of the Acquisitions.

S-11

Table of ContentsIndex to Financial Statements**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2016:

on an actual basis;

as adjusted to give effect to the Glasscock County Acquisition, the 2025 Notes Offering and the use of proceeds therefrom to fund the Tender Offer and the redemption of 2022 Notes that remained outstanding thereafter, as if each had occurred on September 30, 2016; and

as further adjusted to give effect to this offering (assuming no exercise of the option to purchase additional shares) as if it had occurred on September 30, 2016.

	Actual	As Adjusted	As Further Adjusted
	(in thousands, except per-share data)		
Cash and cash equivalents(1)	\$ 571,762	\$ 258,495	\$
Long-term debt:			
Revolving credit facility(2)			
2022 Notes(3)	550,000		
2024 Notes(4)	400,000	400,000	400,000
2025 Notes(5)		650,000	650,000
Other debt	2,924	2,924	2,924
Total indebtedness	\$ 952,924	\$ 1,052,924	\$ 1,052,924
Stockholders equity:			
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none issued and outstanding, actual, as adjusted and as further adjusted			
Common stock:			
Class A common stock(6)	1,797	1,797	