



## COMPENSATION COMMITTEE CHARTER

### **Purpose**

The purpose of the Compensation Committee of QEP Resources Inc.'s Board of Directors (the "Board") is (i) to discharge the Board's responsibilities relating to compensation of the Company's executives, including by designing (in consultation with management or the Board), recommending to the Board for approval and evaluating the compensation plans, policies and programs of the Company and (ii) to produce an annual report on executive compensation for inclusion in the Company's proxy materials in accordance with applicable rules and regulations. The Committee shall ensure that the Company's total compensation program is aligned with the Company's business strategies and overall financial goals, motivates the Company's officers to acquire and retain appropriate levels of stock ownership, is competitive with programs offered by the Company's peers, retains and motivates qualified officers and promotes the interests of the Company's stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

### **Membership**

The Committee should consist of at least three members, none of whom shall be an employee of the Company and each of whom shall be (i) "independent" as defined by the New York Stock Exchange, (ii) a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (3) an "outside director" under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

The Committee and its Chairman are appointed each year by the Board on the recommendation of the Governance Committee at the first Board meeting following the Company's annual meeting of stockholders. To be considered for membership on the Committee, a director should have broad information about and experience with executive compensation practices. The Board may appoint new members of the Committee at any time and may remove any member with or without cause.

### **Meetings and Procedures**

The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee. The Committee can transact business when a majority of the members are in attendance at a meeting.

The Committee shall meet at least two times per year and more frequently as the Committee deems necessary or desirable. All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any non-management director who is not a member of the Committee.

The Committee may use Company officers and employees as resources and is also entitled to request independent input on a periodic basis from executive compensation consultants. The Committee shall have the sole authority to retain and terminate any consulting firm hired to review the Company's compensation practices and to approve fees paid to such firm. The Company shall provide for appropriate funding, as determined by the Committee in its sole discretion, for payment of compensation to any such persons retained by the Committee.

The Chairman of the Committee shall make reports concerning Committee meetings to the entire Board.

### **Powers and Responsibilities**

The Company shall have the following responsibilities:

1. Review on an annual basis the Company's stated compensation strategy to determine if the Company's officers and key employees are rewarded appropriately for their contributions to the Company's growth and profitability and if the strategy supports the Company's objectives and stockholder interests.
2. Review, at least annually, the corporate goals and objectives relating to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives and determine and approve the Chief Executive Officer's total compensation based on such evaluation. In determining the total compensation, the Committee shall consider the performance, including stockholder return, of the Company on a consolidated basis and business unit basis, the value of awards granted to

chief executive officers of the Company's peers, and awards granted in prior years. The Committee shall have sole authority to determine the Chief Executive Officer's compensation.

3. Review, at least annually, the performance of the Company's senior officers (other than the Chief Executive Officer) and update the Board concerning this review.

4. Make recommendations to the Board with respect to non-CEO compensation, including with respect to the annual base compensation paid to each existing senior officer (other than the Chief Executive Officer) and to the initial base compensation paid to each new officer, and review and approve all officers' employment agreements and severance arrangements.

5. Review and approve for submission to stockholders any incentive compensation plans and equity-based plans for officers and employees that promote the Company's business strategies, including the retention of management and the creation of stockholder value.

6. Manage and review periodically all annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans, and with respect to those plans have responsibility for:

- a. general administration;
- b. recommending grants of awards for adoption by the Board under any performance-based annual bonus, long-term incentive and equity compensation plans, including stock options and other equity rights;
- c. establishing and approving procedures with respect to the exercise of stock options and other equity rights;
- d. reviewing any recommendations for changes to such plans; and
- e. recommending annual performance objectives, target bonuses, participants (officers and key employees) and payment of earned bonuses.

7. Reviews any recommendations for implementing other types of long-term incentives, stock options, or stock-based awards.

8. Establish and review periodically policies concerning perquisite benefits.

9. Review the individual elements of director compensation (retainers, meeting fees, and new equity grants/options).

10. Retain periodically a consulting firm to evaluate the Company's executive compensation policies and practices.

11. Review management succession issues with the Chief Executive Officer and update the Board concerning these reviews on an annual basis.

12. Review and discuss disclosures under “Compensation Discussion and Analysis” in the Company’s proxy statement with management and approve it for inclusion in the Company’s Form 10-K and annual proxy statement.

13. Prepare and approve the Compensation Committee report to be included as part of the Company’s annual proxy statement.

14. Review, on an annual basis, the Committee’s effectiveness, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

15. Review the sufficiency of this Charter and submit any recommended changes to the Board for its consideration.

16. Handle any assignments delegated by the Board.

#### **Delegation of Duties**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, except that it shall not delegate its responsibilities set forth in paragraph 6 above or for any matters that involve executive compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of “outside directors” or is intended to be exempt from Section 16(b) under the Exchange Act pursuant to Rule 16b-3 by virtue of being approved by a committee of “non-employee directors.”