

## **Distribution of QEP Resources, Inc. Common Stock Questar Stockholder Tax Basis Information**

**If you did not receive the Distribution (as defined below) of QEP Resources, Inc. common stock on June 30, 2010, you may disregard this notice. Additionally, this notice does not apply to shares of Questar common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution.** On June 30, 2010, Questar distributed (the “Distribution”) all of the outstanding shares of common stock of QEP Resources, Inc., a Delaware corporation (“QEP”), to the holders of record of Questar common stock that were issued and outstanding as of the close of business on June 18, 2010 (each a “Questar Stockholder”). For a more complete discussion of the Distribution, please see the Current Report on Form 8-K filed by QEP on June 16, 2010.

Questar Stockholders will be required to allocate the tax basis in their Questar common stock among the shares of QEP common stock received in the Distribution (including any fractional shares) and their shares of Questar common stock as discussed below. If a Questar Stockholder purchased his or her Questar common stock for cash, such stockholder’s tax basis in such Questar common stock generally will equal the cost of such stock, including commissions or other fees. Questar Stockholders that acquired Questar common stock at different times and different prices will need to calculate their tax basis in each block of Questar common stock, and then allocate a portion of that tax basis to the QEP common stock received in the Distribution with respect to such shares (as discussed below). Questar Stockholders who received shares of Questar common stock through an employee compensation arrangement, as a gift, or through some means other than the purchase for cash should consult their tax advisors to determine their tax basis in their Questar common stock.

A Questar Stockholder’s tax basis in his or her shares of Questar common stock prior to the Distribution should be allocated between the shares of Questar common stock and the shares (including any fractional share) of QEP common stock received in the Distribution in proportion to their fair market values immediately after the Distribution. Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts.

U.S. federal tax law does not specifically identify how you should determine the fair market values of the Questar shares and the QEP shares immediately after the Distribution. There are several possible methods of measuring these values, including:

(i) the closing trading prices of the Questar common stock and the QEP common stock quoted on the New York Stock Exchange on the “When Issued” market on June 30, 2010 (the “When Issued Price”);

(ii) the opening trading prices of the Questar common stock and the QEP common stock quoted on the New York Stock Exchange on the first regular trading day after the Distribution (July 1, 2010) (the “Opening Price”);

(iii) the closing trading prices of the Questar common stock and the QEP common stock quoted on the New York Stock Exchange on the first regular trading day after the Distribution (July 1, 2010) (the “Closing Price”); and

(iv) the average of the high and low trading prices of the Questar common stock and the QEP common stock quoted on the New York Stock Exchange on the first regular trading day after the Distribution (July 1, 2010) (the “Average Price”).

Table 1 below sets forth the prices for each of the four valuation methodologies described above. Table 2 below sets forth the allocation percentage under each of the four valuation methods.

**Table 1  
Trading Prices**

Common Stock	When Issued Price	Opening Price	Closing Price	Average of High and Low Price
Questar	\$14.66	\$15.31	\$15.22	\$15.44
QEP	\$30.83	\$30.40	\$29.31	\$30.14

**Table 2  
Tax Basis Allocation Percentages**

Common Stock	When Issued Price	Opening Price	Closing Price	Average of High and Low Price
Questar	32.2%	33.5%	34.2%	33.9%
QEP	67.8%	66.5%	65.8%	66.1%

A Questar Stockholder would determine the tax basis in his or her shares of Questar common stock and QEP common stock held by the stockholder immediately after the Distribution by multiplying the stockholder’s tax basis in his or her shares of Questar common stock prior to the Distribution by the applicable percentages set forth in Table 2 above. Example calculations are set forth below.

**Example**

Assumptions

Shares of Questar common stock owned:	150
Purchase price for Questar common stock:	\$40.00
Tax basis in Questar common stock <sup>1</sup> :	\$6,000 = 150 x \$40.00
Shares of QEP common stock received in the Distribution:	150

<sup>1</sup> Assumes all 150 shares of Questar common stock were purchased in a single transaction.

### Aggregate Tax Basis

Common Stock	When Issued Price Allocation	Opening Price Allocation	Closing Price Allocation	Average of High and Low Price Allocation
Questar	\$1,932 (\$6,000 x 32.2%)	\$2,010 (\$6,000 x 33.5%)	\$2,052 (\$6,000 x 34.2%)	\$2,034 (\$6,000 x 33.9%)
QEP	\$4,068 (\$6,000 x 67.8%)	\$3,990 (\$6,000 x 66.5%)	\$3,948 (\$6,000 x 65.8%)	\$3,966 (\$6,000 x 66.1%)

### Per Share Tax Basis

Common Stock	When Issued Price Allocation	Opening Price Allocation	Closing Price Allocation	Average of High and Low Price Allocation
Questar	\$12.88 (\$1,932 ÷ 150)	\$13.40 (\$2,010 ÷ 150)	\$13.68 (\$2,052 ÷ 150)	\$13.56 (\$2,034 ÷ 150)
QEP	\$27.12 (\$4,068 ÷ 150)	\$26.60 (\$3,990 ÷ 150)	\$26.32 (\$3,948 ÷ 150)	\$26.44 (\$3,966 ÷ 150)

### **Tax Return Statement**

Questar Stockholders who, immediately before the Distribution, owned 5% or more (by vote or value) of Questar stock or owned Questar securities with an aggregate tax basis of \$1 million or more and who received shares of QEP common stock in the Distribution are also required to include a statement related to the Distribution in their U.S. federal income tax returns for the year in which the Distribution occurs. This statement, titled “STATEMENT PURSUANT TO TREASURY REGULATIONS § 1.355-5(b) BY [NAME AND TAXPAYER IDENTIFICATION NUMBER OF QUESTAR STOCKHOLDER], A SIGNIFICANT DISTRIBUTE,” is attached to this notice for your convenience.

**This notice is not a complete analysis of all of the potential U.S. federal income tax consequences relating to the Distribution, and it does not address all of the U.S. federal income tax consequences that may be relevant to a Questar Stockholder holder in light of such stockholder’s particular circumstances. Questar Stockholders are encouraged to consult their tax advisors regarding the tax consequences of the Distribution in light of their specific circumstances.**

**TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT THIS NOTICE IS NOT INTENDED OR WRITTEN BY US TO BE USED, AND CANNOT BE USED, (A) FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE OR (B) TO PROMOTE, MARKET OR RECOMMEND TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.**

**STATEMENT PURSUANT TO TREASURY REGULATIONS § 1.355-5(b)**  
**BY [NAME AND TAXPAYER IDENTIFICATION NUMBER OF QUESTAR STOCKHOLDER],**  
**A SIGNIFICANT DISTRIBUTE**

On June 30, 2010, Questar Corporation, a Utah corporation (“Questar”), distributed (the “Distribution”) all of the outstanding shares of common stock of QEP Resources, Inc., a Delaware corporation (“QEP”), to the holders of record of Questar common stock as of the close of business on June 18, 2010 (the “Record Date”) in a transaction that is described under Section 355 of the Internal Revenue Code of 1986, as amended. As a result of the Distribution, each holder of record of shares of Questar common stock as of the Record Date was entitled to receive one share of QEP common stock for each share of Questar common stock held by such stockholder as of the Record Date.

1. Name, address and employer identification number of the distributing corporation:

Questar Corporation  
180 East 100 South  
Salt Lake City, UT 84145-0433  
EIN: 87-0407509

2. Name, address and employer identification number of the controlled corporation:

QEP Resources, Inc.  
1050 Seventeenth Street  
Denver, CO 80202  
EIN: 87-0287750

3. The date of the distribution of the QEP common stock was June 30, 2010.
4. No stock or securities were transferred by the undersigned in the Distribution.
5. The undersigned was a stockholder owning Questar common stock as of the Record Date and received shares of QEP common stock in the Distribution. The aggregate fair market value of the QEP common stock (including any fractional shares) was \$\_\_\_\_\_.

\_\_\_\_\_  
Stockholder’s Name (please print)

\_\_\_\_\_  
Stockholder’s Signature

\_\_\_\_\_  
Taxpayer Identification Number  
or Social Security Number