

QEP RESOURCES, INC.  
Form PRE 14A  
March 10, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

- Preliminary proxy statement
- Definitive proxy statement
- Definitive additional materials Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Soliciting material under Rule 14a-12

QEP RESOURCES, INC.

(Name of Registrant as Specified In 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.

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(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:



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QEP Resources, Inc.  
1050 17<sup>th</sup> Street, Suite 800  
Denver, Colorado 80265

March 31, 2017

To Our Shareholders:

The 2017 Annual Meeting of Shareholders of QEP Resources, Inc. (Annual Meeting) will be held on May 16, 2017, at 8:00 a.m. (Mountain Daylight Time), at the Company's offices, 1050 17th Street, Second Floor, Denver, Colorado 80265.

The Corporate Secretary's formal notice of the meeting and the proxy statement appear on the following pages and provide information concerning the matters to be considered at the Annual Meeting.

Your vote is important. You may attend and vote at the Annual Meeting. However, I urge you to vote whether or not you plan to attend the Annual Meeting. You may vote by Internet or by telephone using the instructions in the Notice of Internet Availability of Proxy Materials, or if you received a paper copy of the proxy card, by signing and returning it in the envelope provided.

All of the public documents, including our 2016 Annual Report on Form 10-K, are available in the Investor Relations section of our website at [www.qepres.com](http://www.qepres.com). The Annual Report does not form any part of the material for solicitation of proxies. I also encourage you to visit our website during the year for more information about QEP.

I hope you will attend the Annual Meeting; I welcome the opportunity to meet with you. On behalf of the Board of Directors and management, I would like to express our appreciation for your continued support.

Sincerely,

Charles B. Stanley  
Chairman of the Board, President  
and Chief Executive Officer

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QEP Resources, Inc.  
1050 17<sup>th</sup> Street, Suite 800  
Denver, Colorado 80265

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on May 16, 2017

To the Shareholders of QEP Resources, Inc.:

The Annual Meeting of Shareholders of QEP Resources, Inc., a Delaware corporation (the Company), will be held on May 16, 2017, at 8:00 a.m. (Mountain Daylight Time), at the Company's offices at 1050 17th Street, Second Floor, Denver, Colorado 80265. The purpose of the meeting is to:

1. Elect three directors to serve three-year terms until the 2020 Annual Meeting of Shareholders, and until their successors are duly elected and qualified;
2. Approve, by non-binding advisory vote, the compensation of the Company's named executive officers as disclosed in the accompanying proxy statement;
3. Vote, on a non-binding advisory basis, as to the frequency of future advisory votes on executive compensation;
4. Reapprove the material terms of the QEP Resources, Inc. Cash Incentive Plan;
5. Ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent auditor;
6. Vote on a Company proposal to amend the Company's Certificate of Incorporation and Bylaws to eliminate supermajority vote requirements; and
7. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only holders of common stock at the close of business on March 20, 2017, the record date, may vote at the Annual Meeting or any adjournment or postponement thereof. You may revoke your proxy at any time before it is voted. If you have shares registered in the name of a broker, bank or other nominee and plan to attend the meeting, please obtain a letter, account statement or other evidence of your beneficial ownership of shares to facilitate your admittance to the meeting. If you plan to vote at the meeting, you will need to present a valid proxy from the nominee that holds your shares. This proxy statement is being provided to shareholders on or about March 31, 2017.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote over the Internet as well as by telephone or by mailing a proxy card. Voting via the Internet, by phone or by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. Please review the instructions you received regarding each of these voting options. Voting over the Internet or by telephone is fast and convenient, and your vote is immediately tabulated. By using the Internet or telephone, you help reduce the Company's cost of postage and proxy tabulations.

By Order of the  
Board of Directors

Christopher K. Woosley  
Corporate Secretary  
Denver, Colorado  
March 31, 2017

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 16, 2017. The proxy statement and annual report are available online at [www.proxyvote.com](http://www.proxyvote.com).

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QEP RESOURCES, INC.

PROXY STATEMENT  
ANNUAL MEETING OF SHAREHOLDERS  
May 16, 2017

GENERAL INFORMATION

The Board of Directors (Board) of QEP Resources, Inc. (Company or QEP) is soliciting proxies for use at the Annual Meeting of Shareholders (Annual Meeting) to be held on May 16, 2017, beginning at 8:00 a.m. Mountain Daylight Time, at the Company's offices, 1050 17th Street, Second Floor, Denver, Colorado 80265, and any postponement or adjournment thereof. This proxy statement and the accompanying notice of annual meeting include information related to the Annual Meeting. Distribution of these proxy solicitation materials is scheduled to begin on or about March 31, 2017. The following information will help you to understand the voting process.

Proxy Materials

In accordance with rules promulgated by the Securities and Exchange Commission (SEC), we may furnish proxy materials, including this proxy statement and our Annual Report to Shareholders, by providing access to these documents on the Internet instead of mailing a printed copy of those materials to shareholders. Most shareholders have received a Notice of Internet Availability of Proxy Materials (the Notice), which provides instructions for accessing our proxy materials on a website or for requesting copies of the proxy materials by mail or email. If you would like to receive an email or paper copy of the proxy materials for the Annual Meeting and for future meetings, you should follow the instructions for requesting such materials included in the Notice.

Entitlement to Vote

Shareholders who owned shares as of the close of business on March 20, 2017, the record date, may vote at the Annual Meeting. Each shareholder is entitled to one vote for each share of QEP common stock held on that date.

Voting Items

This year, Robert F. Heinemann, Michael J. Minarovic and David A. Trice will run for election to three-year terms. You will also vote on compensation of the Company's named executive officers (on an advisory basis), the frequency of future advisory votes on executive compensation (on an advisory basis), the reapproval of the material terms of the Cash Incentive Plan, the ratification of the appointment of PricewaterhouseCoopers (PwC) as the Company's independent registered public accounting firm and a Company proposal to eliminate supermajority vote requirements.

Board Voting Recommendations

The Board recommends that shareholders vote as follows on the proposals:

1. FOR the approval of the nominees for director named in this proxy statement;
2. FOR the approval, by non-binding advisory vote, of the compensation of the Company's named executive officers;
3. FOR the approval, by non-binding advisory vote, of an annual advisory vote on executive compensation;
4. FOR the reapproval of the material terms of the Cash Incentive Plan;
5. FOR the ratification of PwC as the Company's independent registered public accounting firm; and
6. FOR the approval of the Company proposal to amend the Company's Certificate of Incorporation to and Bylaws to eliminate supermajority vote requirements.

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### Voting Instructions

You may vote via the Internet. You may vote by proxy over the Internet by following the instructions provided in the Notice or on the proxy card.

You may vote via telephone. You may vote by proxy over the telephone by following the instructions provided on the proxy card.

You may vote by mail. If you received a printed set of the proxy materials, you may vote by completing and returning the separate proxy card in the prepaid, addressed envelope.

You may vote in person at the meeting. All shareholders of record may vote in person by ballot at the Annual Meeting. Written ballots will be passed out to anyone who wants to vote at the meeting.

### Shares Held by a Broker, Bank or Other Nominee

If your shares are held by a broker, bank or other nominee (i.e., in street name), please refer to the instructions provided by that broker, bank or nominee regarding how to vote your shares. If you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the nominee that holds your shares. New York Stock Exchange (NYSE) rules determine whether proposals presented at shareholder meetings are routine or not. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving voting instructions from the owner. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote because the proposal is not routine and the owner does not provide instructions. Pursuant to NYSE rules, if you are the street name holder and you do not provide instructions to your broker on Item No. 5, your broker may vote your shares at its discretion on this matter. If you are the street name holder and do not provide instructions to your broker on the remaining items, your broker may not vote your shares on these matters.

### Shares Held in the QEP Resources, Inc. Employee Investment Plan

If you are a participant in the QEP Resources, Inc. Employee Investment Plan (the 401(k) Plan), the enclosed proxy card may also be used to direct Fidelity Management Trust Company (Fidelity), the trustee of the 401(k) Plan, on how you wish to vote the Company's shares that are credited to your account under the 401(k) Plan. If you do not provide your voting instructions to Fidelity by 11:59 p.m. Eastern Daylight Time on May 15, 2017, Fidelity will not vote the Company shares credited to your 401(k) Plan account.

### Proxy Solicitation

The Company is soliciting your proxy and paying for the solicitation of proxies, and will reimburse banks, brokers and other nominees for reasonable charges to forward materials to beneficial holders. The Company has hired Georgeson LLC (Georgeson) to assist in the distribution of proxy materials and the solicitation of votes. The Company will pay Georgeson a base fee of \$18,500, plus customary costs and expenses, for these services and has agreed to indemnify Georgeson against certain liabilities in connection with its engagement.

### Quorum Requirements

On March 20, 2017, the record date, the Company had \_\_\_\_\_ shares of common stock issued and outstanding. A majority of the issued and outstanding shares, or \_\_\_\_\_ shares, constitutes a quorum. Abstentions, withheld votes and broker non-votes are counted for determining whether a quorum is present.

### Voting Standards

Election of Directors. Election of the director nominees named in Item No. 1 requires that each director be elected by a majority of the votes cast, meaning that the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee. The Company has adopted a director resignation policy whereby any director who fails to

receive a majority of the votes cast during an uncontested election must submit his or her resignation to the Board. For purposes of determining the vote outcome for each nominee, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of this vote. Shareholders may not cumulate votes in the election of directors.

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Approval, by Non-Binding Advisory Vote, of the Compensation of the Company's Named Executive Officers. The vote to approve, on an advisory basis, the Company's executive compensation in Item No. 2 requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the matter. For purposes of determining the vote outcome of Item No. 2, abstentions will be included in the vote totals and, therefore, an abstention will have the same effect as a negative vote. Broker non-votes will not be included in the vote totals and, therefore, will have no effect on the outcome of Item No. 2. Although non-binding, our Board and Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

Approval, by Non-Binding Advisory Vote, of the Frequency of Advisory Votes on the Compensation of the Company's Named Executive Officers. The vote, on an advisory basis, regarding the frequency of advisory votes on the Company's executive compensation in Item No. 3 will be determined based on the option (annual, biannual or triennial) that receives the most affirmative votes cast in person or by proxy at the Annual Meeting. Abstentions and broker non-votes will have no effect on the outcome of Item No. 3. Although non-binding, our Board and Compensation Committee will review and consider the voting results when deciding the frequency of future advisory votes on our executive compensation program.

Reapproval of Material Terms of Cash Incentive Plan. Reapproval of the material terms of the Cash Incentive Plan under Delaware law requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the proposal. For purposes of satisfying the shareholder approval requirement under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), the proposal is approved if a majority of the votes cast on the issue are cast in favor of approval. For purposes of determining whether the proposal has received a majority vote under Delaware law and under Section 162(m) of the Code, abstentions will be included in the vote totals, therefore, an abstention will have the same effect as a negative vote. Broker non-votes will not be included in the vote totals, and, therefore, will have no effect on the outcome of Item 4.

Ratification of the Company's Independent Auditor. Ratification of the selection of PwC as the Company's independent auditor for fiscal year 2017 in Item No. 5 requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on the matter. If this selection is not ratified by shareholders, the Audit Committee may reconsider its decision to engage PwC. For purposes of determining the vote outcome of Item No. 5, abstentions will be included in the vote totals and, therefore, an abstention will have the same effect as a negative vote.

Company Proposal to Amend the Company's Certificate of Incorporation and Bylaws to Eliminate Supermajority Vote Requirements. Pursuant to Article X of the Company's Certificate of Incorporation, effective May 17, 2010 (Certificate of Incorporation), approval of the elimination of supermajority vote requirements in Item No. 6 requires the affirmative vote of holders of 80% of the outstanding voting power entitled to vote generally in the election of directors. For purposes of determining the vote outcome of Item No. 6, abstentions will be included in the vote totals and, therefore, an abstention will have the same effect as a negative vote. Broker non-votes will not be included in the vote totals and, therefore, will have no effect on the outcome of Item No. 6.

Other than the items of business described in this proxy statement, we do not expect any other matter to come before the Annual Meeting. If any other matter is presented at the Annual Meeting, your signed proxy gives the named proxies authority to vote your shares at their discretion. If you submit a signed proxy card that does not include voting instructions, the proxy card will be voted "For" the election of all nominees under Item No. 1, for "1 Year" on Item No. 3, and "For" all other proposals, unless the shares are represented by the proxy card are held in the 401(k) Plan (as the trustee for the 401(k) Plan will not vote shares for which no direction is given).

The Annual Meeting

Any shareholder of record as of March 20, 2017, may attend the Annual Meeting. If you own shares through a broker, bank or other nominee and you wish to attend the meeting, please obtain a letter, account statement or other evidence of your ownership of shares as of such date and bring it with you so that you may attend the meeting.

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Revoking a Proxy

You may revoke your proxy by submitting a new proxy with a later date, including a proxy submitted via the Internet or telephone, or by notifying the Corporate Secretary before the meeting by mail at the address shown on the notice of annual meeting of shareholders. If you attend the Annual Meeting in person and vote by ballot, any previously submitted proxy will be revoked.

ITEM NO. 1 – ELECTION OF DIRECTORS

Board Size and Elections

Our directors possess considerable experience and unique knowledge of the Company's challenges and opportunities. We seek a balance of director skill sets, plan carefully for board succession and seek constant improvement through effective board evaluations. We empower independent directors through frequent board and committee executive sessions. We also annually appoint an independent lead director. The Board, which consists entirely of independent directors other than Mr. Stanley, exercises a strong, independent oversight function. This oversight function is enhanced by our Audit, Compensation and Governance Committees, all of which are made up entirely of independent directors.

When evaluating potential director nominees, the Governance Committee considers each individual's professional experience, areas of expertise and educational background in addition to general qualifications. The Governance Committee works with the Board to determine the appropriate mix of experiences, areas of expertise and educational backgrounds in order to establish and maintain a Board that is strong in its collective knowledge, can fulfill its responsibilities, perpetuate our long-term success and represent the interests of our shareholders. The Governance Committee regularly communicates with the Board to identify professional experiences, areas of expertise, educational backgrounds and other qualifications that affect our business that are particularly desirable for our directors to possess in order to help meet specific Board needs, including:

• Exploration and Production (E&P) experience as current or former executives, which gives directors specific insight into, and expertise that fosters active participation in, the development and implementation of our operating plan and business strategy;

• Executive leadership experience, which gives directors who have served in significant leadership positions strong abilities to motivate and manage others and to identify and develop leadership qualities in others;

• Accounting and financial expertise, which enables directors to analyze our financial statements, capital structure and complex financial transactions, and oversee our accounting and financial reporting processes;

• Enterprise risk management experience, which contributes to oversight of management's risk monitoring and risk management programs, and establishment of risk tolerance aligned with our strategy; and

• Public company board and corporate governance experience, which provides directors with a solid understanding of their extensive and complex oversight responsibilities and furthers our goals of greater transparency, accountability for management and the Board, and protection of our shareholders' interests.

Our Certificate of Incorporation provides for a Board consisting of between seven and 11 directors, with the precise number to be determined by the full Board. In connection with its succession planning, the Board recently decided to nominate an additional individual for election to the Board at the 2017 Annual Meeting. Consequently, effective upon the election of this individual, the current size of the Board will be increased to eight directors.



Our Certificate of Incorporation and Bylaws also provide for the Board to be divided into three classes of directors, as nearly equal in number as possible, serving staggered three-year terms. Directors must receive a majority of the votes cast for the election of directors, and any director who fails to receive a majority of the votes cast during an uncontested election must submit his or her resignation to the Board.

The terms of two current directors, Robert F. Heinemann and David A. Trice, expire at the Annual Meeting. Both Dr. Heinemann and Mr. Trice have been nominated for election to new three-year terms. Additionally,

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Michael J. Minarovic, who was recommended as a nominee by the Company's current lead director, has also been nominated for election to a three-year term. These individuals have consented to being named in this proxy statement and to serve as directors, if elected. However, in the event that any nominee is unwilling or unable to serve as a director, those named in the proxy may vote, at their discretion, for any other person.

## Director Qualification Table

The following table highlights each director's or nominee's specific skills, knowledge and experience. A particular nominee may possess other valuable skills, knowledge or experience even though they are not indicated below.

Name	Financial and Accounting	Exploration & Production	Executive Leadership	Enterprise Risk Management	Public Company Governance
Phillips S. Baker, Jr.	X		X	X	X
Julie A. Dill	X		X	X	X
Robert F. Heinemann	X	X	X	X	X
Michael J. Minarovic	X	X	X	X	
M. W. Scoggins	X	X	X	X	X
Charles B. Stanley	X	X	X	X	X
William L. Thacker, III	X		X	X	X
David A. Trice	X	X	X	X	X

Biographical information concerning the nominees and the current directors of the Company whose terms will continue after the Annual Meeting appears below. Unless otherwise indicated, such individuals have been engaged in the same principal occupation for the past five years. Ages are correct as of the date of the proxy statement.

## Nominees (Terms to Expire in 2020)

Dr. Robert F. Heinemann, age 64, has served as a QEP director since January 2014. He brings significant exploration and production expertise to QEP's Board through his experience as President, CEO and a director of Berry Petroleum Company, where he developed and executed that company's growth and capital allocation strategies. He served as a director of Berry from 2002 until 2013, and as President and CEO from 2004 through 2013. Previously, Dr. Heinemann worked for Halliburton Company, Mobil Exploration and Producing as well as other Mobil entities, in positions of increasing responsibility. Dr. Heinemann currently serves on the board of directors of Crescent Point Energy Corp., Crestone Peak Resources, LLC and Great Western Oil and Gas Company, LLC, where he was also Chairman of the Board from 2014 through 2016. He previously was a director of Yates Petroleum Corporation until its merger in late 2016 and he formerly served as Chairman of the Board of C12 Energy, LLC until late 2015. He has more than 30 years of experience in the oil and gas industry in a number of technical, operational, technology, management and executive roles. In concluding that Dr. Heinemann is qualified to serve as a director, the Board considered, among other things, his extensive operational background and executive experience in the oil and gas industry.

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Mr. Michael J. Minarovic, age 52, is the Co-Founder and Managing Director of Arena Energy, LP (Arena), an employee-owned exploration and production company focused on the Gulf of Mexico (GOM). Since founding Arena in 1999, Mr. Minarovic developed and executed a successful strategy of exploiting drilling opportunities in the GOM that were left behind after fifty years of drilling by the major oil companies. By completing a number of acquisitions and joint ventures, in addition to his responsibilities of reservoir engineering, risk management and opportunity generation, Mr. Minarovic grew Arena into one of the largest private operators in the GOM, producing over 33,000 barrels of oil equivalent per day. Under his leadership, Arena achieved this success by investing over \$3.2 billion in capital since 1999 without any outside equity participation. He is also the Managing Director and a Co-Founder of Arena Offshore, LP, an affiliated drilling and operating company that has been the second most active driller in the GOM during the past five years. Prior to co-founding Arena, Mr. Minarovic served as a petroleum engineer with Newfield Exploration Company and Conoco, Inc.

Mr. Minarovic is an active member of the University of Texas PGE External Advisory Committee, Society of Petroleum Engineers, The John Cooper School Board of Trustees, and is an Executive Director of the United States Oil and Gas Association. In concluding that

Mr. Minarovic is qualified to be nominated to our Board, the Board considered, among other things, his more than 29 years of oil and gas experience working in the independent, private and public sectors, including his entrepreneurial, executive and operational expertise as well as his background in negotiating and managing acquisitions and joint ventures with large public companies.

Mr. David A. Trice, age 69, has been a QEP director since 2011. He was CEO of Newfield Exploration Company (Newfield), an oil and natural gas exploration and production company from 2000 until his retirement in 2009. He also served as Chairman of the Board of Newfield from 2004 until 2010. Mr. Trice has served as a director of New Jersey Resources Corporation since 2004, and McDermott International, Inc. since 2009. Mr. Trice previously served as a director of Grant Prideco, Inc. from 2003 to 2008, as a director of Hornbeck Offshore Services, Inc. from 2002 until February 2011, and as a director of privately held Crazy Mountain Brewery, LLC from 2011 until January 2015. He is also a director of Rockwater Energy Solutions, Inc., a privately held company. He served as the Chairman of the American Exploration and Production Council from 2008 to 2009, and as Chairman of America's Natural Gas Alliance from 2009 to 2010. In concluding that Mr. Trice is qualified to serve as a director, the Board considered, among other things, his experience as the CEO of a publicly traded independent exploration and production company.

The Board recommends that you vote FOR each of the nominees listed above.

Continuing Directors (Terms to Expire in 2018)

Mr. Phillips S. Baker, Jr., age 57, has served as a QEP director since June 2010. He served as a director of Questar from 2004 to 2010. Mr. Baker is the President, CEO and a director of Hecla Mining Company (Hecla), a gold and silver mining company. He served as Chief Financial Officer (CFO) of Hecla from May 2001 to June 2003, and as Chief Operating Officer of Hecla from November 2001 to May 2003, before being named CEO in May 2003. He has 30 years of business experience, including 18 years of financial management, more than ten years as CEO of an NYSE-listed company and more than 20 years of directorships of public companies. Mr. Baker has also served as Vice Chairman of the Board for the National Mining Association since October 2015, and has been a Board member since 2010. He has also served as a Board member of the National Mining Hall of Fame and Museum. In concluding that Mr. Baker is qualified to serve as a director, the Board considered, among other things, his financial knowledge and his extensive executive management and financial experience.

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Mr. Charles B. Stanley, age 58, has served as President, CEO and a director of QEP since June 2010 and Chairman of the Board since May 2012. He also served in the same roles for QEP Midstream Partners, GP, LLC, the general partner of QEP Midstream Partners, LP, from 2013 until December 2014. Mr. Stanley served as Executive Vice President of Questar Corporation (Questar) from 2002 to 2008 and as Executive Vice President and Chief Operating Officer from 2008 until 2010. He also served as a director of Questar from 2002 until 2010. Prior to joining Questar, he served as President, CEO and a director of El Paso Oil and Gas Canada from 2000 to 2002, and as President and CEO of Coastal Gas International Company from 1995 to 2000. He is a director of Hecla Mining Company and serves on the boards of various natural gas industry trade organizations, including the American Exploration and Production Council. Mr. Stanley has served as Chairman of America's Natural Gas Alliance, an industry association representing large independent natural gas producers. In concluding that Mr. Stanley is qualified to serve as a director, the Board considered, among other things, his more than 30 years of experience in the oil and gas industry.

Continuing Directors (Terms to Expire in 2019)

Ms. Julie A. Dill, age 57, has been a QEP director since May 2013. She most recently served as the Chief Communications Officer for Spectra Energy Corp. (Spectra) from 2013 until completion of Spectra's merger with Enbridge, Inc. (the Merger) in the first quarter of 2017. She also served on the board of Spectra Energy Partners from 2012 until the completion of the Merger. Ms. Dill has a wealth of experience in the energy sector, having served in a number of executive capacities in the natural gas and power industries. She served as the Group Vice President of Strategy for Spectra and the President and CEO of Spectra Energy Partners, LP from 2012 until 2013, and prior to that she served as President of Union Gas Limited from 2007 until 2011. Previously, she served in various financial and operational roles with Duke Energy, Duke Energy International and Shell Oil Company. Ms. Dill is also a member of the Advisory Council for the College of Business and Economics at New Mexico State University. In concluding that Ms. Dill is qualified to serve as a director, the Board considered, among other things, her experience as the President and CEO of a public company, her strong financial background and her more than 35 years of experience in the energy industry.

Dr. M. W. Scoggins, age 69, has been a QEP director since June 2010 and also currently serves as a director of Cobalt International Energy, Inc. and Laredo Petroleum, Inc. He served as a director of Questar Corporation from 2005 until 2010. He is President Emeritus of the Colorado School of Mines, an engineering and applied science research university. He served as Mines' President from June 2006 until his retirement in July 2015. Dr. Scoggins retired in 2004 after a 34-year career with Mobil Corp. and Exxon Mobil Corp. From 1999 to 2004, he served as Executive Vice President of Exxon Mobil Production Co. Prior to the merger of Mobil and Exxon in late 1999, Dr. Scoggins was President, International Exploration & Production and Global Exploration, and an officer and member of the executive committee of Mobil Oil Corp. He served on the board of Trico Marine Services from 2005 until 2011, and Venoco, Inc. from 2007 until 2012.

Dr. Scoggins has a Ph.D. in Petroleum Engineering from the University of Tulsa. In concluding that Dr. Scoggins is qualified to serve as a director, the Board considered, among other things, his extensive industry experience and his experience serving in senior executive positions in the upstream oil and gas business.

William L. Thacker, III, age 71, has been a QEP director since February 2014.

Mr. Thacker served as non-executive Chairman of the Board of Copano Energy LLC from 2009 through 2013 (he served on the Copano board beginning in 2004). Previously, he served as Chairman and CEO of TEPPCO Partners. Mr. Thacker also served on the board of Pacific Energy Management prior to the sale of Pacific Energy Partners to Plains All American Pipeline in 2006. He served on the board of GenOn Energy Inc. from January 2006 until November 2012 when GenOn merged with NRG Energy. He also serves on the boards of the Kayne Anderson Midstream Energy Fund and the Kayne Anderson Energy Development Company. In concluding that Mr. Thacker is qualified to serve as a director, the Board considered, among other things, his extensive energy industry experience and his experience as a director on multiple public company boards.



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### GOVERNANCE INFORMATION

#### Governance Update

There were several governance developments to highlight from the past year, including:

A non-binding shareholder proposal to require separation of the CEO and Chairman, which was not supported by the Company, only received 33% support at last year's annual meeting, and the shareholder who submitted that proposal elected not to resubmit the proposal for consideration at the Annual Meeting.

A company-supported proposal to eliminate 80% supermajority voting received support from holders of over 76% of our outstanding shares but failed to receive the required 80% of outstanding shares. Due to this high level of support, our Board has resubmitted this proposal and is again recommending that shareholders approve this proposal at the Annual Meeting.

The Board voluntarily amended and restated our Bylaws to adopt proxy access rights, which reflects input received from the vast majority of shareholders providing feedback to QEP during 2016. These amendments permit up to 20 shareholders owning 3% or more of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials director nominees constituting up to two individuals or 20% of the Board (whichever is greater), provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in the Bylaws.

As noted in the "Shareholder Engagement" section below, the Company continued to focus on its shareholder outreach program during 2016, contacting over 35 shareholders owning in excess of 65% of our outstanding shares. The Company is committed to continuing annual shareholder outreach.

#### General Governance Information

We seek to implement best practices in corporate governance, including state-of-the-art Code of Conduct, Corporate Governance Guidelines and committee charters, each of which is available on the Company's website at <http://ir.qepres.com/phoenix.zhtml?c=237732&p=irol-govhighlights>. These documents provide the framework for our corporate governance. Any of these documents will be furnished in print without charge to any interested party who requests them.

#### Shareholder Engagement

Continuous and transparent communication with our shareholders helps our Board and senior management team gain useful feedback on a wide range of topics including corporate governance matters and executive compensation. Accountability to shareholders is not only a mark of good governance but an important component of our success. During 2016 we contacted over 35 of our largest investors owning in excess of 65% of our outstanding shares. The feedback received was considered in our Board's decisions to voluntarily adopt proxy access and to resubmit a management proposal to replace supermajority voting provisions in our Certificate of Incorporation and Bylaws with a "majority of the outstanding shares" voting standard, as well as decisions related to our executive compensation programs, as discussed in the Compensation Discussion and Analysis section below.

We value the feedback provided by our shareholders and look forward to continued, open dialogue on corporate governance issues, executive compensation decisions and other matters relevant to our business.

#### Director Independence

The Board evaluated all relationships between the Company and its directors and determined that all non management directors currently serving on the Board (Phillips S. Baker, Jr., Julie A. Dill, Robert F. Heinemann, M.W. Scoggins, William L. Thacker, III, and David A. Trice), as well as Michael J. Minarovic, who is being nominated to serve as a new director at the Annual Meeting, are independent under all applicable rules and regulations, including listing requirements of the NYSE as set forth in Section 303A.02 of the Listed Company Manual, and the Company's Corporate Governance Guidelines. The Board also determined that no independent director has a material relationship

with the Company that could impair the director's independence. The criteria applied by our Board in determining independence are available on the Company's website at [http://media.corporate-ir.net/media\\_files/IROL/23/237732/Corporate%20Governance%20Guidelines%20-%20As%20Updated](http://media.corporate-ir.net/media_files/IROL/23/237732/Corporate%20Governance%20Guidelines%20-%20As%20Updated). The Board evaluates independence on an ongoing basis.

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## Board Leadership Structure

Based on its experience, considerable engagement with shareholders and an assessment of research on this issue, the Board understands that there are a variety of viewpoints concerning a board's optimal leadership structure; that available empirical data concerning the impact of board leadership on shareholder value is inconclusive; and, accordingly, that there is no single, generally accepted approach to board leadership in the United States. Given the dynamic and competitive environment in which we operate, the Board believes that the right leadership structure may vary as circumstances change. Currently, our Board believes that a strong Lead Director and a combined Chairman and CEO allow our Lead Director to provide independent Board leadership and permit our Chairman and CEO to use his knowledge of the Company to focus Board discussions. The combined role of Chairman and CEO also ensures that the Company presents its strategy to shareholders, employees and other stakeholders with a single voice. Our shareholders have demonstrated support for this approach with a strong majority opposing shareholder proposals in 2013 and 2016 to separate the roles of Chairman and CEO. Moreover, during our meetings with shareholders in both 2015 and 2016, no shareholder requested that we separate the Chairman and CEO roles.

The Lead Director is selected annually. In May 2016, Mr. David A. Trice, one of the Company's independent directors, was elected by the other independent directors to serve as the current Lead Director. Prior to that, Dr. M. W. Scoggins had served as Lead Director. In this role, Mr. Trice:

- Presides at all executive sessions of the independent directors and the board meetings at which the Chairman is not present;
- Serves as liaison between the Chairman and the independent directors;
- Approves information sent to the Board;
- Approves meeting agendas for the Board;
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Has the authority to call meetings of the independent directors; and
- Ensures that he is available for consultation and direct communication, if requested by major shareholders.

## Board Committees

Our Board has an Audit Committee, Compensation Committee and a Governance Committee, each of which is composed solely of independent directors. As noted above, each committee has a charter that can be found on the Company's website at <http://ir.qepres.com/phoenix.zhtml?c=237732&p=irol-govhighlights> and will be provided in print without charge at the request of any interested party. The following section includes information about our Board committees. The members of our Board and the Board committees on which they currently serve are identified below.

Director	Audit	Compensation	Governance
Phillips S. Baker, Jr.	X		X
Julie A. Dill	X		X
Robert F. Heinemann	X	Chair	
M. W. Scoggins	Chair	X	
Charles B. Stanley			
William L. Thacker, III		X	X
David A. Trice		X	Chair

## Audit Committee

The Audit Committee reviews auditing, accounting, financial reporting and internal control functions, and oversees risk assessment and compliance activities. The Audit Committee has the sole authority to hire, compensate, retain, oversee and terminate the Company's independent auditor. The Audit Committee also has sole authority to preapprove all terms and fees for audit services, audit-related services and other services to be performed by the Company's independent auditor. The Audit Committee also reviews any related-person transactions brought to its attention that could reasonably be expected to have a material impact on the Company's financial statements and determines whether



any action is necessary.

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The Audit Committee meets all the requirements set forth in Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual. The Board has determined that all members of the Audit Committee satisfy the standards for independence as they relate to audit committees as set forth in Section 303A.02 of the NYSE Listed Company Manual and as set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended (Exchange Act). The Audit Committee frequently meets in executive sessions, and meets with the internal auditors and independent auditors outside the presence of management. All Audit Committee members qualify as audit committee financial experts.

### Compensation Committee

The Compensation Committee oversees our executive compensation program and benefit plans and policies; administers our short- and long-term incentive plans, including equity-based programs; oversees and annually reviews short- and long-term as well as emergency succession planning; approves compensation decisions for officers; recommends CEO total compensation to the full Board; and annually reviews the performance of the CEO. The Compensation Committee oversees the risk assessment of our executive and non-executive compensation programs.

The Compensation Committee also considers and makes recommendations to the full Board regarding compensation for independent directors. The Compensation Committee frequently meets in executive sessions to discuss and approve compensation for officers. The Board has determined that each member of the Compensation Committee meets the independence requirements set forth in Section 303A.02 of the NYSE Listed Company Manual, and that each qualifies as an independent director under Rule 16b-3 of the Exchange Act and as an outside director under Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee has authority to retain and dismiss compensation consultants and other advisors that provide objective advice, information and analysis regarding executive and director compensation. These consultants report directly to, and may meet separately with, the Compensation Committee, and may consult with the Compensation Committee Chairman between meetings. The Compensation Committee retained Meridian Compensation Partners, LLC (Meridian) as its independent consultant to advise it as to executive and director compensation in 2016. The Compensation Committee considered the factors outlined by the NYSE and determined that Meridian is independent under those factors, and that Meridian's work in 2016 did not create any conflict of interest with respect to its representation of the Compensation Committee. See "Compensation Process – Role of Independent Compensation Consultant" in the Compensation Discussion and Analysis section for a description of Meridian's duties.

The Compensation Committee has authorized Mr. Stanley, our CEO, and Margo Fiala, the Vice President of Human Resources, to grant restricted stock to newly hired employees and for employee retention up to a limit of \$250,000 per grant. This authority is subject to certain limitations, and does not extend to grants to officers or directors. The full Compensation Committee will review each grant made by Mr. Stanley or Ms. Fiala at its next meeting following any such grant. The Compensation Committee has also delegated to its Chair, currently Mr. Heinemann, authority to replenish the pool of shares to be granted by Mr. Stanley or Ms. Fiala. The full Compensation Committee will review any such replenishment at its next meeting following the replenishment.

### Governance Committee

The Governance Committee, which also functions as the Company's nominating committee, is responsible for committee assignments; new director searches; drafting and revising the Corporate Governance Guidelines; conducting annual evaluations of the Board, its committees and individual directors; and making recommendations to the full Board on various governance issues. The Board has determined that all members of the Governance Committee meet the independence requirements set forth in Section 303A.02 of the NYSE Listed Company Manual.

The Governance Committee's Charter defines the criteria for director nominees, including nominees recommended by shareholders and self-nominees. These criteria provide a framework for evaluating all nominees as well as incumbent

directors. The key criteria are personal and professional integrity and ethics; experience in the Company's lines of business; experience as a CEO, president, CFO or senior officer of a public company or extensive experience in finance or accounting; currently active in business at least part time or recently retired, with skills and experience needed to serve as a member of the Board; experience as a board

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member of another publicly-held company; willingness to commit time and resources to serve as a director; and good business judgment, including the ability to make independent analytical inquiries. The Board considers candidates who will contribute a broad range of knowledge, talents, skills and expertise, particularly in the areas of the oil and natural gas industry, strategic planning, accounting and finance, corporate governance, management and diversity of the Board in terms of race, gender, ethnicity or professional background, sufficient to provide prudent guidance about the Company's operations and interests. Nominees must be less than 72 years of age, unless that requirement is waived by the Board.

The Governance Committee also considers any recommendations for director nominees made by shareholders. The Governance Committee evaluates nominees recommended by the shareholders using the same criteria it uses for other nominees.

We amended our Bylaws in December 2016 to permit a group of up to 20 shareholders who have owned at least 3% of our outstanding capital stock for at least three years to submit director nominees for up to 20% of the Board for inclusion in our proxy statement if the shareholder(s) and the nominee(s) meet the requirements in our Bylaws. Shareholders who wish to nominate directors for inclusion in our Proxy Statement or directly at an Annual Meeting in accordance with the procedures in our Bylaws should follow the instructions under "Shareholder Nominations and Proposals" in this Proxy Statement.

### Board Risk Oversight

Our Board, as a whole and through its committees, is responsible for overseeing risk management. The Company's executive officers are responsible for day-to-day management of the material risks the Company faces. In its oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed by management are functioning effectively and as designed. Our Board and its committees regularly discuss material risk exposures, the disclosure of risks, the potential impact of risks on the Company and the efforts of management to address the identified risks.

A number of Board processes support our risk management program. The full Board regularly reviews operational, regulatory and environmental risks and discusses the Company's enterprise risk management program. The Board reviews and approves the capital budget and certain capital projects, the hedging policy, significant acquisitions and divestitures, equity and debt offerings, and other significant activities.

The Audit Committee plays an important role in risk management by assisting the Board in fulfilling its responsibility to oversee the integrity of the financial statements and our compliance with legal and regulatory requirements. The Audit Committee retains and interacts regularly with our independent auditors and also meets regularly with our internal auditors. Additionally, the Audit Committee reviews financial and accounting risk exposure, the Company's proved oil and gas reserves estimation reporting process and disclosure, issues related to cybersecurity and the Company's internal controls. The Audit Committee also oversees ethics and compliance procedures and reporting.

The Compensation Committee reviews the compensation program to ensure it is aligned with our compensation objectives and to address any potential risks it may create. The Compensation Committee has designed our short- and long-term compensation plans with features that reduce the likelihood of excessive risk-taking, including a balanced mix of cash and equity and short- and long-term incentives, an appropriate balance of operating and financial performance measures, a proper balance of fixed and at-risk compensation components, significant stock ownership requirements for officers, extended vesting schedules on equity grants, and caps on incentive awards.

Our Governance Committee's role in risk management includes regularly reviewing developments in corporate governance and reviewing our Corporate Governance Guidelines to recommend appropriate action to the full Board. The Governance Committee also provides input as to Board composition, size and committee assignments, and

recommends adjustments to ensure that we have appropriate director expertise to oversee the Company's evolving business operations.

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Stock Ownership Guidelines for Non-Employee Directors

Our Board adopted stock ownership guidelines for independent directors to align the interests of our directors with the interests of our shareholders and to promote our commitment to best practices in corporate governance. Within five years of beginning their service, independent directors are required to hold QEP shares with a value equal to five times the amount of such director's annual cash compensation. Shares that count toward satisfaction of the guidelines include common stock owned by the director and phantom stock attributable to deferred compensation. All of the independent directors who have served for five years or longer hold a sufficient number of shares to satisfy these guidelines. The Board reviewed these guidelines again in 2016 and determined they were appropriate.

Limits on Board Service

Our directors may not serve on the board of directors of more than five public companies. Our CEO may not serve on more than two boards in addition to our Board. A member of our Audit Committee may not simultaneously serve on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the director's ability to serve effectively on our Audit Committee.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during 2016 were Dr. Heinemann, Dr. Scoggins, Mr. Trice, Mr. Thacker (since May 2016) and Ms. Dill (until May 2016). No member of our Compensation Committee was at any time prior to or during 2016, or the first three months of 2017, an officer or employee of our Company. Additionally, no member of the Compensation Committee had any relationship with our Company requiring disclosure as a related-party transaction. During 2016, no executive officer of our Company served on the compensation committee of any other entity that had one or more of its executive officers serving as a member of our Compensation Committee. Furthermore, no executive officer of our Company served on the Compensation Committee of another company that had one of its executive officers serve as a member of our Board.

Communications with Directors

Interested parties may communicate with the full Board, non-management directors as a group or individual directors, by sending a letter in care of the Corporate Secretary at QEP Resources, Inc., 1050 17th Street, Suite 800, Denver, Colorado 80265. Our Corporate Secretary has the authority to discard any solicitations, advertisements or other inappropriate communications, but will forward any other mail to the named director or group of directors.

Attendance at Meetings

The QEP Board and committees of the Board held the following number of meetings in 2016:

	Board	Audit Committee	Compensation Committee	Governance Committee
Number of Meetings	7	7	5	5

Each director attended at least 75% of the aggregate of (1) the number of Board meetings held while he or she was a director; and (2) the number of meetings of all committees of the Board had while he or she served as a member of the respective committee. Our directors are expected to attend the Annual Meeting. All of the directors attended the 2016 Annual Meeting of Shareholders.

Family Relationships

None of the current directors, the new nominee director or the current executive officers is related to any other director or executive officer.

Director Retirement Policy

Our Board has adopted a retirement policy that permits an independent director to continue serving until the annual meeting following his or her 72nd birthday, provided that the director remains actively engaged in business, financial or community affairs. The Board may waive these requirements in certain situations. The



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Board does not believe that directors who retire, resign or otherwise materially change their position with their employers should necessarily leave the Board; however, they are required to submit a notice of any such retirement, resignation or change to the Chairman of the Board and Chairman of the Governance Committee. The Board will then review the continued appropriateness of Board membership under the changed circumstances.

**CERTAIN RELATIONSHIPS AND TRANSACTIONS WITH RELATED PERSONS**

Transactions with related persons are those that involve our directors, executive officers, director nominees, greater than 5% shareholders, immediate family members of these persons or entities in which one of these persons has a direct or indirect material interest. Pursuant to the procedures described below, we review all transactions that would involve amounts exceeding \$120,000 (the current threshold required to be disclosed in the proxy statement under SEC regulations) and certain other similar transactions.

**Procedures for Review and Approval of Transactions with Related Persons**

Pursuant to the terms of our Corporate Governance Guidelines, we require that all executive officers and directors report to our Corporate Secretary or Assistant Corporate Secretary any event or anticipated event that might qualify as a related-person transaction. The Corporate Secretary or Assistant Corporate Secretary would then report those transactions to the Audit Committee. We also collect information from questionnaires sent to executive officers and directors early each year that are designed to reveal related-person transactions. If a report or questionnaire shows a potential related-person transaction, our Audit Committee will review the transaction in accordance with our Code of Conduct. The Audit Committee will review pending and ongoing transactions to determine whether they conflict with the best interests of the Company, impact a director's independence or conflict with our Code of Conduct. If the transaction is completed, the Audit Committee will determine whether rescission of the transaction, disciplinary action or reevaluation of independence is required. If a waiver to the Code of Conduct is granted to an executive officer or director, the nature of the waiver will be disclosed on our website ([www.qepres.com](http://www.qepres.com)), in a press release or on a current report on Form 8-K.



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## SECURITY OWNERSHIP

The information provided below summarizes the beneficial ownership of our common stock by our named executive officers, each of our directors, all of our executive officers and directors as a group, and persons owning more than 5% of our common stock. "Beneficial ownership" generally includes those shares of common stock held by someone who has investment and/or voting authority of such shares or has the right to acquire such common stock within 60 days. The ownership includes common stock that is held directly and also stock held indirectly through a relationship, a position as a trustee, or under a contract or understanding.

## Directors and Executive Officers

The following table lists the shares of our common stock beneficially owned by each director, named executive officer, and all directors and executive officers as a group as of February 28, 2017. Shares not outstanding but deemed beneficially owned by virtue of the right of a person to acquire shares within 60 days of February 28, 2017, are included as outstanding and beneficially owned for that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Except as noted in the footnotes below, the holders have sole voting and dispositive powers over the shares. The Company has no knowledge of any arrangement that would, at a subsequent date, result in a change in control of the Company.

Name	Amount and Nature of Beneficial Ownership				Percent of Class <sup>8</sup>
	Common Stock Beneficially Owned		Common Stock Acquirable Within 60 Days	Total Beneficially Owned	
Charles B. Stanley	863,971	1,2,3,4,5	534,579	1,398,550	*
Richard J. Doleshek	322,413	1,2,3	260,913	583,326	*
Jim E. Torgerson	252,338	1,2,3	171,851	424,189	*
Christopher K. Woosley	111,348	1,2	65,138	176,486	*
Matthew T. Thompson	68,548	1,2,3	26,392	94,940	*
Phillips S. Baker, Jr.	21,897		61,350	83,247	*
Julie A. Dill	525		49,297	49,822	*
Robert F. Heinemann	7,200		45,186	52,386	*
M. W. Scoggins	7,700	7	127,197	134,897	*
William L. Thacker III	0		45,920	45,920	*
David A. Trice	15,000		59,642	74,642	*
Other executive officers	107,850	1,2,3	66,211	174,061	*
All directors and executive officers (13 individuals)	1,778,790		1,513,676	3,292,466	1.36 %

1. Includes the following unvested restricted shares for which the owners have sole voting power, but which cannot be disposed of until they vest: Mr. Stanley owns 339,432 shares; Mr. Doleshek owns 174,700 shares; Mr. Torgerson owns 136,880 shares; Mr. Woosley owns 87,527 shares; Mr. Thompson owns 48,815 shares; and the other executive officers have a combined ownership of 77,087 shares.

2. Does not include the following executives' long-term cash incentive amounts measured in performance share units (PSUs) pursuant to the QEP Cash Incentive Plan, which are subject to a cash payout to the extent certain performance objectives are achieved: Mr. Stanley owns 443,303 PSUs; Mr. Doleshek owns 217,958 PSUs; Mr. Torgerson owns 190,600 PSUs; Mr. Woosley owns 65,948 PSUs; Mr. Thompson owns 36,960 PSUs; and the other executive officers have a combined ownership of 59,531 PSUs.

3. Does not include the following phantom stock units held in the QEP Deferred Compensation Wrap Plan: Mr. Stanley owns 53,605 units; Mr. Doleshek owns 7,147 units; Mr. Torgerson owns 6,133 units; Mr. Thompson owns

1,577 units; and the other executive officers have a combined ownership of 3,566 units.

Does not include 169,907 shares owned by the QEP Resources Educational Foundation (Foundation), a non-profit corporation. As Chairman of the Foundation's Board of Trustees, Mr. Stanley has voting power for the shares but disclaims any beneficial ownership of the shares.

Includes 524,712 shares held in a trust for which Mr. Stanley has shared voting and dispositive powers with his spouse.

Represents fully-vested phantom stock units held in the QEP Deferred Compensation Plan for Directors, which are payable in cash or shares of QEP common stock (at the director's election) upon termination of the director's service on the Board.

Shares are held in a joint account for which Dr. Scoggins has shared voting and dispositive powers with his spouse.

The percentage of shares owned is less than 1% unless otherwise stated.

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## Certain Beneficial Owners

The following table sets forth information with respect to each person known by the Company to beneficially own more than 5% of our common stock as of February 28, 2016.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Wellington Management Group, LLP, 280 Congress Street, Boston MA 02210	20,895,559 <sup>1</sup>	8.7%
Vanguard Group, Inc., 100 Vanguard Blvd., Malvern, PA 19355	18,932,710 <sup>2</sup>	7.9%
BlackRock, Inc., 55 E. 52nd Street, New York, NY 10055	18,808,370 <sup>3</sup>	7.9%

1. Based upon its Schedule 13G/A filed with the SEC on February 9, 2017, as of December 31, 2016, Wellington Management had shared voting power of 13,055,013 shares and shared dispositive power of 20,895,559 shares.

2. Based upon its Schedule 13G/A filed with the SEC on February 13, 2017, as of December 31, 2016, Vanguard had sole voting power of 142,321 shares; sole dispositive power of 18,778,087 shares; shared voting power of 24,097 shares; and shared dispositive power of 154,623 shares.

3. Based on its Schedule 13G/A filed with the SEC on January 25, 2017, as of December 31, 2016, BlackRock had sole voting power of 17,814,623 shares; sole dispositive power of 18,808,370 shares; and shared voting and dispositive power of 62,211 shares.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act and regulations promulgated by the SEC, the Company's directors and officers subject to Section 16(a) and persons who beneficially own more than 10% of the Company's stock are required to file reports of ownership and changes in ownership with the SEC. The Company's Corporate Secretary department prepares reports for directors and officers subject to Section 16(a) based on information known and otherwise supplied, including information provided in response to director and officer questionnaires. Based on this information, the Company believes that all filing requirements under Section 16(a) of the Exchange Act with respect to the Company's directors and officers subject to Section 16(a) were satisfied in 2016.

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AUDIT COMMITTEE REPORT

The Audit Committee adopted its Charter in 2010 upon formation of the Company and has amended it from time to time. Audit Committee members are appointed each year by the Board to review the Company's financial matters. The Board has determined that each member of our Audit Committee meets the independence requirements set by the NYSE. The Board has also determined that all members of the Audit Committee are audit committee financial experts as defined by the SEC. No member of the Audit Committee serves as a member of the audit committee of more than three public companies.

We reviewed and discussed with the Company's management the audited financial statements for the year ended December 31, 2016. We discussed with representatives of PwC, the Company's independent auditor, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA Professional Standards, Vol. 1, AU§ 380), Communication with Audit Committees. We have also received the written disclosures and the letter from PwC, which are required by applicable provisions of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, and we have discussed with representatives of PwC its independence from the Company. We have also discussed with the Company's officers and PwC such other matters and received such assurances from them as we deemed appropriate.

Based on our review and discussions, we have recommended to the Company's Board the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

By the Audit Committee:

M. W. Scoggins, Chair  
Phillips S. Baker, Jr.  
Julie A. Dill  
Robert F. Heinemann

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed the Compensation Discussion and Analysis with management and, based on our review and discussions, have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

By the Compensation Committee:

Robert F. Heinemann, Chair  
M. W. Scoggins  
William L. Thacker, III  
David A. Trice

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.



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COMPENSATION DISCUSSION AND ANALYSIS

This section describes the objectives and elements of the executive compensation programs for our Named Executive Officers (NEOs). Our NEOs include our principal executive officer, our principle financial officer, our three other most highly compensated executive officers, as well as one former executive officer that would have been one of the three other most highly compensated executive officers had he not retired during the year. Our NEOs for 2016 are:

- Charles B. Stanley, Chairman, President and Chief Executive Officer (CEO)
- Richard J. Doleshek, Executive Vice President, Chief Financial Officer (CFO)
- Jim E. Torgerson, Executive Vice President, QEP Energy
  - Christopher K. Woosley, Vice President, General Counsel and Corporate Secretary
- Matthew T. Thompson, Vice President, Energy
- Austin S. Murr, Former Senior Vice President, Business Development (retired October 1, 2016)

Executive Summary

Overview of Industry and 2016 Business Highlights

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QEP is an independent crude oil and natural gas exploration and production (E&P) company. As a result, our earnings, cash flows, asset values and stock price are significantly influenced by the cyclical and volatile nature of commodity prices for crude oil, natural gas, and natural gas liquids. Commodity prices dramatically weakened starting in late 2014 and have remained low throughout 2015 and 2016. The posted price for West Texas Intermediate (WTI) crude oil ranged from a high of \$107.95 per barrel in June 2014 to a low of \$26.19 per barrel in February 2016, while the Henry Hub spot market price of natural gas ranged from a high of \$8.15 per MMBtu in February 2014 to a low of \$1.49 per MMBtu in March 2016.

Despite a challenging commodity price environment, our Company delivered strong results in 2016:

- Generated total shareholder return of 37%, which is well above the median of our industry peer group;
- Delivered record oil equivalent production of 55.8 MMboe;
- Delivered record crude oil production of 20.3 MMbbl, including a record 4.0 MMbbl in the Permian Basin;
- Reported record year-end total proved reserves of 731.4 million MMboe, a 21% increase compared with year-end 2015, including record proved crude oil reserves of 238.6 million MMbbl;
- Reduced year-over-year capital expenditures by 48% (excluding property acquisitions);
- Acquired approximately 9,600 net acres in the core of the Permian Basin;
- Maintained strong liquidity, including \$443.8 million of cash and cash equivalents at year-end; and
- Delivered record safety results with a 70% reduction in our total recordable incident rate and zero incidents in drilling.

Throughout 2016 we maintained our focus on controlling costs, finding efficiencies and aggressively seeking opportunistic acquisitions to strengthen the Company as the commodity price environment improves. In response to low commodity prices, we made compensation decisions in early 2016 (continued salary freeze and reduced long-term incentive grants) to prudently manage our business during an unprecedented industry environment. Since that time, our Compensation Committee has recognized the outstanding business results achieved during an extremely challenging time with an above target payout on our annual incentive plan.

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### Shareholder Support and Summary of 2016 Compensation Actions

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Our shareholders have overwhelmingly approved our executive compensation programs in past say-on-pay votes (averaging 93% of the votes cast for the past five years). In recognition of industry conditions as well as feedback from our shareholder outreach program in the fall of 2015, our Compensation Committee took the following actions with respect to our 2016 executive compensation programs:

- Kept base salaries flat for the second straight year for most of our Officers, including our top four NEOs;
- Reduced long-term incentive (LTI) awards by 10% for most of our Officers, including our top four NEOs;
- Increased the overall allocation of performance-based LTI awards to nearly 2/3rds of the total LTI award for our top three NEOs;
- Paid out the 2014 performance share unit (PSU) awards at 78% of grant date target based upon strong relative total shareholder return (TSR) performance from January 1, 2014 to December 31, 2016 (earning a score of 136%) and the absolute share price performance over the same period; and
- Returned to a more quantitative approach for our annual cash incentive program and awarded 130% of target to our NEOs based on performance against goals and weightings.

We value ongoing dialogue with our shareholders as to our executive compensation programs and other corporate governance matters. During 2016, we continued with a shareholder outreach effort similar to our approach in 2015, which included contacting shareholders representing more than 65% of our outstanding shares and having conversations with a variety of major shareholder representatives. In general, our shareholders continued to express support for our performance-based executive compensation programs. Feedback from our shareholders was reviewed and discussed by the Compensation Committee and our Board of Directors at our October 2016 and February 2017 meetings.

### Pay and Performance Alignment

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Our pay programs are designed to align pay outcomes with both short-term and long-term company performance.

To provide our management team with appropriate incentives to meet short-term objectives, our Compensation Committee has approved our annual incentive plan (AIP) to pay out based on achievement of annual goals. (For more information, see the section titled "Compensation Elements – Annual Incentive Program.") The Compensation Committee expects achievement of these goals to result in strong positioning within our industry and greater shareholder value over time.

To provide our management team with the appropriate incentives to pursue strategies that promote long-term shareholder value, our Compensation Committee has approved an executive compensation program that ties a substantial portion of total compensation to long-term equity incentives that provide value based on share price and TSR. As a result, changes in our share price over time significantly impact our management team's actual realizable compensation. For example, with the decline in commodity prices in our industry and the resulting decline in our stock price, the majority of our outstanding stock options are underwater (i.e, have exercise prices greater than the current market price for our common stock). Additionally, while our total shareholder return was strong relative to our peers (64<sup>th</sup> percentile) for the 2014-2016 performance cycle, the payout to our NEOs was only 78% of the grant date target value. (For more information, see the section titled "Compensation Elements - Long-Term Incentive Program.")

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Key Features of Our Executive Compensation Program

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Our Executive Compensation Practices

(What We Do)

- ü Pay for Performance – Over 85% of our CEO’s target total compensation varies based on performance. Our annual cash incentive program is based on key strategic, financial and operational goals, and our LTI program aligns executive pay with shareholder interests. PSUs tied to relative shareholder return comprise 50% of the LTI grants to our CEO, CFO and EVP.
- ü Double-Trigger Severance and LTI Award Vesting – Upon a change in control, LTI awards (made after November 2015) and cash benefits under our Executive Severance Plan (the CIC Plan) vest only if the employee is terminated without cause or constructively terminated within three years following the change in control.
- ü Clawback Policy - AIP awards for our Section 16 Officers are subject to clawback in the event of a financial restatement due to fraud or misconduct, at the discretion of the Compensation Committee.
- ü Executive Ownership Guidelines – We have adopted stock ownership guidelines for our executives and directors that are consistent with good corporate governance practices. The requirements are 6x base salary for our CEO, 3x for our CFO and 2x for other officers.
- ü External Benchmarking – Our Compensation Committee reviews competitive compensation data based on an appropriate group of E&P peer companies prior to making annual compensation decisions.
- ü Independent Compensation Consultant – Our Compensation Committee has engaged an independent executive compensation advisor who reports directly to the Compensation Committee and provides no other services to the Company.
- ü Tally Sheets – Our Compensation Committee reviews tally sheets prior to making annual executive compensation decisions.
- ü Annual Risk Assessment of Compensation Practices – Our Compensation Committee conducts an annual risk assessment to carefully consider the degree to which compensation plans and decisions affect risk-taking. We do not believe that any of the compensation arrangements in place encourage unnecessary risk-taking.

Prohibited Executive Compensation Practices

(What We Don’t Do)

- X No Golden Parachute Excise Tax Gross-Ups – We do not provide golden parachute excise tax gross-ups in our Executive Severance Plan or elsewhere.
- X No Repricing – Our stock incentive plan does not permit the repricing of underwater stock options without shareholder approval.
- X No Hedging, Pledging or Derivatives Trading of QEP Stock – These practices are strictly prohibited for all officers of the Company, including our NEOs.
- X No Excessive Perquisites or Benefits – We offer limited perquisites to our NEOs, consistent with the perquisites offered by our peer companies, to offset the cost of tax preparation, financial planning and related expenses. Our supplemental retirement programs are limited to restoring the benefits lost under our qualified retirement plans, and eligibility is not limited to executives.
- X No Employment Agreements – We have no employment agreements with any executive officers.



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### Compensation Philosophy and Objectives

In designing and administering our executive compensation program, our Compensation Committee is guided by an overall philosophy that emphasizes the following objectives:

Attract, retain and reward effective leaders. We evaluate the range of current industry compensation practices to provide external benchmarks that help to guide our executive compensation structure. Our Compensation Committee determines individual total compensation targets within this framework to provide compensation that correlates with QEP's relative performance to its peers. We do not, however, target a specific percentile of the peer market data. This approach provides the flexibility needed to manage our executive compensation programs to meet our current business needs.

Pay for performance. The majority of each of our NEO's compensation is at risk and based on attainment of short-term goals, long-term performance relative to our peers, and TSR for QEP.

Align our executives' interests with those of our shareholders. A substantial portion of our compensation is provided in the form of long-term equity incentives that tie executive pay to stock performance. In addition, we require each of our NEOs to meet rigorous stock ownership guidelines.

Ensure appropriate management of risk. Our Compensation Committee believes that effective leadership in the oil and gas business requires taking prudent business risks while discouraging excessive risk-taking. To encourage this balance, our Compensation Committee has structured our compensation to include extended three-year vesting schedules on all LTI awards, and to base at least a portion of annual incentive awards on meeting strategic objectives regarding safety, legal and regulatory compliance. Annually, the Compensation Committee's independent compensation consultant conducts a risk assessment review of our compensation programs to ensure that our programs do not encourage executives to take inappropriate or excessive risks. In addition, we strictly prohibit hedging, pledging or derivatives trading of QEP stock.

### Compensation Mix

Our pay-for-performance philosophy is demonstrated in the mix of compensation that we provide for our NEOs. A significant portion of our executive officers' compensation is in the form of annual and long-term incentives. Each of these incentives plays a role in aligning pay with performance and the long-term financial interests of our executives with those of our shareholders.

The graph below identifies the mix of variable pay (including target AIP, PSUs, stock options and restricted stock) as a percentage of target total compensation (excluding health, welfare and termination benefits) for the 2016 compensation period for our CEO and other NEOs.

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## Compensation Elements

Our compensation program for NEOs aligns with our compensation philosophy and comprises elements designed to address a variety of objectives. The incentive programs that make up the variable elements of total compensation fall under two primary compensation plans: the QEP Resources, Inc. 2010 Long-Term Stock Incentive Plan (LTSIP) and the QEP Resources, Inc. Cash Incentive Plan (CIP).

The table below highlights each element of our compensation program and the primary role of such element in achieving our executive compensation objectives. Refer to each specific section for more details on each program.

Compensation Element	Role in Total Compensation
Base Salary	<ul style="list-style-type: none"> <li>• Provides fixed compensation based on an individual's skills, experience and proficiency, market competitive data, and the relative value of the individual's role within the Company; and</li> <li>• Attracts and retains executive talent and helps the Company remain competitive in our industry.</li> </ul>
Annual Incentive Program	<ul style="list-style-type: none"> <li>• Rewards annual Company performance;</li> <li>• Aligns participants' compensation with short-term financial and operational objectives specific to each calendar year;</li> <li>• Motivates participants to meet or exceed internal and external performance expectations; and</li> <li>• Recognizes individual contributions to the organization's results.</li> </ul>
Long-Term Incentive Program w Performance Share Units w Stock Options w Restricted Stock	<ul style="list-style-type: none"> <li>• Rewards long-term performance, directly aligned with shareholder interests;</li> <li>• Provides a strong performance-based equity component;</li> <li>• Recognizes and rewards share performance relative to industry peers through PSUs based on relative TSR performance;</li> <li>• Aligns compensation with sustained long-term value creation;</li> <li>• Allows executives to acquire a meaningful and sustained ownership stake; and</li> <li>• Fosters executive retention by vesting awards over multiple years.</li> </ul>
Benefits w Health & Welfare w Retirement w Deferred Compensation w Other	<ul style="list-style-type: none"> <li>• Attracts and retains executive talent and helps the Company remain competitive in our industry by offering a comprehensive employee benefits package;</li> <li>• Provides health and welfare benefits comparable to those provided to all other employees;</li> <li>• Provides financial security in the event of various individual risks and maximizes the efficiency of tax-advantaged compensation vehicles; and</li> <li>• Provides limited perquisites consistent with those offered by our peer companies.</li> </ul>
Termination Benefits w Executive Severance Plan	<ul style="list-style-type: none"> <li>• Attracts and retains executive talent in a competitive and changing industry; and</li> <li>• Ensures executives act in the best interests of shareholders in times of heightened uncertainty.</li> </ul>

## Base Salary

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The Compensation Committee evaluated base salaries in February 2016 and, due to the challenging industry environment, decided to continue the salary freeze for a second year for all 2015 NEOs. Mr. Thompson, who was not previously an NEO, received a 7% increase over his 2015 salary due to his newly expanded role.

Named Executive Officer	2015 Base Salary	2016 Base Salary	% Change
Mr. Stanley	\$850,000	\$850,000	—%
Mr. Doleshek	\$563,000	\$563,000	—%
Mr. Torgerson	\$499,000	\$499,000	—%

Mr. Woosley	\$347,000	\$347,000	—%
Mr. Thompson	\$289,000	\$310,000	7%

There was no change to Mr. Murr's salary of \$298,000 in 2016.

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## Annual Incentive Program

Our Compensation Committee makes annual cash awards under our CIP pursuant to the AIP. As reflected in the table below, in 2016 the Compensation Committee held AIP targets flat for the majority of our officers. The Compensation Committee increased Mr. Thompson's AIP target due to his expanded role.

Named Executive Officer	2015 AIP Target (% of Base Salary)	2016 AIP Target (% of Base Salary)	% Change
Mr. Stanley	100%	100%	—%
Mr. Doleshek	90%	90%	—%
Mr. Torgerson	90%	90%	—%
Mr. Woosley	70%	70%	—%
Mr. Thompson	55%	60%	9%

Mr. Murr's AIP target of 60% did not change in 2016.

Our 2016 AIP consisted of four categories of goals that were key to our continued success through this period of low commodity prices and over the longer term. These goals and the Compensation Committee's assessment of 2016 performance are summarized in the table below:

Weight	Target	Assessment	Result
25%	Health Safety and Environment		
	Total Recordable Injury Rate: <1.80 recordable injuries per 200,000 work hours (10% reduction vs. 2015)	0.59 (305% of target; 70% reduction vs. 2015)	Significantly Exceeded
	Environmental Release Rate: <0.71 spills per 1 MMbbl of product produced (10% reduction vs. prior year)	0.65 (109% of target)	Above Target
	Hazard Identification Reporting Rate: >149 near misses/observations per 200,000 work hours	207 (139% of target)	Above Target
25%	Financial & Operational Results		
	Preserve and enhance the balance sheet	Strong financial results: - Achieved 31% net debt <sup>1</sup> /cap and 2.6x net debt <sup>1</sup> /Adjusted EBITDA <sup>2</sup> - Managed capital expenditures well inside Adjusted EBITDA <sup>2</sup> (\$530.1 million vs. \$626.2 million) - Maintained strong liquidity with \$443.8 million cash on hand at 12/31/16	Significantly Exceeded
	Oil Production: 19.6 MMbbl or more	20.3 MMbbl (104% of target)	Above Target
	Reduce completed well costs by at least 10% vs. prior year	11% reduction	Above Target
	Reduce non-employee cash G&A <sup>3</sup> by 10% vs. prior year	12% reduction	Above Target
25%	Oil and Gas Reserves Growth		
	Replace at least 100% of 2016 production	Replaced 215% of production <sup>4</sup>	Significantly Exceeded
25%	Merger & Acquisition/Portfolio Optimization		
	Aggressively develop new plays and pursue M&A opportunities that can provide impactful	Successfully built economic inventory for future development:	Above Target

future growth

- Expanded our Permian Basin play with the acquisition of ~9,600 net acres (Mustang Springs: \$590.6 million)
- Acquired bolt-on acreage in core areas (Pinedale and the Williston and Permian Basins)
- Closed 19 transactions (14 acquisitions and 5 divestitures) totaling \$645.2 million

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<sup>1</sup>Net debt (non-GAAP) as of December 31, 2016, was \$1,601.2 million and calculated as follows:

	December 31, 2016 (in millions)
Long-term debt	\$2,045.0
Less: cash and cash equivalents	\$443.8
Net debt (non-GAAP)	\$1,601.2

<sup>2</sup>Adjusted EBITDA (non-GAAP) is calculated on page 54 of our Annual Report on Form 10-K.

<sup>3</sup>The non-employee cash G&A expense (non-GAAP) target and actual amounts for 2016 were \$57.4 million and \$56.0 million, respectively, and were calculated as follows:

	2015	2016
	(in millions)	
G&A expense	\$181.1	\$198.4
Less: labor and benefits, share-based compensation and other non-cash items	\$117.3	\$142.4
Non-employee cash G&A expense (non-GAAP)	\$63.8	\$56.0
Less: 10%	\$6.4	—
Targeted 2016 non-employee cash G&A	\$57.4	—

<sup>4</sup>The reserve replacement ratio (non-GAAP) for purposes of our 2016 AIP awards was 215% and was calculated as the quotient of (i) net proved reserve additions, adjusted to exclude the purchase of reserves in place and price-related revisions, and (ii) annual production, as follows:

	2016
Net proved reserve additions (MMBoe)	184.7
Less: purchase of reserves in place (MMBoe)	(83.3 )
Plus: impact of price-related revisions (MMBoe)	18.5
Adjusted net proved reserve additions (MMBoe)	119.9
Annual production (MMBoe)	55.8
Reserve replacement ratio (non-GAAP)	215%

## 2016 AIP Payouts

In February 2017, our Compensation Committee determined 2016 AIP payouts for our NEOs based on Company and individual performance. In assessing Company performance, the Compensation Committee recognized excellent performance on all of the goals, particularly the record-low total recordable injury rate, the strength of the balance sheet and the growth in reserves. However, the Compensation Committee was cognizant of the continued challenging industry environment and balanced these factors in deciding on the Company score of 130%. Additionally, the Compensation Committee adjusted Mr. Doleshek's award to reflect his role in strengthening QEP's short- and long-term financial position. The following table shows the 2016 AIP payouts for our NEOs.

NEO	Base Salary	Target % of Base Salary	Company Score	Individual Performance Score	Annual Incentive Payout
Mr. Stanley	\$850,000	100%	130%	100%	\$1,105,000
Mr. Doleshek	\$563,000	90%	130%	110%	\$724,581
Mr. Torgerson	\$499,000	90%	130%	100%	\$583,830
Mr. Woosley	\$347,000	70%	130%	100%	\$315,770
Mr. Thompson	\$310,000	60%	130%	100%	\$241,800

Mr. Murr received a prorated AIP payout of \$193,700 based on the Company score, 100% individual performance score and his service in 2016 prior to his retirement on October 1, 2016.

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## Long-Term Incentive Program

Our long-term incentive (LTI) program is designed to align executive compensation with long-term stock price and TSR performance, both on an absolute basis and relative to industry peers.

Our Compensation Committee first determines the total target LTI value for the annual grant to NEOs. When making this determination for 2016, as reflected in the table below, our Compensation Committee decided to reduce the total target LTI value for the majority of our officers by 10% from 2015 in recognition of oil and gas industry conditions. Mr. Thompson received an increase due to his expanded role.

Named Executive Officer	2015 LTI Grant Value	2016 LTI Grant Value	% Change
Mr. Stanley	\$4,800,000	\$4,320,000	(10)%
Mr. Doleshek	\$2,360,000	\$2,124,000	(10)%
Mr. Torgerson	\$2,000,000	\$1,800,000	(10)%
Mr. Woosley	\$900,000	\$810,000	(10)%
Mr. Thompson	\$470,000	\$500,000	6%

Similarly, Mr. Murr received a 10% decrease in LTI grant value, with a 2015 grant of \$600,000 and a 2016 grant of \$540,000.

Our Compensation Committee then determines how to deliver that value through a mix of three vehicles: PSUs, stock options and restricted stock. Our Compensation Committee believes, and many of our shareholders agree, that stock options are performance-based, because the awards have no value unless the share price increases after the grant date, which means that both shareholders and employees see an increase in value. Currently, this is evidenced by the fact that the majority of our outstanding stock option awards are underwater due to the impact significantly reduced commodity prices have had in our industry and on our stock price.

To demonstrate our commitment to pay and performance alignment and based on feedback from our shareholders, our Compensation Committee increased the allocation of LTI awards to performance-based vehicles (PSUs and stock options) in both 2016 and 2017 for our top three NEOs (Messrs. Stanley, Doleshek and Torgerson). Mindful that stock options require significantly more shares to deliver a similar target value as full-value vehicles, and given the lower grant price in 2016, our Compensation Committee limited the percentage of the 2016 LTI awards allocated to stock options to 12.5% for all of our NEOs. For 2017 LTI awards, our Compensation Committee has restored the percentage allocated to stock options to 20%, which results in 70% of our LTI awards being performance-based for our top three NEOs. The charts below reflect the mix of LTI awards for our top three NEOs in both 2016 and 2017.

In 2016, our other NEOs received their LTI awards in the form of 40% PSUs, 12.5% stock options and 47.5% restricted stock. For 2017, their grants were allocated as follows: 40% PSUs, 20% stock options and 40% restricted stock.



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## PSUs

PSUs utilize phantom shares of stock that track the value of QEP shares but are typically settled in cash. PSUs align our executive compensation with the Company's TSR performance relative to our peers in the industry. The value realized for PSUs is dependent on both absolute stock price and our relative TSR performance over a three-year period. The chart below summarizes the features of the PSU grants to our NEOs.

Plan	Cash Incentive Plan (CIP)
Performance Measure - Relative TSR	The payout is based on the Company's TSR over the performance period compared to the TSR of a group of peer companies over the same period. TSR combines share price appreciation and dividends paid to determine the total return to the shareholder. TSR is calculated using the average share price for the quarter immediately prior to the beginning and at the end of the performance period, and dividends paid during that period.
Vesting	PSUs vest at the end of a three-year performance period and are payable in cash or shares upon Board certification in the first quarter of the following year.
Target Number of PSUs Awarded	The target number of PSUs awarded is determined by dividing the target dollar amount of LTI to be issued as PSUs by the closing price per share of QEP common stock on the grant date.
Peer Group	For awards with a 2016-2018 performance period, granted in February 2016, the peer group is outlined in the section titled "Peer Group."
Performance Scale	The performance scale is based on QEP's percentile rank in the peer group, with linear interpolation between each point: <ul style="list-style-type: none"> <li>• 90<sup>th</sup> percentile or above: 200% score</li> <li>• 70<sup>th</sup> percentile: 150% score</li> <li>• 50<sup>th</sup> percentile: 100% score</li> <li>• 30<sup>th</sup> percentile: 50% score</li> <li>• Below 30<sup>th</sup> percentile: 0% score</li> </ul>
Payout Calculation	Cash payouts under the program at the end of the performance period are calculated using the following formula: Target # PSUs awarded X Performance Score X Average Q4 stock price of the final year of the performance period (Note: if awards are to be paid in shares, the same payout formula is used but would exclude the Average Q4 stock price component). For awards granted since November 2015, shares automatically vest only upon an involuntary or constructive termination following a change in control (double trigger). For awards granted before November 2015, in the event of a change in control, unvested PSUs vest immediately
Termination Rules	based on performance through the change in control. The shares do not automatically vest upon any other termination circumstance. In the event of retirement, death or disability, the number of PSUs is prorated based on termination date and paid based on actual performance at the end of the applicable performance period.

## 2014-2016 PSU Performance Period

The awards granted in February 2014 for the 2014-2016 performance period were eligible to vest upon the end of the performance period on December 31, 2016, subject to our relative TSR during the performance period as certified by our Compensation Committee. QEP's TSR ranked at the 64<sup>th</sup> percentile of our peers, which resulted in a cash payout at 78% of grant date target for each NEO who was employed as of the end of the performance period based on the vesting of 136% of the targeted number of PSUs. While our total shareholder return was strong relative to our peers, the decline in absolute share price over the period delivered a below-target result. The payout on the PSUs for the 2014-2016 performance period was as follows:

NEO	Target Award	Grant Price (2014)	Target Vest Price PSUs (2016)	Cash Payout <sup>1</sup>	Cash Payout % of Target Award
Mr. Stanley	\$1,920,000	\$31.74	60,492	\$1,493,201	78%
Mr. Doleshek	\$944,000	\$31.74	29,742	\$734,168	78%
Mr. Torgerson	\$640,000	\$31.74	20,164	\$497,746	78%

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Mr. Woosley	\$276,000	\$31.74	8,696	\$18.15	\$214,660	78%
Mr. Thompson	\$164,000	\$31.74	5,167	\$18.15	\$127,558	78%

<sup>1</sup>The payout calculation is Target # PSUs x % Performance Score (rounded up to whole shares) x Vest Price (Average Q4 stock price of final year of performance period).

Upon his retirement on October 1, 2016, Mr. Murr forfeited 385 PSUs, 2,689 PSUs and 15,415 PSUs granted in 2014, 2015 and 2016, respectively. He received a cash payout of \$161,608 for the remaining (vested) 2014 PSUs at the same cash payout percentage as the other NEOs in February 2017.

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## Stock Options

Stock options align our executive compensation directly with the Company's market value (or stock price) as the stock price must increase for any value to be realized. The chart below summarizes the features of the stock options granted to our NEOs.

Plan	QEP Resources, Inc. 2010 Long-Term Stock Incentive Plan (LTSIP)
Strike Price	The strike price is the price at which the holder of the stock option may purchase a share of common stock and is equal to the closing price per share of QEP common stock on the date of grant.
Vesting	The vesting schedule of the grants extends over a three-year period, with one-third of the shares vesting each year.
Award Value	The grants have no value unless the share price increases above the stock price after the grant date.
Term	Stock options expire seven years from the date of grant if not earlier exercised or forfeited.
Number of Options Awarded	The number of options awarded is determined by dividing the target dollar amount of LTI to be issued as options by the value of a stock option, determined using the Black-Scholes-Merton method.
Termination Rules	For awards granted since November 2015, all unvested options automatically vest only upon an involuntary or constructive termination following a change in control (double trigger) or upon death or disability. For awards granted before November 2015, in the event of a change in control, death or disability, all unvested options vest immediately. Unvested options are forfeited upon any other termination circumstance.
Other	The LTSIP does not permit backdating, discounting or repricing of stock options without shareholder approval.

## Restricted Stock

Restricted stock aligns our executive compensation directly with the Company's market value (or stock price), encourages retention and increases employee ownership in the Company. The chart below summarizes the features of the restricted stock granted to our NEOs.

Plan	LTSIP
Vesting	The vesting schedule of the grants extends over a three-year period, with one-third of the shares vesting each year, a feature that encourages retention.
Number of Shares Awarded	The number of shares awarded is determined by dividing the target dollar amount of LTI to be issued as restricted stock by the closing price per share of QEP common stock on the grant date.
Dividends	Dividends, if declared, are paid on unvested (restricted) shares. For awards granted since November 2015, all unvested shares automatically vest only upon an involuntary or constructive termination following a change in control (double trigger) or upon death or disability. For awards granted before November 2015, in the event of a change in control, death or disability, all unvested shares vest immediately.
Termination Rules	Unvested shares are forfeited upon any other termination circumstance.

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### Compensation Process

Our Compensation Committee is guided by the compensation philosophy described above and utilizes the expertise and objectivity of the independent Consultant (defined below) and competitive benchmarking to ensure our executive compensation programs continue to support our business objectives.

### Compensation Committee's Decision Making Process

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Our Compensation Committee meets at least once per quarter to evaluate and oversee our compensation programs, with standing agenda items that align with responsibilities outlined in the Committee Charter.

In the first quarter of each year, the Compensation Committee:

- Assesses risks associated with our compensation programs;
- Approves key financial, operational and strategic goals and weightings for the current year AIP based on recommendations and input from management;
- Selects the peer group for the PSU awards and compensation benchmarking;
- Establishes targeted compensation for the NEOs, including base salary, AIP target award and LTI grant value;
- Assesses overall company performance against goals in the prior year;
- Assesses performance of each NEO, including the CEO; and
- Determines payout amounts for the prior year AIP, including, in its sole discretion, increases or decreases to individual NEO awards

With the support of the Consultant, the Compensation Committee recommends total compensation for Mr. Stanley, which is approved by all of the independent directors except Mr. Baker, who does not participate in the setting of the CEO's compensation, because Mr. Stanley serves as a director of Hecla Mining where Mr. Baker is the CEO.

At subsequent meetings throughout the year, our CEO provides updates on progress against our AIP goals and relative TSR performance under the PSU plan. The Compensation Committee also receives updates on governance and regulatory trends and analysis and benchmarking provided by the Consultant.

In the third quarter of each year, the Consultant conducts a benchmarking analysis to use as a reference point for assessing the competitiveness of QEP's executive compensation programs. The peer group benchmarking analysis includes the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles for each component of compensation (base salary, AIP and LTI) and total compensation for the roles of each of our executive officers, including the NEOs. Our Compensation Committee does not target a specific percentile from this analysis, but uses all the data points as guidance to allow for informed decisions. This approach provides flexibility to our Compensation Committee to address several different factors such as proficiency in role, scope of role, succession potential and internal equity.

To support specific compensation decisions, the Compensation Committee also reviews information provided by tally sheets, including but not limited to, stock ownership levels and calculations of potential payments upon various termination events.

### Role of the Chief Executive Officer/Other Officers

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The Compensation Committee considers input from the CEO when assessing overall company performance as well as individual performance of our other NEOs. The CEO does not participate in discussions or recommendations regarding his own compensation. Our CEO provides a written assessment of his performance to the independent directors at the end of each year. In the first quarter, the Board meeting agenda includes a discussion of Mr. Stanley's

performance evaluation. In addition to the competitive analysis and other support provided by the Consultant, the Vice President, Human Resources, and her team also provide information to our Compensation Committee to aid the decision-making process, including executives' current compensation information, succession potential, organizational considerations, alignment with internal employee programs and Company performance.

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Role of the Independent Compensation Consultant

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Our Compensation Committee has engaged Meridian Compensation Partners, LLC (Consultant), as its independent compensation consultant to help ensure that our executive compensation programs are competitive and consistent with our compensation philosophy. In making this decision, the Compensation Committee considered the following:

- The Consultant’s historical performance in supporting the Compensation Committee and its familiarity with our executive compensation programs;
- Its extensive experience and familiarity with compensation programs of our peer companies and sector;
- The range of compensation services offered by the Consultant; and
- The independence of the Consultant, considering the independence factors outlined by the NYSE.

Our Compensation Committee determined the scope of the engagement, which included:

- Providing benchmarking data on executive and outside director compensation for the Compensation Committee to use in its decision-making process;
- Providing input into plan design discussions and individual compensation actions, as needed;
- Conducting an executive compensation program risk assessment;
- Reviewing plan design and recommendations periodically;
- Reviewing and providing feedback on the compensation-related disclosures in our proxy statement; and
- Informing the Compensation Committee about recent trends, best practices and other developments affecting executive compensation.

The Consultant does not provide any other services to the Company. The Consultant attended all Compensation Committee meetings, including executive sessions as requested. The Consultant on occasion met with the Chair of the Compensation Committee or with members of management, including the CEO and Vice President, Human Resources, in carrying out these duties, but reported exclusively to our Compensation Committee. The Compensation Committee determined that the Consultant’s work in 2016 did not create any conflicts of interest and that the Consultant remains independent.

Determination of Peer Group

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Our Compensation Committee maintains a peer group of companies, which consists of similarly sized, publicly traded oil and natural gas E&P companies that have similar operating and financial characteristics to us, as they represent QEP’s competition for executive talent. With the assistance of our CEO and the Consultant, our Compensation Committee reviews the composition of the peer group annually to ensure that companies remain relevant for comparative purposes. The peer group is used for determining relative TSR performance under the PSU program, and as noted below, a subset of this peer group is used for benchmarking executive compensation.

The Compensation Committee referenced compensation data gathered from industry peers in 2015 in connection with its executive compensation decisions made in early 2016. The companies below were used in the 2016 PSU grant, with the only changes from the prior year being the removals of Sandridge due to bankruptcy and Rosetta due to acquisition. A subset of these companies, in bold font below, was used for executive compensation benchmarking.

Antero Resources Corp.	Diamondback Energy Inc.	Oasis Petroleum Inc.
Cabot Oil & Gas Corp.	Encana Corp.	Range Resources Corp.
Carrizo Oil & Gas Inc.	Energen Corp.	Rice Energy Inc.
Chesapeake Energy Corp.	EP Energy Corp.	SM Energy Co.

Cimarex Energy Co.	EQT Corp.	Southwestern Energy Co.
Concho Resources Inc.	Gulfport Energy Corp.	Ultra Petroleum Corp.
Continental Resources Inc.	Laredo Petroleum Inc.	Whiting Petroleum Corp.
Denbury Resources Inc.	Newfield Exploration Co.	WPX Energy Inc.

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Key Executive Compensation Design Policies and Considerations

Following are important policies and factors considered by our Compensation Committee when structuring our executive compensation.

Severance Protections

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The QEP Executive Severance Plan provides certain benefits to our executives upon a qualifying termination after a change-in-control of the Company. These benefits are based on market practices and do not include any excise tax gross-ups. Our Compensation Committee believes these benefits support our business strategy by encouraging our officers to consider strategic alternatives to increase shareholder value without regard to the impact on their future employment.

For additional details regarding this plan, see the section below titled “Compensation Tables – Potential Payments Upon Termination or Change in Control.”

Executive Share Ownership Guidelines

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Our Compensation Committee believes it is important to have stock ownership guidelines for executive officers to promote ownership of our common stock and align the interests of our executive officers with those of our shareholders. Our executives are required to achieve the applicable level of stock ownership within five years of the date the person first becomes an officer. Shares that count toward satisfaction of the guidelines include shares owned outright by the executive, restricted shares, shares held in the 401(k) Plan (described below), phantom stock attributable to deferred compensation under the QEP Deferred Compensation Wrap Plan and PSUs, but exclude stock options.

The ownership guidelines for our NEOs are currently established at the following minimum levels:

Named Executive Officer	Guideline	Ownership Status as of 12/31/16
Mr. Stanley	6x base salary	In compliance
Mr. Doleshek	3x base salary	In compliance
Mr. Torgerson	2x base salary	In compliance
Mr. Woosley	2x base salary	In compliance
Mr. Thompson	2x base salary	In compliance

Prior to his retirement on October 1, 2016, Mr. Murr was also subject to a 2x base salary guideline and he also was in compliance with this guideline during 2016 until his retirement.

Tax and Accounting Considerations

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Our Compensation Committee considers tax and accounting rules and regulations when structuring the executive compensation paid to our NEOs, including the following:

Under Section 280G and Section 4999 of the Internal Revenue Code of 1986, as amended (the Code), compensation that is granted, accelerated or enhanced upon the occurrence of a change in control may give rise, in whole or in part, to “excess parachute payments” and, to such extent, will be non-deductible by the Company and will be subject to a 20% excise tax payable by the executive. Our compensation arrangements do not provide for gross-ups for this excise



tax.

Section 162(m) of the Code generally precludes us from deducting for tax purposes compensation paid in excess of \$1,000,000 in any taxable year to any NEO listed in the Summary Compensation Table who is employed by us at the end of such taxable year (other than our CFO), unless the compensation is “performance-based compensation” and meets certain other requirements. Our policy is primarily to design and administer compensation plans that support the achievement of short- and long-term

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strategic objectives and enhance shareholder value. Where it is consistent with our compensation philosophy, the Compensation Committee may also attempt to structure compensation programs to comply with the performance-based compensation exception to Code Section 162(m), or that are otherwise tax-advantageous to us. Currently, only awards under our CIP (i.e., our AIP awards and PSUs) can be structured in a manner intended to constitute performance-based compensation, although there is no requirement or guarantee that such awards will, in fact, qualify as performance-based compensation. Equity incentive awards under our LTSIP will not constitute performance-based compensation, as the LTSIP has not been approved by our shareholders subsequent to the spin-off of the Company from Questar Corporation in 2010. We note, however, that a significant portion of equity awards to our NEOs under the LTSIP are time-vested restricted stock awards, which, although consistent with our compensation philosophy, would not qualify as performance-based compensation in any event.

Section 409A of the Code requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, the timing of payments and certain other matters. Failure to satisfy these requirements can expose our employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under such plans. Our Compensation Committee endeavors to structure executive compensation in a manner that is either compliant with, or exempt from the application of, Section 409A of the Code, although there is no guarantee that any particular element of compensation will, in fact, be so compliant or exempt.

Fair Value of Stock-Based Payments – Awards of stock options and restricted stock under the LTSIP and awards of performance share units under the CIP are accounted for under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 (FASB ASC Topic 718), formerly referred to as SFAS No. 123(R). FASB ASC Topic 718 requires the recognition of expense for the fair value of stock-based compensation. Our Compensation Committee considers the accounting and financial statement impact in evaluating QEP's executive compensation programs.

## Compensation Risk Assessment

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We annually evaluate the major risks to our business, including how risks taken by management could impact the value of executive compensation. Our Compensation Committee reviews a risk assessment (completed by the Consultant) of the Company's executive and non-executive compensation programs. Based on this review, our Compensation Committee believes that while there are certain risks inherent in the nature of the Company's business, the Company's compensation programs do not encourage our executives or our non-executive employees to take inappropriate or excessive risks. The risk-mitigating factors considered by our Compensation Committee included the following:

- An appropriate balance of strategic, operating and financial performance measures;
- A compensation clawback policy for amounts paid under the AIP (see section below titled "Clawback of Compensation");
- An appropriate balance of fixed and at-risk compensation components;
- A balanced mix of cash and equity, with significant weighting on long-term incentive awards;
- Significant stock ownership requirements and policies prohibiting hedging, pledging and engaging in derivative transactions for all executives;
- Extended three-year vesting schedules on equity grants;
- Caps and defined thresholds for payout on most incentive awards; and
- Compensation Committee authority over plan design and final determination of actual compensation awards.

Our Compensation Committee believes that these factors encourage all of our employees to focus on QEP's sustained long-term performance.



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Prohibition on Hedging, Pledging and Derivatives Trading

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The Company has a policy that prohibits directors and officers from engaging in derivative transactions involving QEP stock for any purpose, including short-term trading, options trading, pledging, trading on margin and hedging.

Clawback of Compensation

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Upon the recommendation of our Compensation Committee, our Board of Directors adopted a clawback policy in 2015 in advance of final SEC rules implementing Section 954 of the Dodd-Frank Act. Pursuant to this policy, AIP payouts to our Section 16 officers are subject to clawback in the event of a restatement of our financial statements due to fraud or misconduct, at the discretion of the Compensation Committee. Our Compensation Committee will continue to monitor the status of the anticipated SEC rules to ensure our clawback policy complies with final rules when they are implemented.

Succession Planning

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QEP conducts a comprehensive succession planning process that involves assessment across the organization of employee performance and potential as well as readiness of potential successors for key roles and developmental needs. This process also helps inform our Compensation Committee in making compensation decisions. Our Compensation Committee annually reviews this process with specific focus on the CEO and his direct reports and views this as a critical process to ensure continuity of our business and to provide challenging and rewarding career opportunities for our employees.

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## COMPENSATION TABLES

## Summary Compensation Table

The following table summarizes the total compensation paid to our NEOs for services rendered during the fiscal years ended 2016, 2015 and 2014, except for Mr. Thompson, who was not an NEO in 2014 and 2015, only 2016 compensation is summarized:

Name and Principal Position	Year	Salary	Bonus	Stock Awards <sup>1</sup>	Option Awards <sup>2</sup>	Non-Equity Incentive Plan Compensation <sup>3</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>4</sup>	All Other Compensation <sup>5</sup>	Total <sup>6</sup>
(a)	(b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)	(\$) (h)	(\$) (i)	(\$) (j)
Charles B. Stanley Chairman, President, and CEO	2016	850,000	—	3,780,013	534,319	1,105,000	726,980	100,300	7,096,612
	2015	850,000	—	4,486,966	859,218	680,000	543,636	145,180	7,565,000
	2014	844,792	—	3,840,032	884,147	1,428,000	831,384	108,688	7,937,043
Richard J. Doleshek Executive Vice President, CFO	2016	563,000	—	1,858,508	262,707	724,581	388,479	66,602	3,863,877
	2015	563,000	—	2,498,059	422,451	405,360	322,467	93,355	4,304,692
Jim E. Torgerson Executive Vice President, QEP Energy	2016	499,000	—	1,575,006	222,633	583,830	—	77,162	2,957,631
	2015	499,000	—	1,600,028	358,009	359,280	—	108,779	2,925,096
Christopher K. Woosley Vice President and General Counsel	2016	494,000	—	1,280,010	294,719	754,488	—	80,320	2,903,537
	2015	347,000	—	708,754	100,185	315,770	—	51,806	1,523,515
Matthew T. Thompson Vice President, QEP Energy	2015	347,000	—	975,031	201,381	194,320	—	68,906	1,786,638
	2014	343,458	—	552,022	127,105	408,072	—	55,383	1,486,040
Austin S. Murr Former Senior Vice President, Business Development	2016	305,625	—	437,508	61,844	241,800	—	43,631	1,090,408
	2015	—	—	—	—	—	—	—	—
Austin S. Murr Former Senior Vice President, Business Development	2016	273,739 <sup>7</sup>	—	1,192,711 <sup>8</sup>	348,993 <sup>9</sup>	193,700 <sup>10</sup>	—	38,862	2,048,005
	2015	298,000	—	450,024	134,259	143,040	—	54,368	1,079,691
2014	295,292	—	440,044	101,309	275,352	—	44,663	1,156,660	

Amounts in column (e) include awards of PSUs granted under the CIP and restricted stock granted under the LTSIP, 1. in each case calculated based on the grant date fair values determined in accordance with FASB ASC Topic 718 (excluding the effect of estimated forfeitures), as follows for 2016:

Name	Performance Share Units <sup>a,b</sup> (\$)	Restricted Stock <sup>b</sup> (\$)
Mr. Stanley	2,160,003	1,620,010
Mr. Doleshek	1,062,003	796,505
Mr. Torgerson	900,002	675,004
Mr. Woosley	324,002	384,752
Mr. Thompson	200,002	237,506
Mr. Murr	216,001 <sup>c</sup>	976,710 <sup>d</sup>

The maximum grant date values of the PSUs (based upon QEP's common stock price on the date of issuance, and assuming that each individual ultimately earned 200% of the total number of PSUs granted) are as follows: Mr. Stanley, \$4,320,006; Mr. Doleshek, \$2,124,006; Mr. Torgerson, \$1,800,004; Mr. Woosley, \$648,004; Mr. Thompson, \$400,004; and Mr. Murr, \$432,002.

The grant date fair values for the 2016 PSU and restricted stock awards were determined pursuant to FASB ASC Topic 718 (excluding the effect of estimated forfeitures) by multiplying the number of units/shares awarded times the QEP stock price on the date of grant.

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c. Mr. Murr's PSUs were not accelerated.

In connection with Mr. Murr's retirement on October 1, 2016, the Compensation Committee amended the vesting of all unvested restricted stock held by Mr. Murr as of September 30, 2016 (the trading day immediately prior to his retirement), which resulted in the modification of the vesting of 36,877 shares of restricted stock. Amounts shown in d. the Restricted Stock column includes (i) the grant date fair value of the 25,346 shares of restricted stock granted on February 16, 2016 (\$256,502 as of the day of the grant); (ii) the fair value of those same 25,346 shares of restricted stock and of 11,531 shares of restricted stock granted in prior years, to reflect the modifications on September 30, 2016 (\$720,208 as of the date of the modification).

Amounts in column (f) reflect the aggregate grant date fair value of option awards calculated in accordance with FASB ASC Topic 718 (excluding the effect of estimated forfeitures) using the Black-Scholes-Merton method. The following table includes the assumptions used to calculate the aggregate grant date fair value of option awards reported for 2016, 2015, and 2014:

Grant Date	Assumptions			
	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield (%)
2/16/2016	43.4	4.5	1.2	0 <sup>a</sup>
2/12/2015	36.8	4.5	1.4	0.37
2/13/2014	37.2	4.5	1.3	0.25

a. The Board suspended dividends in early 2016.

Amounts in column (g) reflect the annual cash incentive awards under our CIP for 2016, which were determined by the Compensation Committee and paid out on March 1, 2017.

Amounts in column (h) represent the increase in the estimated actuarial present value of benefits under the QEP Resources, Inc. Retirement Plan and the QEP Resources, Inc. Supplemental Executive Retirement Plan. These estimates are based on discount rate, mortality and other assumptions described in Footnote 3 to the 2016 Pension Benefit Table, which are consistent with those used in QEP's consolidated financial statements (except for pre-retirement decrements). The increase in the estimated actuarial present value for Messrs. Stanley and Doleshek reflect an increase in value due to an additional year of service, compensation increases, and changes in mortality rate and discount rate assumptions used for computing the value. Messrs. Torgerson, Woosley, Thompson and Murr are not eligible to participate in these closed plans. Amounts in column (h) do not include any Nonqualified Deferred Compensation earnings, because such earnings, as reflected in the Nonqualified Deferred Compensation table column (d), do not consist of any above-market or preferential earnings.

Amounts in column (i) include employer matches under the 401(k) Plan and the Deferred Compensation Wrap Plan. Employer matches under the Deferred Compensation Wrap Plan are as set forth in column (c) of the 2016 Nonqualified Deferred Compensation table. No amounts were included for perquisites and personal benefits, as the aggregate value of perquisites and personal benefits for each executive was less than \$10,000.

As reflected in the Summary Compensation Table above, the salary received by each of our NEOs as a percentage of his respective total compensation during the year indicated was as follows:

Name	Year	Percentage of Total Compensation
Mr. Stanley	2016	12.0%
	2015	11.2%
	2014	10.6%
Mr. Doleshek	2016	14.6%
	2015	13.1%
	2014	13.3%

	2016	16.9%
Mr. Torgerson	2015	17.1%
	2014	17.0%
	2016	22.8%
Mr. Woosley	2015	19.4%
	2014	23.1%
Mr. Thompson	2016	28.0%
	2016	11.5%
Mr. Murr	2015	27.6%
	2014	25.5%

7. Salary for Mr. Murr includes \$37,249 of accrued vacation, which was payable upon his retirement.

In connection with Mr. Murr's retirement on October 1, 2016, the Compensation Committee amended the vesting of all unvested restricted stock held by Mr. Murr as of September 30, 2016 (the trading day immediately prior to his official retirement), which resulted in the modification of the vesting of 36,877 shares of restricted stock. Amounts shown in the Stock Awards column includes (i) the grant date fair value of the 25,346 shares of restricted stock granted on February 16, 2016 (\$256,502 as of the day of the grant); (ii) the fair



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value of those same 25,346 shares of restricted stock and of 11,531 shares of restricted stock previously granted, to reflect the modifications on September 30, 2016 (\$720,208 as of the date of the modification). Mr. Murr's PSUs were not accelerated.

In connection with Mr. Murr's retirement on October 1, 2016, the Compensation Committee accelerated the vesting of options to purchase 34,218 shares of common stock, which represented all unvested options held by Mr. Murr as of that date. The amendment of the options requires the presentation of the fair value of the modified options on September 30, 2016, as "new" grants in the table. Accordingly, amount shown in the Option Awards column<sup>9</sup> includes the grant date fair value of the option granted February 16, 2016, to purchase 17,764 shares of common stock, as well as the fair value of that same award together with previously granted options to purchase 16,454 shares of common stock, as modified. The assumptions used to calculate the aggregate fair value of option awards modified for Mr. Murr on September 30, 2016 were as follows:

## Assumptions

Grant Date	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield <sup>a</sup> (%)
2/16/2016	47.4	3.2	0.9	0
2/12/2015	50.6	2.7	0.9	0
2/13/2014	54.9	2.2	0.8	0

a. The Board suspended dividends in early 2016.

<sup>10</sup> Mr. Murr's annual incentive award payout for 2016 was prorated based on the number of months he was employed at QEP during 2016 before his retirement on October 1, 2016.

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## Grants of Plan-Based Awards for 2016

This table sets forth the plan-based awards granted to the NEOs during 2016. For non-equity and equity incentive plans, it provides the ranges of possible awards. For stock and option awards, the table sets forth the number of shares or options granted and the grant date fair values of those awards.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards:	All Other Option Awards:	Exercise Price of Stock and Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Shares of Stock or Units (#)	Under- lying Options (#)	(\$/share)	(\$)
Charles B. Stanley	2/16/16 AIP <sup>1,2</sup> -		850,000	1,700,000							
	2/16/16 PSU <sup>3</sup>				106,720	213,439	426,878				2,160,003
	2/16/16 SO <sup>4</sup>							142,106	10.12		534,319
	2/16/16 RS <sup>5</sup>							160,080			1,620,010
Richard J. Doleshek	2/16/16 AIP <sup>1,2</sup> -		506,700	1,013,400							
	2/16/16 PSU <sup>3</sup>				52,471	104,941	209,882				1,062,003
	2/16/16 SO <sup>4</sup>							69,869	10.12		262,707
	2/16/16 RS <sup>5</sup>							78,706			796,505
Jim E. Torgerson	2/16/16 AIP <sup>1,2</sup> -		449,100	898,200							
	2/16/16 PSU <sup>3</sup>				44,467	88,933	177,866				900,002
	2/16/16 SO <sup>4</sup>							59,211	10.12		222,633
	2/16/16 RS <sup>5</sup>							66,700			675,004
Christopher K. Woosley	2/16/16 AIP <sup>1,2</sup> -		242,900	485,800							
	2/16/16 PSU <sup>3</sup>				16,008	32,016	64,032				324,002
	2/16/16 SO <sup>4</sup>							26,645	10.12		100,185
	2/16/16 RS <sup>5</sup>							38,019			384,752
Matthew T. Thompson	2/16/16 AIP <sup>1,2</sup> -		186,000	372,000							
	2/16/16 PSU <sup>3</sup>				9,881.5	19,763	39,526				200,002
	2/16/16 SO <sup>4</sup>							16,448	10.12		61,844
	2/16/16 RS <sup>5</sup>							23,469			237,506
	2/16/16 AIP <sup>1,2</sup> -		178,800	357,600							
	2/16/16 PSU <sup>3</sup>				10,672	21,344	42,688				216,001
Austin S. Murr	2/16/16 SO <sup>4</sup>							17,764	10.12		66,793
	2/16/16 RS <sup>5</sup>							25,346			256,502
	9/30/16 SO <sup>7</sup>							3,330	31.74 <sub>8</sub>		11,156
	9/30/16 SO <sup>7</sup>							13,124	21.69 <sub>8</sub>		75,463
	9/30/16 SO <sup>7</sup>							17,764	10.12 <sub>8</sub>		195,582
	9/30/16 RS <sup>7</sup>							36,877			720,208

1. The amounts included in these columns reflect estimated future cash payouts under the annual incentive program of our CIP based on actual base salaries for 2016. Actual incentive payouts earned in 2016 are reflected in the

Non-Equity Incentive Plan Compensation column (g) of the Summary Compensation Table.

2. There is no applicable threshold for the AIP.

This row represents the range of the number of PSUs that may be earned with respect to PSUs granted pursuant to our CIP in 2016. Payment for earned awards is made in cash after the end of the performance period. If threshold levels of performance are not met, then actual payout will be zero.

4. This row sets forth options granted pursuant to our LTSIP during 2016.

5. This row sets forth the annual grants of restricted stock pursuant to our LTSIP during 2016.

6. The exercise price represents the closing price per share of QEP common stock on grant date.

As noted in footnotes 8 and 9 of the Summary Compensation Table, the Compensation Committee amended the terms of Mr. Murr's (i) restricted stock agreements under the LTSIP to accelerate the vesting of 36,877 shares of restricted stock, and (ii) stock option agreements under the LTSIP to accelerate the vesting of stock options to purchase 34,218 shares of common stock, both effective September 30, 2016. Without such amendments, all awards would have been forfeited. The modification of the awards requires the presentation of the amended awards as "new" grants in this table.

8. The exercise price represents the closing price per share of QEP common stock on the original grant date. The exercise price was not modified when the stock option was accelerated in connection with Mr. Murr's retirement.

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## Outstanding Equity Awards at Fiscal Year-End 2016

This table shows outstanding equity awards for the NEOs. All values shown are as of December 31, 2016.

Name (a)	Option Awards				Stock Awards		PSUs		Equity Incentive Plan	
	Shares of Common Stock Underlying Unexercised Options Exercisable (#) (b)	Shares of Common Stock Underlying Unexercised Options Unexercisable (#) (c)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Awards: Number of Shares, Units or Rights That Have Not Vested (#) (i)	Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (j)		
Charles B. Stanley	62,000		27.55	3/5/2017	20,164 <sup>1</sup>	371,219	88,521 <sup>5</sup>	1,629,672		
	63,588		39.07	2/25/2018	74,382 <sup>2</sup>	1,369,373	213,439 <sup>6</sup>	3,929,412		
	90,350		30.90	2/13/2019	160,080 <sup>3</sup>	2,947,073				
	100,088		30.12	2/13/2020						
	58,130	29,064	<sup>1</sup> 31.74	2/13/2021						
	41,995	83,990	<sup>2</sup> 21.69	2/12/2022						
	0	142,106	<sup>3</sup> 10.12	2/16/2023						
Richard J. Doleshek	30,000		27.55	3/5/2017	9,914 <sup>1</sup>	182,517	43,523 <sup>5</sup>	801,258		
	30,958		39.07	2/25/2018	44,383 <sup>2</sup>	817,091	104,941 <sup>6</sup>	1,931,964		
	43,542		30.90	2/13/2019	78,706 <sup>3</sup>	1,448,977				
	48,956		30.12	2/13/2020						
	28,581	14,290	<sup>1</sup> 31.74	2/13/2021						
	20,648	41,295	<sup>2</sup> 21.69	2/12/2022						
	0	69,869	<sup>3</sup> 10.12	2/16/2023						
Jim E. Torgerson	16,000		27.55	3/5/2017	6,721 <sup>1</sup>	123,734	36,884 <sup>5</sup>	679,034		
	12,551		39.07	2/25/2018	24,589 <sup>2</sup>	452,683	88,933 <sup>6</sup>	1,637,257		
	26,126		30.90	2/13/2019	66,700 <sup>3</sup>	1,227,947				
	28,286		30.12	2/13/2020						
	5,090		27.98	9/3/2020						
	19,377	9,688	<sup>1</sup> 31.74	2/13/2021						
	17,498	34,996	<sup>2</sup> 21.69	2/12/2022						
Christopher K. Woosley	0	59,211	<sup>3</sup> 10.12	2/16/2023						
	9,892		28.67	8/1/2019	2,898 <sup>1</sup>	53,352	10,374 <sup>5</sup>	190,985		
	14,143		30.12	2/13/2020	23,052 <sup>2</sup>	424,387	32,016 <sup>6</sup>	589,415		
	8,357	4,178	<sup>1</sup> 31.74	2/13/2021	38,019 <sup>3</sup>	699,930				
	9,843	19,685	<sup>2</sup> 21.69	2/12/2022						
	0	26,645	<sup>3</sup> 10.12	2/16/2023						
	3,181		27.98	9/3/2020	1,722 <sup>1</sup>	31,702	5,418 <sup>5</sup>	99,745		
Matthew T. Thompson	4,966	2,482	<sup>1</sup> 31.74	2/13/2021	4,622 <sup>4</sup>	85,091	19,763 <sup>6</sup>	363,837		
	5,140	10,280	<sup>2</sup> 21.69	2/12/2022	7,223 <sup>2</sup>	132,975				

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	0	16,448	<sup>3</sup>	10.12	2/16/2023	23,469	<sup>3</sup>	432,064		
	12,000			27.55	3/5/2017		<sup>8</sup>		4,227	<sup>5,9</sup> 77,819
	7,531			39.07	2/25/2018				5,929	<sup>6,9</sup> 109,153
Austin S.	11,430			30.90	2/13/2019					
Murr	11,967			30.12	2/13/2020					
	9,991	<sup>7</sup>		31.74	2/13/2021					
	19,686	<sup>7</sup>		21.69	2/12/2022					
	17,764	<sup>7</sup>		10.12	2/16/2023					

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1. Shares vested on March 5, 2017.
2. 50% of these shares vested on March 5, 2017 and 50% will vest on March 5, 2018.
3. 33.3% of these shares vested on March 5, 2017; 33.3% will vest on March 5, 2018; and 33.3% will vest on March 5, 2019.
4. Shares will vest on September 5, 2017.  
Shares will vest on December 31, 2017 (the end of the three-year performance period covered by the PSU) but are not payable until Board certification, which occurs in the first quarter of the following year. These amounts represent the target number of PSUs awarded under our CIP. Each PSU represents a contingent right to receive the fair market value of one share of QEP common stock. The actual number of shares that may be earned (and, therefore, the actual cash payout amount) will range from 0% to 200% of the number of PSUs awarded, depending on QEP's relative TSR in comparison to a peer group of companies during the three-year period ending December 31, 2017.  
Shares will vest on December 31, 2018 (the end of the three-year performance period covered by the PSU) but are not payable until Board certification, which occurs in the first quarter of the following year. These amounts represent the target number of PSUs awarded under our CIP. Each PSU represents a contingent right to receive the fair market value of one share of QEP common stock. The actual number of shares that may be earned (and, therefore, the actual cash payout amount) will range from 0% to 200% of the number of PSUs awarded, depending on QEP's relative TSR in comparison to a peer group of companies during the three-year period ending December 31, 2018.  
The vesting of stock options to purchase 34,218 shares of common stock was accelerated upon Mr. Murr's retirement. Therefore, all of Mr. Murr's stock options are fully exercisable. In addition, the term of the options was amended to provide that all vested options retain their original expiration date.  
In connection with Mr. Murr's retirement on October 1, 2016, the Compensation Committee amended the vesting of all unvested restricted stock held by Mr. Murr as of September 30, 2016 (the trading day immediately prior to his retirement), which resulted in the vesting of all of his shares of restricted stock.
5. fair market value of one share of QEP common stock. The actual number of shares that may be earned (and, therefore, the actual cash payout amount) will range from 0% to 200% of the number of PSUs awarded, depending on QEP's relative TSR in comparison to a peer group of companies during the three-year period ending December 31, 2017.
6. fair market value of one share of QEP common stock. The actual number of shares that may be earned (and, therefore, the actual cash payout amount) will range from 0% to 200% of the number of PSUs awarded, depending on QEP's relative TSR in comparison to a peer group of companies during the three-year period ending December 31, 2018.
7. retirement. Therefore, all of Mr. Murr's stock options are fully exercisable. In addition, the term of the options was amended to provide that all vested options retain their original expiration date.
8. all unvested restricted stock held by Mr. Murr as of September 30, 2016 (the trading day immediately prior to his retirement), which resulted in the vesting of all of his shares of restricted stock.
9. These numbers reflect net PSUs after forfeitures upon retirement.

Option Exercises and Stock Vested in 2016

Name	Options Exercised <sup>1</sup>		Stock Awards <sup>2</sup>	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting <sup>1</sup> (\$)
Charles B. Stanley	0	0	159,981	\$2,330,957
Richard J. Doleshek	0	0	83,393	\$1,203,068
Jim E. Torgerson	0	0	58,279	\$881,444
Christopher K. Woosley	0	0	28,651	\$389,461
Matthew T. Thompson	0	0	19,556	\$303,590
Austin S. Murr	0	0	54,732	\$974,817

1. This table does not reflect 2016 exercises of stock options to purchase Questar common stock.  
Amounts shown in these columns reflect restricted stock awards that vested during 2016 and payouts of PSUs for the 2014-2016 performance period. The values realized on vesting of the restricted stock are calculated based on the closing price per share of QEP common stock on the vesting date multiplied by the number of shares vested, and the values realized on payout of the PSUs are calculated based on the average closing price per share of QEP common stock during the final quarter of the performance period multiplied by the number of PSUs earned (136% of PSUs granted in 2014), pursuant to the terms of the PSU awards. Values are as follows:
- 2.

Name	Restricted Stock		PSUs	
	Number of Shares (#)	Value	Number of PSUs (#)	Value
Mr. Stanley	77,711	\$837,756	82,270	\$1,493,201
Mr. Doleshek	42,943	\$468,900	40,450	\$734,168
Mr. Torgerson	30,855	\$383,698	27,424	\$497,746
Mr. Woosley	16,824	\$174,801	11,827	\$214,660
Mr. Thompson	12,528	\$176,032	7,028	\$127,558
Mr. Murr <sup>a</sup>	45,828	\$813,209	8,904	\$161,608

The vesting on Mr. Murr's restricted stock awards was accelerated on September 30, 2016 (the trading day immediately prior to his official retirement on October 1, 2016). The vesting on his PSUs was not accelerated.

<sup>a</sup> Pursuant to the terms of Mr. Murr's PSU award agreements, a prorated amount of his PSUs for the 2014-2016 performance period was paid to Mr. Murr based on the number of months he was employed by QEP during the performance period. PSUs for the 2015-2017 and the 2016-2018 performance periods will be prorated in the same manner.

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Retirement Plans

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QEP Pension Plan

The Company maintains the QEP Resources, Inc. Retirement Plan (Pension Plan), which is a defined benefit pension plan closed to new participants and frozen with respect to future benefit accruals. At the time of the spin-off of QEP from Questar Corporation (the Spin-off), the assets and liabilities for all active QEP participants in the Questar Retirement Plan were apportioned to a trust of the Pension Plan. At the time of the Spin-off, executives who participated in both the Questar Retirement Plan and the Questar Supplemental Executive Retirement Plan had their Pension Plan benefits “frozen” and therefore ceased to accrue future benefits under the Pension Plan. Each eligible executive receives all future pension plan benefits under the QEP Resources, Inc. Supplemental Executive Retirement Plan (SERP) described below. Messrs. Stanley and Doleshek are the only NEOs who participate in the Pension Plan.

Participants may retire under the Pension Plan at age 62 or later without a benefit reduction due to age. Participants who are at least age 55 and have at least 10 years of service are eligible for early retirement with a reduction to their benefit of 0.2083% per month for each month from the date of retirement to age 62. Mr. Stanley is the only NEO eligible for early retirement under the Pension Plan and the SERP. Participants eligible for and taking early retirement prior to age 62 also receive a temporary supplement until age 62 that is tied to years of service. Participants with a vested benefit who terminate employment before age 55 or before having 10 years of credited service generally may commence their benefit under the Pension Plan as early as age 55, but such benefit is reduced by 0.5% per month prior to age 65. Other than the granting of two additional years of service in connection with a change in control under our CIC Plan, we do not grant extra years of credited service.

Supplemental Executive Retirement Plan

Certain NEOs and other key employees participate in the SERP, which generally provides highly compensated employees with supplemental retirement benefits to compensate for the limitations imposed by federal tax laws on benefits payable from the Pension Plan. Participation in the SERP is limited to eligible individuals (i) whose annual compensation is expected to exceed the IRS-imposed compensation cap (\$265,000 in 2016) that can be taken into account in determining benefits under the Pension Plan and/or (ii) who have deferred compensation pursuant to the terms of the Deferred Compensation Wrap Plan. The SERP generally provides benefits equal to the difference between the benefits payable under the Pension Plan and the benefits that would be payable under such plan if the limits on the annual compensation were not applicable, if the participant had not voluntarily chosen to defer any compensation under the terms of the Deferred Compensation Wrap Plan (as described below), and if benefit accruals were continuing under the Pension Plan. Messrs. Stanley and Doleshek are the only NEOs who participate in the SERP.

Upon the Spin-off, the qualified and non-qualified retirement plan benefits for active QEP executives who participated in the Questar SERP (Transferred SERP Participants) were transferred to the Pension Plan and SERP, respectively. Their qualified benefits under the Pension Plan were frozen as of June 30, 2010. All pension benefits earned after June 30, 2010 for Transferred SERP Participants are accrued in the SERP. Benefits in the SERP are calculated as follows: the total retirement benefit based on the benefit formula under the Pension Plan (including compensation in excess of the IRS limit and any deferred compensation and assuming benefits were continuing to accrue), less the (frozen) benefit payable to the participant under the Pension Plan.



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## 2016 Pension Benefits Table

Name	Plan Name	Number of Years Credited Service (#)		Present Value of Accumulated Benefit (\$)		Payments During Last Fiscal Year (\$)
Charles B. Stanley	Pension Plan	8.5	<sup>1</sup>	434,872	<sup>2,3</sup>	0
	SERP	15.0		6,557,619	<sup>2,3</sup>	0
Richard J. Doleshek	Pension Plan	1.0	<sup>1</sup>	55,939	<sup>2,3</sup>	0
	SERP	8.0		2,414,344	<sup>2,3</sup>	0
Jim E. Torgerson <sup>4</sup>	Pension Plan					
	SERP					
Christopher K. Woosley <sup>4</sup>	Pension Plan					
	SERP					
Matthew T. Thompson <sup>4</sup>	Pension Plan					
	SERP					
Austin S. Murr <sup>4</sup>	Pension Plan					
	SERP					

1. This number reflects years of service before participation in the Pension Plan was frozen.

2. The NEOs' accrued retirement plan benefits as of June 30, 2010, are frozen. Instead of continued participation in the Pension Plan, the NEOs accrue all future benefits after June 30, 2010, in our SERP.

The present value of accumulated benefits for each NEO is based on an assumed retirement date of the later of (a) age 62 (the earliest age at which a participant may retire under the Pension Plan without a benefit reduction due to age) and (b) December 31, 2016. The calculation above and the calculation for the change in pension value and nonqualified deferred compensation earnings in the Summary Compensation Table use the following assumptions for each NEO:

Assumption	Pension Plan	SERP
Retirement Age	62	62
Marital Status	Actual (married)	Actual (married)
Form of Payment	Married electing 50% Joint & Survivor annuity	Lump sum
Discount Rate	4.1% as of 12/31/16	3.2% as of 12/31/16, with a SERP lump sum discount rate of 3.6%
Mortality	RP-2014 "Healthy Annuitants" sex-dinstinct tables without collar adjustments, adjusted backward to 2006 with MP-2014, projected forward with generational projections using MP-2016	1983 Gross Annuity Mortality Table (Unisex)
Pre-retirement Decrements (a)	None	None

a. Consistent with SEC guidance, pre-retirement decrements for pre-retirement mortality, disability, termination, etc., have been excluded.

4. Messrs. Torgerson, Woosley, Thompson and Murr are not participants in either the Pension Plan or the SERP, as they joined the Company after the Pension Plan was closed to new participants.

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## Savings Plans

## Employee Investment Plan (401(k) Plan)

QEP offers its employees, including its NEOs, the opportunity to contribute a portion of their salary and/or annual incentive payment up to annual IRS compensation limits to the 401(k) Plan. In 2016, the Company provided matching contributions for employees not covered by the Pension Plan equal to 100% of an employee's contributions up to 8% of eligible compensation, or up to 6% for employees who were eligible for the Pension Plan. The employee deferrals and employer contributions are invested, as directed by the participant, in mutual funds or QEP common stock.

## Deferred Compensation Wrap Plan

QEP allows officers, along with certain other key employees, to defer the receipt of compensation under the Deferred Compensation Wrap Plan. The Deferred Compensation Wrap Plan includes both a deferred compensation program and a 401(k) supplemental program.

## Deferred Compensation Program of the Deferred Compensation Wrap Plan

This program allows officers and certain key employees to defer taxable income and provide for future financial needs. Eligible employees may defer a portion of their base salaries and cash incentives for a maximum of 10 years after termination of employment. Amounts deferred under this program are matched by the Company at the same rate as in the 401(k) Plan.

## 401(k) Supplemental Program of the Deferred Compensation Wrap Plan

This program allows NEOs and certain key employees whose compensation exceeds the IRS limit on compensation that may be taken into account for qualified plan purposes (\$265,000 in 2016) to defer up to 8% of their salaries in excess of the IRS limit for those employees who are not eligible for the closed Pension Plan and up to 6% for those employees who are eligible for the Pension Plan. The Company provides a matching contribution on this deferred amount as if that amount had been contributed to the 401(k) Plan.

Gains and losses on the deferred amounts are tracked against participant-selected investments. Participants select their investments from a variety of investment options, including QEP phantom stock and an array of mutual funds.

## 2016 Nonqualified Deferred Compensation

Name (a)	Executive Contributions in Last FY <sup>1,2</sup> (\$) (b)	Company Contributions in Last FY <sup>3</sup> (\$) (c)	Aggregate Earnings in Last FY <sup>4</sup> (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
Charles B. Stanley	348,500	75,900	558,119	—	4,073,502
Richard J. Doleshek	232,721	42,202	271,656	—	2,078,638
Jim E. Torgerson	56,662	47,462	276,474	—	3,177,836
Christopher K. Woosley	25,306	25,306	10,375	—	244,043
Matthew T. Thompson	57,155	17,131	27,959	—	314,694
Austin S. Murr	9,162	9,162	40,911	—	381,766

1. The NEOs automatically participate in the QEP 401(k) Supplemental Program of the Deferred Compensation Wrap Plan when their compensation exceeds the IRS limit. For those who do not participate in our closed pension plan (Messrs. Torgerson, Woosley, Thompson and Murr), 8% of qualified compensation in excess of the IRS limit is automatically contributed pursuant to the QEP 401(k) Supplemental Program and receives an employer match as if contributed to the 401(k) Plan. For those who do participate in our closed pension plan, Messrs. Stanley and

Doleshek, the contribution and match amount is 6%.

2. In 2016, Messrs. Stanley, Doleshek, Torgerson, Woosley, Thompson and Murr each deferred compensation under the Deferred Compensation Program of the Deferred Compensation Wrap Plan. Amounts deferred receive the same applicable employer match as if contributed to the 401(k) Plan.
3. Amounts contributed by the Company pursuant to the Deferred Compensation Wrap Plan are included in the All Other Compensation column (i) of the Summary Compensation Table.
4. Aggregate earnings are not included in the Summary Compensation Table because they do not consist of any above-market or preferential earnings.

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Potential Payments Upon Termination or Change in Control

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Change in Control: Executive Severance Plan

Pursuant to the Executive Severance Plan (the CIC Plan), each of our executives is entitled to certain severance benefits if he or she is terminated for any reason other than for cause, death or disability, or if the executive terminates employment for “good reason”, at any time following consummation of a change of control and prior to the third anniversary thereafter (a “qualifying termination”).

Assuming there is a qualifying termination within three years after a change in control, the severance benefits upon termination under the CIC Plan include the following:

A cash severance payment equal to 3x (in the case of Messrs. Stanley and Doleshek) or 2x (in the case of the other NEOs) the sum of annual base salary and the average of the annual bonuses they actually received for the three fiscal years prior to the change in control;

A prorated award from the annual incentive program for the year of termination;

Accelerated vesting of PSUs granted under the CIP, paid out based on actual performance through the date of the change in control;

Equity incentive awards under the LTSIP will vest in full;

For Pension Plan participants, a payment representing the difference between the net present value of the benefits under the Pension Plan and the SERP calculated at the time of their termination (retirement benefit), and the retirement benefit with two additional years of credited service; and

Continuation of medical and dental insurance coverage, basic and supplemental life insurance, and accidental death or dismemberment and disability coverage under current employee plans for two years at no cost to the executive.

In November 2015, the Compensation Committee amended the CIC Plan, in conjunction with an amendment to the LTSIP, to provide, on a prospective basis, that new awards granted under the LTSIP will vest in connection with a change in control of the company on a “double trigger” basis (i.e., only if the change in control is accompanied by a subsequent involuntary or, for executives, constructive termination of employment). The Compensation Committee determined that implementing a double trigger going forward for new awards was appropriate as a best practice based on input provided from its independent compensation consultant. The amendments do not impact the terms of any previously granted awards under the LTSIP; therefore, awards granted prior to November 2015 vest in full immediately prior to a change of control.

Under the CIC Plan, a change in control is deemed to have occurred if:

(i) Any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company, is or becomes the beneficial owner (as such term is used in Rule 13d-3 under the Exchange Act) of securities of the Company representing 30% or more of the combined voting power of the Company; or

The following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, as of June 30, 2010, constitute the Company’s Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose

(ii) appointment or election by the Board or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on June 30, 2010, or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii)

The Company's shareholders approve a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the securities of the Company or such surviving entity or its parent outstanding

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immediately after such merger or consolidation, or a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; or