

**QEP RESOURCES, INC.  
AUDIT COMMITTEE CHARTER**

**Purpose**

The Audit Committee of QEP Resources, Inc.'s Board of Directors (the "Board") has oversight regarding the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent accounting firm's qualifications and independence, the performance of the Company's independent accounting firm and the Company's internal audit function and is responsible for preparing the report required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement. The Committee Chair is required to make regular reports to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board. The Committee's responsibilities are described more fully below.

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

Management is responsible for preparing the financial statements of the Company, and the independent auditor is responsible for auditing such financial statements. Management is also responsible for preparing the reserves estimates. In carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work, auditing standards, or the independence of the auditors. Additionally, the Committee is not providing any expert opinion or special assurances as to reserves estimates or any assurances as to the independent engineering firm's work, standards, or independence. Each member of the Committee shall be entitled to rely on the people and organizations that supply information to the Committee and the accuracy and completion of such information.

## **Membership**

The Committee should consist of at least three members. To be eligible to serve on the Committee, a director must be “independent” under the listing standards of the New York Stock Exchange and under Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Additionally, a director must be “financially literate” as determined by the Board in its business judgment or must become “financially literate” within a reasonable time after such director’s appointment to the Committee. At least one member of the Committee must have accounting or related financial management expertise as determined by the Board in its business judgment and must be eligible for designation as an “audit committee financial expert” within the definition adopted by the SEC. No member of the Committee may 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 ability of such member to serve effectively on the Committee and such determination is disclosed in the Company’s annual proxy statement.

The Committee and its Chair are appointed each year by the Board on the recommendation of the Governance Committee at the first Board meeting following the Company’s annual meeting of stockholders. The Board may appoint new members of the Committee at any time and may remove any member at any time with or without cause.

## **Meetings, Procedures and Advisors**

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

The Committee shall meet at least once during each fiscal quarter and more frequently as the Committee deems appropriate. All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management, representatives of the independent auditor, the internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the “internal auditor”), or any other persons whose presence the Committee believes to be appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any director that is not a member of the Committee. The Committee will meet in executive session as often as necessary, but at least once per calendar quarter.

The Committee has the authority to hire independent counsel and any other advisors that it deems appropriate to assist with its responsibilities. The Committee shall set the compensation, and oversee the work, of any independent counsel and other advisors to the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services; for payment of compensation to any advisors hired by the Committee; and for ordinary administrative expenses of the Committee that are appropriate in carrying out its duties.

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

### **Powers and Responsibilities**

The Committee shall have the following powers and responsibilities:

1. **Annual Financial Statements.** The Committee shall meet with management, the independent auditor and the internal auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit. The Committee shall review and discuss with management and the independent auditor the annual audited financial statements (including the Company's disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations"), and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K. The Committee shall review and discuss with management and the independent auditor a report, on at least an annual basis, that discloses (i) all critical accounting practices followed by the Company; (ii) any significant changes in the Company's selection or application of accounting principles; (iii) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor; (iv) any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (v) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements; and (vi) other material written communications between the independent auditor and management.

2. **External Audit Process.** The Committee shall oversee the external audit process of the Company's financial statements. In connection with this general responsibility, the Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the

Company. The independent auditor shall report directly to the Committee. The Committee shall approve: (i) the engagement letter specifying audit fees for the Company; (ii) any non-audit services to be performed for the Company and/or its subsidiaries not expressly prohibited under federal law; and (iii) services not otherwise specified in the engagement letter to be performed by the accounting firm, including the fees charged for such services. The Committee shall establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditor. The Committee shall be responsible for approving any reports concerning audit services and fees disclosed in periodic reports and for resolving disagreements between management and the independent auditor brought to the Committee's attention. The Committee shall obtain and review, at least annually, a report by the independent auditor describing the independent auditor's internal quality control procedures and any material issues raised by the most recent internal quality-control review or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues. The Committee will also annually review and discuss with the independent auditor this report and all relationships between the independent auditor and the Company that could impact the objectivity and independence of the independent auditor. The Committee shall, at least annually, evaluate the qualifications, performance and independence of the Company's independent auditor, including an evaluation of the lead audit partner, and assure the regular rotation of the lead audit partner at the Company's independent auditor as required by law and consider regular rotation of the accounting firm serving as the Company's independent auditor.

3. Meetings with the Independent Auditor. The Committee shall review with the independent auditor any problems or difficulties the independent auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information or any significant disagreements with management and management's responses to such matters. Among the items that the Committee should consider reviewing with the independent auditor are: (A) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); (B) any communications between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement; and (C) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company. The Committee shall obtain from the independent auditor assurances that Section 10A(b) of the Exchange Act has not been implicated. The Committee shall review and discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as then in effect.

4. Internal Audit and Internal Control. The Committee shall oversee the internal audit function including internal control and financial reporting. In connection with this general responsibility, the Committee shall review and approve the Company's annual internal control

report disclosed in the Form 10-K. The Committee shall review and approve the appointment, promotion, compensation, reassignment or dismissal of the director of internal audit and shall meet periodically with the director of internal audit and the Company's independent auditor to discuss the responsibilities, budget, staffing and performance of the Company's internal audit function and any issues that the director of internal audit believes warrant Committee attention. On at least an annual basis, the Committee shall review and approve the internal audit charter, including any changes deemed appropriate.

5. Audit Committee Report. The Committee shall prepare and approve an Audit Committee Report to be included as part of the Company's annual proxy statement.

6. Interim Financial Statements. The Committee shall meet with management and the independent auditor on a quarterly basis to review and discuss the Company's quarterly financial statements (including the Company's disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations").

7. Earnings Releases. The Committee shall review and discuss with management and the Company's independent auditor the Company's earnings press releases, including the type of information to be included and its presentation and the use of any pro forma or adjusted non-GAAP information, before their release to the public, as well as financial information and earnings guidance provided to analysts and ratings agencies.

8. Code of Conduct and Complaint Procedures. The Committee, on at least an annual basis, shall review the Company's Code of Conduct and procedures for receiving, retaining and treating complaints (including confidential, anonymous employee complaints) concerning accounting, auditing matters, or internal accounting controls.

9. Risk Assessment and Risk Management Policies. In conjunction with a general responsibility to review and discuss with management the Company's risk assessment and risk management policies, the Committee shall receive periodic reports concerning any legal, environmental, taxation, credit, and regulatory matters that could have a material effect on the Company's financial statements and compliance policies. The Committee shall review and discuss the Company's policies, procedures and programs designed to promote and monitor legal and regulatory compliance.

10. Reserves Review. The Committee, on an annual basis, shall review the reserves estimation reporting process and disclosure and the engagement of the independent reservoir engineering firms that prepare the Company's reserve estimates. As part of these responsibilities, the Committee will review the reserves estimates with the management committee responsible for those reserves estimates and perform any other activities the Committee deems necessary to complete its review. The Committee may meet with representatives of any independent reservoir engineering firm.

11. Related-Person Transactions. The Committee shall review, approve and oversee any related-person transactions (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis, in accordance with the Company's policies and procedures and shall develop policies and procedures for the Committee's approval of related party transactions. The Committee shall keep the Company's independent auditor informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company and review and discuss with the Company's independent auditor the auditor's evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transaction with related parties.

12. Hiring. The Committee shall set clear Company hiring policies for employees or former employees of the Company's independent auditor that participated in any capacity with any Company audit.

13. Miscellaneous. The Committee shall handle miscellaneous assignments requested by the Board.

14. Performance Evaluation and Review of Charter. On at least an annual basis, the Committee shall review its performance and the Committee's compliance with this Charter, and the sufficiency of this Charter, and recommend changes to the Board as appropriate.

15. Individual Meetings in Executive Sessions. The Committee, on at least a quarterly basis, shall meet separately with the Chief Financial Officer, the director of internal audit, and the independent auditor.

16. Dividends. The Committee shall review potential dividend payments and, if appropriate, make recommendations to the Board regarding such payments.