NEWFIELD EXPLORATION CO /DE/
Form DEF 14A
March 31, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12
Newfield Exploration Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)
Payment of Filing Fee (Check the appropriate box):
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(1) Title of each class of securities to which transaction applies:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

4 Waterway Square Place
Suite 100
The Woodlands, TX 77380

"The year 2014 was significant for Newfield and our stockholders. We had exemplary performance across the Company and delivered on our key objectives to reduce operating costs and grow production, proved reserves and cash flow. The market noted our accomplishments and, in 2014, our stock was a top performer in the E&P sector. We enter 2015 with momentum, a deep inventory of economic drilling opportunities and a sound business strategy that will ensure we continue to create long-term value for our stockholders."

-Lee K. Boothby

Dear Stockholders:

I am pleased to invite you to join our Board of Directors, senior leadership and other associates and stockholders for our 2015 Annual Meeting of Stockholders, which will be held on May 15, 2015, at 8:00 a.m. Central Time. We will again this year provide an opportunity for all stockholders, regardless of location, to attend our 2015 Annual Meeting. Specifically, we will hold a virtual meeting and you will be able to attend the 2015 Annual Meeting, vote and submit any questions during the meeting via live webcast through the link www.virtualshareholdermeeting.com/NFX2015. You will need the 12-digit control number included with these proxy materials to vote at the Annual Meeting, but we urge you to vote before the meeting. The attached Notice of Annual Meeting of Stockholders and Proxy Statement will serve as your guide to the business to be conducted at the meeting. As in years past, we will have a brief management presentation following the meeting.

We are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (Notice). We believe the Notice process allows us to provide our stockholders with the information they desire in a timely manner, while saving costs and reducing the environmental impact of our Annual Meeting. The Notice contains instructions on how to access our 2014 Annual Report, 2015 Proxy Statement and proxy card over the Internet, as well as instructions on how to request a paper copy of the materials, if desired. All stockholders who do not receive a Notice should receive a paper copy of the proxy materials by mail.

Your vote is very important to us. We encourage you to sign and return your proxy card and/or vote through the telephone or Internet following the instructions on the Notice as soon as possible, so that your shares will be represented and voted at the meeting. Instructions on how to vote are on page 5.

I hope you are able to attend the meeting. Thank you for being a stockholder and for the trust you have in our Company.

Very truly yours,
LEE K. BOOTHBY

Chairman of the Board, President and
Chief Executive Officer

4 Waterway Square Place, Suite 100
The Woodlands, Texas 77380

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
Friday, May 15, 2015
8:00 a.m. Central Time via live webcast

The 2015 Annual Meeting of Stockholders of Newfield Exploration Company will be held at 8:00 a.m. Central Time on Friday, May 15, 2015, via live webcast through the link www.virtualshareholdermeeting.com/NFX2015 for the following purposes:

1. To elect a Board of Directors for the coming year;
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent auditor for the year ending December 31, 2015;
3. To hold an advisory vote to approve the compensation of the Company's named executive officers;
4. To approve the Second Amended and Restated 2011 Omnibus Stock Plan to increase the authorized shares under the plan by 7,000,000;
5. To approve material terms of the performance metrics set forth in our Second Amended 2011 Stock Plan for tax compliance (Proposal 5A) and to approve material terms of the performance metrics set forth in our 2011 Annual Incentive Plan for tax compliance (Proposal 5B);
6. To approve an amendment to the Third Restated Certificate of Incorporation to increase authorized shares of common stock from 200,000,000 to 300,000,000 shares (Proposal 6A) and to increase authorized shares of preferred stock from 5,000,000 to 7,500,000 shares (Proposal 6B); and
7. To transact any other business that may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

The close of business on March 16, 2015 has been fixed as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. This Notice, Proxy Statement and the form of proxy/voting instruction card are first being sent or made available to stockholders on or about April 2, 2015.

By order of the Board of Directors,

JOHN D. MARZIOTTI
General Counsel and Corporate Secretary

March 31, 2015

YOUR VOTE IS IMPORTANT

You may vote by Internet or by telephone using the instructions on the Notice, or, if you received a paper copy of the proxy card, by signing and returning it in the envelope provided. You will need the 12-digit control number provided on the Notice of Internet Availability of Proxy Materials or your proxy card (if applicable) to vote at the meeting. You may revoke your proxy at any time before the vote is taken by following the instructions in this Proxy Statement. You may also attend and vote at the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

The notice of the 2015 Annual Meeting, the Proxy Statement and our 2014 Annual Report and 10-K Wrap are available at:
http://phx.corporate-ir.net/phoenix.zhtml?c=63798&p=proxy

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NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE OF THIS PROXY STATEMENT.

NEWFIELD EXPLORATION COMPANY
4 Waterway Square Place
Suite 100
The Woodlands, Texas 77380
(281) 210-5100
www.newfield.com

PROXY STATEMENT

For the 2015 Annual Meeting of Stockholders

We are furnishing you this Proxy Statement in connection with the solicitation of proxies by our Board of Directors (Board) to be voted at the 2015 Annual Meeting of Stockholders (Annual Meeting) of Newfield Exploration Company, a Delaware corporation, sometimes referred to as the Company, Newfield, our, us or we. The Annual Meeting will be held virtually on Friday, May 15, 2015 at 8:00 a.m., Central Time via live webcast through the link www.virtualshareholdermeeting.com/NFX2015. You will need the 12-digit control number provided on the Notice of Internet Availability of Proxy Materials or your proxy card (if applicable) to vote. The proxy materials, including this Proxy Statement, proxy card or voting instructions and our 2014 Annual Report and 10-K Wrap are being distributed and made available on or about April 2, 2015.

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (SEC), we are providing our stockholders access to our proxy materials on the Internet. Accordingly, a Notice of Internet Availability of Proxy Materials (Notice) will be mailed to most of our stockholders on or about April 2, 2015. Stockholders will have the ability to access the proxy materials on a website referred to in the Notice or request a printed set of the proxy materials to be sent to them by following the instructions in the Notice.

The Notice also provides instructions on how to inform us to send future proxy materials to you electronically by e-mail or in printed form by mail. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail or printed form will remain in effect until you terminate it.

Choosing to receive future proxy materials by e-mail will allow us to provide you with the information you need in a timelier manner, save us the cost of printing and mailing documents to you and conserve natural resources.

PROXY VOTING SUMMARY

This voting summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Time and Date:	Friday, May 15, 2015 at 8:00 a.m. Central Time
Place:	Via live webcast through the link www.virtualshareholdermeeting.com/NFX2015
Record Date:	March 16, 2015
Voting:	Stockholders as of the record date are entitled to vote. : Vote by Internet at http://www.proxyvote.com (Vote by telephone at 1-800-690-6903 - Vote by completing and returning your proxy card or voter instruction card Vote during the meeting via the Internet at www.virtualshareholdermeeting.com/NFX2015. You will need the 12-digit control number provided on the Notice of Internet Availability of Proxy Materials or your proxy card. We urge you to vote before the meeting.

Voting Matters

Agenda Item		Board Vote Recommendation	Page Reference
1.	Election of Directors Each director nominee has an established record of accomplishment in areas relevant to overseeing the Company's business and possesses qualifications and characteristics that are essential to a well-functioning and deliberative governing body.	FOR each Director Nominee	16
2.	Ratification of Appointment of PricewaterhouseCoopers as the Company's Independent Auditor As a matter of good corporate governance, the Board of Directors (Board) is asking stockholders to ratify the selection of PricewaterhouseCoopers as the Company's Independent Auditor for fiscal 2015.	FOR	26
3.	Advisory Vote to Approve Executive Compensation The Board is asking stockholders to approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in this proxy statement. In 2014, stockholders expressed support for the Company's executive compensation program. The Compensation & Management Development Committee continued to refine the Company's compensation process and program during 2014, authorizing more transparent compensation targets for executives and working with the Board's Operations and Reserves Committee to determine the Company's 2014 performance metric targets.	FOR	53
4.	Consideration and Approval of the Second Amended 2011 Stock Plan The Board is seeking approval of the Second Amended and Restated Newfield Exploration Company 2011 Omnibus Stock Plan (Second Amended 2011 Stock Plan), which provides for an increase in shares of common stock authorized under the plan by 7,000,000 shares (approximately 4.3% of the outstanding shares of the Company as of March 16, 2015).	FOR	53
5A and 5B.	Consideration and Approval of Material Terms of Performance Metrics for Second Amended 2011 Stock Plan and 2011 Annual Incentive Plan for Tax Compliance To ensure compliance with Section 162(m) of the Internal Revenue Code, as amended, stockholders are asked to approve the performance metrics	FOR	64

	for the Second Amended 2011 Stock Plan (Proposal 5A) and the 2011 Annual Incentive Plan (Proposal 5B).		
6A and 6B.	Consideration and Approval of Amendment to Company's Charter to Increase Authorized Shares of Common Stock and Preferred Stock The Board has unanimously approved amendments to the Company's Third Restated Certificate of Incorporation (Charter) to increase authorized shares of common stock to 300,000,000 shares (Proposal 6A) and increase authorized shares of preferred stock to 7,500,000 shares (Proposal 6B). The Board has determined that the increases are in the best interests of the Company and its stockholders and has directed that the Charter amendments be submitted to the stockholders for approval.	FOR	67

QUESTIONS AND ANSWERS ABOUT THE MEETING

Who is entitled to vote at the Annual Meeting?
Only stockholders of record at the close of business on March 16, 2015, the record date for the meeting, are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. The record date is established by our Board as required by Delaware law. Stockholders of record at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote their shares at the meeting. Stockholders are entitled to one vote for each share of our common stock that they owned as of the record date. Stockholders may not cumulate their votes in the election of directors. On the record date, we had 162,697,001 shares of our common stock outstanding and entitled to vote at the Annual Meeting.

What is a proxy?
A proxy is your legal designation of another person, called a proxy holder, to vote the shares that you own. If you designate someone as your proxy holder in a written document, that document is called a proxy. We have designated Lawrence S. Massaro, Executive Vice President and Chief Financial Officer, John D. Marziotti, General Counsel and Corporate Secretary, and George W. Fairchild, Jr., Chief Accounting Officer and Assistant Corporate Secretary, to act as proxy holders at the Annual Meeting as to all shares for which proxies are returned or voting instructions are provided by Internet or telephonic voting.

What is a Proxy Statement?
A Proxy Statement is a document that SEC regulations require us to give you when we ask you to sign a proxy card designating the proxy holders described above to vote on your behalf.

Where and when is the Annual Meeting?
The Annual Meeting will be held on Friday, May 15, 2015 at 8:00 a.m. Central Time. This year, we will again have a virtual meeting, which you may attend online through the link www.virtualshareholdermeeting.com/NFX2015. To access the meeting, you will only need to go to the link and sign on. If you would like to vote or participate during the meeting, you will need the 12-digit control number provided on the Notice or your proxy card.

What non-routine matters will be voted on at the Annual Meeting?
The election of directors, the advisory vote on our executive compensation, the approval of the Second Amended 2011 Stock Plan, the approval of material terms of the performance metrics under our Second Amended 2011 Stock Plan and 2011 Annual Incentive Plan, the amendments to the Third Restated Certificate of Incorporation to increase authorized shares of common stock and to increase shares of preferred stock are each non-routine matters on which brokers are not allowed to vote unless they have received voting instructions from their customers. Brokers not receiving voting instructions will only be allowed to vote on the ratification of our appointment of PricewaterhouseCoopers as the Company's independent auditor for fiscal 2015.

What is the effect of an “advisory” vote?
Because your votes with respect to the ratification of PricewaterhouseCoopers and the approval of our NEO compensation are advisory, they will not be binding upon the Board or its Committees. However, our Compensation & Management Development Committee and the Audit Committee will take the outcome of the advisory votes into account when considering future executive compensation arrangements of our NEOs and the appointment of PricewaterhouseCoopers as the Company’s independent auditor, respectively.

What is a “broker non-vote”?
The New York Stock Exchange (NYSE) permits brokers to vote their customers’ stock held in street name on routine matters when the brokers have not received voting instructions from their customers. The NYSE does not, however, allow brokers to vote their customers’ stock held in street name on non-routine matters unless they have received voting instructions from their customers. In such cases, the uninstructed shares for which the broker is unable to vote are called “broker non-votes”. For purposes of determining the outcome of any proposal as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, if allowed, these shares will be treated as not present and not entitled to vote with respect to that proposal, even though those shares are considered

entitled to vote for quorum purposes and may be entitled to vote on other proposals.

What routine matters will be voted on at the Annual Meeting?
The ratification of the independent auditor is a routine matter on which brokers may vote in their discretion on behalf of customers who have not provided voting instructions.

If I vote by telephone or Internet and received a proxy card in the mail, do I need to return my proxy card?
No.

Who will tabulate and certify the vote?
Broadridge Financial Solutions, Inc., an independent third party, will tabulate and certify the vote, and will have a representative to act as the independent inspector of elections for the Annual Meeting.

Who is soliciting my vote?
Our Board is soliciting your vote for the Annual Meeting.

Where can I find the voting results of the Annual Meeting?

We will announce the preliminary voting results at the Annual Meeting and disclose the final voting results in a Current Report on Form 8-K filed with the SEC within four business days of the date of the Annual Meeting unless only preliminary voting results are available at that time. To the extent necessary, we will file an amended Current Report on Form 8-K to disclose the final voting results within four business days after the final voting results are known. You may access or obtain a copy of these and other reports free of charge on the Company’s website at http://www.newfield.com, or by contacting our investor relations department at 281-210-5321. Also, the Form 8-K, any amendments thereto and other reports filed by the Company with the SEC are available to you over the Internet at the SEC’s website at http://www.sec.gov.

How can I view the stockholder list?

A complete list of stockholders of record entitled to vote at the Annual Meeting will be available for viewing during ordinary business hours for a period of ten days before the Annual Meeting at our offices at 4 Waterway Square Place, Suite 100, The Woodlands, Texas 77380. The list of stockholders will also be available for stockholders during the Annual Meeting through the link www.virtualshareholdermeeting.com/NFX2015.

What is the purpose of the Annual Meeting and what vote is required to approve each proposal?

The Annual Meeting is held to vote on the following proposals and to transact any business that may properly come before the meeting or any adjournments or postponements thereof.

Could other matters be decided at the Annual Meeting?

We are not aware of any matters that will be considered at the Annual Meeting other than those set forth in this Proxy Statement. However, if any other matters arise at the Annual Meeting, the persons named in your proxy will vote in accordance with their best judgment.

PROPOSAL		VOTING STANDARD
1. Election of Directors.	Ö	A director will be elected by a majority of the votes cast with respect to the director, meaning if the number of shares voted "for" that director exceeds the number of votes "against" that director. Abstentions will have no effect in determining whether the proposal is approved.
2. To ratify the appointment of the Company's independent registered public accounting firm. 3. To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers as disclosed in this proxy statement. 4. To approve the Second Amended 2011 Stock Plan to increase the authorized shares under the plan by 7,000,000. 5A. To ensure compliance with Section 162(m) of the Internal Revenue Code, as amended, stockholders are asked to approve material terms of the performance goals for performance awards under the Second Amended 2011 Stock Plan. 5B. To ensure compliance with Section 162(m) of the Internal Revenue Code, as amended, stockholders are asked to approve material terms of the performance goals and metrics under the 2011 Annual Incentive Plan.	Ö	An affirmative vote requires the majority of votes cast on the proposal. Abstentions and broker non-votes will have no effect in determining whether the proposal is approved.
	Ö	

6A. To approve the amendment of our Third Restated Certificate of Incorporation to increase authorized shares of common stock to 300,000,000. 6B. To approve the amendment of our Third Restated Certificate of Incorporation to increase authorized shares of preferred stock to 7,500,000.	An affirmative vote requires the majority of all of the issued and outstanding shares of common stock entitled to vote. Abstentions and broker non-votes will have the same effect as a vote "against" the proposal.

How do I vote?
You may vote by any of the following four methods (Please vote as soon as possible):
: Internet. Vote at http://www.proxyvote.com, the website for Internet voting. Simply follow the instructions on the Notice, or if you received a proxy card by mail, follow the instructions on the proxy card and you can confirm that your vote has been properly recorded. If you vote on the Internet, you can request electronic delivery of future proxy materials. Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (Eastern Daylight Time) on May 14, 2015.
(Telephone. Vote by telephone (1-800-690-6903) and follow the instructions on the Notice, or if you received a proxy card, by following the instructions on the proxy card. Easy-to-follow voice prompts allow you to vote your stock and confirm that your vote has been properly recorded. Telephone voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (Eastern Daylight Time) on May 14, 2015.
- Mail. If you received a proxy card by mail, vote by mail by completing, signing, dating and returning your proxy card in the pre-addressed, postage-paid envelope provided. If you vote by mail and your proxy card is returned unsigned, then your vote cannot be counted. If you vote by mail and the returned proxy card is signed without indicating how you want to vote, then your proxy will be voted as recommended by the Board. If mailed, your completed and signed proxy card must be received by May 14, 2015.
8 Meeting. You may vote at the Annual Meeting online through the link www.virtualshareholdermeeting.com/NFX2015. The 12-digit Control Number provided on your Notice or proxy card is necessary to vote. However, we urge you to vote prior to the meeting.
If you hold your Newfield shares in a brokerage account, your ability to vote over the Internet or by telephone depends on your broker’s voting process. Please follow the directions on your proxy card or the voter instruction card from your broker carefully. If your Newfield shares are held in the 401(k) Plan, then your vote must be received by 11:59 p.m. Eastern Daylight Time on May 13, 2015. The plan administrator will direct the trustee to vote shares as to which no instructions are received in proportion to voting directions received by the trustee from all plan participants who vote.

Can I change my vote?
Yes. You may revoke or change a proxy before the vote is taken at the Annual Meeting by:
¯ giving notice of the revocation in writing to our Corporate Secretary at 4 Waterway Square Place, Suite 100, The Woodlands, Texas 77380;
¯ submitting another valid proxy by mail, telephone or over the Internet that is later dated and if mailed, is properly signed, or if submitted by telephone or over the Internet, is received by 11:59 p.m. (Eastern Daylight Time) on May14, 2015;
¯ voting at the Annual Meeting through the link www.virtualshareholdermeeting.com/NFX2015, for which you will need the 12-digit control number included with these proxy materials to vote at the Annual Meeting; or
¯ if you have instructed your broker or other nominee to vote your shares, by following the directions received from your broker or nominee to change those instructions.
If your shares are held in our 401(k) Plan, you also may revoke or change your proxy by submitting another valid proxy by mail, telephone or over the Internet that is later dated and, if mailed, is properly signed. The new 401(k) Plan participant proxy must be received by 11:59 p.m. (Eastern Daylight Time) on May 13, 2015.

Who pays for the proxy solicitation related to the Annual Meeting?
We will bear the entire cost of this solicitation, including the preparation, assembly, printing, the mailing of the Notice and any mailing of this Proxy Statement, the proxy, and any additional information furnished to stockholders. In addition to using the mail, proxies may be solicited by directors, executive officers, and other employees of Newfield, in person or by telephone. No additional compensation will be paid to our directors, executive officers, or other employees for these services. You also may be solicited by means of press releases issued by Newfield, postings on our website at http://www.newfield.com, or other media forms. We have retained Georgeson Inc. to assist us with the solicitation of proxies for an estimated fee of approximately $7,500, plus expenses. Georgeson ensures that brokers, custodians and nominees will supply additional copies of the proxy materials for distribution to the beneficial owners. We also will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of our common stock.

The Board recommends that you vote using one of the first three methods discussed above, as it is not practical for most stockholders to attend and vote at the Annual Meeting. Using one of the first three methods discussed above to vote will not limit your right to vote at the Annual Meeting if you later decide to change your vote while attending the Annual Meeting.

What is the difference between a "stockholder of record" and a stockholder who holds stock in "street name", also called a "beneficial owner"?
If your shares are registered in your name at American Stock Transfer & Trust Company, LLC, you are a "stockholder of record". If your shares are registered at American Stock Transfer & Trust Company, LLC in the name of a broker, bank, trustee, nominee, or other similar stockholder of record, your shares are held in "street name" and you are the "beneficial owner" of the shares.

What constitutes a quorum?
The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of our issued and outstanding shares of common stock entitled to vote will constitute a quorum at the Annual Meeting. Under Delaware law, abstentions are treated as present and entitled to vote and thus, will be counted in determining whether a quorum is present. In addition, broker non-votes (described above) will be considered present for quorum purposes but not considered entitled to vote on that matter.

Can I vote my stock by filling out and returning the Notice?
No. The Notice will, however, provide instructions on how to vote by Internet, by telephone, by requesting and returning a paper proxy card, or by submitting a ballot electronically during the Annual Meeting.

How can I access the proxy materials over the Internet?
Your Notice or proxy card will contain instructions on how to view our proxy materials for the Annual Meeting on the Internet. Our proxy materials are also available on our website at:
http://phx.corporate-ir.net/phoenix.zhtml?c=63798&p=proxy

Why did I receive a Notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?
In accordance with SEC rules, we are providing access to our proxy materials over the Internet. As a result, we have sent to most of our stockholders a Notice instead of a paper copy of the proxy materials. The Notice contains instructions on how to access the proxy materials over the Internet and how to request a paper copy. In addition, stockholders may request to receive future proxy materials in printed form by mail or electronically by e-mail. A stockholder's election to receive proxy materials by mail or e-mail will remain in effect until the stockholder terminates it.

Why didn't I receive a Notice in the mail regarding the Internet availability of proxy materials?
We are providing certain stockholders, including those who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of a Notice. If you would like to help reduce the costs we incur in mailing proxy materials, you can consent to receive all future proxy statements, proxy cards and annual reports electronically via e-mail or using the Internet. To sign up for electronic delivery, please follow the instructions provided with your proxy materials and on your proxy card or voting instruction card to vote using the Internet. When prompted, indicate that you agree to receive or access stockholder communications electronically in the future.

What is householding?
We have adopted a procedure approved by the SEC known as "householding". Under this procedure, multiple stockholders residing at the same address have the convenience of receiving a single copy of our Annual Report and Proxy Statement, or the Notice of Internet Availability of Proxy Materials, unless they have notified us that they want to continue receiving multiple copies. Householding allows us to reduce the environmental impact of providing proxy materials as well as printing and mailing costs.
If you received a householded mailing this year and you would like to have additional copies of the Annual Report, Proxy Statement and/or the Notice of Internet Availability of Proxy Materials mailed to you, or you would like to revoke your consent to the householding of documents, please submit your request to Broadridge Financial Solutions, Inc. either by calling 1-800-542-1061 or by writing to Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717. Broadridge or Newfield will promptly deliver any additional copies requested. If you revoke your consent, you will begin to receive individual copies of future mailings within 30 days after we receive your revocation notice.
Unfortunately, householding for bank and brokerage accounts is limited to accounts within the same bank or brokerage firm. For example, if you and your spouse each have two accounts containing our common stock at two different brokerage firms, your household will receive two copies of our Annual Meeting materials – one from each brokerage firm. To reduce the number of duplicate sets of materials your household receives, you may wish to enroll some or all of your accounts in our electronic delivery program. See "Why didn't I receive a Notice in the mail regarding the Internet availability of proxy materials?"
Alternatively, if you have previously revoked your consent to the householding of documents and would now like to receive a single copy of our Annual Report and Proxy Statement, or the Notice of Internet Availability of Proxy Materials, you may submit such request to Broadridge as indicated above.

FORWARD-LOOKING STATEMENTS

Some of the amounts set forth in this Proxy Statement in the disclosure regarding executive compensation are forward-looking statements within the meaning of the federal securities laws. These amounts include estimates of future amounts payable under awards, plans and agreements or the present value of future amounts, as well as the estimated value at December 31, 2014 of awards the vesting of which will depend on performance over future periods. Estimating future payments of this nature is necessarily subject to contingencies and uncertainties, many of which are difficult to predict. In order to estimate amounts that may be paid in the future, we had to make assumptions as to a number of variables, which may, and in many cases will, differ from future actual conditions. These variables include the price of our common stock, the date of termination of employment, final pay, interest rates, applicable tax rates and other assumptions. Accordingly, amounts and awards paid out in future periods may vary from the related estimates and values set forth in this Proxy Statement.

CORPORATE GOVERNANCE

Set forth below, in question and answer format, is a discussion about our corporate governance policies and practices and other matters relating to our Board and its Committees.

General

Have you adopted Corporate Governance Guidelines?

Yes. The Board is responsible for, and believes in, overseeing the Company's assets and business affairs in an honest, fair, diligent and ethical manner driven by good corporate governance principles. To fulfill its responsibilities, the Board follows the procedures and standards set forth in its Corporate Governance Guidelines. These Guidelines address matters such as director responsibilities and conduct, director qualifications, Board composition, functioning of the Board and the Committees, director access to management and independent advisors, director compensation, director stock ownership, director orientation and continuing education, evaluation of our Chief Executive Officer, management succession and performance evaluations of our Board and its Committees. The Board also has established "Director Selection Process and Guidelines", which are attached as Appendix A to the Corporate Governance Guidelines and outlines the process and criteria for selecting director nominees.

Have you adopted a Code of Ethics and Conduct?

Yes. Our Board has formally adopted, and annually reviews and approves, our Corporate Code of Business Conduct and Ethics applicable to our directors, officers and employees. In addition, the Board has adopted, and annually reviews and approves, our Financial Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer and Controller or Chief Accounting Officer, and our Insider Trading Policy applicable to all directors, officers and employees.

How can I view or obtain copies of your corporate governance materials?

The guidelines and codes mentioned above, as well as the charters for the Audit Committee, Compensation & Management Development Committee, Nominating & Corporate Governance Committee and Operations & Reserves Committee of our Board, are available on our website for viewing and printing. Go to http://www.newfield.com and then to the "Corporate Governance – Overview" tab.

Board of Directors

How many independent directors do you have? How do you determine whether a director is independent?

Our Board has affirmatively determined that 10 of our 11 current directors and seven of our eight nominated directors are "independent" as that term is defined by the NYSE rules. Joseph H. Netherland, who also served as a director in 2014, was "independent" under the NYSE rules. In making this determination, our Board considered various transactions and relationships between each director nominee or his or her immediate family and our Company and its subsidiaries. The purpose of this review by our Board was to determine whether any such relationships or transactions were material and, therefore, inconsistent with a determination that the director is independent. In the ordinary course of business during 2014, we entered into purchase and sale transactions for products and services with certain companies affiliated with members of our Board of Directors, as described below:

- Mr. Schanck is a director of P2 Energy Solutions. In 2014, we paid P2 Energy Solutions approximately $2.8 million in licensing agreement and annual maintenance costs for software.
- Mr. Nance is a director of The Williams Companies. In 2014, we paid The Williams Companies approximately $1.9 million in lease payments for our office space in Tulsa, Oklahoma.

In each case, the transactions were for less than 2% of the consolidated gross revenues of the director-affiliated company. See also “Interests of Management and Others in Certain Transactions”. We generally expect transactions of a similar nature to occur during 2015.

As a result of its review, our Board affirmatively determined, based on its understanding of such transactions and relationships, that all of the nominees for director are independent of our Company under the standards set forth by the NYSE, with the exception of Lee K. Boothby. Mr. Boothby currently serves as our Chairman of the Board, President and Chief Executive Officer. There are no family relationships between any of the nominees for director or between any nominee and any executive officer of our Company.

How many times did your Board meet last year?

Our Board met in person or by telephone conference four times during 2014.

Did any of your directors who served on your Board during 2014 attend fewer than 75% of the meetings of your Board and his or her assigned Committees during 2014?

No.

Do you have a policy regarding director attendance at Annual Meetings of Stockholders?

Yes. Directors are expected to attend the Annual Meetings of Stockholders. All of our directors attended the 2014 Annual Meeting.

Do your non-management, independent directors meet in executive session?

Yes. Our non-management, independent directors meet in executive session on a regular basis – usually at each regularly scheduled meeting of our Board. All of our non-management directors are independent. Our Corporate Governance Guidelines provide that our independent directors will meet in executive session at least annually and more frequently as needed at the call of one or more of our independent directors. Our Corporate Governance Guidelines also provide that executive sessions will be presided over by the Lead Director. Charles E. Shultz has served as our Lead Director since May 2013. If the Lead Director is not in attendance, these executive sessions will be presided over by such other person chosen by vote of the non-management or independent directors, as applicable.

How is your Board’s leadership structured?

We historically have combined the roles of Chairman of the Board (Chairman) and Chief Executive Officer (CEO), other than for periods of time after the retirement of a CEO. In February 2012, in connection with revising our Corporate Governance Guidelines, the Nominating & Corporate Governance Committee (Governance Committee) and the other independent members of our Board evaluated the appropriate leadership structure for our Company. As part of their evaluation, they considered our past leadership structures, the leadership structures of peer companies in our industry and corporate governance trends. After considering all of these factors, our Governance Committee recommended, and our Board approved, not to support implementing a policy with respect to the separation of the offices of Chairman and CEO. In many situations, the Board believes a combined Chairman/CEO office can provide significant benefits for our stockholders, including a unified approach to strategy and execution and a Chairman that has a pulse on the day-to-day business of the Company and therefore knowledge of the important issues to be addressed by the Board. The Board believes that the decision to separate the offices of Chairman and CEO should be part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination regarding this issue as appropriate under the circumstances at the time.

Our Governance Committee and Board believe that combining the role of CEO and Chairman continues to be appropriate. The Board believes that having the CEO also serve as Chairman provides the Company with a clear leadership structure, provides the Board with valuable insight into the Company’s operations and strategies from management’s perspective and facilitates the flow of information between management and the Board. The Board also believes that this leadership structure ensures the appropriate level of independent oversight because:

- the Board has an independent Lead Director, who presides over the executive sessions of our non-management and independent directors (which usually occur at each regularly-scheduled Board meeting);
- Board committees are composed entirely of independent directors;
- the independent Compensation Committee annually evaluates the performance of our CEO and reviews the evaluation with the independent members of our Board; and
- all of the director nominees, other than Mr. Boothby, our CEO and President, are independent under the standards set forth by the NYSE.

What are the responsibilities of the Chairman and the Lead Director?

The Chairman ensures the overall effectiveness of the Board and will:

- set the agendas and preside over meetings of the Board;
- serve as a liaison between the Board and management; and
- chair the annual stockholder meetings.

The Lead Director holds a valuable role in both the overall leadership of the Board and creating an atmosphere in which the Board can enhance the success of the Company. The Lead Director will:

- set the agendas for, call and preside over the executive sessions of the non-management and independent directors;
- brief the Chairman/CEO and management, as needed, on the issues discussed in the executive sessions;
- serve as a mentor and provide guidance to the Chairman/CEO as requested or needed;
- collaborate with the Chairman/CEO on the agendas for the meetings of the Board (including schedule and materials);
- act as a liaison between the non-management and independent directors and the Chairman/CEO and management;
- preside over meetings of the Board at which the Chairman is not present or has a conflict;
- coordinate the retention of consultants and advisors who report directly to the Board on Board matters (as opposed to committee consultants and advisors);
- facilitate and assist the Governance Committee with Board, Committee and director evaluations and communicate results;
- assist the Chairman/CEO and Chair of the Compensation Committee with succession planning, as necessary;
- foster a respectful atmosphere in which directors feel comfortable asking questions, providing insight and engaging in dialogue;
- as requested from time to time by the Chairman/CEO, meet with management to preview significant matters (such as potential acquisitions and other large capital commitments) expected to be presented to the Board and act as a general resource to the Chairman/CEO; and
- as needed or requested by the Board, perform other corporate governance duties.

Can interested parties communicate directly with your non-management directors?

Yes. We have established an Ethics Line, consisting of a website that facilitates submission of reports over the Internet and toll-free numbers that can be used from all the countries in which we operate, so that investors, employees and any other interested parties can anonymously report through a third party any practices thought to be in violation of our corporate governance policies. The Ethics Line also can be used to make concerns known to, or send other communication to, our non-management or independent directors (individually or as a group), including our Lead Director, on a direct and confidential basis. The web address for our Ethics Line is www.newfieldexploration.ethicspoint.com and the telephone number for the Ethics Line in the United States, Guam, Puerto Rico and Canada is 866-593-5936. Additional information regarding the Ethics Line is available on our website at http://www.newfield.com under the tab “Corporate Governance – Overview”.

What is your Board of Directors’ role in risk oversight?

Management is responsible for implementing our financial and business strategies, and assessing and managing the risks relating to our Company and its performance under those strategies. Our Board reviews, approves (where appropriate) and monitors our financial and business objectives, strategies, plans and major corporate actions. Our Board also assesses major risks relating to our Company and its performance, and reviews options to mitigate and address such risks.

Our Board retains the primary responsibility for strategic and risk oversight. To assist the Board in discharging its oversight responsibilities, members of management report to the Board and its committees on areas of risk to our Company, and our Board committees consider specific areas of risks inherent in their respective areas of oversight and report to the full Board regarding their activities. For example, our Audit Committee discusses with management our major financial risk exposures and the steps management has taken to monitor and control such exposures. Our Compensation & Management Development Committee incorporates risk considerations, including the risk of loss of key personnel, as it evaluates the performance of our CEO and other

executive officers, reviews management development and succession plans, and considers risks related to our compensation programs and policies. Our Governance Committee focuses on issues relating to Board composition, leadership structures and corporate governance matters. Our Operations & Reserves Committee reviews, evaluates and oversees the Company's risks relating to our operations, including safety, environmental, regulatory and compliance (SERC) and reserves. In addition to receiving reports from Board committees regarding the risks considered in their respective areas, to ensure that our Board has a broad view of our strategy and overall risk management process, the Board will specifically review our long-term strategic plans and the principal issues and risks that we may face, as well as the processes through which we manage risk, during at least one Board meeting per year. This enables the full Board to coordinate risk oversight, especially with respect to risk interrelationships. At this point, we believe that combining the roles of Chairman and CEO enhances the Board’s administration of its risk oversight function because, through his role as Chairman, our CEO is able to provide the Board with valuable insight into our risk profile and the options to mitigate and address our risks based on his experiences with the daily management of our business as our CEO.

How are your directors compensated?

Only non-management directors are compensated for serving as directors. See “Non-Management Director Compensation” beginning on page 15 for information about our non-management director compensation.

Do you have stock ownership guidelines for directors?

Yes. The Board believes that an alignment of director interests with those of stockholders is very important. All non-management directors are expected to own stock in the Company equal in value to five times the annual base cash retainer, not including any cash retainers paid to a director for serving as the Chairman, the Lead Director or a Chair of a Committee. Such ownership must be accomplished within five years from a director’s first appointment to the Board.

Do you have a mandatory retirement age for directors?

Yes, if a director reaches age 72 while in office, such director must resign at the end of his or her then current term, unless (a) the members of the Governance Committee unanimously (not including the director in question if such director is a member of the Governance Committee) waive such requirement due to special circumstances; and (b) the action is ratified and approved by a majority of the disinterested directors on the Board.

Do you have mandatory term limits for directors?

No. The oil and gas industry is a very specialized industry that can take years to truly understand. The Board believes that the Company and its stockholders benefit from Board continuity and stability that allows directors to focus on long-term business strategies and results. For these reasons, among others, the Board does not believe it should establish arbitrary term limits for directors based on years of service. Such term limits are likely to force the Company to lose the contribution of directors who have developed significant and valuable insight into the Company, its operations and industry that cannot easily be replaced.

Does your Board have any standing committees?

Yes. Our Board presently has the following significant standing committees:

- Audit Committee;
- Compensation & Management Development Committee;
- Nominating & Corporate Governance Committee; and
- Operations & Reserves Committee.

Each of these Committees is composed entirely of independent directors.

Has your Board adopted charters for each of these Committees? If so, how can I view or obtain copies of them?

Yes. Our Board has adopted a charter for each of these Committees along with Corporate Governance Guidelines. The charters and guidelines are available on our website for viewing and printing. Go to http://www.newfield.com and then to the “Corporate Governance – Overview” tab.

Audit Committee

What does the Audit Committee do?

The primary purposes of the Audit Committee are to assist the Board in monitoring:

- the integrity of our financial statements and financial reporting processes and systems of internal control;
- the qualifications and independence of our independent auditors;
- the performance of our internal audit function and independent auditors; and
- our compliance with legal and regulatory requirements.

The Audit Committee also prepares a report each year in conformity with the rules of the SEC for inclusion in our annual Proxy Statement. The Audit Committee is responsible for appointing, retaining and terminating our independent auditors and also performs the specific functions set forth in its charter.

Who are the members of the Audit Committee?

The Audit Committee currently consists of Thomas G. Ricks, Juanita M. Romans, John (Jack) W. Schanck, C. E. (Chuck) Shultz and J. Terry Strange, with Mr. Ricks serving as Chair. Each member of the Audit Committee is independent, under the standards set forth by the NYSE. Mr. Strange also serves on the audit committees of Group 1 Automotive, Inc., New Jersey Resources Corporation and BBVA Compass. Our Board has determined that such simultaneous service on these other audit committees and on our Audit Committee does not impair the ability of Mr. Strange to serve effectively on our Audit Committee.

Does the Audit Committee have an audit committee financial expert?

Yes. Our Board has determined that each of Messrs. Ricks and Strange meets the qualifications of an audit committee financial expert, as defined by SEC regulations, and is independent, under the standards set forth by the NYSE.

How many times did the Audit Committee meet last year?

The Audit Committee held seven meetings in person or by telephone conference during 2014.

Compensation & Management Development Committee

What does the Compensation & Management Development Committee (Compensation Committee) do?

The primary purposes of the Compensation Committee are:

- reviewing, evaluating, modifying and approving the compensation of our executive officers and other key employees;
- producing a report on executive compensation each year for inclusion in our annual Proxy Statement;
- overseeing the evaluation and development of Company management; and
- overseeing succession planning for our Chief Executive Officer and other senior executive officers.

The Compensation Committee has authority to oversee the administration of compensation programs applicable to all of our employees, including executive officers, and also performs the specific functions set forth in its charter. The Compensation Committee may delegate some or all of its authority to subcommittees when it deems appropriate.

Who are the members of the Compensation Committee?

The Compensation Committee currently consists of Pamela J. Gardner, John Randolph Kemp III, Steven W. Nance, Howard H. Newman and Richard K. Stoneburner, with Mr. Kemp serving as Chair. Each Compensation Committee member is independent, under the standards set forth by the NYSE.

How many times did the Compensation Committee meet last year?

The Compensation Committee held eight meetings in person or by telephone conference during 2014.

What are the Compensation Committee's processes and procedures for consideration and determination of executive compensation?

Executive compensation is reviewed at least annually by the Compensation Committee with the assistance of an independent consultant. The Compensation Committee generally makes its decisions regarding the annual compensation of our executive officers at its regularly scheduled meeting in February of each year. These decisions include adjustments to base salary, annual incentive cash awards for the prior year's performance and grants of long-term incentive awards. The Compensation Committee also makes compensation adjustments as necessary at other times during the year in the case of promotions, changes in employment status and for competitive purposes. The Compensation Committee may delegate some or all of its authority to subcommittees when it deems appropriate. See "Executive Compensation – Compensation Discussion and Analysis" beginning on page 26 for more information regarding the Compensation Committee's processes and procedures for consideration and determination of executive compensation.

How does the Compensation Committee consider risk when determining our compensation programs?

The Compensation Committee has discussed and analyzed the concept of risk as it relates to our compensation programs and believes that the Company's compensation programs (i) do not motivate our executive officers or our non-executive employees to take excessive risks, (ii) are well designed to encourage behaviors aligned with the long-term interests of stockholders and (iii) are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee, with the assistance of its independent compensation consultant, arrived at this conclusion for the following reasons:

- Our employees receive both fixed and variable compensation. The fixed (salary) portion provides a steady income regardless of the Company's stock performance and allows executives to focus on the Company's business without an excessive focus on the Company's stock price performance.
- The annual cash incentive awards for employees other than executives are 100% discretionary and determined based upon several factors, including the Company's performance and individual performance. In determining the annual incentive performance factor for officers' annual cash incentives, 70% is non-discretionary operational metrics and 30% is discretionary strategic metrics. The Company performance metrics are designed to ensure a proper balance between stock performance, operational metrics, financial goals and strategic goals. See "Executive Compensation – Compensation Discussion and Analysis" beginning on page 26 for more information.
- Our restricted stock units generally vest over three years, which discourages short-term risk taking.
- We have established policies to mitigate compensation risk, including stock ownership guidelines for officers, insider-trading prohibitions and limitations on incentive awards under our 2011 Omnibus Stock Plan.
- The Compensation Committee provides independent oversight for all compensation programs, including plans for officers and all employees.
- Between 25% and 50% of all long-term incentives granted to our executives are performance-based stock units. These performance-based stock units are subject to risk of forfeiture if the long-term total stockholder return objectives are not met, which encourages a long-term perspective by our executives. In addition, a substantial portion of our executives' long-term equity compensation is forfeited upon voluntary termination, which encourages our executives to maintain a long-term focus.

The Compensation Committee believes that these factors discourage short-term risk taking and encourage all of the Company's employees to focus on Newfield's sustained long-term performance.

Nominating & Corporate Governance Committee

What does the Nominating & Corporate Governance Committee (Governance Committee) do?

The primary purposes of the Governance Committee are:

- advising our Board about the appropriate composition of the Board and its committees;
- evaluating potential or suggested director nominees and identifying individuals qualified to be directors;
- nominating directors for election at our Annual Meetings of Stockholders or for appointment to fill vacancies;
- recommending to our Board the directors to serve as members of each committee of our Board and the individual members to serve as chair of the committees;

- approving the compensation structure for all non-management directors;
- advising our Board about corporate governance practices, developing and recommending to the Board appropriate corporate governance practices and policies and assisting the Board in implementing those practices and policies;
- overseeing the evaluation of our Board and its committees through an annual performance review; and
- overseeing the new director orientation program and the continuing education program for all directors.

The Governance Committee also performs the specific functions set forth in its charter.

Who are the members of the Governance Committee?

The Governance Committee currently consists of Pamela J. Gardner, John Randolph Kemp III, Howard H. Newman, Thomas G. Ricks, Juanita M. Romans, John W. Schanck and J. Terry Strange, with Mr. Strange serving as Chair. Each Governance Committee member is independent, under the standards set forth by the NYSE.

How many times did the Governance Committee meet last year?

The Governance Committee held three meetings in person or by telephone conference during 2014.

Does the Governance Committee have a policy on diversity when selecting director candidates?

In selecting director candidates, the Governance Committee and the Board take diversity into account, seeking to ensure a representation of varied perspectives and experiences, although the Governance Committee's Director Selection Guidelines do not prescribe specific standards for diversity. Through its succession planning process, which occurs at least annually, the Governance Committee reviews a matrix of the skills and elements of diversity for all directors to ensure that the Board represents the appropriate and relevant skills, perspectives and experiences.

What processes and guidelines does the Governance Committee follow when considering a director nominee for a position on your Board?

The Board has adopted Director Selection Guidelines that have established criteria for nominating directors, screening candidates and evaluating the qualifications of director nominees. The Governance Committee recommends director nominees who are ultimately approved by the full Board. The Governance Committee considers candidates suggested by its members, other directors, senior management and stockholders in anticipation of upcoming director elections and actual or expected Board vacancies. The Governance Committee is authorized, at the expense of the Company, to retain search firms, consultants, and any other advisers it may deem appropriate, in order to identify and screen potential candidates.

The Governance Committee reviews the size and structure of the Board and considers director tenure, skills and experience in determining the slate of nominees and as part of director succession planning. The Governance Committee endeavors to find candidates of high integrity who have a solid reputation and record of accomplishment in their chosen fields and who display the independence of mind and strength of character to effectively represent the best interests of all stockholders. Candidates are selected for their demonstrated ability to exercise good judgment, and to provide practical insights and diverse perspectives. In addition to demonstrated leadership skills in strategy and development, risk management and succession planning, the Governance Committee considers experience in the following areas: the oil and gas industry and operations; health, safety and environmental matters; international company operations; finance and accounting; technology; corporate social responsibility and public policy matters.

After reviewing the qualifications of potential candidates, the Governance Committee determines the candidates that will proceed to the next step of evaluation, which is typically an in-person interview. To the extent feasible, potential candidates will be interviewed by the Chairman, CEO and a majority of the Governance Committee members. The results of these interviews will be considered by the Governance Committee in its decision to recommend a director candidate to the Board for nomination. In addition to reviewing the qualifications of new candidates, the Governance Committee will also review sitting directors who are being considered for re-nomination in light of the above considerations and their past contributions to the Board.

Does the Governance Committee consider candidates for your Board submitted by stockholders and, if so, what are the procedures for submitting such recommendations?

Yes. As provided in the Governance Committee's charter and the Director Selection Guidelines, it is the Governance Committee's policy to consider suggestions from many sources, including stockholders, regarding possible candidates for director. In general, the Governance Committee will use the same process to evaluate candidates recommended by stockholders as it uses to evaluate all other director candidates, as set forth in response to the previous question. However, if a candidate is recommended by a specific stockholder or a group of stockholders, the Governance

Committee would evaluate the candidate to assess whether the candidate could impartially represent the interests of all stockholders without unduly favoring the particular interests of the recommending stockholder or group of stockholders.

If a stockholder wants the Governance Committee to consider a possible candidate for director, the name of the possible candidate, together with appropriate biographical information, should be submitted to the Chair of the Governance Committee, c/o John D. Marziotti, Corporate Secretary, Newfield Exploration Company, 4 Waterway Square Place, Suite 100, The Woodlands, Texas 77380. Stockholders who wish to propose a matter for action at a stockholders' meeting, including the nomination of a director for election, must comply with the provisions of our Bylaws that are described in this Proxy Statement in the section entitled "Stockholder Proposals for 2016 Annual Meeting and Director Nominations".

What is the Governance Committee's process for determining director compensation?

The Governance Committee has the sole authority to approve the compensation structure for all of our non-management directors. The Governance Committee may delegate some or all of its authority to subcommittees when it deems appropriate.

Director compensation is reviewed at least annually by the Governance Committee. The Governance Committee seeks to set director compensation at an adequate level to compensate directors for their time and effort expended in satisfying their obligations to us without jeopardizing their independence.

The Governance Committee has determined that the non-management director compensation for 2014/2015 includes the following:

- annual cash retainer of $75,000;
- annual fee for the chair of the Governance Committee of $10,000;
- annual fee for the chair of the Audit Committee of $25,000;
- annual fee for the chair of the Compensation Committee of $20,000;
- annual fee for the chair of the Operations & Reserves Committee of $20,000;
- annual restricted stock award of $200,000; and
- annual fee for the Lead Director of $75,000.

See "Non-Management Director Compensation" below for a more detailed description of our non-management director compensation programs.

Operations & Reserves Committee

What does the Operations & Reserves Committee (Operations Committee) do?

The primary purposes of the Operations Committee are to assist the Board in overseeing and monitoring:

- the Company's operations, including SERC and reserves; and
- the risks related to the Company's operations.

The Operations Committee is responsible for engaging independent counsel and other advisers, including engineers or geologists, as it determines necessary to carry out its duties and also performs the specific functions set forth in its charter.

Who are the members of the Operations Committee?

The Operations Committee currently consists of John R. Kemp III, Steven W. Nance, John (Jack) W. Schanck, C. E. (Chuck) Shultz and Richard K. Stoneburner, with Mr. Schanck serving as Chair. Each member of the Operations Committee is independent, under the standards set forth by the NYSE.

How many times did the Operations Committee meet last year?

The Operations Committee held five meetings in person or by telephone conference during 2015.

INTERESTS OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Although we have not formally adopted written policies or procedures for the approval of related person transactions, our Corporate Governance Guidelines and Corporate Code of Business Conduct and Ethics (Code of Conduct), which applies to all employees, executives and directors, specifically prohibit conflicts of interests, except under guidelines approved by the Board. Under the Code of Conduct, a "conflict of interest" is defined as any circumstance that could cast doubt on a person's ability to act with total objectivity with regard to the Company's interests. Any employee or director who becomes aware of a conflict or potential conflict is asked to bring it to the attention of a supervisor, management or other appropriate personnel, who then is required to document and report the outcome of such matters to our compliance officer. Under the Corporate Governance Guidelines, the Board must resolve any conflict of interest question involving the CEO or any executive officer.

In addition, the Corporate Governance Guidelines state that directors shall attempt to avoid any situation that may give rise to a conflict of interest or the appearance of a conflict of interest. If an actual or potential conflict of interest arises, the Director must promptly inform the Chairman of the Board and the Chair of the Governance Committee (or in the event a potential conflict arises with the Chair of the Governance Committee, he or she shall notify the Chair of the Audit Committee) and recuse himself or herself from any Board deliberations or decisions related to the matter that is the subject of the conflict of interest. If an actual or potential conflict exists and cannot be resolved by a director’s recusal from participation in discussions or deliberations related to the matter or in any other reasonable manner, the Director is expected to offer to tender his or her resignation to the Chair of the Governance Committee. The Governance Committee shall determine whether to accept or reject such offer.

Further, the Governance Committee and our Board annually review related person transactions with respect to directors (including those transactions described below with respect to directors and those described above under “Corporate Governance−Board of Directors”) as part of their annual assessment of director independence and the director nomination process, as provided in our written corporate governance guidelines and the written charter of our Governance Committee. Other related person transactions are disclosed to our Board or a Board committee and are addressed on a case-by-case basis.

NON-MANAGEMENT DIRECTOR COMPENSATION

Only non-employee directors are compensated for serving as directors. Currently, Mr. Boothby, our Chairman of the Board, President and Chief Executive Officer, is the only Board member who is an employee of ours, and his compensation as an employee is included in the Summary Compensation Table of the Proxy Statement.

Director Compensation Program

In May 2014, the Governance Committee considered the compensation of the non-management directors and determined that no changes were necessary for the 2014/2015 period. As a result, compensation for non-management directors remained as follows:

- annual cash retainer of $75,000;
- annual fee for the chair of the Governance Committee of $10,000;
- annual fee for the chair of the Audit Committee of $25,000;
- annual fee for the chair of the Compensation Committee of $20,000;
- annual fee for the chair of the Operations Committee of $20,000;
- annual restricted stock award of $200,000; and
- annual fee for the Lead Director of $75,000.

As of December 31, 2014, each of our non-employee directors held 5,947 unvested restricted shares. These shares are scheduled to vest on May 14, 2015, the day before our 2015 Annual Meeting, subject to the non-employee director’s continued service through such date.

Annual Cash Fees and Restricted Stock Awards

The following table contains information about our non-employee directors' fiscal year 2014 compensation.

Name	Fees Earned or Paid in Cash ($)	Stock Awards[(1)] ($)	All Other Compensation[(2)] ($)	Total ($)
Pamela J. Gardner	$75,000	$199,998	—	$274,998
John Randolph Kemp III	95,000	199,998	—	294,998
Steven W. Nance	75,000	199,998	$2,500	277,498
Joseph H. Netherland	37,500	—	—	37,500
Howard H. Newman	75,000	199,998	—	274,998
Thomas G. Ricks	100,000	199,998	—	299,998
Juanita M. Romans	75,000	199,998	—	274,998
John (Jack) W. Schanck	95,000	199,998	—	294,998
C. E. (Chuck) Shultz	150,000	199,998	2,500	352,498
Richard K. Stoneburner	75,000	199,998	—	274,998
J. Terry Strange	85,000	199,998	—	284,998

(1) Reflects the full grant date fair value of the 2014 restricted stock awards to our non-employee directors, computed in accordance with applicable accounting guidance, as required by SEC regulations. The grant date fair value of the 2014 awards was $199,998 based on the mean of the high and low sales price of our common stock on the grant date. See also Note 11, Stock-Based Compensation, to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC.

(2) Reflects charitable contributions with respect to 2014 pursuant to our matching gift program for non-employee directors. Under this program, we match our non-employee directors' charitable contributions up to $2,500 per year.

PROPOSAL 1: ELECTION OF DIRECTORS

The Nominating & Corporate Governance Committee of our Board (Governance Committee) has nominated the eight people named below for election as directors at our Annual Meeting. The Board currently consists of 11 directors; however, three of our current directors, Messrs. Howard H. Newman, C.E. (Chuck) Shultz and Richard K. Stoneburner, will not seek nomination for the 2015/2016 term, and will be retiring effective May 14, 2015. The Board has not had sufficient time to analyze and determine additional nominees for this vacancy. Proxies cannot be voted for a greater number than the eight nominees named herein.

Each nominee below, if elected, will serve as a director until our 2016 Annual Meeting of Stockholders and thereafter until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal. Unless instructions to the contrary are given, all properly delivered proxies will be voted for the election of these eight nominees as directors.

Our Bylaws require that each director receive a majority of the votes cast with respect to such director in uncontested elections (the number of shares voted "FOR" a director nominee must exceed the number of votes cast "AGAINST" that nominee). All director nominees identified in the following list currently are serving on our Board. If our stockholders do not elect a nominee who is serving as a director, Delaware law provides that the director would continue to serve on the Board as a "holdover director". Under our Bylaws, if a nominee who currently is serving as a director does not receive a sufficient number of votes for re-election, that director must submit an irrevocable resignation in writing to the Chair of the Governance Committee. The Governance Committee must make a recommendation to our Board regarding whether to accept or reject the resignation, or whether other action should be taken. Our Board would then act on the Governance Committee's recommendation and, if the resignation is rejected, publicly disclose its decision and the rationale behind it within 90 days after the date that the election results were certified.

If any nominee is unable or unwilling to serve, the proxy holders will vote for such other person as may be nominated by the Governance Committee. Alternatively, our Board may reduce the size of the Board. We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected as a director.

Our Board is a collection of individuals with a variety of complementary skills derived from their diverse backgrounds and experiences. All of our director nominees currently serve on our Board, and our Board has determined that each of our nominees, other than Mr. Boothby (our President and Chief Executive Officer), is independent. The following information, which is as of March 1, 2015, is furnished with respect to each of the nominees for election at our Annual Meeting:

Mr. Boothby currently serves as our Chairman, President and Chief Executive Officer. He was promoted to the position of President in February 2009 and to the additional role of Chief Executive Officer in May 2009. From October 2007 until February 2009, Mr. Boothby served as our Senior Vice President – Acquisitions & Business Development. He managed our Mid-Continent operations from February 2002 to October 2007, and was promoted from General Manager to Vice President in November 2004. From 1999 to 2002, Mr. Boothby served as the Vice President and General Manager of our previous Australian business unit, managed from Perth, Australia. Prior to joining Newfield, Mr. Boothby worked for Cockrell Oil Corporation, British Gas and Tenneco Oil Company.

Education: B.S. in Petroleum Engineering from Louisiana State University and M.B.A. (finance concentration) from Rice University

Specific Qualifications, Attributes, Skills and Experience that Mr. Boothby brings to our Board:

Relevant Management and Leadership Experience – President and Chief Executive Officer of the Company since 2009; and led two of the Company's business units, including the Mid-Continent and Australian business units

Broad International Exposure – spent three years in Australia building our Australian business unit (which was divested in 2003)

Lee K. Boothby, 53
Director since 2009
Chairman since 2010

Extensive Knowledge of the Company's Business, Industry and Community – over 15 years in managerial positions at Newfield and more than 31 years of experience in the oil and gas industry; broad experience in both marine and onshore environments, inclusive of more than 12 years of experience in North American resource plays; member of the Society of Petroleum Engineers; serves on the board of America's Natural Gas Alliance and is currently serving as Treasurer; served on the board of the Independent Petroleum Association of America, from June 2011 to June 2013; served as Chairman of the Board of the American Exploration & Production Council and continues to serve as a member of the Board; and holds degrees in petroleum engineering (B.S.) and business (M.B.A.)

Community Dedication and Charitable Experience – serves on industry Advisory Committee of the Louisiana State University Craft & Hawkins Department of Petroleum Engineering; and serves on the Council of Overseers and Energy Committee for the Rice University Jones Graduate School of Business

Since January 2013, Ms. Gardner has served as the CEO with Your Mind at Work, a consulting firm that focuses on refining company cultures, training executives in effective communication strategies, aligning corporate goals and coaching professionals in leadership. She spent 24 seasons with the Houston Astros Baseball Club, serving her last 11 years as President, Business Operations for Houston McLane Company d/b/a Houston Astros Baseball Club. Ms. Gardner began her career with the Houston Astros in 1989 as Director of Communications, was promoted to Vice President of Marketing in 1996, then promoted to Senior Vice President of Sales and Marketing in 1999, and served in that role until becoming President in 2001. She then retired as President in January 2012, but continued to provide advisory services to the ownership group throughout 2012.

Education: B.S. in Psychology and Vocational Rehabilitation from the University of Wisconsin – Stout

Specific Qualifications, Attributes, Skills and Experience Ms. Gardner brings to our Board:

Pamela J. Gardner, 58
Director since 2005

Committees:
» Compensation & Management Development
» Nominating & Corporate Governance

Diversity – female; professional experience in strategic planning, project development, professional sports, nonprofit/charitable organizations and business; first female executive inducted into the Texas Baseball Hall of Fame; longest tenured female executive officer in Major League Baseball; public speaker and writer on women's leadership issues; recipient of the YWCA's Outstanding Woman of Achievement Award in 2006 and the Trailblazer Award from the Houston Women’s Chamber of Commerce; included in a special exhibit on Women in Baseball in the Baseball Hall of Fame in Cooperstown

Relevant Leadership and Chief Executive Officer/President Experience – served as the President of Business Operations for the Houston Astros for 11 years; managed all business and operational aspects of the Houston Astros, including oversight of all revenue areas, building management, customer service, finances, sponsorship and ticket sales, community, advertising and marketing, as well as non-baseball events at Minute Maid Park; frequently presents to various groups and companies on leadership and diversity; received the Marguerite Ross Barnett leadership award from the Houston Area Urban League in 2008

Community Dedication and Charitable Experience – serves on the University of Houston Hobby School of Public Policy Advisory Board; serves on the Executive Committee of Central Houston, Inc., a not-for-profit organization concerned with urban planning, economic development, transportation issues, public safety, governmental affairs, and cultural and entertainment programs in Houston; serves as Chairman of the Mayor's program to end chronic homelessness in Houston; and Board member of the Harris County Houston Sports Authority, overseeing property and funds of Houston sports facilities

John Randolph Kemp III, 70
Director since 2003

Committees:
» Compensation & Management Development (Chair)
» Nominating & Corporate Governance
» Operations & Reserves

Mr. Kemp is the Principal of The Kemp Company, a consulting firm he founded in 2008, and served as the Chairman of Kosmos Energy Ltd., an international oil exploration and production company focused on West Africa, from 2010 until January 2014. Mr. Kemp retired in 1999 after 34 years with Conoco Inc. (now ConocoPhillips) where the last position he held was President, Exploration & Production, Americas.

Education: B.S. in Petroleum and Natural Gas Engineering from Pennsylvania State University

Other Public Company Directorships Held in Past Five Years: Kosmos Energy Ltd. (2005 to January 2014 and Chairman since 2010). Mr. Kemp retired as Chairman and director of Kosmos in January 2014

Specific Qualifications, Attributes, Skills and Experience that Mr. Kemp brings to our Board:

Diversity – African American; and nearly 20 years of international management experience

Relevant Leadership and Chief Executive Officer/President Experience – retired President, Exploration & Production, Americas for Conoco Inc.; and progressed through a series of engineering and managerial roles of increasing responsibility during his more than 34 years with Conoco Inc.

Broad International Exposure – 13 years leading the international exploration and production activities for Conoco Inc., including South America, Asia, Africa and the Middle East; nearly 20 years of international management experience; and eight years of experience serving as a director and three years as Chairman of Kosmos Energy Ltd.

Extensive Knowledge of the Company’s Business and Industry – over 40 years of experience in the oil and gas industry; extensive experience in health, safety and environmental matters; and holds a degree in petroleum and natural gas engineering

Community Dedication and Charitable Experience – Advisory Director for the Houston Achievement Place, a not-for-profit entity with a mission to help children and their care-providers learn the skills and develop the relationships for home, school and life success; and personally mentors and provides financial support to deserving minority individuals. In 2013, Mr. Kemp became a member of the Houston Independent School District's Energy Institute Advisory Board. The Energy Institute High School is the nation's first full magnet school with a wide theme of energy focusing in the areas of geoscience, alternative energy and offshore technology.

Steven W. Nance, 58
Director since 2013

Committees:
» Compensation & Management Development
» Operations & Reserves

Mr. Nance has served as President and Manager of Steele Creek Energy, LLC, a private oil and gas investment company, since 2010. Since 2007, Mr. Nance has, from time to time, provided consulting services on matters such as oil and gas investments, succession planning, coaching and leadership development. Mr. Nance began his career in 1978 with The Superior Oil Company where he held various engineering assignments until the company was acquired by Mobil Oil. Mr. Nance then joined Meridian Oil, Inc., the predecessor company to Burlington Resources, Inc., in 1985, where he held positions of increasing responsibility until his departure in 1997 as Vice President of Burlington's Gulf Coast division. From 1997 to 1999, he was with XPLOR Energy and its predecessor company, acting as its Chairman, President and Chief Executive Officer in 1999 when XPLOR Energy was acquired by Harken Energy Corporation. From 2000 to 2007, Mr. Nance served as President of Peoples Energy Production Company until it was acquired by El Paso Corporation.

Education: B.S. in Petroleum Engineering from Texas Tech University

Other Public Company Directorships in Past Five Years: The Williams Companies, Inc. (2012 to present); Cloud Peak Energy, Inc. (2010 to present)

Specific Qualifications, Attributes, Skills and Experience that Mr. Nance brings to our Board:

Relevant Leadership and Chief Executive Officer/President Experience - President and Manager of Steele Creek Energy, LLC; served as Chairman, President and Chief Executive Officer of XPLOR Energy from 1997-1999; served as President of Peoples Energy Production Company from 2000 to 2007

Extensive Knowledge of the Company's Business and Industry - over 35 years of experience in the oil and gas industry ranging from various engineering assignments at the beginning of his career to C-level executive; and holds B.S. in Petroleum Engineering

Community Dedication and Charitable Experience - recognized as a Distinguished Engineer from the College of Engineering at Texas Tech and is a registered professional engineer (inactive status). He is on the board for The Center for the Performing Arts at The Woodlands.

Thomas G. Ricks, 61
Director since 1992

Committees:
» Audit (Chair)
» Nominating & Corporate Governance Committee

Mr. Ricks currently serves as Chief Investment Officer of H&S Ventures L.L.C., a private investment firm. Prior to taking this position with H&S Ventures in May 2001, he was Chief Executive Officer of The University of Texas Investment Management Company from March 1996 to May 2001. Mr. Ricks also served as Vice Chancellor for Asset Management for The University of Texas System from August 1992 through February 1996 and as Executive Director of Finance and Private Investments from 1988 to 1992.

Education: B.A. in Economics from Trinity College and M.B.A. from the University of Chicago

Specific Qualifications, Attributes, Skills and Experience that Mr. Ricks brings to our Board:

High Level of Financial Literacy and Risk Analysis Expertise – over 30 years in various domestic and international finance positions in the oil and gas and financial industries, providing him with investment and financial experience combined with accounting and audit expertise; responsible for the management of a $15 billion endowment and operating fund supporting The University of Texas System; holds B.A. in Economics and M.B.A.; Certified Public Accountant (not licensed); and determined by the Board to be an audit committee financial expert, as defined by the SEC

Relevant Leadership and Chief Executive Officer/President Experience – over five years of experience as the Chief Executive Officer of a $15 billion fund

Extensive Knowledge of the Company’s Business and Industry – served as one of our directors for 21 years, providing invaluable knowledge of our strategy and business

Extensive Board and Corporate Governance Expertise – former director of BDM International, DTM Corporation, LifeCell Corporation and Argus Pharmaceuticals and brings to our Board significant knowledge on corporate governance matters

Community Commitment and Charitable Experience – serves on the Audit Committee of the Samueli Foundation, a not-for-profit organization with a mission to create societal value by investing in innovative, entrepreneurial and sustainable ideas; serves on the Investment Committee of the University of California Foundation – Irvine; and previously served on the board of the Ocean Institute, a not-for-profit organization with the mission to inspire all generations, through education, to become responsible stewards of our oceans

Juanita M. Romans, 64
Director since 2005

Committees:
» Audit
» Nominating & Corporate Governance

Ms. Romans serves as the CEO of the Romans Group, a private global healthcare consulting firm she founded in January 2011. From 2012-2013, Ms. Romans served as Managing Principal of MFR Healthcare Solutions (a partnership formed with the Romans Group). MFR Healthcare Solutions, Inc. provided strategic, tactical and operational planning consulting services to hospitals, universities, medical institutions and other providers in the global healthcare marketplace. From June 2006 to January 2011, Ms. Romans served as Chief Executive Officer and Central Market Leader of Memorial Hermann – Texas Medical Center, and from January 2003 to January 2011 she served as the Chief Executive Officer of Memorial Hermann Hospital.

Education: B.S. in Biology from the University of Detroit and M.S. in Nursing from Wayne State University

Specific Qualifications, Attributes, Skills and Experience that Ms. Romans brings to our Board:

Diversity – female; and over 30 years of professional experience in medical and nursing industry, strategic planning, project development and nonprofit/charitable organizations

High Level of Financial Literacy and Risk Analysis Expertise – over 20 years of experience in the areas of contracting, project development, partnerships, joint ventures and analyzing risks related to business strategy; and managed the costs, and responsible for the financial health, of Memorial Hermann Hospital with over 6,000 employees for seven years

Relevant Leadership and Chief Executive Officer/President Experience – over nine years of experience as a Chief Executive Officer in a heavily-regulated and people-intensive medical industry where she was responsible for, among other matters, strategy development and execution, financial performance and operations

Community Dedication and Charitable Experience – serves on the board of Center for Houston’s Future; Houston Hispanic Chamber of Commerce; served on the board of Rice University Jones Business School, formerly a director of the Children’s Assessment Center, the South Main Center Association and Save our ERs; and a member of Texas Hospital Association, Voluntary Hospital Association, Texas Association for Public and Non-Profit Hospitals, Greater Houston Partnership and Texas Executive Women

Since October 2014, Mr. Schanck has served as a director of P2 Energy Solutions, a private company engaged in oil & gas software development and sales. Mr. Schanck served as President and CEO of Sonde Resources Corporation in Calgary, Alberta from 2010 until his retirement in June 2013. Sonde is an energy company engaged in the exploration and production of oil and natural gas with operations in Western Canada and offshore North Africa. Mr. Schanck spent the first 21 years of his career, 1978 to 1999, with Unocal Corporation and its subsidiaries. During that time, he helped lead Unocal's exploration activities in both the U.S. and international regions, holding the positions of Group Vice President - Oil & Gas Operations from 1994 to 1996 and President of Spirit Energy 76 from 1997 to 1999. Following his career with Unocal, Mr. Schanck was Co-Chief Executive Officer for Samson Investment Company from 1999 to 2005 and Managing Partner of Tecton Energy, LLC from 2006 to 2009.

Education: M.S. in Geology from the University of Memphis, B.S. in Geology from Allegheny College and A.A. from Allegheny Community College

John W. Schanck, 62
Director since 2013

Committees:
» Audit
» Operations & Reserves (Chair)

Other Public Company Directorships Held in Past Five Years. Penn West Exploration Ltd. (June 2008 to June 2014) and Sonde Resources Corp. (December 2010 to July 2013)

Specific Qualifications, Attributes, Skills and Experience that Mr. Schanck brings to our Board:

Relevant Leadership and Chief Executive Officer/President Experience - President and CEO of Sonde Resources Corporation from 2010-2013; Co-Chief Executive Officer for Samson Investment Company from 1999 to 2005; President of Spirit Energy 76 from 1997 to 1999

Extensive Knowledge of the Company's Business and Industry - nearly 40 years of experience in the energy industry where he has held leadership positions in both public and private companies, including C-level executive; and holds M.S. in Geology, and B.S. in Geology.

Community Dedication and Charitable Experience – served on numerous not for profit boards including Child Abuse Network, Tulsa, OK, board member and President of Spindletop Charities, Houston, TX, board member and President of United Way, Tulsa, OK

J. Terry Strange, 71
Director since 2004

Committees:
» Audit
» Nominating & Corporate Governance (Chair)

Mr. Strange is a 35-year veteran of KPMG LLP. From 1996 until his retirement in 2002, he served as the Vice Chairman and Managing Partner of the U.S. Audit Practice of KPMG in addition to his service from 1998 until 2002 as the Global Managing Partner of the Audit Practice of KPMG International.

Education: B.A. and M.B.A. in Accounting from the University of North Texas

Other Public Company Directorships in Past Five Years: Group 1 Automotive, Inc., an automotive retailer (2005 to present); New Jersey Resources Corporation, a natural gas provider (2003 to present); BBVA Compass Bancshares, Inc., a commercial bank (2008 to present); and previously served as a director of SLM Corporation, known as “Sallie Mae” (2008 to 2013)

Specific Qualifications, Attributes, Skills and Experience that Mr. Strange brings to our Board:

High Level of Financial Literacy and Risk Analysis – 34 years of service with KPMG in the audit division, including six years as Vice Chairman and overseeing internal risk management of the firm; assisted in developing information risk management team at KPMG; B.A. and M.B.A. in Accounting; Certified Public Accountant; named as one of 100 most influential accountants in 2001 by Accounting Today; and determined by the Board to be an audit committee financial expert, as defined by the SEC

Broad International Exposure – four years as the Global Managing Partner of the Audit Practice of KPMG International

Extensive Board and Corporate Governance Experience – serves on the audit committee and board of three additional public companies; an active participant and expert speaker for the National Association of Corporate Directors and an NACD Board Leadership Fellow, bringing to our Board significant knowledge on corporate governance matters

Extensive Knowledge of the Company’s Business and Industry – served clients in the energy industry for over 15 years; led the energy practice at KPMG for three years; significantly involved in the original development of the accounting standards released by the Financial Accounting Standards Board and the disclosure rules implemented by the SEC for the oil and gas industry; and assisted in writing the original oil and gas accounting industry guide published by the AICPA

Community Dedication and Charitable Experience – Chair of the Finance Committee of the National Cutting Horse Association

Board Recommendation

The Board of Directors recommends a vote “FOR” each of the foregoing nominees to serve as a director.

AUDIT COMMITTEE REPORT

The Audit Committee of the Newfield Board of Directors currently consists of the five directors whose names appear below. Each member of the Audit Committee is "independent" as defined in the NYSE's listing standards. The primary purposes of the Audit Committee are to assist the Board in monitoring:

- the integrity of Newfield's financial statements and financial reporting processes and systems of internal control;
- the qualifications and independence of Newfield's independent auditors;
- the performance of Newfield's internal audit function and independent auditors; and
- Newfield's compliance with legal and regulatory requirements.

The Audit Committee is responsible for appointing, retaining and terminating Newfield's independent auditors and also performs the specific functions set forth in its charter, which is available on our website. Go to http://www.newfield.com and then to the "Corporate Governance-Overview" tab.

The Audit Committee held seven meetings in person or by telephone conference during 2014. The meetings were designed to facilitate and encourage communication between the Audit Committee and Newfield's internal auditors and independent auditors.

The Audit Committee has reviewed and discussed with Newfield's management and PricewaterhouseCoopers LLP, Newfield's independent auditors, the audited financial statements of Newfield included in its Annual Report on Form 10-K for the year ended December 31, 2014.

The Audit Committee has discussed with Newfield's independent auditors all communications required by the auditing standards of the Public Company Accounting Oversight Board (PCAOB), including those required by the PCAOB's Standard No. 16, "Communications with Audit Committees". The Audit Committee also has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the PCAOB regarding the independent auditors' communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP such independent auditors' independence. The Audit Committee also has considered whether the provision of non-audit services to Newfield by PricewaterhouseCoopers LLP is compatible with maintaining their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to Newfield's Board of Directors that the audited financial statements be included in Newfield's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC.

This report is submitted on behalf of the Audit Committee.

Thomas G. Ricks, Chair
Juanita M. Romans
John W. Schanck
C.E. Chuck Shultz
J. Terry Strange

The foregoing Audit Committee Report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Aggregate fees for professional services rendered to us by PricewaterhouseCoopers LLP for the years ended December 31, 2013 and 2014 were as follows:

Category of Service	2013	2014
Audit fees	$2,264,693	$1,840,925
Audit-related fees	45,000	40,775
Tax fees	321,464	64,000
All other fees	—	—
Total	$2,631,157	$1,945,700

The audit fees for 2013 and 2014 were for professional services rendered in connection with the audits of our consolidated financial statements and reviews of our quarterly consolidated financial statements within such years. These fees also include the statutory audit fees in Malaysia for 2013, and issuance of comfort letters, consents and assistance with review of various documents filed with the SEC in 2013 and 2014. The audit-related fees for 2013 and 2014 were for services related to accounting consultations. Tax fees were for services related to tax compliance, including the preparation of local tax returns and international tax returns.

The Audit Committee reviews and pre-approves all audit and non-audit services, including tax services, performed by our independent auditors as well as the fees charged for these services. The Audit Committee may delegate pre-approval authority for these services to one or more members, whose decisions are then presented to the full Audit Committee at its next scheduled meeting. In its review of all non-audit service fees, the Audit Committee considers, among other things, the possible effect of these services on the independence of our independent auditors.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee of our Board has appointed the independent registered public accounting firm of PricewaterhouseCoopers LLP to audit our consolidated financial statements for the year ending December 31, 2015. PricewaterhouseCoopers has served as our independent auditor since 1999. We are not required under SEC regulations to submit this proposal, however, the Board believes it is appropriate and a good corporate governance practice to do so. If the appointment is not ratified, the Audit Committee will consider the appointment of a different independent registered public accounting firm. A representative of PricewaterhouseCoopers is expected to be present at the Annual Meeting, will be offered the opportunity to make a statement if the representative desires to do so and will be available to respond to appropriate questions.

Board Recommendation

The Board of Directors recommends a vote “FOR” the ratification of the appointment of PricewaterhouseCoopers LLP as the Company’s independent auditor for fiscal year 2015.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation & Management Development Committee of our Board (Compensation Committee) oversees our compensation programs for executives and all employees. The Compensation Committee believes that for the Company and its stockholders to achieve long-term success, the compensation programs need to attract, retain, develop and motivate a strong leadership team. As a result, our executive compensation programs are designed to pay for performance, enable talent attraction, retain top talent and closely align the interests of our executives with those of our stockholders. The following discussion explains the Company’s compensation philosophy, summarizes its compensation programs and reviews compensation decisions for the following Named Executive Officers (NEOs):

- Lee K. Boothby, Chairman of the Board, Chief Executive Officer and President;
- Gary D. Packer, Executive Vice President and Chief Operating Officer;
- Lawrence S. Massaro, Executive Vice President and Chief Financial Officer;
- George T. Dunn, Senior Vice President - Development; and
- John H. Jasek, Senior Vice President - Operations.

Executive Summary

Executing on Our Strategy. Over the last decade, Newfield has transitioned from a diversified asset base of onshore, offshore and international operations to a portfolio focused on select, U.S. onshore, liquids-rich resource plays characterized by multiple, stacked geologic horizons. As our assets have changed, so have our executive compensation practices. During early 2013, management and the Compensation Committee underwent an in-depth, analytical process to tie compensation more directly to performance metrics they believe most closely align to the Company's strategic plan and to long-term value creation for stockholders. The Committee continued to refine this process and program during 2014, authorizing more transparent compensation targets for executives and working with the Board's Operations and Reserves Committee to determine the Company's 2014 performance metric targets. Looking forward to 2015, the Compensation Committee will continue to refine its evaluation processes and work to ensure that our executive compensation programs remain appropriately competitive in the marketplace and aligned with good corporate governance practices.

During 2014, we demonstrated excellent execution across the Company, outperforming each of our performance metrics and strategic targets. Our 2014 stock performance reflected the positive execution results, ending the year up 10.1% over 2013, ranked 1st in our 2014 TSR peer group and 2nd out of all E&P companies in both the S&P 500 Index and the Philadelphia Stock Exchange SIG Oil Exploration & Production Index. Highlights from our 2014 performance include (adjusted for asset sales during the year, as applicable, please see Appendix A for a reconciliation of all non-GAAP financial measures):

ü Top-tier stockholder return

Common stock value increased 10.1% year-over-year, and prior to commodity price declines that began during the second half of 2014, our 2014 stock value had increased 84% since the beginning of the year,

Average common stock value of the peers in our 2014 TSR awards decreased (44%) year-over-year,

Ended year ranked 1st out of 20 peers under our 2014 TSR awards and 2nd out of 20 peers under our 2013 TSR awards, and

As of March 16, 2015, our common stock value had increased approximately 30% since January 1, 2014.

ü Strong year-over-year discretionary cash flow, production and reserve growth

Increased discretionary cash flow 28% to $1.2 billion,

Increased production 29% to 125 MBOED (57% liquids) (includes 2.1 Bcf (3.8 MBOEPD) of natural gas produced and consumed in operations),

Increased proved reserves 14% to 645 MMBOE (58% liquids), and

Increased pre-tax PV-10 18% to $8.8 billion.

ü Significant expansion and development of our key resources in the Anadarko Basin

Increased production by 114% over 2013,

Increased proved reserves by 56% over 2013, and

Increased our leasehold position to nearly 300,000 net acres.

ü Effective monetization of non-core assets

Closed on the sale of Malaysia business for approximately $900 million, and

Closed on more than $600 million of domestic assets sales (including Granite Wash).

ü Improved balance sheet strength

Redeemed $600 million of our Senior Subordinated Notes from asset sale proceeds,

Materially reduced debt leverage,

Decreased average domestic lease operating expenses, on a per barrel basis, 7% year-over-year, and

Mitigated commodity price exposure through our derivative portfolio (approximately $800 million value at year end).

The outlook for our industry changed dramatically during the fourth quarter of 2014, as commodity prices rapidly declined, along with an associated decrease in equity markets, and we entered 2015 with the reality that commodity prices could remain "lower for longer". Despite the Company’s strong financial and operating performance, our stock price gave back much of the significant gain achieved in the first half of the year. Nevertheless, as discussed above, we finished at the top of our industry peer group in relative stockholder returns. As we continue to execute our strategic plan in early 2015, we have gained back some of the loss caused by the commodity price decline and as of March 16, 2015, our stock price was up approximately 17% year-to-date.

2014 Compensation Performance on Executive Compensation. As described in more detail below, the compensation programs and actions delivered outcomes aligned with our solid performance. The Company's top-tier operational, financial and strategic performance during 2014 resulted in the following compensation decisions and outcomes:

- The Compensation Committee approved an annual incentive pay-out factor of 1.83, or 183%, well above target.

- The NEOs earned 30% of each of the 2010 and 2011 performance-based restricted stock awards eligible for vesting during 2014 based upon the Company's improved relative performance against industry peers (a portion of the foregoing vestings occurred on January 15, 2015 for the period ending December 31, 2014).
- Due to current 2015 outlook and commodity price declines during late 2014, the Compensation Committee did not increase base salaries of the NEOs for 2015.
- The Compensation Committee continued to grant performance-based, long-term equity awards constituting between 34% - 50% of the long-term incentives granted to the NEOs. The value of these awards are at-risk and tied directly to the Company's relative stockholder return performance among industry peers over a three-year period.

Compensation Philosophy and Governance Policies

Our compensation philosophy for executives is guided by the following principles:

- Goal-Oriented Pay for Performance. The cornerstone of our compensation program for our executives and all employees, regardless of level, is “pay for performance”. In making compensation decisions, we consider annual and long-term Company performance and measure performance against our peers and against goals and metrics at the individual, business unit and corporate levels.
- Competitive Compensation. The Compensation Committee believes it is imperative to maintain highly competitive compensation programs to attract, retain and motivate executives and our future leaders. Competition for experienced petroleum engineers, geologists, management and other top-tier talent in the oil and gas industry is intense. The Compensation Committee, with the assistance of an independent consultant, annually reviews the compensation of similar executive positions at peer companies to ensure we remain competitive and continue to attract, retain and motivate top-tier talent.
- Alignment with Long-Term Stockholder Interests. By providing long-term equity incentives, including time-vesting and performance-vesting equity incentives, we closely align the interests of our executives with those of our stockholders in an effort to create long-term stockholder value.

Each element of our compensation program intends to further one or more of these principles. Our compensation philosophy rewards demonstrated performance and encourages behavior that is in the long-term best interests of the Company and its stockholders.

In line with this philosophy, we currently implement the following governance policies and practices in our compensation programs:

- Focus on Long-Term Performance. Between 55% and 73% of our NEOs' compensation is “at-risk” long-term incentives. In addition, between 34% - 50% of all long-term incentives granted to our NEOs are performance-based stock units. These performance-based stock units are subject to risk of forfeiture if the long-term total stockholder return objectives are not achieved.
- Independent Committee and Executive Responsible for SERC. In late 2013, the Board created a new committee, the Operations & Reserves Committee, which has responsibility for the oversight of our safety, environmental, regulatory and compliance (SERC) matters along with oversight of the non-discretionary operational metrics under our annual incentive plan with the Compensation Committee. Our Chief Operating Officer has direct responsibility for our SERC team, and our SERC metrics make up 10% of our annual incentive performance factor.
- Annual Say-on-Pay Vote. Our Board has approved and implemented an annual advisory vote by stockholders on the compensation of our NEOs.
- Committee Consideration of Results of Stockholder Advisory Vote. The Committee is continuously mindful of stockholders’ views on executive compensation and remains focused on ensuring proper alignment of pay with performance. At our 2013 and 2014 Annual Meetings, more than 94% and 91% of our stockholders voted in support of our NEO compensation program.
- No Employment Agreements. We do not have employment agreements with any of our executive officers, including the NEOs.
- Double-Trigger Change of Control Provisions. Our change-of-control severance agreements are “double-trigger”, requiring both a change-in-control and loss of position before any severance payments are due.

- Independent Compensation Committee. The Compensation Committee is comprised solely of independent directors.
- Independent Consultant and Peer Group Analysis. The Compensation Committee has engaged a consultant, who meets the independence requirements of the NYSE regulations. The consultant assists the Compensation Committee members with their analysis and discussions during meetings and in executive sessions.
- Policy Prohibiting Pledging or Trading in Derivatives of our Stock. We prohibit executive officers from buying, selling or writing puts, calls or options related to Company stock. None of our executives has entered into hedging transactions involving our stock. We also prohibit executives from holding Company stock in a margin account or pledging Company stock as collateral for a loan.
- Stock Ownership Requirements. We have implemented stock-ownership guidelines that require officers to maintain consistent stock ownership in the Company as set forth below, shown as a multiple of the executive's annual base salary. As of year-end 2014, all NEOs met our stock-ownership guidelines:

Ø Chief Executive Officer/President:	5 times base salary
Ø Chief Operating Officer:	3 times base salary
Ø Chief Financial Officer:	3 times base salary
Ø Executive VP or Senior VP:	3 times base salary
Ø VP - Business Unit Leader:	2 times base salary
Ø VP - Other, GC, Treasurer, Chief Accounting Officer:	1.5 times base salary

- Policy on Tax Gross-Ups Upon Change of Control. During 2014, the Compensation Committee affirmatively resolved that it would not approve going forward any agreement or plan that includes tax gross-ups for the benefit of executives upon a change of control.
- No Repricing or Back-Dating of Options. Although the Compensation Committee has not recently granted stock options, our stock incentive plan prohibits repricing of outstanding stock options without the approval of stockholders and we have never back-dated stock options.
- Policy on Incentive Compensation Clawback. A significant percentage of our executive officers' compensation is incentive-based. Although the Compensation Committee has not set a specific clawback policy, it does have the ability to direct the Company to seek to recover from any executive officer amounts determined to have been inappropriately received by the individual executive officer. In addition, under the 2011 Omnibus Stock Plan, the Compensation Committee may require awards granted with performance goals to be subject to any future policy we may adopt relating to the recovery of that award in the event the associated performance goals were not actually achieved. Further, the Sarbanes-Oxley Act of 2002 mandates that the CEO and CFO reimburse the Company for any bonus or other incentive-based or equity-based compensation paid to them in a year following the issuance of financial statements that are later required to be restated as a result of misconduct. The Compensation Committee intends to implement a more specific incentive compensation clawback policy based upon final regulations expected to be issued by the SEC pursuant to the Dodd-Frank Act.

Tax Deductibility Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to a public company for compensation paid to its chief executive officer or any of its three other most highly compensated executive officers, excluding the chief financial officer, to the extent that the compensation of any of these officers exceeds $1 million in any calendar year. Qualifying performance-based compensation is not subject to the deduction limit. The performance-based restricted stock awards that the Compensation Committee began granting to executive officers in 2010 are designed to qualify as performance-based compensation for purposes of section 162(m). In addition, the portion of the annual incentive compensation that is based upon the non-discretionary measures set forth below are designed to qualify as performance-based compensation for purposes of section 162(m). No other components of our compensation awarded for 2014 currently qualify as performance-based compensation for purposes of section 162(m).

Elements and Mix of our 2014 Compensation Program

The following elements made up the fiscal 2014 compensation program for our executive officers, including the NEOs:

Element	Form of Compensation	Purpose, Basis and Performance Criteria
Base Salary	Cash	Base salary is intended to provide a market competitive level of fixed compensation in recognition of responsibilities, skills, capabilities, experience and leadership. The Compensation Committee generally maintains executive base salaries near the median level of salaries for comparable positions among industry peers. Base salary is not generally performance based, but reflective of competencies and experience.
Performance-Based Annual Incentive Awards (bonuses) (considered “at-risk” compensation)	Cash	Annual cash incentive awards are intended to motivate and reward performance achievement against a set of stated annual corporate, business unit and individual goals. Payments are made from a cash incentive pool approved annually by the Compensation Committee. Each NEO’s award is then determined by the Compensation Committee’s assessment, with the assistance of the Operations and Reserves Committee, of four primary factors: (i) non-discretionary relative performance metrics (30%); (ii) non-discretionary near-term (one-year) performance goals (30%); (iii) discretionary strategic goals (40%); plus or minus (iv) individual performance adjustment.
Long-Term Incentive Awards(considered “at-risk” compensation)	Restricted Stock Units	Long-term incentive awards are intended to recognize and reward the achievement of long-term corporate goals and objectives, recognize promotions, motivate retention of our leadership talent and align executives’ interests with our stockholders. The Compensation Committee determines each February the amount and mix of long-term incentive awards to be granted to the NEOs; the Compensation Committee also may make isolated awards to recognize promotions, new hires or individual performance achievements. In 2014, the long-term incentive awards included time-vested equity awards that vest over a three-year period and performance equity awards with the potential to vest based on our stock price performance relative to our peers over a two to three-year period. The Compensation Committee provides time-vested long-term incentives to build a consistent ownership stake and retention incentive. The Compensation Committee provides performance-vested long-term incentives to create a meaningful tie to the Company’s relative long-term stockholder returns and to motivate consistent improvement over a longer-term horizon.

		The ratio of time-vested to performance-vested awards varies by officer, based on the officer's ability to influence overall corporate results. With respect to total equity-based awards, the Committee considers estimated targets for compensation, relative value of each element, expense of such awards and impact on dilution.
Change of Control Severance Plan and Severance Agreements	Eligible to receive cash severance and post-termination health benefits in connection with involuntary termination within two or three years after a change of control	Our Change of Control Severance Plan for the Company and Severance Agreements with certain executives are intended to provide financial security and an industry-competitive compensation package for our executives. This additional security helps ensure that these officers remain focused on our performance and the continued creation of stockholder value throughout any change of control transaction rather than on the potential uncertainties associated with their own employment. The Change of Control Severance Plan and the Severance Agreements are "double-trigger" agreements that generally provide certain payments to the executives if their employment is terminated during a two or three-year protected period after a change of control (depending on the executive). No executive has an employment contract with the Company.
Retirement Plans	Eligible to participate in, and receive Company contributions to, our 401(k) Plan (all employees) and Deferred Compensation Plan (executives only)	Our retirement plans are intended to provide financial security for our executives and competitive retirement-planning benefits to attract and retain skilled management. Our Deferred Compensation Plan allows an eligible executive to defer up to 90% of his or her salary and all of his or her bonus on an annual basis and build financial security. We make a matching contribution for up to 8% of the executive's base salary in the retirement plans. We do not have any defined benefit plans for our executives or employees.
Employee Stock Purchase Plan (ESPP)	Eligible to purchase annually up to $25,000 of Company common stock at a discount (all employees)	The ESPP is intended to encourage an equity stake in the Company, aligning executive interests with those of our stockholders.
Health & Wellness Plans	Eligible to receive available health and other wellness benefits, including medical, dental, life and disability insurance (all employees) and annual physical examination (executives only)	Our health and wellness plans are intended to provide a competitive, broad-based employee benefits structure and to promote the wellness of our executives.
Perquisites	Limited reimbursement for fitness and business club dues	The reimbursement of club dues is intended to promote the wellness and business relationships of our executives.

Mix of Compensation Elements for NEOs

Over the last several years, the Compensation Committee has shifted more NEO compensation towards variable “at-risk” compensation (annual and long-term incentives), where actual amounts earned may differ from targeted amounts based on Company and individual performance. Beginning in 2013, each NEO has a target total compensation opportunity that is assessed annually by the Compensation Committee to ensure alignment with the Company’s compensation objectives and market practice.

The Compensation Committee believes that a program weighted towards compensation that is variable with performance, including stock price performance, ensures that NEO interests are aligned with stockholder interests. Furthermore, because all equity awards are subject to either time-based vesting or performance vesting, the compensation an NEO realizes in connection with equity awards is spread over several years, which the Committee believes assists in motivating the NEO to drive business growth over the long term.

As the following charts show, 86% of our CEO's target annual compensation is variable with performance, including Company, individual and stock price performance, which is directly consistent with our peers.

Evaluation Process, Including the Role of Consultants, Peer Comparisons and Officers

The Compensation Committee oversees the administration of the compensation programs applicable to our employees, including our executive officers. The Compensation Committee generally makes its decisions regarding the annual compensation of our NEOs at its regularly-scheduled meeting each February. These decisions include adjustments to base salary, grants of annual incentive awards and grants of long-term incentive awards. The Compensation Committee also makes compensation adjustments as necessary at other times during the year, such as in the case of promotions, changes in employment status and for competitive purposes.

Each year, our CEO prepares an evaluation of each of the other NEOs, and makes compensation recommendations to the Compensation Committee based upon the Company's performance against its corporate performance metrics and the individual's performance against his or her goals. In addition to considering the CEO's recommendations, the Compensation Committee assesses the NEO’s impact during the year and his or her overall value to our Company, specifically by considering the NEO's leadership skills, impact on strategic initiatives, performance in his or her primary area of responsibility, his or her role in succession planning and development, and other intangible qualities that contribute to corporate and individual success. See “2014 Performance Analysis and Compensation Decisions” below.

Role of Consultants. During 2014, the Compensation Committee retained Meridian Compensation Partners LLC (Meridian) as its independent consultant to assist the Compensation Committee in compensation matters. Meridian reports exclusively to the Compensation Committee, which has sole authority to retain any compensation consultant to be used by the Compensation Committee to assist in the evaluation of compensation for our CEO and other executive officers, as well as our overall executive compensation structure. While engaged as the Committee’s consultant, Meridian did not perform any services for us outside the scope of its arrangement with the Compensation Committee. During 2014, the Compensation Committee conducted a review and determined that there were no conflicts of interest as a result of the Compensation Committee’s engagement of Meridian. The Compensation Committee did not engage any consultant other than Meridian during 2014 to provide executive compensation consulting services.

In early 2015, the Committee reviewed the independence of Meridian during 2014 and confirmed the following:

- Meridian supplies no services to the Company other than those as advisor to the Compensation Committee.
- The fees for service Meridian charged the Company in 2014 amounted to less than 1% of Meridian's annual revenues.
- It is Meridian's policy that when it represents a client's compensation committee, it does not offer the company any additional services.
- Except with respect to the engagement, neither Meridian nor its principal representative to the Company maintains any business or personal relationship with any executive officer or Committee member.
- Neither Meridian nor its principal representative to the Company owns Company common stock.

Meridian assists the Compensation Committee in developing a competitive total compensation program that is consistent with our philosophy of "goal-oriented pay for performance" and allows us to attract, retain and motivate talented executives. Meridian's services include providing an annual analysis of the compensation of our top executive officers and their counterparts at peer companies. The analysis consists of a comparison of each element of compensation and a comparison of total compensation, which we consider to include salary, annual cash incentive awards and long-term incentive awards. Meridian also provides the Compensation Committee with assistance in the design of compensation and benefit programs and ongoing support with respect to regulatory and other considerations impacting compensation and benefit programs, as requested by the Compensation Committee.

Peer Groups. In October 2014, Meridian provided the Compensation Committee with an analysis of our compensation relative to prevailing compensation levels at industry peers. This analysis included adjustments for company size and our relative enterprise value among peers. The Compensation Committee referenced this analysis in its January and February 2015 meetings, where it determined annual cash incentive awards for performance during 2014, 2015 long-term incentive awards and 2015 salary changes. The peer companies used by Meridian for the Compensation Committee analysis were:

October 2014 Meridian Peer Group

Cabot Oil & Gas Corporation	Laredo Petroleum Inc.	Southwestern Energy Company
Cimarex Energy Co.	Oasis Petroleum Inc.	Ultra Petroleum Corp.
Concho Resources, Inc.	QEP Resources, Inc.	WPX Energy Inc.
Denbury Resources Inc.	Range Resources Corporation	Whiting Petroleum Corporation
EP Energy Corp.	Sandridge Energy Inc.	
Energen Corp.	SM Energy Co.	

The peer group was developed taking into consideration peer company metrics such as asset size and enterprise value, comparability of asset portfolio and the availability of compensation data. The Compensation Committee reviews the peer group periodically for reasonableness and approved the revised peer group in October 2014.

Role of the Chief Executive Officer. Annually, our CEO provides the Compensation Committee with an evaluation of his performance that is based, in large part, upon the corporate performance metrics described below under "2014 Performance Analysis and Compensation Decisions," as well as his broader leadership roles as Chairman of our Board of Directors and as our lead representative to the investment community. The Compensation Committee evaluates our CEO on these and other criteria. The total compensation package for our CEO is determined based on the Compensation Committee's evaluation and input from Meridian, and reflects his performance, the performance of our Company and competitive industry practices.

Role of Other Executive Officers. Our CEO makes recommendations to the Compensation Committee on all compensation actions (other than his own compensation) affecting our NEOs. In developing his recommendation for an executive officer, our CEO considers the self-evaluation prepared by the NEO, the recommendations of his executive team, input from internal executive compensation experts, as well as his own evaluation. Our CEO's evaluation includes an assessment of the impact that the NEO has had on our Company during the award year and the NEO's overall value to the Company as a senior leader, taking into account the corporate performance goals described below under "2014 Performance Analysis and Compensation Decisions".

The Compensation Committee is provided with our CEO's evaluation of each NEO's performance and contributions to our Company. Meridian reviews and provides comments to the Compensation Committee on our CEO's recommendations. The Compensation Committee considers the information and recommendations provided by our CEO and Meridian when it establishes base salaries, annual cash incentive awards and grants of long-term incentive awards. Compensation of the CEO is determined entirely by the Compensation Committee, with benchmarking assistance from Meridian.

2014 Performance Analysis and Compensation Decisions

In its February meeting each year, the Compensation Committee determines the annual performance incentive awards for prior-year performance, and base salaries, annual incentive targets and long-term incentive awards for the current year. During 2014, the Compensation Committee used the Company's fourth quarter average stock price to determine the number of shares required to deliver the Compensation Committee's intended long-term incentive opportunity. Meridian aided in the Compensation Committee's consideration of the level of total compensation for our NEOs, allocations between annual cash incentive awards and long-term incentive awards, the types of long-term incentive awards and the allocations between the types of long-term incentive awards.

The following is a discussion of the Compensation Committee's analysis of the Company's 2014 performance against its goals and the specific decisions made during 2014 with respect to each of our direct compensation elements. Each element is reviewed annually, as well as at the time of a promotion, other change in responsibilities, other significant corporate events or a material change in market conditions. Variances in the amount of compensation awarded to each NEO generally reflect differences in individual responsibility and experience as well as the competitive levels provided to officers in comparable positions in our industry peer group. Overall, our CEO's compensation is higher than the compensation of the other NEOs. This difference in compensation is supported by the industry peer group benchmark data, which is substantially higher for the CEO role than for the other NEO positions, and is indicative of the greater responsibility the CEO position has for the strategic direction, financial condition, operating results and image of the Company.

Base Salary. The Compensation Committee reviews executive base salaries annually, with the goal of providing a stable base of competitive cash compensation while rewarding corporate and individual performance through annual performance incentive awards. In light of the Company's performance during 2013, the Compensation Committee decided not to increase the NEOs base salary for 2014, except for a 2.0% increase for Messrs. Dunn and Jasek. In October of 2014, Mr. Jasek was promoted from Vice President - Onshore Gulf Coast, to Senior Vice President - Operations, at which time the Compensation Committee increased Mr. Jasek's salary to be competitive with other similar Senior Vice President roles. In light of the significant decline in commodity prices during the second half of 2014, and the uncertainty surrounding future commodity prices and the corresponding impact on the oil and gas industry during 2015, the Compensation Committee decided not to increase any of the NEOs base salaries for 2015. A summary of the base salary adjustments made during 2014 and 2015 are reflected in the following table.

	2013 Base Salary	2014 Base Salary	2015 Base Salary
Mr. Boothby	$850,000	$850,000	$850,000
Mr. Massaro	$420,000	$420,000	$420,000
Mr. Packer	$540,750	$540,750	$540,750
Mr. Dunn	$375,000	$382,500	$382,500
Mr. Jasek[(1)]	$343,200	$350,064	$400,000

Consistent with the Compensation Committee's goal to shift NEO compensation towards greater "at risk" compensation, including annual performance incentive awards and long-term incentive awards, the 2014 base salaries for our NEOs represented between 13% and 20% of their total compensation for 2014, as set forth in the Summary Compensation Table on page 41 of this Proxy Statement.

Performance-Based Annual Incentive Awards (Bonuses). During early 2013, the Compensation Committee and management went through an in-depth, analytical process to determine the corporate performance metrics that they believe most closely align near-term financial and operations performance with long-term value creation for stockholders. The process resulted in the following performance measurement categories and weightings that determined the Company's annual incentive performance factor (AIP Factor) for 2014 annual incentive performance awards, with a collective AIP Factor Threshold of .35, Target of 1.0 and Maximum of 2.0. The Compensation

Committee intended the achievement of these performance goals to result in strong TSR performance over time. To note, below we refer to our domestic discretionary cash flow, domestic development costs and our net debt/Adjusted EBITDA ratio, which are non-GAAP financial measures. Appendix A to this proxy statement contains an explanation of how we calculate these measures.

Category 1 (30%) – Relative Performance Goals (Threshold .63, Target 1.0, Maximum 2.0) (Non-Discretionary): In 2014, the Compensation Committee chose three key drivers that management and the Committee believe consistently align with value creation within the Company. The Committee approved quantitative performance targets (threshold/target/stretch) and benchmarked the performance targets against observed industry peer company performance. For 2014, these performance drivers included:

Ø domestic production,

Ø domestic proved reserves, and

Ø domestic discretionary cash flow.

Category 2 (30%) – Near-Term Performance Goals (Threshold .53, Target 1.0, Maximum 2.0) (Non-Discretionary): In 2014, management and the Compensation Committee developed calendar year specific goals that focused on critical near-term strategic objectives that they believed should be accomplished in order to achieve long-term success. The Committee approved quantitative performance targets (threshold/target/stretch). For 2014, these metrics included:

Ø domestic liquids production growth,

Ø domestic finding and development costs, and

Ø safety, environmental, regulatory and compliance performance.

Category 3 (40%) – Strategic Goals (Threshold 0, Target 1.0, Maximum 2.0) (Discretionary): In 2014, management, with the input of the Compensation Committee, developed annual strategic goals that relate to the Company's long-term strategy and value creation. Determining the success of these strategic goals is at the discretion of the Compensation Committee. To assess management's strategic execution during 2014, the Compensation Committee considered year-over-year growth in stockholder value, domestic net asset value, domestic reserve PV-10, the financial strength of the company and key strategic milestones, such as the resolving international sales process and expanding the Company's quality drilling inventory.

Category 4 – Individual Performance Factor (0 to 100%): The Committee may adjust an executive officer's bonus payment upward or downward based on the Committee's assessment of individual performance.

The Compensation Committee calculated the annual incentive award amounts based on the following formula:

Base Salary	X	Target Incentive	X	AIP Factor	+/-	Individual Performance	=	NEO Annual Incentive

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30% Relative Performance Goals (Threshold .53, Target 1.0, Maximum 2.0)	30% Near-Term Performance Goals (Threshold .63, Target 1.0, Maximum 2.0)	40% Strategic Goals (Threshold 0, Target 1.0, Maximum 2.0)
ò	ò	ò
Domestic Production	Domestic Liquids Production Growth	Value Creation
Domestic Proved Reserves	Domestic Development Costs	Balance Sheet Strength
Domestic DCF	SERC Performance	Resolve International
		Expand Quality Drilling Inventory

Each of the goals is measured independently, with metric payout factors ranging from 0x to 2.0x. A 1.0x score generally indicates target performance and a higher score (up to 2.0x) indicates above target performance. For purposes of 2014, the AIP Factor was calculated based on the weighted average of all the payout metrics as follows:

2014 Corporate Performance Metrics	Weight	Target Metric	Target Payout	Actual	Determined AIP Factor
Relative Performance Goals (Non-Discretionary):					
Domestic Production	10%	45.3 MMBOE	1.2	47.9 MMBOE	1.80
Domestic Proved Reserves	10%	555 MMBOE	1.1	622 MMBOE	1.80
Domestic Discretionary Cash Flow	10%	$1,081M	1.2	$1,292M	1.60
Near-Term Performance Goals (Non-Discretionary):					
Domestic Liquids Production Growth	10%	25.1 MMBOE	1.1	26.8 MMBOE	1.80
Domestic Development Costs	10%	$17.00/BOE	1.0	$16.62/BOE	1.40
SERC Performance(1)	10%	Various	1.0	N/A	1.90
Strategic Goals (Discretionary): Value Creation(2) Balance Sheet Strength(3) Resolve International(4) Expand Quality Drilling Inventory(5)	40%	N/A	1.0	discretionary	2.0
Total	100%				1.83

(1) In determining the outcome for SERC Performance, the Compensation Committee considered the Company's total recordable incident rate (TRIR), the Company's oil spill rate and corresponding contractor rates. Key observations included 62% year-over-year reduction in completions TRIR, 39% year-over-year reduction in drilling TRIRs, and a 38% year-over-year decrease in oil spill events.

(2) In determining the outcome for Value Creation, the Compensation Committee considered several factors, including the stock price increase year-over-year, relative year-over-year stock performance as compared to industry peers and leadership's ability to deliver on the Company's three-year strategic plan.

(3) In determining the outcome for Balance Sheet Strength, the Compensation Committee considered several factors, including the Company's substantial decline in its ratio of net debt to Adjusted EBITDA (2.17x to 1.94x), redemption of $600 million of long-term debt and management's ability to secure a strong protective derivative position that protects the balance sheet in a declining commodity price market.

(4) In determining the outcome for Resolving International, the Compensation Committee considered the Company's sale of the Malaysia business for approximately $900 million in February 2014 and the decision not to sell China due to the commodity price decline and the resulting positive cash flow that the production in China should contribute to the Company's strategic plan.

(5) In determining the outcome for Expanding Quality Drilling Inventory, the Compensation Committee considered the substantial expansion in the Anadarko Basin, specifically an acreage increase to almost 300,000 net acres, production year-over-year increase of 114% and year-over year proved reserves increase of 56%.

After determining the final AIP Factor, the Compensation Committee looked at the individual performance of each NEO, taking into consideration the NEO’s impact during the year and his overall value to our Company, specifically by considering the NEO's leadership skills, impact on strategic initiatives, performance in his primary area of responsibility, role in succession planning and development, and other intangible qualities that contribute to corporate and individual success. With respect to Mr. Jasek, the Compensation Committee also considered the fact that Mr. Jasek was promoted in October 2014 and received a substantial stock grant in connection with his promotion. Based upon the foregoing, the Compensation Committee made the following 2014 annual performance incentive awards for performance during 2014:

	Base Salary	Annual Target Incentive	AIP Factor	AIP Target Payout	+/- Individual Performance	Actual Payout
Mr. Boothby	$850,000	120%	1.83	$1,866,600	$183,400	$2,050,000
Mr. Massaro	$420,000	100%	1.83	$768,600	$171,400	$940,000
Mr. Packer	$540,750	100%	1.83	$989,573	$97,427	$1,087,500
Mr. Dunn	$382,500	85%	1.83	$594,980	$40,020	$635,000
Mr. Jasek	$359,050	85%	1.83	$558,502	$(23,502)	$535,000

The Compensation Committee's primary drivers to the noteworthy individual performance adjustments:

Mr. Boothby: In reviewing the CEO’s performance, the Compensation Committee considered Mr. Boothby's demonstrated leadership in managing the Company through its transformation, and the numerous performance outcomes realized from that transformation in 2014. The Compensation Committee recognized the CEO’s leadership contribution by assigning an above-target personal performance factor and awarding a total bonus at approximately 200% of the CEO’s target.

Mr. Massaro: The personal performance factor reflected Mr. Massaro's integral involvement and successful leadership in divesting the Company's Malaysian business for approximately $900 million, which closed in February 2014. The adjustment also reflected his successful transition to Chief Financial Officer and the Company's improved financial strength during 2014.

Mr. Packer: The personal performance factor reflected Mr. Packer's continued leadership and his role in the Company's outstanding operational execution, exceeding target and expectations for all operational, production and reserve metrics during 2014.

Mr. Dunn: The personal performance factor reflected Mr. Dunn's role with respect to the Company's outstanding production and reserve metrics during 2014.

Mr. Jasek: The Compensation Committee recognized that Mr. Jasek had excellent performance during the year; however, his promotion on October 28, 2014 included a 14% salary increase and a stock award grant of 27,000 shares, thereby materially increasing his total 2014 compensation, which impacted the Compensation Committee's decision.

Long-term Incentive Awards. The Compensation Committee believes that long-term incentive awards should include both time-vested and performance-vested awards. The ratio of time-vested to performance-vested awards will vary by officer, based on the officer’s ability to influence overall corporate results, with more senior executive officers’ awards being more heavily weighted toward performance-based awards. By providing both types of awards each year, the Compensation Committee seeks to balance the retention incentive provided by time-vested awards with the strong tie to relative long-term stockholder return provided by performance-based awards. The following graph displays the current mix of time-vested and performance-vested long-term incentives:

Mix of Long-Term Incentive Awards

In its February meeting each year, the Compensation Committee determines the long-term incentive awards for the then-current year by calculating an estimated grant-date award opportunity to each NEO. The 2014 awarded share units are calculated by using (i) the fourth quarter's average stock price for time-vested awards and (ii) an estimated fair market value factor based upon accounting rules for performance-vesting awards.

In February of 2014, the Compensation Committee evaluated information provided by Meridian on the range of long-term incentive opportunities awarded across the peer group companies, along with the Company's recent performance and the role of each executive officer in achieving the Company's three-year plan. The Compensation Committee also evaluated the CEO's recommendations for long-term incentive award amounts for the other NEOs. Based on these evaluations, the Compensation Committee approved the following annual LTI awards for the NEOs in February of 2014.

	Intended LTI Opportunity Value ($)	Time-Vested Stock-Settled Restricted Stock Units (#)	Time-Vested Cash-Settled Restricted Stock Units (#)	TSR Performance-Vested Restricted Stock Units (#)
Mr. Boothby	$4,400,821	39,230	39,230	98,040
Mr. Massaro	$1,795,200	16,000	16,000	40,000
Mr. Packer	$2,541,330	22,500	22,500	57,000
Mr. Dunn	$987,360	7,000	7,000	14,000
Mr. Jasek(1)	$370,260	1,200	1,200	13,500

(1) In September of 2013, Mr. Jasek received a time-vested restricted stock unit award for 20,000 shares of common stock. The other NEOs did not receive a stock grant in September of 2013, which is the reason that Mr. Jasek's award in February 2014 is substantially lower than the other NEOs. In addition, in connection with his promotion in October 2014 to Senior Vice President - Operations, Mr. Jasek received a time-vested restricted stock unit award for 27,000 shares of common stock, which is not reflected in the foregoing table.

Equity awards for newly hired executive officers are made on the executive officer's first day of employment. Equity awards for executive officers made in connection with promotions are approved by the Compensation Committee and the grant date is generally effective the date of appointment. See page 43 below for more details on the awards.

Vesting of the February 2014 performance-based awards (TSRs) is based on our total cumulative stockholder return for at least two years and up to three years relative to a 19-member peer group approved by the Compensation Committee. The peer group for the 2014 TSRs includes the following peer companies (or their successors): Bill Barrett Corporation, Carrizo Oil & Gas Inc., Cimarex Energy Co., Comstock Resources, Inc., EP Energy, Forest Oil Corporation, Halcon Resource, Kodiak Oil & Gas Corp., Laredo Petroleum, Oasis Petroleum, PDC Energy, Penn Virginia, QEP Resources, Rosetta Resources, SandRidge Energy, SM Energy, Ultra Petroleum Corp., Whiting Petroleum Corporation and WPX Energy. The 2014 TSRs can vest each month beginning on April 15, 2016 and ending on April 15, 2017. Although the TSRs have the ability to vest monthly, all TSRs vest based upon our two and up to three-year cumulative stockholder return, as calculated on the determination date, as compared to the applicable peer group. The percentage of each TSR that shall vest, if any, is calculated each month during the applicable performance period by determining our total stockholder return rank among the peer group as follows:

Ranking Relative to Peers - Percent Earned

		Rank	Percent Earned
		1	100%
		2	100%
Top Quartile	×	3	100%
		4	100%
		5	100%
		6	70%
		7	65%
Second Quartile	×	8	60%
		9	55%
		10	50%
		11	45%
		12	40%
Third Quartile	×	13	35%
		14	30%
		15	25%
		16	0%
		17	0%
Bottom Quartile	×	18	0%
		19	0%
		20	0%

Vesting of the February 2013 and February 2012 TSRs is based on our total cumulative stockholder return for at least three years and up to five years relative to a 17-member peer group approved by the Compensation Committee. The peer group for the 2013 TSRs includes the following peer companies (or their successors): Berry Petroleum Corporation, Cabot Oil and Gas Corporation, Chesapeake Energy Corporation, Cimarex Energy Co., Comstock Resources, Inc., Denbury Resources Inc., EXCO Resources Inc., Forest Oil Corporation, Noble Energy, Inc., Pioneer Natural Resources, Plains Exploration & Production Company, QEP Resources, Range Resources Corporation, SandRidge Energy, Southwestern Energy Company, Ultra Petroleum Corp., Whiting Petroleum Corporation, as well as the Dow Jones Industrial Average Index and the S&P 500 Index. The 2013 TSRs can vest each month beginning on April 15, 2016 and ending on April 15, 2018 and the 2012 TSRs can vest each month beginning on April 15, 2015 and ending on April 15, 2017. Although the TSRs have the ability to vest monthly, all 2013 and 2012 TSRs vest based upon our three and up to five-year cumulative stockholder return, as calculated on the determination date, as compared to the applicable peer group.

Total stockholder return as of a particular measurement date means the rate of return (expressed as percentage) achieved with respect to our common stock, the primary common equity security of each other company and index in the peer group if: (1) $100 was invested in each security or index on the last day of March for the applicable grant year, assuming a purchase price equal to the average closing price of the security or index for all of the trading days in March for the applicable grant year; (2) if the record date for any dividend with respect to a particular security occurs during the period beginning March 31 of the applicable grant year and ending on the last day of the determination period, such dividend was reinvested in the security as of the record date for the dividend (using the closing price of the security on the record date); and (3) the valuation of such security or index at the end of the determination period is based on the average closing price for all of the trading days in the immediately preceding month. In view of the competitive conditions in our industry, all restricted stock unit awards continue to contain qualified retirement vesting provisions that are conditioned upon the signing of a non-compete agreement and providing a specific amount of advance notice before retirement to allow adequate time for a smooth transition.

For more information regarding the terms of the 2014 awards, as well as the fair value of the 2014 awards on their grant date, see “Grants of Plan-Based Equity Awards in 2014” beginning on page 43 of this Proxy Statement.

CEO Compensation: Realizable Pay

As discussed above, NEO compensation is weighted towards variable “at-risk” compensation (annual and long-term incentives), where actual amounts earned may differ from targeted amounts based on Company and individual performance. Each NEO has a target total compensation opportunity that is assessed annually by the Compensation Committee to ensure alignment with the Company’s compensation objectives and market practice.

While the amounts shown in the Summary Compensation Table on page 41 reflect the grant-date value of equity awards received by the CEO, they do not reflect the impact of stock price performance on actual compensation. The compensation actually realizable by the individual may be considerably more or less based on actual stock price performance. For purposes of the table below:

- “SCT” means the amount shown in the “Total” column of the Summary Compensation Table, excluding the amounts shown in the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” and “All Other Compensation” columns.
- “Realized Pay” means the sum of: (1) salary, (2) actual cash bonus paid for each fiscal year, and (3) the actual “take-home” value of vested equity awards during the measurement period.
- “Realizable Pay” means the sum of: (1) salary, (2) actual cash bonus paid for each fiscal year, (3) all unvested performance shares (PS) outstanding, regardless of grant date, calculated using the Company’s $27.12 stock price on December 31, 2014, and (4) time-vested restricted stock units (RS) granted during the period, in each case, calculated using the Company’s $27.12 stock price on December 31, 2014. Realizable pay assumes time-vested equity awards are 100% vested upon grant, even though such awards may vest over a period of three or more years.

The Compensation Committee believes that realized compensation is more representative of compensation actually earned than is the compensation shown in the Summary Compensation Table and that realizable compensation is a reflection of the executive's total potential compensation.

Conclusion

We believe our executive compensation program is designed to pay for performance. We believe it aligns the interests of our NEOs with those of our stockholders and provides executive officers with motivation to maximize the long-term operational and financial performance of the Company, while using sound financial controls and high standards of integrity. We also believe that total compensation for each of our NEOs should be, and is, commensurate with the execution of specified relative and long-term operational, financial and strategic objectives. The Compensation Committee believes that the changes made to the Company's compensation programs over the last two years will reflect in positive long-term operational and financial performance and long-term stockholder value creation.

Summary Compensation Table

The following table sets forth information with respect to the compensation of our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers, collectively the NEOs, for the years ended December 31, 2014, 2013 and 2012.

Name and Principal Position	Year	Salary[1] ($)	Bonus[1][2] Current ($)	Deferred ($)	Stock Awards[3] ($)	Non-Equity Incentive Plan Comp[2]	Nonqualified Deferred Comp Earnings ($)	All Other Compensation[4] ($)	Total[5] ($)
Lee K. Boothby	2014	$850,000	$183,400	$—	$3,734,242	$1,866,600	$—	$ 82,599	$6,716,841
Chairman of the Board,	2013	842,308	—	—	3,942,797	600,000	—	64,208	5,449,313
President and CEO	2012	788,463	1,080,000	245,000	3,126,708	—	4,492	78,060	5,322,723
Lawrence S. Massaro	2014	$420,000	$171,400	$—	$1,523,280	$768,600	$—	$ 34,886	$2,918,166
Executive Vice President	2013	377,446	38,000	—	1,961,880	462,000	—	24,618	2,863,944
and CFO[6]	2012	356,923	330,000	—	711,420	—	—	41,113	1,439,456
Gary D. Packer	2014	$540,750	$97,925	$—	$2,156,055	$989,575	$—	$ 55,282	$3,839,587
Executive Vice President	2013	538,327	5,175	—	2,363,549	594,825	—	37,480	3,539,356
and COO	2012	517,308	550,000	203,656	1,893,660	—	3,734	266,759	3,435,117
George T. Dunn	2014	$381,346	$40,020	$—	$845,020	$594,980	$—	$ 39,573	$1,900,939
Sr. Vice President –	2013	375,000	9,375	—	918,235	350,625	—	16,184	1,669,419
Development[7]	2012	371,154	300,000	164,150	711,420	—	3,010	78,719	1,628,453
John H. Jasek	2014	$356,690	$—	$—	$1,095,816	$535,000	$—	$ 41,713	$2,029,219
Vice President –	2013	341,169	54,110	—	1,422,325	320,890	—	18,481	2,156,975
Gulf Coast[8]	2012	328,462	300,000	133,219	567,138	—	2,435	40,545	1,371,799

(1) See “Compensation Discussion and Analysis – 2014 Performance Analysis and Compensation Decisions” beginning on page 33 of this Proxy Statement for an explanation of the amount of salary and bonus in proportion to total compensation.

(2) The amounts shown reflect annual incentive cash compensation awards made in February 2015, 2014 and 2013, based upon performance in 2014, 2013 and 2012, respectively. In accordance with SEC regulations, the amounts under “Bonus - Current” for 2014 and 2013 include the portion of the annual cash incentive award received by the NEO that the Compensation Committee used its discretion to increase above the calculated AIP Factor for the NEO's personal performance. The amounts under "Non-Equity Incentive Plan Compensation" for 2014 and 2013 include the portion of the annual cash incentive award paid and calculated under our non-equity annual incentive plan, including any discretion the Compensation Committee used to decrease the award for the NEOs personal performance during the applicable year. The amounts under "Bonus - Current" for 2012 reflect the entire annual cash incentive award for the NEO's performance during 2012, which was prior the the Compensation Committee's adoption of its defined non-equity incentive plan in early 2013. The amounts in the “Deferred” column include cash plus interest actually paid to each NEO during 2012 that was part of the deferred cash bonus awards granted in prior years pursuant to our 2003 Annual Incentive Plan. These amounts are not reflective of the applicable year’s performance but of prior years’ performance and deferred to reward retention. See “Compensation Discussion and Analysis – 2014 Performance Analysis and Compensation Decisions – Performance-Based Annual Incentive Awards (Bonuses)” beginning on page 33 of this Proxy Statement.

(3)

The amounts shown in the Stock Awards column reflect the full grant date fair value of stock-based awards in 2014, 2013 and 2012, respectively, computed in accordance with applicable accounting guidance, as required by SEC regulations.

During 2014, 2013 and 2012, the NEOs received annual grants of restricted stock units that vest based on performance, which are considered market-based awards under the accounting guidance. For these market-based awards of restricted stock units that vest based on performance, the grant date fair value was determined in accordance with stock-based accounting rules and the fair market value per share was $18.59 in 2014, $24.20 in 2013 and $31.02 in 2012. The grant date fair value assumes the highest level of performance conditions will be achieved.

In addition, during 2014, the NEOs received annual grants of time-vested, stock-settled restricted stock units (50% of time-vested awards) and annual grants of time-vested, cash-settled restricted stock units (50% of time-vested awards). During 2013 and 2012, the NEOs received annual grants of time-vested, stock-settled restricted stock units (100% of time-vested awards). For each of these awards, the grant date fair value is based on the mean of the high and low sales prices of our common stock on the date of grant. Mr. Jasek also received an additional grant of 27,000 time-vested restricted stock units in October 2014.

For assumptions made in the valuation, see also Note 11, Stock-Based Compensation, to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC. See also “Compensation Discussion and Analysis – 2014 Performance Analysis and Compensation Decisions – Long-term Incentive Awards” beginning on page 36, “Grants of Plan-Based Equity Awards in 2014” beginning on page 43 and “Outstanding Equity Awards at December 31, 2014” beginning on page 44 for a description of the awards.

(4) Reflects above-market interest (as defined in SEC regulations) earned in 2012 on long-term cash awards previously awarded under our 2003 Incentive Compensation Plan.

(5) For 2014, the All Other Compensation column reflects:

- the amount we contributed under our Deferred Compensation Plan or our 401(k) Plan as a matching contribution for the benefit of each named executive officer;
- the compensation cost computed in accordance with applicable accounting guidance attributable to each NEO’s participation in our employee stock purchase plan;
- club dues paid by us and executive physical examinations paid by us; and
- premiums we paid with respect to term life insurance for the benefit of each named executive officer.

See the All Other Compensation Table below for more information regarding these items for 2014.

All Other Compensation Table

Name	Matching 401(k) or Deferral Plan Contribution ($)	Employee Stock Purchase Plan Compensation Cost ($)	Club Dues ($)	Executive Physical ($)	Life Insurance Premiums ($)	Total ($)
Mr. Boothby	$68,000	$6,011	$3,656	$4,395	$537	$82,599
Mr. Massaro	$33,599	$—				