

Rosetta Resources Inc.
Form DEF 14A
March 26, 2015
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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Rosetta Resources Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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3) Filing Party:

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ROSETTA RESOURCES INC.

1111 Bagby Street, Suite 1600

Houston, Texas 77002

April 9, 2015

Dear Rosetta Stockholder:

I am pleased to invite you to Rosetta's Annual Meeting of Stockholders. The Annual Meeting will be held at Heritage Plaza, Plaza Conference Room, Plaza Level, 1111 Bagby Street, Houston, Texas 77002, on Friday, May 15, 2015 at 9:00 a.m., Central time.

The Notice of Annual Meeting and Proxy Statement, which are attached, provide information concerning the matters to be considered at the Annual Meeting. At the Annual Meeting, stockholders will be asked to vote on the following items:

- The election of seven directors to Rosetta's Board of Directors;
- The approval of an advisory vote on executive compensation;
- The approval of the 2015 Long-Term Incentive Plan; and
- The ratification of the appointment of Rosetta's independent registered public accounting firm.

We hope you can join us on May 15, 2015. Whether or not you can attend personally, it is important that your shares are represented at the meeting. We value your opinions and encourage you to participate in this year's Annual Meeting by voting your proxy. You may vote by Internet or by telephone using the instructions on the proxy card, or by signing your proxy card and returning it in the envelope provided. You can also attend in person and vote at the Annual Meeting.

Houston, Texas

April 9, 2015

Sincerely,

James E. Craddock

Chairman of the Board,

Chief Executive Officer and President

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ROSETTA RESOURCES INC.

1111 Bagby Street, Suite 1600

Houston, Texas 77002

April 9, 2015

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On Friday, May 15, 2015

To the Stockholders of Rosetta Resources Inc.:

The Annual Meeting of Stockholders of Rosetta Resources Inc., a Delaware corporation (the Company, Rosetta, we, us or our), will held on Friday, May 15, 2015 at 9:00 a.m., Central time, at Heritage Plaza, Plaza Conference Room, Plaza Level, 1111 Bagby Street, Houston, Texas 77002, for the following purposes:

1. To elect seven directors to the Board of Directors of the Company;
2. To conduct an advisory vote on executive compensation;
3. To approve the 2015 Long-Term Incentive Plan;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015; and
5. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 19, 2015 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the meeting. A complete list of the stockholders will be available for examination at the offices of the Company at 1111 Bagby Street, Suite 1600, Houston, Texas 77002 during ordinary business hours for a period of 10 days prior to the meeting.

All stockholders are cordially invited to attend the meeting.

April 9, 2015

Houston, Texas

By Order of the Board of Directors of

ROSETTA RESOURCES INC.

Nathan P. Murphy

Vice President, General Counsel,

Chief Compliance Officer and

Corporate Secretary

Stockholders are urged to vote, whether or not they plan to attend the meeting. Please take time to vote by following the Internet or telephone voting instructions provided on the accompanying proxy card, or you may complete, date and sign the accompanying proxy card and return it in the postage-paid return envelope provided. You may revoke your proxy at any time before the vote is taken by following the instructions in this Proxy Statement.

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Rosetta Resources, Inc.

Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

GENERAL INFORMATION

(see pages 3-4)

Meeting: Annual Meeting of Shareholders

Date: Friday, May 15, 2015

Time: 9:00 a.m., Central

Location: Heritage Plaza, Plaza Conference Room, Plaza Level,
1111 Bagby Street, Houston, Texas 77002

Record Date: Thursday, March 19, 2015

Stock Symbol: ROSE

Exchange: NASDAQ

Common Stock Outstanding on Record Date:

75.0 million shares

Registrar & Transfer Agent: AST

State of Incorporation: Delaware

Year of Incorporation: 2005

Public Company Since: 2006

Corporate Headquarters: 1111 Bagby, Suite 1600, Houston,
Texas 77002

CORPORATE GOVERNANCE

(see pages 5-8)

Director Nominees: 7

James E. Craddock (Management / CEO)

Matthew D. Fitzgerald (Independent)

Philip L. Frederickson (Lead Independent)

Carin S. Knickel (Independent)

Holli C. Ladhani (Independent)

Donald D. Patteson, Jr. (Independent)

Jerry R. Schuyler (Independent)

Director Term: One year

Director Election Standard: Majority of votes cast

Board Meetings in 2014: 7

Standing Board Committees (Meetings in 2014):

Audit (6), Compensation (6), Nominating & Corporate Governance
(4)

Supermajority Voting Requirements: No

Shareholder Rights Plan: No

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Corporate Website: www.rosettaresources.com

Investor Relations Website:

<http://ir.rosettaresources.com/index.cfm>

Annual Report: <http://ir.rosettaresources.com/financials.cfm>

EXECUTIVE COMPENSATION

(see pages 17-37)

CEO: James E. Craddock (age 56; CEO since February 2013)

CEO 2014 Total Direct Compensation: \$3.8 million

Base Salary: \$675,000

Incentive Bonus: \$0 million

Long-Term Incentives: \$3.1 million

Long-Term Incentive payout (2012-2014): \$0

Above Median Targeting: No

Tax Gross-Ups: No

CEO Employment Agreement: No

Change-In-Control Agreement: Yes, double trigger required

Stock Ownership Guidelines: Yes, exceeded

Anti-Hedging Policy: Yes, Applies to all directors, officers and employees

Corporate Governance Materials:

<http://ir.rosettaresources.com/governance.cfm>

OTHER ITEMS TO BE VOTED ON

(see pages 38, 42-52)

Advisory Vote to Approve Named Executive Officer Compensation

Approval of 2015 Long-Term Incentive Plan

Ratification of Appointment of Independent Registered Public Accounting Firm

(PricewaterhouseCoopers LLP)

Shareholder Proposal: none

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1111 Bagby Street, Suite 1600

Houston, Texas 77002

PROXY STATEMENT

For Annual Meeting to be Held on May 15, 2015

Introduction

The accompanying proxy, mailed together with this Proxy Statement, is solicited by and on behalf of the Board of Directors (the Board of Directors or the Board) of Rosetta Resources Inc., a Delaware corporation (the Company, Rosetta, we, us or our), for use at the Annual of Stockholders of the Company (the Annual Meeting) to be held at 9:00 a.m., Central time, on May 15, 2015 at Heritage Plaza, Plaza Conference Room, Plaza Level, 1111 Bagby Street, Houston, Texas 77002, and at any adjournment or postponement thereof. The approximate date on which this Proxy Statement and the accompanying proxy will first be mailed to stockholders of the Company is April 9, 2015.

Shares represented by valid proxies will be voted at the meeting in accordance with the directions given. If no directions are given, the shares will be voted in accordance with the recommendations of the Board. Any stockholder of the Company returning a proxy has the right to revoke the proxy at any time before it is voted by communicating the revocation in writing to Nathan P. Murphy, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary, Rosetta Resources Inc., 1111 Bagby Street, Suite 1600, Houston, Texas 77002, or by voting at a later time by Internet or telephone, by submitting a proxy bearing a later date or by attending the meeting and voting in person. No revocation by written notice or by delivery of another proxy shall be effective until the notice of revocation or other proxy, as the case may be, has been received by the Company at or prior to the meeting.

Only stockholders of record of the Company's common stock, par value \$0.001 per share, at the close of business on March 19, 2015, the record date for the meeting, are entitled to notice of and to vote at the meeting. On the record date, Rosetta had outstanding 75,038,536 shares of common stock, each of which is entitled to one (1) vote. A majority of the shares of common stock entitled to vote, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes will be counted as present for establishing a quorum.

Voting Procedures and Tabulation

Stockholders of record of common stock of the Company may vote in person at the meeting, via Internet or telephone, or by signing, dating, and returning the proxy card in the accompanying postage-paid envelope. Stockholders whose shares of common stock of the Company are held in the name of a bank, broker or other holder of record (that is, in street name) will receive separate instructions from such holder of record regarding the voting of proxies.

Rosetta will appoint one or more inspectors of election to act at the meeting and to make a written report thereof.

Prior to the meeting, the inspectors will sign an oath to perform their duties in an impartial manner and according to the best of their abilities. The inspectors will determine the number of shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots,

and perform certain other duties.

The inspectors will tabulate the number of votes cast for, against or withheld from each matter submitted at the meeting for a stockholder vote. Votes that are withheld will be excluded entirely from the vote and will have no effect.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDERS MEETING TO BE HELD ON FRIDAY, MAY 15, 2015

The Company's Notice of Annual Meeting, Proxy Statement, and the 2014 Annual Report on Form 10-K are available on the Internet at www.proxyvote.com.

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General Information

1. What am I voting on?

- The election of James E. Craddock, Matthew D. Fitzgerald, Philip L. Frederickson, Carin S. Knickel, Holli C. Ladhani, Donald D. Patteson, Jr., and Jerry R. Schuyler to the Board of Directors;
- The approval of an advisory vote on executive compensation;
- The approval of the 2015 Long-Term Incentive Plan; and
- The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015.

2. Who can vote?

Stockholders as of the close of business on March 19, 2015 are entitled to vote at the Annual Meeting.

3. How do I vote?

You may vote your shares either in person or by proxy. To vote by proxy, you may vote via telephone by using the toll-free number listed on the proxy card, via the Internet at the website for Internet voting listed on the proxy card, or you may mark, date, sign, and mail the enclosed proxy card in the postage-paid envelope. Giving a proxy will not affect the right to vote the shares if you attend the Annual Meeting and want to vote in person — by voting in person you automatically revoke the proxy. If you vote the shares in person, you must present proof that

you own the shares as of the record date through brokers' statements or similar proof and identification. You also may revoke the proxy at any time before the meeting by giving the Corporate Secretary written notice of the revocation or by submitting a later-dated proxy. If you return the signed proxy card but do not mark the voting preference, the individuals named as proxies will vote the shares in accordance with the recommendations of the Board of Directors as set forth below.

4. How does the Board recommend I vote on the proposals?

- The Board unanimously recommends that you vote FOR the election of each of the Board's director nominees.
- The Board unanimously recommends that you vote FOR the approval of the advisory resolution on executive compensation.
- The Board unanimously recommends that you vote FOR approval of the 2015 Long-Term Incentive Plan.
- The Board unanimously recommends that you vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015.

5. How many shares can vote?

As of the record date, March 19, 2015, Rosetta had outstanding 75,038,536 shares of common stock. Each share of common stock is entitled to one (1) vote. Each

share of restricted common stock held by Rosetta's employees and independent directors is entitled to one (1) vote, regardless of any outstanding vesting period.

6. What routine matters will be voted on at the Annual Meeting?

The ratification of the appointment of the independent registered public accounting firm is a routine matter on which brokers may vote in their discretion on behalf of customers who have not provided voting instructions.

7. How many votes are needed to approve each of the proposals?

A nominee for director shall be elected to the Board if the director nominee receives an affirmative vote of a majority of the votes cast. Abstentions and broker non-votes do not count as votes cast with respect to this proposal and therefore will not affect the outcome of the election. Pursuant to our Board Governance Guidelines, each nominee has submitted a contingent resignation letter and should a nominee for director currently serving on the Board (a holdover director) fail to receive the required

number of votes for election, his or her resignation will be deemed submitted to the Board. In such case, the Nominating and Corporate Governance Committee of the Board will consider and recommend to the Board whether to accept or decline such resignation, considering any factors that the Committee deems relevant. The Board will then act with respect to such holdover director within ninety days from the date of the

certification of the election results.

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General Information

The Rosetta Resources Inc. 2015 Long Term Incentive Plan, ratification of the appointment of the independent registered public accounting firm, and the approval, by non-binding vote, of executive compensation require the affirmative vote of a majority of votes cast at the Annual

Meeting. For these purposes, abstentions and broker non-votes are not counted as a vote cast either for or against the proposals and therefore will not affect their outcome.

8. What is a broker non-vote?

Under the Marketplace Rules of the NASDAQ Stock Market LLC (NASDAQ), brokers may vote their customers' stock held in street name on routine matters when the brokers have not received voting instructions from their customers. Brokers may not vote their

customers' stock held in street name on non-routine matters unless they have received voting instructions from their customers. Non-voted stock on non-routine matters are called broker non-votes.

9. Can I vote on other matters?

We do not expect any other matter to come before the meeting. We did not receive any stockholder proposals by the date required for such proposals to be considered. If any other matter is presented at the Annual Meeting, the

signed proxy gives the individuals named as proxies authority to vote the shares on such matters at their discretion.

10. Who is soliciting my proxy?

The Board of Directors of Rosetta Resources Inc. is sending you this Proxy Statement in connection with the solicitation of proxies for use at Rosetta's 2015 Annual Meeting of Stockholders. Certain directors, officers and employees of Rosetta may also solicit proxies on our

behalf by mail, phone, fax or in person. We have retained Morrow & Co., LLC to assist in the solicitation of proxies for a fee of approximately \$8,500 plus reimbursement of out-of-pocket expenses.

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Corporate Governance and Committees of the Board

Board of Directors

The Board of Directors currently consists of seven directors. All seven current directors are standing for reelection. Other than James E. Craddock, Chairman of the Board, Chief Executive Officer and President, all of the Board members standing for reelection meet the independence criteria under the NASDAQ rules.

Each Board member serves a one-year term or until such Board member's successor is duly elected to serve on the Board. In addition, our Bylaws provide that the authorized number of directors which shall constitute the whole Board of Directors may be changed by resolution duly adopted by the Board. Any vacancies and additional

directorships resulting from an increase may be filled by the affirmative vote of a majority of the directors then in office, even though less than a quorum.

During 2014, the Board met seven times. Each director attended at least 75% of the meetings of the Board of Directors and Committees of the Board of which such director was entitled to attend, either in person or by telephone. All of the directors attended the 2014 Annual Meeting of Stockholders. Pursuant to our Governance Guidelines (defined below) our directors are expected to attend all annual meetings of stockholders.

Committees of the Board

The Board of Directors has established three committees:

- the Audit Committee;

- the Compensation Committee; and

- the Nominating and Corporate Governance Committee.

Audit Committee and Audit Committee Financial Expert. The Audit Committee appoints the independent registered public accounting firm to audit our financial statements and oversee the annual audit. The Audit Committee also approves any other services provided by the public accounting firm. The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibility to the stockholders, relating to the integrity of the quarterly and annual financial statements, the compliance with legal and regulatory requirements governing the preparation and reporting of financial information, the independent registered public accounting firm's qualifications and independence, and the performance of the internal audit function. It is the responsibility of the Audit Committee to maintain free and open communication with the independent registered public accounting firm, the internal accounting function and management of the Company. Additionally, the Audit Committee obtains and reviews an audit report prepared by the Company's independent reserve engineering consultants regarding the evaluation of the Company's reserves. Messrs. Matthew D. Fitzgerald and Donald D. Patteson, Jr. and Ms. Holli C. Ladhani serve

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on the Audit Committee, and are all independent under NASDAQ rules and the rules of the Securities and Exchange Commission (SEC). Mr. Fitzgerald, Chairman of the Audit Committee, Mr. Patteson and Ms. Ladhani are Audit Committee financial experts as defined under the rules of the SEC.

The Audit Committee met six times during 2014. A report of the Audit Committee is included in this Proxy

Statement. A copy of the Audit Committee s charter is posted in the Governance section of our website at www.rosettaresources.com.

Compensation Committee. The Compensation Committee reviews the compensation and benefits of our executive officers, establishes and reviews general policies related to compensation and benefits, and administers the Company s long-term incentive plan. Pursuant to the Compensation Committee charter, the Compensation Committee determines the compensation of senior executives of the Company.

Ms. Carin S. Knickel and Messrs. Donald D. Patteson, Jr. and Jerry R. Schuyler serve on the Compensation Committee and each is independent under NASDAQ rules, a non-employee director within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and an outside director within the meaning of Section 162(m) of the Internal Revenue Code. The Chairperson is Ms. Knickel. The Compensation Committee met six times during 2014. A copy of the Compensation Committee s charter is posted in the Governance section of our website at www.rosettaresources.com.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee assists the Board by identifying individuals qualified to become members of the Board, consistent with criteria approved by the Board, recommending director nominees for election at the Annual Meeting of Stockholders or for appointment to fill vacancies, recommending the election of officer candidates, monitoring the independence of Board members, ensuring the availability of director education programs, and advising the Board about the appropriate composition of the Board and its committees. The Nominating and Corporate Governance Committee also develops and recommends to the Board corporate governance principles and practices and assists in implementing them, including conducting a regular review

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Corporate Governance and Committees of the Board

of our corporate governance principles and practices. The Nominating and Corporate Governance Committee oversees the annual performance evaluation of the Board and the committees of the Board, makes a report to the Board on succession planning and evaluates potential successors to the CEO with the Board. Messrs. Philip L. Frederickson and Jerry R. Schuyler and Ms. Carin S. Knickel and Holli C. Ladhani serve on the

Nominating and Corporate Governance Committee, and are all independent under NASDAQ rules. The Chairman is Mr. Frederickson. The Nominating and Corporate Governance Committee met four times in 2014. A copy of the Nominating and Corporate Governance Committee's charter is posted in the Governance section of our website at www.rosettaresources.com.

Corporate Governance

Board of Directors Governance Guidelines and Other Governance Documents

The Board of Directors has adopted the Board of Directors Governance Guidelines (Governance Guidelines) to govern the qualifications and conduct of the Board. The following governance documents are posted in the Governance section of our website at www.rosettaresources.com:

- Code of Business Conduct and Ethics (the Ethics Code);
- Audit Committee Charter;
- Compensation Committee Charter;
- Nominating and Corporate Governance Committee Charter;
- Board of Directors Governance Guidelines;
- Non-Employee Director Stock Ownership Guidelines and
- Officers Stock Ownership Guidelines.

These documents are also available in print to any stockholder requesting a copy in writing from the Corporate Secretary of the Company at 1111 Bagby Street, Suite 1600, Houston, Texas 77002.

Director Independence. The standards applied by the Board in affirmatively determining whether a director is independent in compliance with the listing standards of NASDAQ generally provide that a director is not independent if: (a) the director is, or in the past three years has been, an employee of Rosetta or any of its subsidiaries; (b) a member of the director's immediate family is, or in the past three years has been, an executive officer of Rosetta or any of its subsidiaries; (c) the director or a member of the director's immediate family has received more than \$120,000 in compensation from Rosetta or any of its subsidiaries during any period of twelve consecutive months within the three years

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preceding the determination of independence other than compensation for service as a director, compensation of a family member who is an employee but not an executive officer or benefits under a tax-qualified retirement plan or non-discretionary plan; (d) the director or a member of the director's immediate family is, or in the past three years has been, employed in a professional capacity by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, or has worked for such firm in any capacity on Rosetta's audit; (e) the director or a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of a company where a Rosetta

executive officer serves on the compensation committee of such company; or (f) the director or a member of the director's immediate family is a partner in, a controlling stockholder of or an executive officer of a company that makes payments to, or receives payments from, Rosetta or any of its subsidiaries in an amount which, in any twelve-month period during the past three years, exceeds the greater of \$200,000 or five percent of the consolidated gross revenues of the company receiving the payment.

The Board of Directors, applying the standards referenced above, affirmatively determined that six of its members, Messrs. Fitzgerald, Frederickson, Patteson and Schuyler and Mses. Knickel and Ladhani, constituting more than a majority of the Board, are independent under NASDAQ rules.

Board Leadership Structure and Role in Risk Oversight. The Board has employed a combined chairman and chief executive officer leadership structure with a separate lead independent director position for the past several years. The Board believes that this leadership structure is currently in the best interest of the Company, as it appropriately balances the need for the chief executive officer to manage the daily activities of the Company, provides for a lead independent director to oversee the

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Corporate Governance and Committees of the Board

executive sessions of the independent directors and enhances the relationship between the Board and the Chairman, CEO and President. The Board has concluded that the interests of the stockholders are best served through the continuation of a leadership model that has a combined chairman and chief executive officer position and a lead independent director. Mr. Craddock, as the current CEO of the Company, possesses an in-depth knowledge of the industry and the Company. This includes his knowledge of the Company's current operations and strategy, as well as new opportunities for the Company. The Board believes that these experiences and insights put him in the best position to provide broad leadership for the Board of Directors as it considers the Company's strategy in the future. The Board believes this leadership structure enhances the Board's role in risk oversight as Mr. Craddock is in a position to identify and elevate the most critical business issues for consideration by the Board. However, if circumstances change, the Board retains the authority to separate the positions of Chairman and CEO at any time.

The Board is actively involved in risk oversight for the Company. The Board believes it is a Board-level function to provide oversight to the Company in the management of risks. The Board recognizes there is a balance between risk and reward and believes the Company's overall risk profile is appropriate. While certain risks are in the purview of committees of the Board and are scrutinized at the committee level, the full Board has responsibility for risk oversight. The committees regularly report their risk-oversight activities to the full Board.

Management of the Company takes a comprehensive approach to risk management, with the view that risk is inherent in every action taken by the Company. Management of risk is a responsibility of employees at all levels. As management refines the strategic plan for the Company on a regular basis, it assesses specific areas of risk to implementation of the strategy. The Company has also developed an enterprise risk management program to assess and manage key risks to the Company. Regular operational and strategic briefings are provided to the Board and inherent risks are discussed with the Board. The Board receives a briefing on the enterprise risk management process on an annual basis.

Through the Audit Committee, the Board monitors financial risk and hedging activities. The internal audit function is responsible for monitoring the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002 and for financial and operational audits. The internal audit function reports directly to the Audit Committee, while the Chief Financial Officer has administrative responsibility for the internal audit function.

The Compensation Committee monitors risks associated with compensation practices for the Company. While the

Company does not believe that any of our compensation policies create risks that are reasonably likely to have a material adverse effect on the Company, the Board believes that it is important to articulate our major policies and how they incentivize actions and decisions that benefit stockholders.

Board Composition. The Nominating and Corporate Governance Committee is responsible for reviewing the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. The Nominating and Corporate Governance Committee believes that the minimum qualifications for serving as a director are that a nominee demonstrates an ability to make a meaningful contribution to the Board's oversight of the business and affairs and has a reputation for ethical conduct. Nominees for director will include individuals who, taking into account their diversity, skills, and experience in the context of the needs of the Board, as well as other relevant factors such as conflicts of interest and other commitments, would enhance the Board's ability to manage and direct the affairs and business of the Company. Although we do not have a policy on diversity for Board members, it is a factor in assessing potential directors.

Once the Nominating and Corporate Governance Committee identifies particular characteristics, experience and skills needed to fill a particular position on the Board, the Nominating and Corporate Governance Committee identifies qualified candidates by referral of individuals who meet the criteria from the current directors and executive officers. The Nominating and Corporate Governance Committee has authority to engage firms that specialize in identifying qualified director candidates. The Nominating and Corporate Governance Committee will also consider candidates recommended by stockholders. After the Nominating and Corporate Governance Committee has identified a potential candidate, it collects and reviews available information regarding the individual, and if the committee determines that the candidate warrants further consideration, the Chairman or another committee member will contact the person. Generally, if the individual expresses a willingness to be considered for election to the Board, the Nominating and Corporate Governance Committee will request information from the candidate, review the individual's qualifications, engage a third party to conduct a background investigation, and conduct one or more interviews with the candidate. When the Nominating and Corporate Governance Committee has completed this process, it makes a recommendation to the full Board.

Board's Interaction with Stockholders. The CEO and other officers are responsible for establishing effective communications with the stockholders. In accordance with this policy, management speaks for the Company. This

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Corporate Governance and Committees of the Board

policy does not preclude independent directors from meeting with stockholders, but where appropriate, management should be present at such meetings. Stockholders may submit communications to directors by writing to the Corporate Secretary of the Company at the executive offices set forth in this Proxy Statement under **Additional Information** **Stockholder Communications with the Board of Directors**.

Business Conduct and Ethics. The Ethics Code requires all of our directors, officers and employees to adhere to certain basic principles that uphold the Company's guiding values of integrity, accountability and professionalism. The Ethics Code requires such individuals to comply with the law, avoid conflicts of interest, compete fairly and honestly, maintain a safe and healthy work environment, and preserve Company assets. The Ethics Code includes specific compliance procedures and a mechanism for reporting violations to a supervisor, the Internal Audit Department, or the General Counsel and Chief Compliance Officer. We have established an ethics hotline for employees and other interested parties to use and a procedure for maintaining anonymity with respect to an employee reporting a violation of the Ethics Code. The phone number is 1-844-338-7291. You can access the Ethics Code in the **Governance** section of our website at www.rosettaresources.com. Changes in or waivers of the Ethics Code may be made only by the Board of Directors or, in the case of any change or waiver of the Ethics Code for the principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions (collectively, the **principal officers**), only by the independent directors of the Board

of Directors. All changes in or waiver of the Ethics Code for the principal officers will be promptly disclosed as required by law or stock exchange regulations, and will be provided on our website.

Securities Trades Policy. The Company's Securities Trades Policy applies to the Board of Directors, as well as officers and employees of Rosetta. The Company considers it improper and inappropriate for any director, officer or employee of the Company to engage in short-term or speculative transactions in the Company's securities. All directors, officers and employees are prohibited from engaging in short sales, engaging in any derivative transactions in the Company's securities, holding Company securities in a margin account, or pledging Company securities as collateral for a loan.

Directors **Continuing Education.** The Governance Guidelines require directors to participate in continuing education in subjects relevant to the duties of a director. The Company communicates available options for continuing education and the directors attend selected continuing education programs provided by either the Company or independent organizations. To assist the Board of Directors in remaining current with their board duties, committee responsibilities and the many important developments impacting their business and company, the Company participates in the New York Stock Exchange Corporate Board Member Board Leadership Program. This program offers our directors access to a wide range of in-person, peer-based and webinar educational programs on corporate governance, committee duties and board leadership and industry developments.

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Proposal 1 Election of Directors

As of the date of this Proxy Statement, the Company’s Board consists of seven directors, all of whom will stand for election, and six of whom are independent under NASDAQ rules. Information regarding the business experience and qualifications of each nominee is provided below. All directors are elected annually to serve until the next Annual Meeting and until successors are elected.

Directors are elected by a majority vote of the votes cast at the Annual Meeting if the election is uncontested, which means the number of candidates for the Board do not outnumber the positions available. Since this director election is uncontested, the director nominees receiving an affirmative vote of a majority of the votes cast are elected. If you sign the proxy card but do not give instructions with respect to the voting of directors, the proxy holders will vote in favor of the seven persons recommended by the Board. Pursuant to our Governance Guidelines, each nominee has submitted a contingent resignation letter, and should a nominee for director currently serving on the Board (a holdover director) fail to receive the required number of votes for election, his or her resignation will be deemed submitted to the Board. In such case, the Nominating and Corporate Governance Committee of the Board will consider and recommend to the Board whether to accept or decline such resignation, considering any factors that the Committee deems relevant. The Board will then act with respect to such holdover director within ninety days from the date of the certification of the election results.

The Board expects that all of the nominees will be available to serve as directors as indicated. If any nominee should become unavailable, however, the proxy holders will vote for a nominee or nominees who would be designated by the Board of Directors unless the Board chooses to reduce the number of directors serving on the Board.

Company Nominees for Director

BACKGROUND

In February 2013, Mr. Craddock was named Chairman, Chief Executive Officer and President of Rosetta. Mr. Craddock joined Rosetta in April 2008 as Vice President, Drilling and Production Operations and was named a Senior Vice President in January 2011. From April 2006 to March 2008, Mr. Craddock was Chief Operating Officer for BPI Energy, Inc., an exploration and production start-up company focused on coal bed methane development. On February 3, 2009, BPI Energy, Inc. filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Mr. Craddock began his industry career with Superior Oil Company in 1981 and then held a broad range of technical, operational and strategic roles with Burlington Resources Inc. (Burlington) and its predecessor companies for more than 20 years. At Burlington, he held a series of positions of increasing responsibility, most recently as Chief Engineer. Mr. Craddock received a Bachelor of Science degree in Mechanical Engineering from Texas A&M University.

James E. Craddock
Age 56

Director since 2013

QUALIFICATIONS

- Mr. Craddock has extensive experience in production operations, reservoir and production engineering, and unconventional oil and gas exploration.

Chairman, CEO and President

- Mr. Craddock has played a key role in the executive management and implementation of strategic initiatives at Rosetta during recent years.

- His operational expertise, knowledge of the Company and strategic vision are assets to the Company and benefit Rosetta’s Board of Directors.

OTHER PUBLIC COMPANY BOARDS

- None

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Proposal 1 Election of Directors

BACKGROUND

Mr. Fitzgerald is a private investor and from July 2009 until July 2013, served as President of Total Choice Communication LLC, a wireless retailer in Houston. Mr. Fitzgerald retired from Grant Prideco, Inc. in April 2008, where he served as Executive Vice President and Chief Financial Officer from January 2004 until February 2007, and Executive Vice President, Chief Financial Officer and Treasurer from February 2007 until his retirement. Prior to joining Grant Prideco, Inc., Mr. Fitzgerald served as Executive Vice President, Chief Financial Officer, and Treasurer of Veritas DGC from March 2001 until January 2004. Mr. Fitzgerald was employed by BJ Services Company from 1989 to 2001, where he served as Vice President and Controller. Mr. Fitzgerald was also a certified public accountant and senior manager with the accounting firm of Ernst & Whinney. Mr. Fitzgerald holds a Bachelor of Business Administration and a Masters in Accountancy from the University of Florida.

Matthew D. Fitzgerald
Age 57

Director since 2008

Independent Committees:

- Audit

QUALIFICATIONS

- Mr. Fitzgerald's prior positions of responsibility as chief financial officer and controller for service companies within the energy industry provide strong financial and accounting expertise and valuable insight into the service industry to Rosetta's Board of Directors.

OTHER PUBLIC COMPANY BOARDS

- Independence Contract Drilling, Inc.

BACKGROUND

In May 2011, Mr. Frederickson was appointed as the lead independent director. Mr. Frederickson retired from ConocoPhillips, an energy company located in Houston, Texas, in January 2008, where he served as Executive Vice President, Planning, Strategy and Corporate Affairs. Prior to serving in this role, he held the position of Executive Vice President, Commercial. Mr. Frederickson joined Conoco Inc. (Conoco) in 1978 and held various positions in the United States and Europe, with diverse responsibilities including refining and marketing and midstream operations, upstream strategy and portfolio management, business development, and mergers and acquisitions. He is a director emeritus for The Yellowstone Park Foundation. Mr. Frederickson holds a Bachelor of Science in Industrial Engineering from Texas Tech University.

Philip L. Frederickson
Age 58

Director since 2008

Independent Committees:

- Nominating & Governance

QUALIFICATIONS

- Mr. Frederickson's broad assignments and executive management experience with a Fortune 10 company in the energy industry provide relevant experience in a number of strategic and operational areas including business leadership, mergers and acquisitions, business development, marketing and trading and logistics.

OTHER PUBLIC COMPANY BOARDS

- Williams Partners L.P.

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Proposal 1 Election of Directors

BACKGROUND

From 2003 until her retirement in May 2012, Ms. Knickel served as Vice President, Human Resources of ConocoPhillips, an energy company located in Houston, Texas. She joined Conoco in 1979 and held various operating, planning and business development positions throughout her career. Ms. Knickel held positions in Europe as general manager of business development for refining and marketing and later fulfilled the same role for exploration and production. She returned to the United States and served as general manager of refining, marketing and transportation and in 2001 was named President of ConocoPhillips' specialty businesses division. Ms. Knickel holds a bachelor's degree in marketing and statistics from the University of Colorado and a master's degree in management from the Massachusetts Institute of Technology.

Carin S. Knickel

Age 58

Director since 2012

Independent

Committees:

· Compensation

· Nominating & Governance · None

QUALIFICATIONS

· Ms. Knickel is experienced in strategic merger integration and has led human resource processes for a Fortune 10 company. She has valuable experience guiding CEO succession management and executive compensation processes at the board level. Ms. Knickel's energy industry managerial experience, business acumen, and human resources expertise are all assets to Rosetta's Board of Directors.

OTHER PUBLIC COMPANY BOARDS**BACKGROUND**

Ms. Ladhani has been Executive Vice President - Chemical Technologies of Rockwater Energy Solutions, Inc. based in Houston, Texas since July 2013. She was formerly the Executive Vice President and Chief Financial Officer from the time Rockwater was formed in 2011. Ms. Ladhani was with Dynegy Inc., a public company, from 2000 until March 2011 and served as Executive Vice President and Chief Financial Officer from November 2005. In November 2011, subsequent to Ms. Ladhani's departure, two subsidiaries of Dynegy Inc. filed for bankruptcy protection. Ms. Ladhani started her career at PricewaterhouseCoopers, LLP in 1992 and left in 2000 to join Dynegy. A certified public accountant, she received her Bachelor of Business Administration in Accounting from Baylor University and her Master of Business Administration (Jones Scholar) from Rice University.

Holli C. Ladhani

Age 44

Director since 2013

Independent

QUALIFICATIONS

· Ms. Ladhani's financial expertise through education, professional certifications and professional experience is an asset to the Board of Directors and in particular to the Audit Committee.

OTHER PUBLIC COMPANY BOARDS

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- Committees:
- Atlantic Power Corporation
 - Audit
 - Nominating & Governance

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Proposal 1 Election of Directors

BACKGROUND

Mr. Patteson was the founder and Chairman of the Board of Directors of Sovereign Business Forms, Inc., a consolidator in the wholesale manufacturing of custom business forms and related products segment of the printing industry until its sale in June 2014. He also served as Chief Executive Officer of Sovereign from August 1996 until his retirement in August 2008. Prior to founding Sovereign in August 1996, he served as Managing Director of Sovereign Capital Partners, an investment firm specializing in leveraged buyouts. Mr. Patteson also previously served as President and Chief Executive Officer of WBC Holdings, Inc., and President and Chief Executive Officer of Temple Marine Drilling, Inc./R.C. Chapman Drilling Co., Inc., and President, Chief Executive Officer and Director of Temple Drilling. He also worked with Atwood Oceanics, Houston Offshore International, Western Oceanic and Arthur Andersen's management consulting practice earlier in his career. Mr. Patteson has a Master of Business Administration with concentration in finance from the University of Texas.

Donald D. Patteson, Jr.

Age 70

Director since 2005

Independent

Committees:

· Audit

· Compensation

QUALIFICATIONS

· Mr. Patteson has 24 years of experience as a chief executive officer in various industries including the oil and gas service industry, which enables him to provide the Board with valuable financial accounting expertise, experience with major financial transactions and insight into the oil and gas service industry.

OTHER PUBLIC COMPANY BOARDS

· Carriage Services, Inc.

· Cal Dive International, Inc.

BACKGROUND

Mr. Schuyler retired from Laredo Petroleum Holdings, Inc. in November 2013 where he served as President, Chief Operating Officer, and Director from July 2008 until July 2013. Prior to that, he served as Executive Vice President, Chief Operating Officer and Director at Laredo since 2007. Mr. Schuyler was with SM Energy (formerly St. Mary Land & Exploration) from 2003 until 2007 and served as Senior Vice President and Regional Manager of the Gulf Coast and Permian regions. Prior to that, he held the position of Senior Vice President and General Manager of onshore operations and exploration at Dominion Exploration & Production, Inc. from 2000 to 2002. Mr. Schuyler started his career at Atlantic Richfield Company (ARCO) in 1977, serving in positions of increasing responsibility in ARCO's oil and gas companies before leaving to join Dominion. Mr. Schuyler earned a Bachelor of Science in Petroleum Engineering from Montana Tech of the University of Montana and attended numerous graduate business courses at the University of Houston. Mr. Schuyler serves on the Board of Directors of Gulf Coast Energy Resources, a privately funded exploration and production company.

Jerry R. Schuyler

Age 60

Director since 2013

Independent

Committees:

QUALIFICATIONS

· Mr. Schuyler brings a wealth of operational and strategic management experience within the energy sector to the Board of Directors. He provides the Board with valuable insight with regard to strategic decisions relevant to the exploration and production business.

OTHER PUBLIC COMPANY BOARDS

· Gastar Exploration, Inc.

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- Compensation
- Nominating & Governance

The Board of Directors unanimously recommends that you vote FOR the election of each of the Board's director nominees.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management****Security Ownership of Certain Beneficial Owners**

The following table sets forth, as of March 5, 2015, information with respect to the only persons who were known to the Company to be beneficial owners of more than five percent of the outstanding shares of common stock of the Company.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
SailingStone Capital Partners LLC One California Street, 30 th Floor San Francisco, California 94111	6,868,390 (1)	10.9
BlackRock, Inc. 55 East 52nd Street New York, New York 10022	5,421,237 (2)	8.6
Prudential Financial, Inc. 751 Broad St. Newark, New Jersey 07102	4,884,007 (3)	7.7
First Pacific Advisors, LLC 11601 Wilshire Blvd., Suite 1200 Los Angeles, California 90025	4,841,400 (4)	7.7
Jennison Associates LLC 466 Lexington Avenue New York, New York 10017	4,837,641 (5)	7.7
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	3,864,228 (6)	6.1
Citadel Advisors LLC 131 S. Dearborn Street, 32 nd Floor Chicago, Illinois 60603	3,323,655 (7)	5.3

(1)

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Based solely on a Schedule 13G/A filed with the SEC by SailingStone Capital Partners LLC (SailingStone) on February 25, 2015. SailingStone, in its capacity as investment advisor, has sole voting power with respect to 6,868,390 shares of our common stock and sole dispositive power with respect to 6,868,390 shares of our common stock. RS Global Natural Resources Fund, appearing on SailingStone's Schedule 13G/A has sole voting power with respect to 3,694,571 shares of our common stock and sole dispositive power with respect to 3,694,571 shares of our common stock.

- (2) Based solely on a Schedule 13G/A filed with the SEC by BlackRock, Inc. (BlackRock) on January 22, 2015. BlackRock has sole voting power with respect to 5,277,956 shares of our common stock and sole dispositive power with respect to 5,421,237 shares of our common stock.
- (3) Based solely on a Schedule 13G/A filed with the SEC by Prudential Financial, Inc. (Prudential) on January 27, 2015. Prudential has sole voting power with respect to 167,090 shares of our common stock, shared voting power with respect to 4,610,066 shares of our common stock, sole dispositive power with respect to 167,090 shares of our common stock, and shared dispositive power with respect to 4,716,917 shares of our common stock. Prudential has a parent/subsidiary relationship with Jennison Associates LLC, which beneficially owns 4,837,641 shares of our common stock.
- (4) Based solely on a Schedule 13G filed with the SEC by First Pacific Advisors, LLC (First Pacific) on February 13, 2015. First Pacific, in its capacity as investment adviser, has shared voting power with respect to 2,037,800 shares of our common stock and shared dispositive power with respect to 4,841,400 shares of our common stock. Robert L. Rodriguez, J. Richard Atwood, and Steven T. Romick, each as part-owners of First Pacific, may be deemed to beneficially own 4,841,400 shares of our common stock. Each of Messrs Rodriguez, Atwood and Romick disclaim beneficial ownership of our common stock.
- (5) Based solely on a Schedule 13G filed with the SEC by Jennison Associates LLC (Jennison) on February 10, 2015. Jennison, in its capacity as investment adviser, has sole voting power with respect to 4,730,790 shares of our common stock and shared dispositive power with respect to 4,837,641 shares of our common stock.
- (6) Based solely on a Schedule 13G/A filed with the SEC by The Vanguard Group (Vanguard) on February 10, 2015. Vanguard, in its capacity as investment adviser, has sole voting power with respect to 85,177 shares of our common stock, has sole dispositive power with respect to 3,783,551 shares of our common stock and shared dispositive power with respect to 80,677 shares of our common stock.
- (7) Based solely on a Schedule 13G jointly filed by Citadel Advisors LLC (Citadel Advisors), Citadel Advisors Holdings III LP (CAH3), Citadel GP LLC (CGP) and Mr. Kenneth Griffin (collectively with Citadel Advisors, CAH3 and CGP, the Reporting Persons) on February 10, 2015 with respect to shares of common stock (and options to purchase common stock) of the above-named issuer owned by Citadel Global Equities Master Fund Ltd., a Cayman Islands limited company (CG), Citadel Event Driven Master Fund Ltd., a Cayman Islands limited company (CED), Citadel Quantitative Strategies Master Fund Ltd., a Cayman Islands limited company (CQ), and Citadel Securities LLC, a Delaware limited liability company (Citadel Securities). Citadel Advisors is the portfolio manager for CG and CED. Citadel Advisors II LLC, a Delaware limited liability company (CA2), is the portfolio manager for CQ. CAH3 is the managing member of Citadel Advisors and CA2. CALC III LP, a Delaware limited partnership (CALC3), is the non-member manager of Citadel Securities. CGP is the general partner of CALC3 and CAH3. Mr. Griffin is the President and Chief Executive Officer of, and owns a controlling interest in, CGP. Citadel Advisors has shared voting power with respect to 3,323,655 shares of our common stock and shared dispositive power with respect to 3,323,655 shares of our common stock. CAH3 has shared voting power with respect to 3,383,601 shares of our common stock and shared dispositive power with respect to 3,383,601 shares of our common stock. CGP has shared voting power with respect to 3,422,318 shares of our common stock and shared dispositive power with respect to 3,422,318 shares of our common stock.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management****Security Ownership of Directors and Executive Officers**

The following table sets forth, as of March 5, 2015, the shares of common stock beneficially owned by each director, each of our named executive officers, and all director nominees and executive officers as a group.

Name	Common Stock Beneficially Owned (1)	
	Number of Shares	Percent of Class
James E. Craddock	239,237 (2)	*
Matthew D. Fitzgerald	27,722 (3)	*
Philip L. Frederickson	40,906 (4)	*
Carin S. Knickel	15,865 (5)	*
Holli C. Ladhani	4,566 (6)	*
Donald D. Patteson, Jr.	50,075 (7)	*
Jerry R. Schuyler	8,402 (8)	*
John E. Hagale	168,100 (9)	*
John D. Clayton	158,250 (10)	*
Don O. McCormack	47,171 (11)	*
Nathan P. Murphy	45,661 (12)	*
All directors and executive officers as a group (12 persons)	893,531	1.4%

* Less than one percent.

- (1) Unless otherwise indicated, all shares are directly held with sole voting and investment power. No shares have been pledged as security.
- (2) Represents (i) 68,232 shares of common stock, (ii) 118,341 shares of restricted common stock, with restrictions to lapse on various dates through January 2018, provided that Mr. Craddock is continuously employed by the Company or an affiliate until such dates, and (iii) 52,664 shares of common stock underlying fully vested options.
- (3) Represents (i) 19,565 shares of common stock, (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Mr. Fitzgerald continues board service with the Company until such date, and (iii) 5,000 shares of common stock underlying fully vested options.
- (4) Represents (i) 32,749 shares of common stock, (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Mr. Frederickson continues board service with the Company until such date, and (iii) 5,000 shares of common stock underlying fully vested options.
- (5) Represents (i) 12,708 shares of common stock and (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Ms. Knickel continues board service with the Company until such date.
- (6) Represents (i) 1,409 shares of common stock and (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Ms. Ladhani continues board service with the Company until such date.

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- (7) Represents (i) 36,918 shares of common stock, (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Mr. Patteson continues board service with the Company until such date, and (iii) 10,000 shares of common stock underlying fully vested options.
- (8) Represents (i) 5,245 shares of common stock and (ii) 3,157 shares of restricted common stock, with restrictions to lapse in May 2015, provided (generally) that Mr. Schuyler continues board service with the Company until such date.
- (9) Represents (i) 61,538 shares of common stock and (ii) 106,562 shares of restricted common stock, with restrictions to lapse on various dates through January 2018, provided that Mr. Hagale is continuously employed by the Company or an affiliate until such dates.
- (10) Represents (i) 51,688 shares of common stock and (ii) 106,562 shares of restricted common stock, with restrictions to lapse on various dates through January 2018, provided that Mr. Clayton is continuously employed by the Company or an affiliate until such dates.
- (11) Represents (i) 11,498 shares of common stock and (ii) 35,673 shares of restricted common stock, with restrictions to lapse on various dates through January 2018, provided that Mr. McCormack is continuously employed by the Company or an affiliate until such dates.
- (12) Represents (i) 4,854 shares of common stock and (ii) 40,807 shares of restricted common stock, with restrictions to lapse on various dates through January 2018, provided that Mr. Murphy is continuously employed by the Company or an affiliate until such dates.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management****Executive Officers Who are Not Directors**

Name	Age	Position
John E. Hagale	58	Executive Vice President and Chief Financial Officer
John D. Clayton	51	Executive Vice President and Chief Operating Officer
J. Chad Driskill	50	Senior Vice President, Marketing and Business Development
Don O. McCormack	53	Senior Vice President, Treasurer and Chief Accounting Officer
Nathan P. Murphy	41	Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary

John E. Hagale, age 58, has served as Executive Vice President and Chief Financial Officer of Rosetta since November 2011. He was also the Treasurer of the Company from November 2011 until August 2012. Prior to joining the Company, Mr. Hagale was Executive Vice President, Chief Financial Officer and Chief Administrative Officer of The Methodist Hospital System from June 2003 through October 2011. He was also employed with Burlington and its predecessor Burlington Northern Inc. for 15 years where he held a series of executive financial positions with increasing responsibilities, including Executive Vice President and Chief Financial Officer of Burlington. Mr. Hagale began his career with Deloitte Haskins and Sells. Mr. Hagale holds a Bachelor of Business Administration degree in Accounting from the University of Notre Dame. He has more than 30 years of financial and accounting experience and is a certified public accountant.

John D. Clayton, age 51, has served as Executive Vice President and Chief Operating Officer of Rosetta since February 2013. Mr. Clayton joined Rosetta as Vice President, Asset Development of the Company in March 2008 and was named a Senior Vice President in January 2011. Mr. Clayton has more than 29 years of industry experience including reservoir, production and drilling engineering, as well as business development activities related to strategic planning, mergers, acquisitions and joint ventures. Prior to joining the Company, Mr. Clayton held various leadership and managerial positions with Burlington and ConocoPhillips. Mr. Clayton has a Bachelor of Science degree in Petroleum Engineering from Louisiana State University.

J. Chad Driskill, age 50, has served as Vice President, Marketing and Business Development of Rosetta since July 2005. He was promoted to Senior Vice President, Marketing and Business Development in December 2013. At Rosetta, Mr. Driskill is responsible for both physical and financial commodity marketing and trading. Prior to joining Rosetta in July 2005, Mr. Driskill spent 10 years holding a number of positions in energy trading, business development, and risk management at both Calpine Corporation and Calpine Energy Services. Prior to joining Calpine, Mr. Driskill spent 5 years at LFC Financial Corp.

as Director of Gas Trading. Mr. Driskill has over 24 years of experience in the energy trading, oil and gas, and power generation industries. Mr. Driskill holds a Bachelor of Business Administration degree in Finance from Texas Tech University.

Don O. McCormack, age 53, was promoted to Senior Vice President, Treasurer and Chief Accounting Officer in December 2013, having served as Vice President, Treasurer and Chief Accounting Officer of Rosetta since January 2013. Mr. McCormack joined Rosetta as Vice President and Treasurer of the Company in August 2012. Prior to joining the Company, Mr. McCormack served as Vice President and Chief Accounting Officer from 2010 until 2012 for Concho Resources Inc., an independent oil and gas company, in Midland, Texas. From 2007 to 2010, he was the Controller and Chief Accounting Officer for Red Oak Capital Management LLC, an oil and gas investment company based in Houston, Texas. Prior to joining Red Oak Capital Management LLC, Mr. McCormack held various leadership and managerial

positions with Burlington and ConocoPhillips. Mr. McCormack received a Bachelor of Business Administration degree in Accounting from the University of Texas at Arlington and is a certified public accountant.

Nathan P. Murphy, age 41, has served as Vice President, General Counsel and Chief Compliance Officer since October 2013, and as Corporate Secretary since December 2014. Mr. Murphy joined Rosetta as Vice President and General Counsel in July 2013. In this role, he has responsibility for managing the legal function. Mr. Murphy has over 14 years of experience with expertise in securities law and corporate governance matters, as well as upstream energy industry legal affairs. Prior to joining Rosetta, he served as Senior Counsel of ConocoPhillips from 2004 until 2013. Mr. Murphy worked as a Principal Attorney at Reliant Energy in Houston from 2003 to 2004. He began his career with the law firm of Akin, Gump, Strauss, Hauer & Feld, LLP in Houston from 1999 to 2003. Mr. Murphy holds an undergraduate degree from Texas

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A&M University and a Juris Doctorate from New York University School of Law.

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Executive Compensation

This executive compensation discussion describes the material elements of compensation for our named executive officers and the objectives and principles underlying our executive compensation programs. We discuss how we make compensation decisions and provide tabular compensation data for our named executive officers.

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report of the Compensation Committee of the Board of Directors shall not be deemed to be soliciting material or to be filed with the SEC or subject to the SEC's proxy rules, except for the required disclosure in this Proxy Statement, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically incorporates by reference into any filing made by the Company under the Securities Act or the Exchange Act.

COMPENSATION COMMITTEE

Carin S. Knickel, Chairman

Donald D. Patteson, Jr.

Jerry R. Schuyler

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Compensation Discussion and Analysis

Executive Summary

At Rosetta, our focus is on delivering long-term value to our stockholders. With this in mind, compensation and effective succession planning are important tools. Our programs are designed to attract and retain key executive officers critical to our success, compensating them fairly and competitively for their responsibilities and accomplishments. We achieve this primarily through our mix of base salary, annual incentives, equity grants and sound governance practices, which further align management's interests with those of our stockholders.

2014 was both a successful and challenging year for Rosetta. While operational performance exceeded expectations, lower commodity prices have caused us to shift our focus to preserving inventory and conserving capital.

In this summary we provide the context for and details of compensation in 2014 against this backdrop. Additional information follows in the balance of the Compensation Discussion & Analysis (CD&A).

Underpinning our mission statement are five core values:



At Rosetta, our compensation practices are driven by our collective vision for this company.

What we do:

- ü Stock ownership guidelines for officers and directors

- ü Aggressive stock ownership guidelines for Chairman, CEO and President of 6-times salary

- ü Compensation Committee engages an independent compensation advisor

- ü Prohibition on stock option buyout or re-pricing

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- ü Compensation opportunities generally targeted at the market median

- ü Majority of compensation is variable cash and equity incentives to link realized compensation to Rosetta's results

- ü 50% of Named Executive Officer long-term incentive value is performance contingent

- ü Long-term performance conditions tied to critical operational metrics that drive long-term shareholder value
What we don't do:

- û Provide numerous perquisites to Named Executive Officers that are not generally available to all employees

- û Pension or supplemental executive retirement plans

- û Hedging or Pledging

- û Single-trigger change-in-control severance provisions

- û Tax gross-ups for executive officers, including in the event of a change-in-control ^{NEW IN 2014*}

- û Employment agreements with executive officers ^{NEW IN 2014*}

* *The Compensation Committee approved these changes in February 2014.*

Table of Contents**Compensation Discussion and Analysis****Our Named Executive Officers**

Following changes to the senior management team in 2013, including the appointment of James Craddock as Chairman, CEO and President, the group of Named Executive Officers is unchanged in 2014.

Name	In Current Position Since	Tenure at Rosetta
James E. Craddock Chairman, CEO and President	2013	7 years
John D. Clayton Executive Vice President and Chief Operating Officer	2013	7 years
John E. Hagale Executive Vice President and Chief Financial Officer	2011	3 years
Nathan P. Murphy Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary	2013	1 year
Don O. McCormack Senior Vice President, Treasurer and Chief Accounting Officer	2013	2 years

The Named Executive Officers, along with other select members of the senior management team participate in the compensation plans and programs described in this CD&A. While different in some aspects of their operation, the compensation programs for the broader employee

population at Rosetta are driven by consistent principles which seek to compete effectively in our industry with the ability to reward for strong corporate and individual performance.

Corporate Strategy and Performance

Rosetta's strategy is to increase shareholder value by delivering sustainable growth from unconventional onshore domestic basins through sound stewardship, wise capital resource management, optimizing of business cycles and emerging trends and minimizing liabilities through governmental compliance and protecting the environment.

Our compensation programs reflect this strategy and our need, as an exploration and production company, to balance multiple priorities around securing long-term future growth opportunities, managing near-term growth, production, efficiencies and costs, while maintaining financial strength and delivering superior returns to stockholders.

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The following is a summary of Company performance indicators.

· **Production & Reserves**

- i Long-term production and reserves growth drives long-term exploration and production (E&P) and increases shareholder value
- i Positive reserves trend over time ultimately reflects successes in inventory expansion

· **Expense Control**

- i Management of controllable expenses improves cash margins in all business cycles
- i Low cost and efficient producers have competitive advantage when executing operating plans

· **Financial Performance**

- i Adjusted EBITDA (defined herein) is primary indicator of profitability independent of financing methods and capital structure
- i Adjusted EBITDA is also a key component of debt ratios and valuation metrics tracked by industry

· **Total Shareholder Return (TSR)**

- i Our mission is to build exceptional long-term value for shareholders
- i TSR is used to measure the long-term value delivered to shareholders relative to our competitors

· **Safety**

- i Rosetta is committed to high standards of safe and conscientious operations
- i Focused on operating our business in a manner that safeguards our employees and contractors

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Compensation Discussion and Analysis

Key Compensation Decisions in 2014

The key decisions made by the Compensation Committee in 2014 focused on assessing performance and determining payouts of total direct compensation, which for 2014, included base salary, annual incentives and long-term incentives (all of which are discussed in greater detail later). The following highlights the outcomes of our two incentive programs.

Incentive Plan

The Compensation Committee assesses annual performance against targets set in relation to capital inventory expansion and operational and business execution.

In recognition of the current challenges Rosetta faces with volatility in commodity prices, Mr. Craddock recommended to the Compensation Committee that they

award him no annual incentive award for 2014 under the Incentive Plan. After consultation with Mr. Craddock, the Compensation Committee, exercised its discretion under the Incentive Plan, and approved a 0% 2014 bonus payout for the CEO.

For the other Named Executive Officers the Compensation Committee approved awards of 90% of target, taking into account performance against the Incentive Plan metrics, as well as safety performance for 2014. The Compensation Committee elected to pay the awards in restricted stock in lieu of the normal cash payouts to help preserve Company liquidity and further incentivize executive performance. These awards have a one-year vesting schedule.

The following chart reflects the maximum, target and actual Incentive Plan awards for 2014, in thousands.

2014 Annual Incentive Plan Opportunity vs. Actual

For 2014, the key metrics for the Incentive Plan were (equally-weighted):

- Reserve Adds and Revisions;
- Finding Costs;
- Production;

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- Direct Lease Operating Expenses (LOE) and General Administrative Expenses and

- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

For each of the above metrics, Rosetta sets annual targets that take into consideration past performance, peer performance and linkages to our business plan.

Additionally, we consider the following factors as overall modifiers when evaluating overall company performance for the year:

- Sustainability and

- Safety Performance.

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Compensation Discussion and Analysis

There is a natural balance between all of these areas of focus to ensure that Rosetta conducts business in a manner that delivers shorter-term results in a fiscally prudent and environmentally safe manner.

2012 PSU Awards

The Compensation Committee determined the overall level of vesting for the Performance Share Unit (PSU) Awards granted in 2012 and eligible to vest in 2014 (the 2012 PSU Awards) for the Named Executive Officers was 0% for the 2012 through 2014 performance cycle. PSU Awards are aligned with shareholder interests because they are contingent upon the achievement of our performance relative to our peer group and relative to absolute internal performance standards which drive growth in long-term value for shareholders. The Compensation Committee maintains discretion over the level of vesting for PSUs following the end of each performance period and considers the following (equally weighted) metrics when determining vesting of PSU Awards:

- Production-per-share growth;

- Risked probable/possible inventory as a multiple of proved reserves;
- Reserves-per-share growth; and

- Control of both cash costs and proved developed finding and development costs.

The Compensation Committee considers both absolute and relative performance when determining the final level of vesting, the balance of which is particularly important in volatile market conditions. Additionally, the Compensation Committee considers Total Shareholder Return over the plan period as a significant modifier of overall performance.

After considering our performance against these metrics at the end of the three-year period, and considering other factors that it deems appropriate (such as relative stockholder return), the Compensation Committee, in its sole discretion may choose to vest from 0% - 200% of the PSUs. The level of vesting for the 2012 PSU Awards was 0%, due to performance against the metrics and the three year relative performance of our stock price. We continue to actively manage our exposure to commodity price risk in the marketing of our oil, NGL and natural gas production and have entered into a series of financial commodity derivative contracts through 2016 as part of this strategy.

Say On Pay Support

Following high levels of stockholder support for our executive compensation programs at our 2013 meeting of 98.3%, we were pleased to maintain a similar level of support of 98.6% in 2014.

While there was no direct engagement with shareholders solely on compensation during the year, we were aware of investor feedback that our disclosure could

be improved with respect to how we describe our performance-based compensation programs. We have therefore included additional information about the factors considered by the Compensation Committee in determining bonus pay-outs, PSUs and the metrics used.

Governance Process

Pay Philosophy and Approach

Rosetta's mission statement and core values shape and underpin our compensation philosophy and approach to executive pay. Our business model is grounded in E&P activity of unconventional resources in the U.S., which requires a balancing of informed decision making in the short-term with a view to delivering sustainable value to our stockholders over the long-term.

This model requires an approach to executive pay that generally seeks to manage potential risks, encourage high performance and promote accountability. One of the primary ways in which we look to achieve this is by aligning the interests of our executives with those of our stockholders.

Some of the key features of our approach to compensation for executive officers include:

- The majority of compensation being variable and linked to operational, financial and stock market performance;
- The use of equity awards with vesting periods of up to three years; and
- Equity ownership requirements.

The industry in which we operate also brings with it external factors, such as volatile commodity prices and geopolitical influences on supply and demand, our executive officers and other senior employees are accountable for managing. This can make the setting of

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Compensation Discussion and Analysis

appropriate performance targets challenging, so the Compensation Committee has retained discretion to determine performance related pay-outs for the Incentive Bonus and PSU awards, with a view to ensuring that

executive officers are fairly rewarded in the context of the performance delivered and value realized by stockholders.

Role of the Compensation Committee

The Compensation Committee is comprised exclusively of three independent directors, whose biographies can be found on pages 11-12. Ms. Knickel serves as the Compensation Committee's Chairperson, with Mr. Patteson and Mr. Schuyler participating as members. There are several activities that the Compensation Committee undertakes annually, including:

- Review Rosetta's compensation philosophy;
- Review the competitiveness of Rosetta's executive compensation programs in the context of market trends with an eye to achieving the objectives of:
 - i Attracting, retaining and motivating executive officers to achieve Rosetta's business objectives;
 - i Aligning long-term interests of our executive officers with our stockholders;
- Review and approve the goals and objectives for the CEO and other executive officers' compensation;
- Evaluate CEO and other executive officers' performance in light of those goals and objectives and the delivered results;
- Select group of peer companies used for analysis; and
- Determine and approve all compensation of the CEO and other executive officers based on this evaluation, with the input from other non-management directors on the Board as the Compensation Committee deems appropriate.

The Compensation Committee's charter can be found in the Governance section on our investor relations website www.rosettareources.com.

Role of Management

The Compensation Committee may invite members of management to provide advice on compensation decisions, although not in matters relating to their own compensation. In 2014, the CEO and the Senior Vice

President of Human Resources and Administration contributed to the Compensation Committee, providing their perspective on matters as requested.

Role of the Compensation Consultant

In 2014, the Compensation Committee continued to retain the services of Pearl Meyer & Partners (PM&P) as its independent compensation consultant for executive and non-management directors. PM&P has been retained on an annual basis, since first being appointed during 2010, and each year the Compensation Committee reviews the continuing independence of PM&P.

The Compensation Committee has assessed PM&P s independence and concluded that no conflict of interest exists that would prevent PM&P from providing executive compensation advice to the Compensation Committee. The Compensation Committee will continue to review PM&P s appointment on an annual basis.

Use of Comparative Market Data

Each year the Compensation Committee works with PM&P to review the compensation peer group used to assess Rosetta s market competitiveness for our executive officers. There are a number of criteria agreed upon when considering any changes to the group,

primarily financial size, a business focus on onshore E&P, geography and the skill requirements for executive positions, coupled with a preference to minimize year-on-year volatility.

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Compensation Discussion and Analysis

Following the 2014 review, the Compensation Committee determined that there was no compelling reason to make any changes to the 2013 peer group as Rosetta remained appropriately positioned against it and the constituent companies continued to provide an appropriate reference point for market benchmarking purposes.

2014 Compensation Peer Group

- Bill Barrett Corp.
- Cabot Oil & Gas Corp.
- Carrizo Oil & Gas, Inc.
- Cimarex Energy Co.
- Concho Resources, Inc.
- EXCO Resources, Inc.
- Kodiak Oil & Gas Corp.
- Laredo Petroleum, Inc.
- Linn Energy, LLC
- Oasis Petroleum, Inc.
- Penn Virginia Corp.
- PDC Energy, Inc.
- Range Resources Corp.
- SM Energy Co.
- Swift Energy Company
- Ultra Petroleum Corp.

The Compensation Committee considered revenue, market capitalization and proved reserves when evaluating our peer group and determined we fell within the appropriate range of comparability of the group.

Having established the peer group, the Compensation Committee engages PM&P to undertake an annual study of the compensation of Rosetta's executive management team relative to these companies. PM&P makes use of proxy statements, which generally set out compensation data for the five most highly compensated officers, as well as a broader compensation survey – ECI Oil & Gas Exploration & Production Compensation Survey. This approach enables the Compensation Committee to review individual company data where it is included in proxy

statements, and anonymous aggregated data from the broader surveys.

Using this information, the Compensation Committee is able to review Rosetta's compensation philosophy relative to the practices of our peer group on an informed basis, including the elements of compensation offered, the market positioning of each, and the levels of base salary and target short- and long-term incentives.

Compensation Risk Management

Rosetta undertakes measures to manage compensation risk. First, Rosetta provides a portion of compensation to the executives in the form of restricted stock with vesting periods up to three years, which we believe helps to ensure that the Named Executive Officers take actions and make decisions which contribute to long-term positive performance, thus aligning our interests with the long-term interests of our stockholders.

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Second, we believe our Incentive Bonus Plan measures the behaviors that contribute to the success of an E&P business. We base our payout on the following equally-weighted metrics: (i) reserves added, (ii) finding costs, (iii) production volumes (barrels of oil equivalent (BOE)/day), (iv) direct lease operating expenses and general and administrative expenses per unit produced and (v) EBITDA. We also reserve the right to modify the Incentive Bonus Plan payout for any sound business

reason such as comparative performance against the industry, environmental, health and safety performance, long-term inventory development, and ability to pay. The bonus plan metrics are designed with diversified measures and compensating objectives that we consider beneficial to overall financial performance. For example, adding costly reserves may help us exceed the reserve goal, but doing so would likely cause us to fall short of the finding and development cost goal.

We believe that offering short-term cash bonus awards and long-term equity awards promotes behavior that is consistent with the interests of our stockholders, both in the short-term and the long-term. Further, a significant portion of each Named Executive Officer's target compensation is in the form of long-term compensation, including performance share units, which is paid over time.

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Compensation Discussion and Analysis

Elements of Executive Compensation

Overview

The compensation program is comprised of four key components in addition to benefits and perquisites which are set out on page 29. On a target basis, which reflects the aggregate level of compensation across these four components assuming targets set by the Compensation Committee are fully achieved, the majority of compensation for the CEO and other Named Executive Officers is variable as illustrated below.

Component	Purpose	Characteristics
Base Salary	· Maintains market competitiveness, reflecting skills and experience	ü Fixed
	· An important factor in the attraction and retention of executive employees	ü Cash
	· Generally targeted at market median	ü Short-term
Incentive Bonus	· Drives the achievement of Rosetta's financial and operational priorities during the year	ü Variable
	· Aligns interests with stockholders by rewarding profitable annual performance and operational achievements that are intended to underpin sustainable long-term results	ü Typically Cash
	· Awards contingent performance with outcomes that can range from 0% - 200% of target opportunity	ü Short-term
	· Opportunity generally targeted near market median	
Long Term Incentives		
PSUs	· Incentivizes Rosetta's long-term performance and provides a focus on strategic priorities	ü Variable
	· Aligns interests with stockholders by setting absolute and relative performance standards tied to and/or correlated with long-term growth in stockholder value	ü Equity
		ü Long-term

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	<ul style="list-style-type: none"> · Pay-out contingent on performance with vesting that can range from 0% – 200% of target opportunity following an assessment by the Compensation Committee after the three-year performance period 	
Restricted Stock	<ul style="list-style-type: none"> · Incentivizes Rosetta's long-term performance and provides a focus on strategic priorities 	ü Variable
	<ul style="list-style-type: none"> · Aligns interests with stockholders as realized value is dependent on stock price and awards 	ü Equity
	<ul style="list-style-type: none"> · Facilitates the development of long-term share ownership 	ü Long-term
	<ul style="list-style-type: none"> · Helps ensure the retention of executive employees 	
	<ul style="list-style-type: none"> · Shares vest over three years from date of grant, with 25% vesting on the first and second anniversaries, and the remaining 50% vesting on the third anniversary 	

Table of Contents**Compensation Discussion and Analysis****Base Salary**

At the end of 2013 the Compensation Committee considered and approved increases to base salaries for 2014 in order to more closely align the base salaries of our Named Executive Officers with the median base salaries of our peer group's executive officers. The Compensation Committee also took into account the following factors when approving increases:

- The comparison of each Named Executive Officer's current base salary in relation to un-aged median base pay for comparable positions (where available) of our peers as reported in their proxy statements.
- The comparison of each Named Executive Officer's current base pay in relation to blended proxy and survey data for median base pay for comparable positions.
- Considerations of anticipated market movement over the next year amongst our peers and comparable organizations and our ability to remain competitive from a recruitment and retention perspective in terms of delivering appropriate base salary to our Named Executive Officers.
- The importance of ensuring that base pay remains at the appropriate level relative to total compensation mix.
- Considerations of each Named Executive Officer's experience levels and proven contributions to Rosetta.

Increases were effective January 1, 2014 and are summarized below:

Named Executive Officer	Base Salary			
	January 2013	March 2013	July 2013	January 2014
Mr. Craddock*	\$ 340,000	\$ 600,000	N/C	\$ 675,000
Mr. Clayton*	\$ 340,000	\$ 400,000	N/C	\$ 450,000
Mr. Hagale*	\$ 340,000	\$ 400,000	N/C	\$ 450,000
Mr. Murphy**	N/A	N/A	\$ 300,000	\$ 325,000
Mr. McCormack	\$ 275,000	N/C	N/C	\$ 310,000

* Effective February 26, 2013, Mr. Craddock was promoted to President and CEO and Mr. Clayton was promoted to Executive Vice President and Chief Operating Officer. The Compensation Committee approved promotional increases at that time (with effective dates of March 1, 2013) commensurate with their increased scope of responsibilities in consideration of comparable market data for these positions. Also effective March 1, 2013, the Compensation Committee approved a base rate adjustment for Mr. Hagale resulting from the CEO transition.

** Mr. Murphy started employment with Rosetta effective July 2013. The salary shown reflects his annualized salary for the year.

Table of Contents**Compensation Discussion and Analysis****Incentive Bonus**

Each year the Compensation Committee follows an established process in determining bonuses from setting the initial Incentive Bonus targets through to approving the resulting pay-outs. The process advances as follows:

- | | | |
|----------|---|--|
| 1 | Agree upon corporate performance metrics | · Agree upon metrics and establish targets aligned with strategic focus areas. |
| 2 | Assess annual performance for identified performance metrics | · On completion of the year-end accounts, review financial and operational performance in the relevant areas. |
| 3 | Consider broader factors that may warrant exercise of Compensation Committee discretion | <ul style="list-style-type: none"> · The Compensation Committee is conscious that other factors may impact the overall performance of Rosetta and its stock price. Therefore, consideration is given to environmental, health, safety and sustainability performance along with performance relative to peer group and overall affordability. · In addition, individual performance over the year is reviewed and in exceptional circumstances may result in adjustments. · For any sound business reason informed by this review, the Compensation Committee may apply positive or negative discretion to outcomes to better align pay with performance. |
| 4 | Approve pay-outs | · Approve final year-end Incentive Bonus in light of holistic performance. |

· Bonuses are generally paid in late February following the financial year end.

Incentive bonuses for 2014 were determined for our Named Executive Officers based on performance in the following areas. These metrics were identified as measures of Rosetta's success in key areas of strategic focus and are equivalently weighted. These were unchanged when compared to 2013.

Metric	How we measure it	Why it was chosen
Reserves added and revisions (MMBOE)	Reserves added in the year through finding and development activities or through acquisition, expressed in equivalent barrels of oil.	Measure of sustainability in terms of contributions to proved reserves growth
Finding costs (\$/BOE)	Capital excluding other corporate costs divided by reserve added and revisions.	Measure of cost effectiveness of adding proved reserves
Production volumes (MBOE/d)	Average daily production of hydrocarbons, expressed in equivalent barrels of oil.	Measure of productivity
Direct LOE / G&A (\$/BOE)	Includes Direct LOE and G&A expense. Excludes Stock Compensation expense, ad valorem taxes, workovers and insurance expense.	Measure of cost of operating business relative to production volumes
Adjusted EBITDA (\$MM)	Earnings before interest expense, income taxes and depreciation, depletion and amortization expense and other similar non-cash or non-recurring charges.	Measure of profitability and financial strength

Table of Contents**Compensation Discussion and Analysis**

For 2014, performance exceeded on three of the five metrics, but we did not meet targets on Reserves and Finding Costs.

Strategic Focus	Metrics	2014 Budget	2014 Actuals ⁽²⁾
	Reserves added and revisions (MMBOE)	66.0	26.5
	Finding costs (\$/BOE) ⁽¹⁾	\$ 16.50	\$ 45.73
	Production volumes (MBOE/d)	64.2	65.7
	Direct LOE / G&A (\$/BOE)	\$ 6.21	\$ 5.98
	Adjusted EBITDA	\$ 718.9	\$ 722.9

⁽¹⁾ Represents total capital less other corporate costs (\$11MM in Budget; \$9MM in Actuals).

⁽²⁾ Certain metrics in the table above are calculated differently for compensation purposes than the equivalent figures publicly disclosed by Rosetta elsewhere.

Results from our modifiers of sustainability and safety were both positive, but safety is the standout.

· Sustainability we grew drilling inventory by 28% from 2013 and have a strong Inventory Replacement Ratio of 545%, but characterize that performance as in line with expectations.

· Safety performance we had the best year ever in Rosetta's history with a 13% improvement in Total Recordable Incident Rate (TRIR). Our TRIR improved from 0.72 in 2013 to 0.63 in 2014 despite an increase of 58% in total man hours, including contractors. We also had an improved record of continuous days without a lost time accident. We experienced a continuous period of 195 days, from June 19, 2014 through the end of the year, without a lost time accident. Previous period without a lost time incident was 164 days from June 25, 2013 through December 4, 2013.

The actual bonus payout for any executive officer is dependent on achievement of the corporate objectives as described above as well as adjustments attributable to the Compensation Committee's exercise of discretion. The Compensation Committee may exercise positive or

negative discretion beyond the defined metrics and areas of focus when it determines that discretion to be warranted for either the entire bonus pool or the individual award to any executive officer (but such award may not exceed 200% of target).

· The Compensation Committee approved 2014 bonus payouts for the executives, excluding Mr. Craddock, at an average of 90% of target. The Compensation Committee determined that this level of payout was appropriate given overall performance for each of the bonus metrics and in consideration of exceptional safety performance results.

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- In recognition of the volatility in the current commodity environment and our desire to preserve cash, the Compensation Committee approved delivering the value of the bonuses paid to our officers in equity, specifically as awards of restricted stock granted on February 25, 2015 with a one-year cliff vest.
- The summary compensation table on page 34 references the annual incentive values approved and the corresponding amount of restricted stock issued to deliver that value.

Mr. Craddock recommended to the Compensation Committee that they award him no annual incentive award in 2014 in recognition of the current challenges Rosetta faces with volatility in commodity prices. After consultation with Mr. Craddock, the Compensation Committee, exercised its discretion under the Incentive Plan, and approved a 0% 2014 bonus payout for the CEO.

2014 Incentive Bonus		Mr. Craddock	Mr. Clayton	Mr. Hagale	Mr. Murphy	Mr. McCormack
Applicable salary (\$)		\$ 675,000	\$ 450,000	\$ 450,000	\$ 325,000	\$ 310,000
2014 Target Incentive	Percent of salary (%)	100%	90%	90%	70%	60%
Bonus Opportunity	Dollar amount (\$)	\$ 675,000	\$ 405,000	\$ 405,000	\$ 227,500	\$ 186,000
2014 Actual Incentive	Dollar amount(\$)(1)	\$ 0	\$ 364,500	\$ 364,500	\$ 204,750	\$ 167,400
Bonus	Percent of salary (%)	0%	81%	81%	63%	54%

- (1) Amounts include the dollar value of the actual 2014 Incentive Bonus earned, awarded and settled entirely with restricted stock. Shares of restricted stock were awarded in settlement of the cash payment for the actual Incentive Bonus earned in the following amounts: Mr. Clayton 19,908 shares; Mr. Hagale 19,908 shares; Mr. Murphy 11,183 shares and Mr. McCormack 9,143 shares. The restricted stock was granted at a per share price of \$18.31 and subject to full vesting on the one year anniversary of the date of grant.

Table of Contents**Compensation Discussion and Analysis****Long-Term Incentives**

The majority of each executive's compensation is delivered in the form of equity grants that vest over the longer term to focus our Named Executive Officers on sustainable long-term value creation. Equity is delivered through a combination of restricted stock and PSUs, the target value of which is distributed evenly for each Named Executive Officer between restricted stock and PSUs. The following table shows the target value of equity awards approved by the Compensation Committee for 2014 which were granted on January 2, 2014.

Named Executive Officer	2014 Target Long-Term Incentive Value	Target Value of Restricted Stock	Target Value of Performance Share Units
Mr. Craddock	\$ 3,200,000	\$ 1,600,000	\$ 1,600,000
Mr. Clayton	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000
Mr. Hagale	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000
Mr. Murphy	\$ 700,000	\$ 350,000	\$ 350,000
Mr. McCormack	\$ 660,000	\$ 330,000	\$ 330,000

Performance Share Unit Grants in 2014

PSUs are considered by the Compensation Committee a complementary balance to the restricted stock awards, by providing a focus on performance delivered over three consecutive financial years.

In 2014, similar to previous years, performance metrics have been identified in areas of critical strategic focus, aligned both to our business plan and the strongest correlation with the creation of long-term stockholder value

Strategic Focus	Metric	How we measure it	Why it was chosen
	Reserves per share growth three-year compound annual growth rate (CAGR) %	Year-end proved reserves divided by year-end basic shares outstanding (CAGR compares year-end 2013 versus year-end 2016)	Measure of sustainability through proved reserves per share growth relative to market value industry group.
	Non-Proved inventory, year-end MMBoe	Net, risked inventory estimate (probable/ possible) as of December 31, 2016 (excluding Proved Undeveloped Reserves) (Portion of year-end 2013 inventory remaining at year-end 2016, after shifts to proved, plus estimated additions from new ventures activity over the three-year plan period)	Measure of longer term inventory growth and sustainability through addition of risked non-proved resources.
	Production per share growth three-year CAGR%	Annual MMBoe production divided by average diluted shares outstanding (CAGR compares 2013 average versus 2016 average)	Measure of production per share growth relative to market cap industry group.
	Cash cost, \$/BOE (one-year total)	Includes LOE, ad valorem and production taxes, transportation, and cash G&A for 2016 (Excludes stock compensation expense and interest expense)	Measure of cost efficiency of executing operating and business plans relative to market cap industry group.

For the measures within the capital inventory expansion and operational & business execution categories, the Compensation Committee assesses performance in the context of relative performance against the E&P Mid-Cap sector, with market capitalizations between \$1 and \$5 billion. This sector is likely to change over time as companies grow, merge and transition and the comparison will be made against the Mid-Cap sector as it exists at the end of the performance period on December 31, 2016.

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At the end of the three-year performance period the Compensation Committee will assess performance in each of these areas, and at its discretion consider other factors that it deems to be relevant such as stockholder value creation, which includes absolute and relative TSR performance. Based on the Compensation Committee's judgement of overall performance, at its sole discretion a decision will be made as to the level of vesting between 0% and 200% of the initial target award.

Table of Contents**Compensation Discussion and Analysis***Performance Share Unit Grants Vesting in 2015 three-year performance period ended December 31, 2014*

The three-year performance period for PSUs granted in 2012 ended on December 31, 2014. The Compensation Committee chose to vest these grants at 0% because the level of performance against targets for the five metrics was mixed. Despite exceeding target performance on risked probable/possible non-proved inventory as a multiple of proved reserves, we did not meet our

reserves per share growth and production per share growth targets and missed our cost control related metrics due to higher than expected operating costs associated with entering the Permian Basin in 2013 and increased capital spending in 2014.

Additionally, our three year TSR performance was -48%. In comparison to 61 E&P comparator peers, we ranked in the 3rd quartile (43rd amongst the 61 member group).

Performance was assessed in five key areas:

Strategic Focus	Metric	How we measured it	Target	Actual
	Reserves per share growth three year CAGR	Year-end proved reserves divided by year-end basic shares outstanding (CAGR compares year end 2011 versus year end 2014)	21%	14%
	Risked probable/possible inventory as multiple of proved reserves	Year-end net, risked inventory estimate, probable/possible excluding proved undeveloped reserves (PUDs), divided by year-end proved reserves (Year end 2014 results)	1.0	2.7
	Production per share growth three- year CAGR	Annual MMBoe production divided by average diluted shares outstanding (CAGR compares 2011 average versus 2014 average)	29%	27%
	Cash cost control	Includes LOE, ad valorem and production taxes, transportation, and cash G&A, excluding stock based compensation divided by BOE of production (2014 results)	\$10.48	\$12.50
	Proved developed (PD) finding and developing costs control (F&DC)	Costs incurred for development and exploration from 2012 -2014 divided by proved developed reserves additions from 2012-2014 (excludes proved and unproved acquisitions, price revisions and PUD additions)	\$14.58	\$19.17

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Compensation Discussion and Analysis

Other elements of pay

In addition to the core elements of compensation previously discussed in this section, Named Executive Officers also receive employee benefits, perquisites and retirement benefits, and may be entitled to certain severance benefits under the Rosetta Resources Inc. Executive Severance Plan (Severance Plan) established in 2008 and amended in 2014. The general benefits offered to all employees are regularly reviewed and may be adjusted from time to time. The key features of each element are summarized below.

Element	Purpose and key design features	Characteristics
Employee benefits	<ul style="list-style-type: none"> · Benefits which are available to all full-time employees of Rosetta generally to enable our employees to effectively undertake their roles by ensuring their well-being and security · Benefits include medical and dental insurance, short- and long-term disability insurance and life and accidental death insurance 	<ul style="list-style-type: none"> ü Available to all full-time and part-time benefit eligible Rosetta employees
Retirement benefits	<ul style="list-style-type: none"> · Enables the provision for retirement planning · Rosetta operates a 401(k) Plan available to all full-time employees · The plan currently provides a 150% match on the first 4% of eligible employee contributions and a 100% match on the next 2%, subject to applicable IRS limits · There is no additional pension plan or deferred compensation arrangement for Named Executive Officers at this time 	<ul style="list-style-type: none"> ü Available to all full-time and part-time benefit eligible Rosetta employees
Perquisites	<ul style="list-style-type: none"> · Only limited additional benefits (reserved parking and club dues) are provided to select executives · The Named Executive Officers are also provided with an annual physical examination. This ensures that executive leadership is given every opportunity to identify and correct medical issues which may affect their work 	<ul style="list-style-type: none"> ü Includes enhanced features for select executives
Severance benefits <small>UPDATED IN 2014*</small>	<ul style="list-style-type: none"> · Minimize uncertainty and distraction that may result from an at-will employment relationship (in 2014 the Compensation Committee ended all employment agreements that remained with executive officers) and reflect the fact that it may be difficult for executive officers to find comparable employment within a short period of time · In select termination scenarios including upon an officer's resignation for good reason, certain payments are triggered including: 	<ul style="list-style-type: none"> ü Fixed terms ü Available to all executives including those who previously had at-will employment agreements

i Payment of a multiple of base salary and target bonus. This includes two-times for the Chairman, CEO & President and Executive Vice Presidents and one-times for other executive officers

i Immediate vesting of unvested grants of restricted stock

i Delivery of pro-rated stock or payment at the time of vesting of outstanding PSUs in the discretion of the Compensation Committee

* The Compensation Committee approved these changes in February 2014.

Table of Contents**Compensation Discussion and Analysis***Additional information on the Severance Benefit Plan*

Based on a hypothetical termination as of December 31, 2014, the severance benefits for the Named Executive Officers for the reasons detailed in the footnote (1) would have been as follows:

Named Executive Officer	Multiple of base salary and target bonus	Hypothetical separation payment (2)	Hypothetical value of accelerated vesting of equity awards (3)	Total cost of hypothetical separation event
Mr. Craddock	200%	\$ 2,700,000	\$ 2,667,600	\$ 5,367,600
Mr. Clayton	200%	\$ 1,710,000	\$ 1,750,199	\$ 3,460,199
Mr. Hagale	200%	\$ 1,710,000	\$ 1,778,566	\$ 3,488,566
Mr. Murphy	100%	\$ 552,500	\$ 530,699	\$ 1,083,199
Mr. McCormack	100%	\$ 496,000	\$ 514,735	\$ 1,010,735

(1) In general, the definition of "cause" in the Severance Plan is (i) a breach of duty by the executive in the course of such executive's employment involving fraud, acts of dishonesty (other than inadvertent acts or omissions), disloyalty to Rosetta or its affiliates, or moral turpitude constituting criminal felony; (ii) conduct by the executive that is materially detrimental to Rosetta, monetarily or otherwise, or reflects unfavorably on Rosetta or the executive to such an extent that Rosetta's best interests reasonably require the termination of the executive's employment; (iii) the executive's failure to comply with or enforce Rosetta's policies concerning equal employment opportunity, including engaging in sexually or otherwise harassing conduct; (iv) the executive's repeated insubordination; (v) the executive's failure to comply with or enforce, in any material respect, all other personnel policies of Rosetta or its affiliates; (vi) the executive's failure to devote his or her full working time and best efforts to the performance of his or her responsibilities to Rosetta or its affiliates; (vii) the executive's conviction of, or entry of a plea agreement or consent decree or similar arrangement with respect to a felony or any violation of federal or state securities laws; or (viii) the executive's failure to cooperate with any investigation or inquiry authorized by the Board or conducted by a governmental authority related to the business or the executive's conduct.

In general, the definition of "good reason" in the Severance Plan is any of the following actions if taken without the executive's prior written consent (i) following the designation of an executive by the Compensation Committee, any reduction of the multiple or percentage applicable to the executive of base salary and target bonus payable to an executive in the event of a qualifying termination under the Severance Plan, or removal of the executive, (ii) a material diminution in the executive's base compensation; or (iii) any permanent relocation of the executive's place of business to a location 50 miles or more from the then-current location, provided such relocation is a material change in geographic location at which the executive must provide substantial services for purposes of Section 409A of the Code.

(2) Payable as a lump sum upon termination.

(3) The value that would have been received by the executive officer as a result of a termination on December 31, 2014 using a fair market value (average of the high and low trades) of \$21.990 to determine the value of unvested shares of restricted stock on that date plus the value of the prorated number of vested PSUs, calculated by multiplying the time elapsed since the grant divided by the cumulative performance period. With respect to the prorated PSU vesting, the amount shown assumes that outstanding PSUs are ultimately vested at target level. The actual prorated vesting amount will be based on actual performance as determined by the Compensation Committee in its discretion at the end of the applicable performance period and could range from 0% to 200% of the target level.

Table of Contents**Compensation Discussion and Analysis****Governance Practices**

As set out on page 5 of this report, the Board has adopted a corporate governance framework that seeks to protect Rosetta's interests and align our executives' interests with those of our stockholders. Within this framework are a number of policies operated by the Compensation Committee which are outlined below.

Policy	Purpose and key design features								
Stock Ownership Guidelines	<ul style="list-style-type: none"> · Reinforce the principle of aligning executive interests with our stockholders · As of March 5, 2015 all of our executive officers exceed their respective ownership requirements · The current requirements are as follows: <table border="1" data-bbox="347 730 976 905"> <thead> <tr> <th>Executive Position/Level</th> <th>Ownership Requirement (multiple of base salary)</th> </tr> </thead> <tbody> <tr> <td>Chairman, CEO & President</td> <td>6-times</td> </tr> <tr> <td>Executive Vice President</td> <td>3-times</td> </tr> <tr> <td>Senior Vice President and Vice President</td> <td>1-times</td> </tr> </tbody> </table> 	Executive Position/Level	Ownership Requirement (multiple of base salary)	Chairman, CEO & President	6-times	Executive Vice President	3-times	Senior Vice President and Vice President	1-times
Executive Position/Level	Ownership Requirement (multiple of base salary)								
Chairman, CEO & President	6-times								
Executive Vice President	3-times								
Senior Vice President and Vice President	1-times								
Timing of Grants and Prohibition on Re-pricing	<ul style="list-style-type: none"> · Executive officers have five years from the date of their appointment to their current position to meet the requirement · Stock that is considered as counting towards this requirement includes stock owned (directly or in street name); stock held beneficially; unvested restricted stock; vested stock options · The value of stock will be deemed to be the greater of the price at acquisition or current market value · The full policy can be viewed on the Governance section of our investor relations website · Rosetta does not time equity grants to coincide with or to precede the release of material information · Since the Compensation Committee must approve all grants for executive officers, we believe adequate controls exist to prevent such timed grants · No stock options have been awarded to executive officers since 2009, but: <ul style="list-style-type: none"> · Non-qualified stock options are valued as of their grant dates using the Black Scholes option pricing model; · Options may not be repriced under the terms of our long-term incentive plans; and · We will not buy out <u>any</u> options 								
Employment	<ul style="list-style-type: none"> · No employment agreements · Named Executive Officers are now covered by the Severance Plan (described on page 29) and the Rosetta Resources Inc. Change in Control Plan detailed below 								
Agreements <small>ENDED IN 2014*</small>									
Elimination of Tax	<ul style="list-style-type: none"> · We eliminated all eligibility for gross-up payments for excise taxes for which executive officers may become obligated in the event they receive excess parachute payments under Section 280G of the Code 								
Gross-ups <small>ENDED IN 2014*</small>									
Change-In-Control	<ul style="list-style-type: none"> · Overarching plan that describes how the employment relationship may be terminated following a change in control and what benefits are to be paid in the event of a termination following a change-in-control · Reduces the reluctance of executive officers to pursue potential corporate transactions that may be in the best interests of stockholders, but that may have adverse consequences to the executive officers' employment · Double trigger provisions: <ul style="list-style-type: none"> · Executive officer employment is terminated for any reason other than death, inability to perform or cause or the executive officer resigns for good reason; and · Either happens within two-years following a corporate change in control · If both events occur, then the executive officers may be entitled to receive the following payments and benefits: <ul style="list-style-type: none"> · Payment of a multiple of base salary and target bonus. This equals three-times for the Chairman, CEO & President and 2.5-times for other executive officers · Immediate vesting of unvested grants of restricted stock · Immediate vesting of unvested grants of PSUs at target 								
Control Provisions <small>UPDATED IN 2014*</small>									

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- Reimbursement of the cost of continuing health insurance. This may be provided for up to 12 months for all executive officers
- Cash components would be paid in a lump sum
- A Named Executive Officer cannot be simultaneously eligible for severance benefits under the Severance Plan and change in control benefits under the Change in Control Plan

Table of Contents**Compensation Discussion and Analysis***Additional information on the Change-In-Control Plan*

Based on a hypothetical termination from a change-in-control event as of December 31, 2014, the change-in-control benefits for the Named Executive Officers taking account the information detailed in the footnote (1) would have been as follows:

Named Executive Officer	Multiple of base salary and target bonus	Hypothetical separation payment	Health insurance continuation period	Hypothetical cost of medical insurance reimbursement	Hypothetical value of accelerated vesting of equity awards (2)	Total cost of hypothetical separation event
Mr. Craddock	300%	\$ 4,050,000	12 months	\$ 12,685	\$ 3,344,540	\$ 7,407,225
Mr. Clayton	250%	\$ 2,137,500	12 months	\$ 20,800	\$ 2,149,940	\$ 4,308,240
Mr. Hagale	250%	\$ 2,137,500	12 months	\$ 0	\$ 2,178,307	\$ 4,315,807
Mr. Murphy	250%	\$ 1,381,250	12 months	\$ 20,800	\$ 673,400	\$ 2,075,450
Mr. McCormack	250%	\$ 1,240,000	12 months	\$ 18,375	\$ 646,836	\$ 1,905,211

(1) A corporate change is defined in the Change-in-Control Plan as (i) the dissolution or liquidation of Rosetta; (ii) a reorganization, merger or consolidation of Rosetta with one or more corporations (other than a merger or consolidation effecting a reincorporation of Rosetta in another state or any other merger or consolidation in which the stockholders of the surviving corporation and their proportionate interests therein immediately after the merger or consolidation are substantially identical to the stockholders of Rosetta and their proportionate interests therein immediately prior to the merger or consolidation) (collectively, a Corporate Change Merger); (iii) the sale of all or substantially all of the assets of the Company; or (iv) the occurrence of a Change in Control.

A Change in Control shall be deemed to have occurred if (a) individuals who were directors of Rosetta immediately prior to a Control Transaction shall cease, within two years of such Control Transaction, to constitute a majority of the Board (or of the Board of Directors of any successor to Rosetta or to a company which has acquired all or substantially all its assets) other than by reason of an increase in the size of the membership of the applicable Board or the appointment of any successors to any departing directors that is approved by at least a majority of the individuals who were directors of Rosetta immediately prior to such Control Transaction or (b) any entity, person or group acquires shares of Rosetta in a transaction or series of transactions that results in such entity, person or group directly or indirectly owning beneficially 50% or more of the outstanding shares of our common stock. As used herein, Control Transaction means (A) any tender offer for or acquisition of capital stock of Rosetta pursuant to which any person, entity, or group directly or indirectly acquires beneficial ownership of 20% or more of the outstanding shares of our common stock; (B) any Corporate Change Merger of Rosetta; (C) any contested election of directors of Rosetta; or (D) any combination of the foregoing, any one of which results in a change in voting power sufficient to elect a majority of the Board of Directors of Rosetta.

In general, the definition of cause in the Change-in-Control Plan is (i) a breach of duty by the executive in the course of such executive's employment involving fraud, acts of dishonesty (other than inadvertent acts or omissions), disloyalty to Rosetta or its affiliates, or moral turpitude constituting criminal felony; (ii) conduct by the executive that is materially detrimental to Rosetta, monetarily or otherwise, or reflects unfavorably on Rosetta or the executive to such an extent that Rosetta's best interests reasonably require the termination of the executive's employment; (iii) the executive's failure to comply with or enforce Rosetta's policies concerning equal employment opportunity, including engaging in sexually or otherwise harassing conduct; (iv) the executive's repeated insubordination; (v) the executive's failure to comply with or enforce, in any material respect, all other personnel policies of Rosetta or its affiliates; (vi) the executive's failure to devote his or her full working time and best efforts to the performance of his or her responsibilities to Rosetta or its affiliates; (vii) the executive's conviction of, or entry of a plea agreement or consent decree or similar arrangement with respect to a felony or any violation of federal or state securities laws; or (viii) the executive's failure to cooperate with any investigation or inquiry authorized by the Board or conducted by a governmental authority related to the business or the executive's conduct.

In general, the definition of good reason in the Change-in-Control Plan is any of the following actions if taken without the executive's prior written consent (i) following the designation of an executive by the Compensation Committee, any reduction of the multiple or percentage applicable to the executive of base salary and target bonus payable to an executive in the event of a qualifying termination under the Change in Control Plan, or removal of the executive, (ii) a material diminution in the executive's job responsibilities; (iii) a material diminution in the executive's base compensation; or (iv) any permanent relocation of the executive's place of business to a location 50 miles or more from the then-current location, provided such relocation is a material change in geographic location at which the executive must provide substantial

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services for purposes of Section 409A of the Code.

- (2) This column represents the equity value that would have been received by the executive officer as a result of a termination on December 31, 2014 following a change in control, and uses a fair market value of \$21.990, which is the average of the high and low stock price at December 31, 2014, to determine the value of unvested shares of restricted stock and of PSUs on that date. The requirements for reporting the information in this table do not take into account expenses that have already been incurred to deliver the equity component of compensation to the executives.

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Compensation Discussion and Analysis

Tax Considerations

Deductibility Cap on Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally places a limit of \$1 million on the deductibility of compensation paid by a public company to any employee who, on the last day of the year, is the chief executive officer, or one of the three other most highly compensated officers (excluding the chief financial officer). Performance-based compensation, as defined in Section 162(m) of the Code, may be fully deductible if such compensation is approved by stockholders and meets other requirements.

To maintain flexibility in compensating the executive officers in a manner designed to promote varying

corporate goals, the Compensation Committee has not adopted a policy that all compensation must be deductible. We may make payments that are not fully deductible if we believe that such payments are necessary to achieve corporate objectives and to protect stockholder interests. In 2014, total compensation paid to certain of our Named Executive Officers exceeded the deductibility limit under Code Section 162(m), and the amount in excess of the limitation is therefore non-deductible.

Table of Contents**Executive Compensation****Summary Compensation Table**

The following table sets forth the compensation earned by the principal executive officer, principal financial officer and other Named Executive Officers for services rendered to the Company and its subsidiaries for the fiscal years ended December 31, 2014, 2013 and 2012.

Name and Principal Position	Year	Salary (\$)	Stock Awards (1) (\$)	Non-Equity		Total (\$)
				Incentive Plan Compensation (\$ (2)	All Other Compensation (4) (\$)	
James E. Craddock, Chairman, CEO and President (PEO)	2014	675,000	3,085,452	0(3)	40,950	3,801,402
	2013	556,667	2,547,302	685,209	46,575	3,835,753
John E. Hagale, Executive Vice President and Chief Financial Officer (PFO)	2012	300,000	749,988	360,000	32,877	1,442,865
	2014	450,000	1,928,419	364,500	37,400	2,780,319
	2013	390,000	2,248,555	435,209	29,465	3,103,229
John D. Clayton, Executive Vice President and Chief Operating Officer (Named Executive Officer)	2012	300,000	826,854	360,000	22,270	1,509,124
	2014	450,000	1,928,419	364,500	25,000	2,767,919
	2013	390,000	2,250,724	435,209	43,818	3,119,751
Nathan P. Murphy, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary (Named Executive Officer) (5)	2012	300,000	749,988	360,000	33,724	1,443,712
	2014	325,000	675,022	204,750	28,800	1,233,572
	2013	128,190	960,784	112,192	35,942	1,237,108

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Don O. McCormack,	2014	310,000	636,363	167,400	35,085	1,148,848
	2013	275,000	417,068	189,063	42,127	923,258
Senior Vice President,						
Treasurer and Chief						
Accounting Officer						
(Named Executive Officer)						

- (1) Represents the total amount of the grant date fair value for restricted shares and PSUs awarded in 2012, 2013 and 2014 in accordance with valuation methodology in FASB ASC Topic 718, accordingly determined by the average of the high and low stock price on the date of grant. The fair-market value used for 2014 awards was \$47.145 on January 2, 2014. See the Grants of Plan-Based Awards table herein for information on awards of restricted stock and PSUs made in fiscal year 2014. These amounts do not necessarily correspond to the actual value that will be recognized by the Named Executive Officers. The amounts reported in this column assume settlement at target levels; however, PSUs may be vested at up to 200% at the discretion of the Compensation Committee. In such event, the grant date fair value, assuming maximum PSU vesting, would be 150% of the amount shown in the table above. For additional information relating to our PSUs, please refer to the discussion above under the heading Equity Grants.
- (2) Amounts shown represent awards earned under our Incentive Bonus program. For 2014, our Compensation Committee determined to pay the awards entirely in restricted shares of our common stock, which vest in full one year from the date of grant, and were valued at \$18.31 per share based on the average of the high and low stock price on February 25, 2015, the day of grant. The number of restricted shares awarded to each of our Named Executive Officers was as follows: Mr. Hagale 19,908 shares; Mr. Clayton 19,908 shares; Mr. Murphy 11,183 shares and Mr. McCormack 9,143 shares.
- (3) After consultation with Mr. Craddock and in recognition of a lower commodity price environment and industry performance, Mr. Craddock suggested that his bonus payout for 2014 should be zero, and the Compensation Committee, exercising its discretion under the Incentive Plan, approved a bonus payout of 0% for the CEO.
- (4) For 2014, the aggregate amount of All Other Compensation includes expenses for 401(k) matching contributions of \$20,800, employee parking, physicals, and matching charitable contributions for each Named Executive Officer. For Mr. Craddock, the aggregate amount also includes reimbursement of monthly club dues. No single element of perquisites and personal benefits exceeds the greater of \$25,000 or 10% of the total for that executive for fiscal year 2014, and as such the elements are not individually quantified.
- (5) Mr. Murphy joined the Company in July 2013, and thus received only a partial year's salary and pro-rated bonus for 2013.

Table of Contents**Executive Compensation****2014 Grants of Plan-Based Awards Table**

The following table discloses the actual numbers of shares of restricted stock and PSUs granted during 2014 and the grant date fair value of these awards. It also captures potential future payouts under the Company's non-equity and equity incentive plans.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		Estimated Future Payouts Under Equity Incentive Plan Awards (2)		All Other Stock Awards; Number of Shares of Stock or Units (3)	Grant Date Fair Value of Stock Awards (4)
		Target (\$)	Maximum (\$)	Target (#)	Maximum (#)		
James E. Craddock, Chairman, CEO and President (PEO)	1/2/14	675,000	1,350,000	32,723	65,446		1,542,726
John E. Hagale, Executive Vice President and Chief Financial Officer (PFO)	1/2/14	405,000	810,000	20,452	40,904	32,723	1,542,726
John D. Clayton, Executive Vice President & Chief Operating Officer	1/2/14	405,000	810,000	20,452	40,904	20,452	964,210
(Named Executive Officer) Nathan P. Murphy, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary (Named Executive Officer)	1/2/14	227,500	455,000	7,159	14,318	20,452	964,210
Don O. McCormack, Senior Vice President, Treasurer and Chief Accounting Officer (Named Executive Officer)	1/2/14	186,000	372,000	6,749	13,498	7,159	337,511
	1/2/14					6,749	318,182

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- (1) The Non-Equity Incentive Plan has no threshold, but has a maximum payout of 200%. Target awards for 2014 performance are calculated using the annualized base salary as of December 31, 2014. For 2014, our Compensation Committee determined to pay the awards, for all executives other than Mr. Craddock, entirely in restricted shares of our common stock, which vest in full one year from the date of grant and were valued at \$18.31 per share based on the average of the high and low stock price on the date of grant. The number of restricted shares awarded to each of our Named Executive Officers was as follows: Mr. Hagale 19,908 shares; Mr. Clayton 19,908 shares; Mr. Murphy 11,183 shares and Mr. McCormack 9,143 shares. After consultation with Mr. Craddock and in recognition of a lower commodity price environment and industry performance, Mr. Craddock suggested that his bonus payout for 2014 should be 0%, and the Compensation Committee, exercising its discretion under the Incentive Plan approved a bonus payout of 0% for the CEO.
- (2) Represents PSUs for Named Executive Officers. PSUs granted in 2014 to Messrs. Craddock, Hagale, Clayton, Murphy and McCormack will be considered by the Compensation Committee for vesting as of December 31, 2016, and the Compensation Committee may elect to vest from 0-200% of the PSUs granted.
- (3) Represents restricted common stock. For all grants, restrictions will lapse as to 25% of these shares on the first anniversary of the date of grant, 25% on the second anniversary of the date of grant, and the remaining 50% on the third anniversary of the date of grant, assuming that the Named Executive Officer remains employed by Rosetta or an affiliate on those dates.
- (4) Represents the dollar amount of the grant date fair value for restricted stock and PSUs, recognized in accordance with FASB ASC Topic 718. Accordingly, the value of restricted stock awards and PSUs granted in 2014 was calculated using the fair-market value of our common stock based on the average of the high and low stock prices on the date of grant. The fair-market value used was \$47.145 on January 2, 2014. For a discussion of valuation assumptions, see Note 12 to the Company's 2014 Consolidated Financial Statements included in the Company's annual report on Form 10-K for the year ended December 31, 2014. The value shown assumes vesting of the PSUs at target.

Table of Contents**Executive Compensation****2014 Outstanding Equity Awards at Fiscal Year-End**

The following table shows outstanding stock option awards classified as exercisable and unexercisable as of December 31, 2014 for the PEO, PFO and other Named Executive Officers. The table also shows unvested and unearned stock awards (both time-based and performance-contingent awards).

	Option Awards (1)					Stock Awards			Equity Incentive Plan
	Number of Securities Underlying Unexercised Options- Exercisable	Number of Securities Underlying Unexercised Options- Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (4)	Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (3)
Name	(#)	(#)	(#)	(\$)	Date	(#)	(\$)	(#)	(\$)
James E. Craddock, Chairman, CEO and President (PEO)	34,664 18,000	0 0	0 0	7.355 21.390	1/2/19 5/1/18	57,100	1,255,629	68,020	1,495,760
John E. Hagale, Executive Vice President and Chief Financial Officer (PFO)	0	0	0	-	-	55,725	1,225,393	43,334	952,915
John D. Clayton, Executive Vice President & Chief Operating Officer (Named Executive Officer)	0	0	0	-	-	55,295	1,215,937	42,474	934,003
Nathan P. Murphy, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary (Named Executive Officer)	0	0	0	-	-	14,884	327,299	15,739	346,101
Don O. McCormack, Senior Vice President, Treasurer and Chief Accounting Officer (Named Executive Officer)	0	0	0	-	-	14,142	310,983	15,273	335,853

(1) No options have been transferred, repriced, or purchased by the Company.

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- (2) Reflects shares of restricted common stock that had not vested as of December 31, 2014. For Mr. Craddock, 14,907 shares vested on January 2, 2015, 4,196 vested on January 3, 2015, 21,635 shares will vest on January 2, 2016 and 16,362 shares will vest on January 2, 2017. For Mr. Hagale, 8,521 shares vested on January 2, 2015, 4,626 shares vested on January 3, 2015, 11,929 shares will vest on January 2, 2016, 20,423 shares will vest on March 1, 2016 and 10,226 will vest on January 2, 2017. For Mr. Clayton, 8,521 shares vested on January 2, 2015, 4,196 shares vested on January 3, 2015, 11,929 shares will vest on January 2, 2016, 20,423 shares will vest on March 1, 2016 and 10,226 will vest on January 2, 2017. For Mr. Murphy, 1,789 vested on January 2, 2015, 2,575 shares will vest on August 1, 2015, 1,790 shares will vest on January 2, 2016, 5,150 shares will vest on August 1, 2016, and 3,580 will vest on January 2, 2017. For Mr. McCormack, 2,818 shares vested on January 2, 2015, 4,000 shares will vest on September 4, 2015, 3,949 shares will vest on January 2, 2016 and 3,375 will vest on January 2, 2017.
- (3) Market value of restricted stock and PSUs reflects a per share price of \$21.990 which was the fair market value of our shares on December 31, 2014, calculated by taking the average of the high and low trades on December 31, 2014. The value of the PSUs assumes vesting at target, although the Compensation Committee may vest from 0-200% at the end of each performance period.
- (4) Reflects target amounts of PSUs that have not yet vested, including grants from 2012 that had not been considered for vesting by the Compensation Committee as of December 31, 2014. The Compensation Committee made the determination that the PSUs that were set to vest on December 31, 2014 were to be paid out at \$0. For Mr. Craddock, 8,391 PSUs were eligible to vest on December 31, 2014 and were paid at \$0, 26,906 PSUs will be eligible to vest on December 31, 2015 and 32,723 PSUs will be eligible to vest on December 31, 2016. For Mr. Hagale, 9,251 PSUs vested on December 31, 2014 and were paid at \$0, 13,631 PSUs will be eligible to vest on December 31, 2015 and 20,452 PSUs will be eligible to vest on December 31, 2016. For Mr. Clayton, 8,391 PSUs vested on December 31, 2014 and were paid at \$0, 13,631 PSUs will be eligible to vest on December 31, 2015 and 20,452 will be eligible to vest on December 31, 2016. For Mr. McCormack, 4,000 PSUs vested on December 31, 2014 and were paid at \$0, 4,524 PSUs will be eligible to vest on December 31, 2015 and 6,749 PSUs will be eligible to vest on December 31, 2016. For Mr. Murphy, 3,430 PSUs vested on December 31, 2014 and were paid at \$0, 5,150 PSUs will be eligible to vest on December 31, 2015 and 7,159 PSUs will be eligible to vest on December 31, 2016.

Table of Contents**Executive Compensation****Option Exercises and Stock Vested Table**

The following table sets forth certain information regarding options and stock awards exercised and vested, respectively, during 2014 for the PEO, PFO and other Named Executive Officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting (2)
	(#)	(\$)	(#)	(\$)
James E. Craddock, Chairman, CEO and President (PEO)	0	0	29,986	1,337,257
John E. Hagale, Executive Vice President and Chief Financial Officer (PFO)	0	0	24,139	1,006,558
John D. Clayton, Executive Vice President and Chief Operating Officer (Named Executive Officer)	0	0	26,668	1,180,830
Nathan P. Murphy, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary (Named Executive Officer)	0	0	5,155	238,657
Don O. McCormack, Senior Vice President, Treasurer and Chief Accounting Officer (Named Executive Officer)	0	0	7,106	317,369

(1) Reflects the gross number of shares of restricted stock and PSUs vested in 2014, including any shares which may have been traded to satisfy tax withholding requirements.

(2) Reflects value of all shares acquired at fair market value on the vesting date, including any that may have been traded to satisfy tax withholding requirements.

Potential Payments Upon Termination or Change in Control

For a discussion and identification of amounts payable to our PEO, PFO and other Named Executive Officers upon termination of employment (either following or not following a change in control), assuming a termination date of December 31, 2014, please see the discussion of severance and change-in-control benefits above under **Severance Benefits** and **Change-in-Control Benefits**.

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Proposal 2 Advisory (Non-Binding) Vote Approving Executive Compensation

The Board of Directors is committed to excellence in governance. As part of that commitment, and as required by Section 14A(a)(1) of the Exchange Act, the Board of Directors is providing the Company's stockholders with an opportunity to provide an advisory vote related to executive compensation.

As part of its responsibilities, the Compensation Committee assists the Board in establishing the compensation of the Company's CEO and other executive officers. Additional information regarding the Compensation Committee and its role is described in the Compensation Discussion and Analysis section of this Proxy Statement and the related tables and narrative disclosure. Consistent with our compensation philosophy, our executive compensation program has been designed to attract and retain key executive officers critical to long-term success and to compensate those individuals fairly and competitively for responsibility and accomplishment. Additionally, the compensation program is designed to align management's incentives with the long-term interests of the Company's stockholders.

To that end, we compensate our executive officers using a mix of base salary, annual performance bonus and equity grants, with equity grants representing a majority of the aggregate compensation for our Named Executive Officers. Specifically, of the total compensation actually paid or granted to our Named Executive Officers in 2014, approximately 72% was in equity, approximately 19% was in base salary, and approximately 9% was in bonus (paid in 2015 for 2014 performance). We firmly believe that these compensation programs have aligned the total reward potential of the executives with the interests of the stockholders.

The Compensation Committee continually reviews best practices in executive compensation and governance. In observance of such best practices, the Company:

- has no employment agreements with executive officers;
- does not provide perquisites to the CEO and other Named Executive Officers (other than the payment of monthly luncheon club membership dues for the CEO and annual physical examinations for executive officers);

- does not provide for any tax gross-ups for executive officers including in the event of a change in control;

- has established change-in-control agreements that contain a double-trigger provision;

- has an incentive plan that discourages undue risk and aligns executive rewards with short-, medium-, and long-term Company performance; and

- requires executives to have a meaningful ownership interest in the Company through the Officers Stock Ownership Guidelines.

For the reasons discussed above, we are asking stockholders to approve the following advisory resolution at the 2015 Annual Meeting:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related compensation tables, notes and narrative in the Proxy Statement for the Company's 2015 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Board. Although non-binding, the Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

The Board unanimously recommends that you vote FOR the approval of the advisory resolution on executive compensation.

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Information Concerning the Board of Directors

Compensation of Directors

Annually, the Compensation Committee engages an independent consultant to conduct a study of compensation for non-employee directors to ensure that our directors are being paid fairly and equitably, and that their mix of cash and equity compensation is appropriate to ensure alignment of incentives with those of our stockholders. The Compensation Committee selected PM&P to conduct this study in 2013, and again in August 2014 and to recommend any changes necessary to achieve these goals. The PM&P study in 2013 determined that our director compensation was below the median within our Peer Group (see Compensation Discussion and Analysis section of this Proxy Statement for a list of those peer companies). As such, the Compensation Committee recommended changes to the compensation structure for non-employee directors for implementation in 2014.

We pay each of the non-employee directors an annual cash retainer which is currently set at \$75,000. In addition, the lead independent director is currently paid an annual retainer of \$20,000, the Chairperson of the Audit Committee is currently paid an annual retainer of \$20,000, the Chairperson of the Compensation Committee is currently paid an annual retainer of \$15,000, and the Chairperson of the Nominating and Corporate Governance Committee is currently paid an annual retainer of \$10,000. Effective with elections at the 2015 Annual Meeting of Shareholders, all annual retainers will remain the same as in 2014. We reimburse all directors for reasonable expenses incurred while attending Board and committee meetings. Directors are entitled to an annual physical examination at the Company's expense.

Upon each initial election to the Board that does not occur at the Annual Meeting, each director receives a cash retainer, the amount of which will be determined by multiplying \$75,000 by a fraction, the numerator of which will be the number of days from the grant date until the one-year anniversary of the previous Annual Meeting, and the denominator of which will be 365.

Any non-employee director may elect to receive a grant of shares of the Company's common stock in lieu of all or any portion of the annual retainer fees. The number of shares is determined by dividing the fee amount by the fair market value (the average of the high and low trading price) of the common stock on the day of the Annual Meeting.

Each director who was reelected to the Board at the 2014 Annual Meeting received a grant of restricted stock, the

number of shares of which were determined by dividing \$150,000 by the average of the fair market value of a share of Rosetta common stock for the 30 trading days immediately preceding the Annual Meeting, then rounded up to the next whole share. The shares granted upon reelection vest one year from date of grant.

Upon each initial election to the Board that does not occur at the Annual Meeting, each director receives a grant of restricted stock, the number of shares of which will be determined by (a) dividing \$150,000 by the average of the fair market value of a share of Rosetta common stock for the 30 trading days immediately preceding the grant date, (b) then multiplying that product by a fraction, the numerator of which will be the number of days from the grant date until the one-year anniversary of the previous Annual Meeting, and the denominator of which will be 365, and (c) then rounding up to the next whole share. The shares granted upon initial election will vest on the same date as shares granted to directors who were re-elected at the previous Annual Meeting.

We have implemented requirements that each non-employee director hold a specific minimum level of stock, and these requirements are set forth in the Non-Employee Director Stock Ownership Guidelines, available in the Governance section of our website at www.rosettaresources.com. The guidelines require each non-employee director to own shares of equivalent value equal to at least four times the annual cash retainer received for service as a director. Stock that counts towards satisfaction of this requirement includes stock owned, whether directly or in street name; stock held beneficially; unvested restricted stock; and vested stock options. Directors have five years from the later of the date of their appointment to the Board or the effective date of the guidelines to meet the requirement. For purposes of this requirement, the value of the stock will be deemed to be the greater of the price at acquisition or at current market value. All of our directors are in compliance with the ownership guidelines.

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Mr. Craddock does not receive separate compensation for service on the Board of Directors or for serving as its Chairman, nor will any other officers, if any, who serve as directors in the future, receive separate compensation. See 2014 Director Compensation Table for more information on director compensation paid for fiscal year 2014.

Table of Contents**Information Concerning the Board of Directors****2014 Director Compensation Tables**

The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of the Company's independent non-employee directors during the fiscal year ended December 31, 2014. For a description of the fees and other awards payable to the Company's directors, please refer to the section titled "Information Concerning the Board of Directors - Compensation of Directors" contained elsewhere in this Proxy Statement.

Director Name	Fees Earned or Paid in Cash in 2014	Stock Awards in 2014 (2)	All Other Compensation (3)	Total
	(\$)	(\$)	(\$)	(\$)
Matthew D. Fitzgerald	95,000	150,021	0	245,021
Philip L. Frederickson	105,000	150,021	1,800	256,821
Carin S. Knickel	90,000 (1)	150,021	0	240,021
Holli C. Ladhani	75,000	150,021	1,800	226,821
Donald D. Patteson, Jr.	75,000	150,021	0	225,021
Jerry R. Schuyler	75,000 (1)	150,021	1,800	226,821

(1) Ms. Knickel and Mr. Schuyler elected to receive a portion of their annual retainers for board service in stock in lieu of cash and received 2,011 and 1,676 shares, respectively.

(2) Represents the total amount of the grant date fair value for shares awarded in 2014, in accordance with FASB ASC Topic 718. Grant date fair market value of \$47.52 was calculated by taking the average of 30 day high and low stock price. Actual income realized by the director will depend on our stock price at the time of vesting.

(3) All Other Compensation represents the cost for a physical examination.

The following table shows the outstanding options and unvested stock awards held by each of the Company's non-employee directors as of December 31, 2014.

Director Name	Aggregate Stock	Aggregate Option
	Awards Outstanding as of	Awards Outstanding as of
	December 31, 2014 (1)	December 31, 2014 (2)
	(#)	(#)
Matthew D. Fitzgerald	3,157	5,000
Philip L. Frederickson	3,157	5,000
Carin S. Knickel	3,157	0
Holli C. Ladhani	3,157	0
Donald D. Patteson, Jr.	3,157	10,000
Jerry R. Schuyler	3,157	0

(1) Represents the shares of stock on which restrictions had not lapsed as of December 31, 2014.

(2) Represents stock options that had not been exercised as of December 31, 2014.

Compensation Committee Interlocks and Insider Participation

At December 31, 2014, the members of the Compensation Committee were Messrs. Patteson and Schuyler and Ms. Knickel, with Ms. Knickel serving as the Chairperson of the Compensation Committee. No member of the Compensation Committee has been an officer or employee of the Company at any time, and no such person had any relationship requiring disclosure under Item 404 of Regulation S-K.

During 2014, no executive officer or employee of the Company served as (i) a member of the compensation

committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served on the Compensation Committee of our Board of Directors; (ii) a director of another entity, one of whose executive officers served on the Compensation Committee of our Board of Directors; or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of our Company.

Table of Contents**Securities Authorized for Issuance under Equity Compensation Plans**

As of December 31, 2014, the following equity securities were authorized for issuance under the Company's existing compensation plans:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Plan Category	(#)	(\$)	(#)
Equity Compensation Plans Approved by Security Holders	565,276	13.61	2,709,936
Equity Compensation Plans Not Approved by Security Holders			
Total	565,276	13.61	2,709,936

(1) Includes all stock options granted as of December 31, 2014, less all that have been exercised or cancelled as of December 31, 2014. All outstanding options are fully vested. Also includes outstanding PSUs that had not yet been considered for vesting as of December 31, 2014, assuming vesting at the maximum of 200%.

(2) Does not include PSUs, which have no exercise price.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act and the rules and regulations of the SEC promulgated thereunder require our directors, executive officers and persons who own more than 10% of our common stock to file reports of their ownership and changes in ownership of our common stock with the SEC. Directors, executive officers and greater than 10% stockholders are required by regulation to furnish the Company with copies of all Section 16(a) reports they file. Our employees generally prepare these reports for our officers and directors on the basis of

information obtained from or on behalf of each director and officer. Based solely on a review of copies of the reports and written representations provided to the Company from the individuals required to file reports, we believe that all reports required by Section 16(a) of the Exchange Act to be filed by our directors, executive officers and persons owning more than 10% of our common stock during the last fiscal year were filed on time.

Certain Transactions

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We have entered into indemnification agreements with the members of the Board and our executive officers.

We have a related party transactions procedure for the review, approval or ratification of related party transactions, which are defined as all current or proposed transactions in excess of \$120,000 in which (i) the Company is a participant and (ii) any director, executive officer or immediate family member of any director or executive officer has a direct or indirect material interest. While this procedure is not formally stated, it is derived from our Governance Guidelines.

Pursuant to such procedures, all executive officers and directors are required to notify the General Counsel or the

Corporate Secretary as soon as practicable of any proposed related party transaction. The General Counsel will determine whether a potential transaction or relationship constitutes a related party transaction that requires compliance with the policy and/or disclosure as a related party transaction under applicable SEC rules. If the General Counsel determines that the transaction or relationship constitutes a related party transaction, the transaction is referred to the Nominating and Corporate Governance Committee. Any member of the Nominating and Corporate Governance Committee who has an interest in the transaction presented for consideration will abstain from voting on the related party transaction.

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Proposal 3 Approval of 2015 Long-Term Incentive Plan

The Board of Directors recommends that you approve the Rosetta 2015 Long-Term Incentive Plan (the 2015 Plan). Based upon the recommendation of the Compensation Committee, in March 2015 the Board of Directors unanimously approved the 2015 Plan (the Board Approval Date). If approved by our stockholders, the 2015 Plan will become effective on May 15, 2015, the date of our Annual Meeting (the Effective Date), and will replace our current 2013 Long-Term Incentive Plan (the 2013 Plan), and no further awards will be granted under the 2013 Plan. The 2013 Plan replaced our 2005 Long-Term Incentive Plan (the 2005 Plan), under which no awards have been granted since the 2013 Plan was approved, but because of our long-term vesting, some awards under the 2005 Plan remain outstanding. In this Proposal, we refer to the 2005 Plan and the 2013 Plan collectively as Prior Plans. The 2015 Plan is summarized below. This summary is qualified in its entirety by the complete text of the 2015 Plan, which is attached to this proxy statement as Appendix A.

The 2015 Plan authorizes us to issue up to 5,000,000 shares of our common stock, less any shares subject to awards granted under Prior Plans after the Board Approval Date and prior to the Effective Date. This represents an increase of 4,547,624 shares over the shares available remaining under the 2013 Plan as of the Board Approval Date. Outstanding awards under the Prior Plans will continue to be governed by the terms of the Prior Plans until vested, exercised, expired or otherwise terminated or canceled. If the 2015 Plan is not approved by stockholders, the 2013 Plan will continue in effect and we will continue to make grants under the 2013 Plan until all shares available thereunder have been issued.

In addition, although we have not adopted a policy that all compensation paid to our executive officers must be tax-deductible and we expect that we may pay compensation to our executives that is not fully tax-deductible, the 2015 Plan is also intended to allow us to provide performance-based compensation that will be tax-deductible by us without regard to the limits of Section 162(m) of Code. Therefore, for purposes of Section 162(m) of the Code, we are asking our stockholders to approve the list of performance criteria that may be used for purposes of granting awards that are intended to qualify as performance-based compensation under the Code, in the event we choose to seek to structure compensation in a manner that will satisfy the performance-based

compensation exception to Section 162(m). Should we choose to do so, stockholder approval of such criteria would preserve our ability to satisfy this exception and deduct compensation associated with future performance-based awards to certain executives. The Code limits the deductions a publicly held company can claim for compensation in excess of \$1 million paid in a given year to its CEO and its three other most highly compensated executive officers (other than its chief financial officer) (these officers are generally referred to as the covered employees).

Performance-based compensation that meets certain requirements is not counted against the \$1 million deductibility cap. Stock options and stock appreciation rights generally qualify as performance-based compensation. Other awards that we may grant under the 2015 Plan may qualify as performance-based compensation if the payment, retention or vesting of the award is subject to the achievement during a performance period of performance goals selected by the Compensation Committee. The Compensation Committee retains the discretion to set the level of performance for a given performance measure under a performance-based award. For such awards to qualify as performance-based compensation, the stockholders must approve the material terms of the performance goals every five years.

Why should our stockholders approve the 2015 Plan?

Equity award grants are an essential component of our compensation program for our key employees, since they link compensation with long-term stockholder value creation and reward these employees based on our performance. For most of our key employees, equity compensation represents a significant portion of their compensation package. Since our equity awards generally vest over three years, the value ultimately realized from these awards depends on the long-term value of our common stock. We strongly believe that granting equity awards motivates our key employees to think and act like owners, rewarding them when value is created for our stockholders. Equity compensation also helps us attract and retain high-quality individuals who are motivated by pay for performance and enables us to remain competitive for human resources talent. Approval of the 2015 Plan is critical to our ability to continue our compensation programs that are aligned with stockholders interests.

Benefits of the 2015 Plan

A large part of our success depends on the performance and commitment of our key personnel. Stock-based long-term incentives assist us in attracting, retaining, motivating and rewarding talented employees and directors. Providing equity grants creates long-term

participation in the Company and aligns the interests of our employees, directors and other service providers with the interests of our stockholders. The use of equity awards as compensation also allows the company to conserve cash resources for other important purposes.

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Proposal 3 Approval of 2015 Long-Term Incentive Plan

The 2015 Plan provides the Compensation Committee with the flexibility to effectively use the shares under the plan to provide incentives to our personnel. The 2015 Plan contains provisions we believe are consistent with best practices in equity compensation and which we believe further protect our stockholders' interests, which include:

- Without stockholder approval, the 2015 Plan prohibits any alteration or amendment that operates to increase the total number of shares of common stock that may be issued under the 2015 Plan (other than adjustments in connection with certain corporate reorganizations and other events) or to change the designation or class of persons eligible to receive awards under the 2015 Plan.
- The 2015 Plan requires a double trigger of both a change in control and a qualifying termination of employment in order to accelerate vesting.
- Awards may not be repriced, replaced or regranted through cancellation or modification without stockholder approval if the effect would be to reduce the exercise price for the shares under the award. In addition, option awards that are under water may not be cancelled in exchange for cash or other property.
- Dividends and dividend equivalents may not be paid on awards subject to performance vesting conditions unless and until such conditions are met.
- Retention requirements stipulate that certain participants in the 2015 Plan must hold 50% of net settled shares received from the vesting, delivery or exercise of awards granted under the 2015 Plan until the applicable stock ownership thresholds have been achieved.

Background for the Determination of the Share Reserve under the 2015 Plan

In its determination to recommend that the Board approve the 2015 Plan, the Compensation Committee reviewed an analysis prepared by Pearl Meyer, its independent compensation consultant that was engaged for this purpose because the proposed 2015 Plan will provide a substantial portion of compensation to the Company's executives. This analysis included certain burn rate, dilution and overhang metrics, peer group market practices and trends, and the costs of the 2015 Plan, including the estimated stockholder value transfer cost. Specifically, the Compensation Committee considered that:

- In 2014, 2013 and 2012, we granted equity awards representing a total of approximately 516,186, 666,376 and 337,387 shares, respectively, with performance shares measured at target level. This level of equity awards represents a three-year average burn rate of 0.94% of common shares outstanding. Based on the Pearl Meyer analysis, this three-year average burn rate was below the 25th percentile of the companies in our selected Peer Group for 2014. Our selected Peer Group for 2014 is described in more detail above under the heading Compensation Discussion and Analysis Use of Competitive Market Data. However, our decision in early 2015 to pay 2014 annual bonuses for executive officers and non-officers in the form stock grants in order to further align executive and employee compensation with stock price returns has resulted in the depletion of the share reserve under the 2013 Plan earlier than was initially anticipated at the time the Compensation Committee determined the initial share reserve for the 2013 Plan. As of December 31,

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2014 and the Board Approval Date, there were 2,709,936 and 452,376 shares, respectively, remaining available for grants under the 2013 Plan, which amount assumes that all currently outstanding PSUs are vested and paid out at maximum levels.

If we do not increase the shares available for issuance under our equity plans, then based on our current expectation of equity plan grants, we would expect to exhaust the share limit under our 2013 Plan by 2016 (and the current 2013 Plan reserve may not be sufficient for the making of our regular annual grants for the 2016 award cycle), although it is possible the 2013 Plan share reserve could last longer if currently outstanding PSUs are vested and paid out at less than maximum levels. If we were to run out of shares under the 2013 Plan, we would lose an important compensation tool aligned with stockholder interests to attract, motivate and retain highly qualified talent.

Based on our current expectations, we estimate that the shares reserved for issuance under the 2015 Plan would be sufficient for approximately two to three years of awards, assuming we continue to grant awards consistent with our current practices and that performance awards are earned at maximum levels. Based on the foregoing, we expect that we would require an additional increase to the share reserve under the 2015 Plan in 2018 or 2019 (primarily dependent on the future price of Rosetta's shares, award levels/amounts, ultimate vesting levels for performance-based awards and hiring activity during the next few years), noting again that the share

Table of Contents**Proposal 3 Approval of 2015 Long-Term Incentive Plan**

reserve under the 2015 Plan could last for a longer or shorter period of time, depending on our future equity grant practices, which we cannot predict with certainty at this time.

The total aggregate equity value of the additional authorized shares being requested under the 2015 Plan (above the shares remaining available for issuance under the 2013 Plan), based on the closing price of \$18.48 for one share of our common stock on March 5, 2015 is \$43.49 million (recognizing that each full-value share under the 2015 Plan, which includes any shares subject to awards under the 2015 Plan that are not options or stock appreciation rights (or other awards that are subject to an exercise price, strike price or similar concept), will actually reduce the available pool by 1.79 shares). Based upon its analysis, Pearl Meyer concluded that the potential stockholder value transfer applicable to the new 2015 Plan was roughly 3.44% of our market capitalization.

In 2014, 2013 and 2012, our end of year overhang rate, calculated by dividing (i) the number of shares subject to equity awards outstanding at the end of the fiscal year plus the number of shares remaining available for issuance under our 2013 Plan by (ii) the number of Rosetta shares outstanding at the end of the fiscal year, was 6.13%, 7.04% and 4.45%, respectively. If approved, the issuance of the additional shares to be reserved under the 2015 Plan (net of the 452,376 shares remaining available under our current plan) would dilute the holdings of stockholders by an additional 3.34% on a fully diluted basis, based on the number of shares of our common stock outstanding as of March 5, 2015. If the 2015 Plan is approved, we expect our overhang at the end of 2015 will be approximately 9.71% (including the shares that will be reserved for issuance under the 2015 Plan). Based on the Pearl Meyer analysis, this overhang level is approximately at the 56th percentile of the companies in our selected Peer Group for 2014 and we expect our overhang level will decrease in subsequent years as we issue shares from the 2015 Plan and as our currently outstanding awards vest.

In light of the factors described above, and the fact that the ability to continue to grant equity compensation is vital to our ability to continue to attract and retain employees in the competitive labor markets in which we compete, the Board has determined that the size of the share reserve under the 2015 Plan is reasonable and appropriate at this time. The Board will not create a subcommittee to evaluate the risks and benefits for issuing the additional authorized shares requested.

Summary of Terms of the 2015 Plan

The following description of the 2015 Plan is a summary, does not purport to be a complete description of the 2015 Plan and is qualified in its entirety by the full text of the 2015 Plan. A copy of the 2015 Plan is attached to this proxy statement as Exhibit A and is incorporated herein by reference.

Purposes. The 2015 Plan allows for the grant of stock options, stock awards, restricted stock, restricted stock units, stock appreciation rights, performance awards and other incentive awards to employees, non-employee directors and other service providers of Rosetta and its affiliates who are in a position to make a significant contribution to the success of Rosetta and its affiliates. The purposes of the 2015 Plan are to attract and retain employees and non-employee directors and further align employee and stockholder interests and closely link compensation with Company performance. The 2015 Plan will provide an essential component of the Company's total compensation package, reflecting the importance that we place on aligning the interests of employees and directors with those of our stockholders.

Administration. The 2015 Plan provides for administration by the Compensation Committee or another committee of our Board of Directors (the Committee). However, each member of the Committee

must (1) meet independence requirements of the exchange on which our common stock is listed (if any), (2) qualify as a non-employee director within the meaning of Rule 16b-3 under the Exchange Act and (3) qualify as an outside director under Section 162(m) of the Code. With respect to awards granted to non-employee directors, the Committee is the Board of Directors. Among the powers granted to the Committee are (1) the authority to operate, interpret and administer the 2015 Plan, (2) determine eligibility for and the amount and nature of awards, (3) establish rules

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and regulations for the 2015 Plan's operation, (4) accelerate the exercise, vesting or payment of an award if the acceleration is in our best interest, (5) require participants to hold a stated number or percentage of shares acquired pursuant to an award for a stated period of time and (6) establish other terms and conditions of awards made under the 2015 Plan. The Committee has the right to delegate to one or more officers of the Company any right granted to the Committee under the 2015 Plan, except for grants to persons (i) subject to Section 16 of the Exchange Act or (ii) who are reasonably expected to be covered employees for purposes of Section 162(m).

Eligibility. Employees, non-employee directors and other service providers of Rosetta and our affiliates who, in the

Table of Contents**Proposal 3 Approval of 2015 Long-Term Incentive Plan**

opinion of the Committee, are in a position to make a significant contribution to the success of Rosetta and our affiliates are eligible to participate in the 2015 Plan. The

Committee determines the type and size of award and sets the terms, conditions, restrictions and limitations applicable to the award within the confines of the 2015 Plan's terms.

Based on historic compensation practices, approximately 290 individuals are eligible to receive awards; however, this number is subject to change as the number of individuals in our businesses is adjusted to meet our operational requirements. The benefits or amounts that may be received or allocated to participants under the 2015 Plan will be determined at the discretion of the Compensation Committee or the Board and is not currently determinable. The following table sets forth, with respect to the individuals and groups identified therein, the benefits and amounts that were allocated to such individuals and groups for fiscal year 2014 under our Prior Plans.

Name	Number of Shares Subject to Stock Awards Granted in 2014 (1) (#)	Grant Date Fair Value of Stock Awards Granted in 2014 (2) (\$)
James E. Craddock, Chairman, CEO and President (PEO) John E. Hagale,	65,446	3,085,452
Executive Vice President and Chief Financial Officer (PFO) John D. Clayton,	40,904	1,928,420
Executive Vice President & Chief Operating Officer (Named Executive Officer) Nathan P. Murphy,	40,904	1,928,420
Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary (Named Executive Officer) Don O. McCormack,	14,318	675,022
Senior Vice President, Treasurer & Chief Accounting Officer (Named Executive Officer)	13,498	636,364
All Directors who are not employees (6 persons)	18,942	900,126
All current executive officers as a group (6 persons)	188,568	8,890,038
All employees who are not executive officers (279 persons)	253,649	11,958,282

(1) Amount shown assumes settlement of performance based awards at target levels.

(2) Represents the dollar amount of the grant date fair value for restricted stock and PSUs, based on the fair market value of our common stock on the date of grant, assuming settlement of PSUs at target levels.

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Available Shares. The maximum number of shares available for grant under the 2015 Plan is 5,000,000 shares of common stock (which represents the sum of 452,376 shares of common stock remaining available for issuance under the Prior Plans as of the Board Approval Date plus 4,547,624 additional shares of common stock), minus any shares of common stock subject to awards granted under the Prior Plans after the Board Approval Date and prior to the Effective Date. Shares of common stock covered by an Award under the Prior Plans which are forfeited, cancelled, or expire or are exchanged for or settled in cash without the delivery of shares of common stock after the Board Approval Date shall be added to the shares of common stock authorized for issuance under the 2015 Plan. Any shares granted as Options or SARs shall be counted for purposes of this share limit as one share for each share granted. Any shares granted under Awards other than Options or SARs (or other awards that are subject to an exercise price, strike price or similar concept) shall be counted against this limit as 1.79 shares for each share granted. Any shares subject to awards under the Prior Plans other than options or SARs (or other

awards that are subject to an exercise price, strike price or similar concept) that are forfeited, cancelled or expire or exchanged for or settled in cash without the delivery of shares of common stock after the Board Approval Date shall be added to the shares of common stock authorized for issuance under the 2015 Plan as 1.79 shares for each share that is forfeited, cancelled or expires or exchanged for or settled in cash. As of March 24, 2015, there were 2,144,948 shares subject to outstanding awards previously granted under the Prior Plans (assuming settlement of performance-based awards at maximum levels), of which 2,047,442 shares were subject to awards other than Options or SARs. Therefore, the maximum number of shares that could be issued pursuant to the 2015 Plan (assuming all of the outstanding awards under the Prior Plans are forfeited, cancelled or expire or exchanged for or settled in cash without the delivery of shares of common stock after the Board Approval Date and are therefore added to the shares of common stock authorized for issuance under the 2015 Plan in the manner described above) is 7,144,948.

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Proposal 3 Approval of 2015 Long-Term Incentive Plan

The number of shares available for award under the 2015 Plan is subject to adjustment for certain corporate changes in accordance with the provisions of the 2015 Plan. Shares of common stock issued pursuant to the 2015 Plan may be shares of original issuance, treasury shares or a combination thereof. Shares tendered or withheld in payment of an Option exercise price shall not be returned to the 2015 Plan and shall not become available for future issuance under the 2015 Plan; shares withheld by the Company to satisfy any tax withholding obligation shall not be returned to the 2015 Plan and shall not become available for future issuance under the 2015 Plan; shares repurchased by the Company with stock option proceeds shall not be returned to the 2015 Plan and shall not become available for future issuance under the 2015 Plan; and shares subject to a SAR that are not issued in connection with the stock settlement of a SAR on exercise thereof shall not be returned to the 2015 Plan and shall not become available for future issuance under the 2015 Plan.

Individual Award Limits. The maximum number of shares that may be subject to awards granted under the 2015 Plan that are denominated in shares during any fiscal year to any one participant is 1,000,000 shares. The

maximum aggregate amount of cash that may be paid to any one person during any fiscal year with respect to one or more awards payable in cash and not denominated in shares is \$5,000,000.

Non-Employee Director Award Limit. No person who is a non-employee member of the Board may be granted awards under the 2015 Plan for services in such capacity for any one year that have an aggregate grant date fair value (determined in accordance with applicable accounting standards) of more than \$500,000.

No Repricing or Reload Rights. Except adjustment for certain corporate changes in accordance with the provisions of the 2015 Plan, no award may be repriced, replaced, or regranted through cancellation or otherwise modified without stockholder approval, if the effect would be to reduce the exercise price for the shares underlying such award. Further, no option award that is underwater may be cancelled (i) for the purpose of granting a replacement award of a different type or (ii) in exchange for cash or other property.

Types of Awards

Stock Options. The 2015 Plan provides for the grant of incentive stock options intended to meet the requirements of Section 422 of the Code and non-qualified stock options that are not intended to meet those requirements. Incentive stock options may be granted only to employees of Rosetta and its affiliates. All options will be subject to terms, conditions, restrictions and limitations established by the Committee, as long as they are consistent with the terms of the 2015 Plan.

The Compensation Committee will determine when an option will vest and become exercisable. No option will be exercisable more than ten years after the date of grant (or, in the case of an incentive stock option granted to a 10% stockholder, five years after the date of grant). Unless otherwise provided in the option award agreement, options terminate within a certain period of time following a participant's termination of employment or service for any reason other than cause (12 months) or for cause (30 days).

Generally, the exercise price of a stock option granted under the 2015 Plan may not be less than the fair market value of the common stock on the date of grant. However, the exercise price may be less if the option is granted in connection with a transaction and complies with special rules under Section 409A of the Code. Incentive stock options must be granted at 100% of fair market value (or, in the case of an incentive stock option granted to a 10% stockholder, 110% of fair market value).

The exercise price of a stock option may be paid (i) in cash, (ii) at the discretion of the Compensation Committee, with previously acquired non-forfeitable, unrestricted shares of common stock that have been held for at least six months and that have an aggregate fair market value at the time of exercise equal to the total exercise price, or (iii) a combination of those shares and cash. In addition, at the discretion of the

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Compensation Committee, the exercise price may be paid by delivery to us or our designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the shares of common stock with respect to which the option is exercised and deliver the sale or margin loan proceeds directly to Rosetta to pay the exercise price and any required withholding taxes.

Stock Appreciation Rights (SARs). A stock appreciation right entitles the participant to receive an amount in cash and/or shares of common stock, as determined by the Compensation Committee, equal to the amount by which our common stock appreciates in value after the date of the award. The Compensation Committee will determine when the SAR will vest and become exercisable. Generally, the exercise price of a SAR will not be less than the fair market value of the common stock on the date of grant. However, the exercise price may be less if the stock is granted in connection with a transaction and complies with special rules under Section 409A of the

Table of Contents**Proposal 3 Approval of 2015 Long-Term Incentive Plan**

Code. No SAR will be exercisable later than ten years after the date of the grant. The Compensation Committee will set other terms, conditions, restrictions and limitations on SARs, including rules as to exercisability after termination of employment or service.

Stock Awards. Stock awards are shares of common stock awarded to participants that are subject to no restrictions. Stock awards may be issued for cash consideration or for no cash consideration.

Restricted Stock and Restricted Stock Units (RSUs). Restricted stock is common stock that must be returned to us if certain conditions are not satisfied. The Compensation Committee will determine the restriction period and may impose other terms, conditions and restrictions on restricted stock, including vesting upon achievement of performance goals pursuant to a performance award and restrictions under applicable securities laws. The Compensation Committee also may require the participant to pay for restricted stock. Subject to the terms and conditions of the award agreement related to restricted stock, a participant holding restricted stock will have the right to receive dividends on the shares of restricted stock during the restriction period, vote the restricted stock and enjoy all other stockholder rights related to the shares of common stock. Upon expiration of the restriction period, the participant is entitled to receive shares of common stock not subject to restriction.

Restricted stock units are fictional shares of common stock. The Compensation Committee will determine the restriction period and may impose other terms, conditions and restrictions on RSUs. Upon the lapse of restrictions, the participant is entitled to receive one share of common stock or an amount of cash equal to the fair market value of one share of common stock as provided in the award agreement. An award of RSUs may include the grant of a tandem cash dividend right or dividend unit right. A cash dividend right is a contingent right to receive an amount in cash equal to the cash distributions made with respect to a share of common stock during the period the RSU is outstanding. A dividend unit right is a contingent right to have additional RSUs credited to the participant equal to the number of shares of common stock (at fair market value) that may be purchased with the cash dividends. Restricted stock unit awards are considered non-qualified deferred compensation subject to Section 409A of the Code and will be designed to comply with that section.

Performance Awards. A performance award is an award payable in cash (including an annual bonus award) or common stock (or a combination thereof) upon the achievement of certain performance goals over a performance period. Performance awards may be combined with other awards to impose performance criteria as part of the terms of the other awards. For each performance award, the Compensation Committee will determine (i) the amount a participant may earn in the form of cash or shares of common stock or a formula for determining the amount payable to the participant, (ii) the performance criteria and level of achievement versus such performance criteria that will determine the amount payable or number of shares of common stock to be granted, issued, retained and/or vested, (iii) the performance period over which performance is to be measured, which may not be shorter than one year, (iv) the timing of any payments to be made, (v) restrictions on the transferability of the award and (vi) other terms and conditions that are not inconsistent with the 2015 Plan.

The Compensation Committee will determine whether specific performance awards are intended to constitute qualified performance-based compensation, or QPBC, within the meaning of Section 162(m) and even if stockholders approve the performance criteria set forth in the 2015 Plan for purposes of the QPBC exception, the Compensation Committee may determine to pay compensation that is not QPBC under Section 162(m) and that is not deductible by reason thereof. To qualify as QPBC, the applicable performance criteria will be selected from the list below in accordance with the requirements of Section 162(m). Section 162(m) imposes a \$1 million cap on the compensation deduction that the Company may take in respect of compensation paid to our Chief Executive Officer and our next three most highly compensated employees (other than our Chief Financial Officer). However, compensation that qualifies as QPBC is excluded from the calculation of the \$1 million cap, and thus remains deductible. In order to constitute QPBC under Section 162(m), in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our Compensation Committee and linked to stockholder-approved performance criteria. To allow Rosetta to qualify awards as QPBC, we are seeking stockholder approval of the 2015 Plan and the material terms of the performance goals applicable to performance shares under the 2015 Plan.

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Proposal 3 Approval of 2015 Long-Term Incentive Plan

The performance measure(s) to be used for purposes of performance awards may be described in terms of objectives that are related to the individual participant or objectives that are company-wide or related to a subsidiary, division, department, region, function or business unit of Rosetta in which the participant is employed, and may consist of one or more of any combination of the following criteria:

- Earnings or earnings per share (whether on a pre-tax, after-tax, operational or other basis)

- Return on equity

- Return on assets or net assets

- One or more operating ratios

- Revenues

- Stock price

- Income or operating income

- Total stockholder return

- Individual business objectives

- Net asset value per share

- Added reserves

- Growth in reserves per share