**PROPOSAL 5 – SHAREHOLDER PROPOSAL**

We have been informed that the Public Employees Retirement System of Ohio intends to introduce the proposal set forth below at the Annual Meeting. Consistent with SEC rules, the text of the proposal is printed verbatim from the submission. The Company will provide to stockholders the address and reported holdings of the Company’s common stock for the proposal sponsor promptly upon receiving an oral or written request. The Board is not recommending a vote either for or against this proposal.

RESOLVED, that shareholders of WPX Energy, Inc. urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors and to require that all directors elected at or after the annual meeting held in 2015 be elected on an annual basis. Implementation of this proposal should not prevent any director elected prior to the annual meeting held in 2015 from completing the term for which such director was elected.

**Supporting Statement**

This resolution was submitted by the Public Employees Retirement System of Ohio. The Shareholder Rights Project served as the proponent’s representative and advisor in connection with this resolution.

This resolution urges the board of directors to facilitate a declassification of the board. Such a change would enable shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value.

According to data from FactSet Research Systems, during the period January 1, 2012 to June 30, 2013:

* More than 90 S&P 500 companies brought management proposals to declassify their boards to a vote at annual meetings;
* More than 50 precatory declassification proposals passd at annual meetings of S&P 500 companies; and
* The average percentage of votes cast in favor of shareholder proposals to declassify boards of S&P 500 companies exceeded 75%.

The significant shareholder support for declassification proposals is consistent with empirical studies reporting that:

* Classified boards are associated with lower firm valuation (Bebchuk and Cohen, 2005; confirmed by Faleye (2007) and Frakes (2007));
* Takeover targets with classified boards are associated with lower gains to shareholders (Bebchuk, Coates, and Subramanian, 2002);
* Firms with classified boards are more likely to be associated with value-decreasing acquisition decisions (Masulis, Wang, and Xie, 2007); and
* Classified board are associated with lower sensitivity of compensation to performance and lower sensitivity of CEO turnover to firm performance (Faleye, 2007).

Although one study (Bates, Becher and Lemmon, 2008) reports that classified boards are associated with higher takeover premiums, this study also reports that classified boards are associated with a lower likelihood of an acquisition and that classified boards are associated with lower firm evaluation.

Please vote for this proposal to make directors more accountable to shareholders.

**Board of Directors Recommendation**

**For the reasons discussed below, the Board does not recommend either a vote FOR or AGAINST this proposal.**

The Board recognizes that declassification continues to be a subject of interest for stockholder groups and other constituencies and has decided to put the stockholder proposal to a vote by all stockholders without a recommendation. In order for stockholders to make an informed decision on this proposal, the Board believes it is important to consider the potential benefits that classified boards offer together with the proponent’s contrary arguments.

Our Board recognizes the substantial benefits of a classified structure in promoting continuity in our strategy, oversight and policies. In our industry, in particular, long-term focus is critical. The time horizon required for successful exploration, development and production of oil and gas resources makes it vital that we have a board that understands the implications of this process and has the ability to develop and implement long-term strategies while benefiting from an in-depth knowledge of the Company’s business and operations. A classified board structure helps to ensure that there will be the continuity and stability of leadership required to navigate a challenging economic environment while resisting the pressure to focus on short-term results at the expense of the long-term value of the Company.

A classified board also enhances the ability of the Company to maximize stockholder value in the event of an unsolicited takeover proposal. A classified board provides the Company valuable leverage to negotiate effectively on behalf of all stockholders. By requiring two election cycles to take control of the board, the classified structure requires that a potential buyer negotiate with a board consisting of a majority of seasoned directors who are independent of the potential acquirer, and hence allows the board to evaluate the adequacy and fairness of an acquisition proposal, carefully evaluate potential alternatives and negotiate on behalf of all stockholders. Rather than insulating the Company from a successful takeover proposal or the consummation of a potential transaction, a classified board can increase the likelihood that a board will have the opportunity to negotiate and obtain the best possible result for the Company and its stockholders.

A principal rationale advanced by many advocates of declassified boards, including the proponent, is that classification reduces director accountability to stockholders. However, these concerns about reduced accountability may be overstated, particularly amid the increasing scrutiny of corporate governance and heightened regulatory oversight of recent years. Moreover, as a result of the provision in our Bylaws that applies a majority voting standard in uncontested elections of directors, members of our Board are accountable to our stockholders.

The Board believes that stockholders should consider both the arguments in favor of and against classified boards in voting on this stockholder proposal. Approval of this stockholder proposal will not automatically eliminate our classified board. The Board will carefully consider the views of our stockholders as expressed in the vote on this proposal. If this proposal is approved by stockholders, the Board will then consider whether to approve and submit to stockholders at next year’s annual meeting proposed amendments to the Company’s certificate of incorporation that would declassify the board.