

# Directors' and Officers' Stock Ownership Requirements

## OUR POLICY

To further align the interests of our non-employee directors and officers with those of our shareholders, requirements for ownership of APA common shares for our directors and officers are as follows:

### Director Stock Ownership Requirements

Position	Requirement
Non-Employee Directors	6x Cash Retainer

Each non-employee director must own shares of APA's common stock the value of which is equal to or greater than six times the annual retainer paid in cash for each such director's service on APA's board of directors, excluding the amount of cash retainer for serving as board chair or as a committee chair. The value of the director's holdings is based on the closing price of APA common stock on the acquisition date.

The stock ownership requirement for a non-employee director must be achieved within three years from his or her appointment to APA's board of directors. Once achieved, each nonemployee director must continue to meet the stock ownership requirement while serving on APA's board of directors.

Stock counting towards satisfaction of directors' stock ownership requirements include:

- Shares purchased on the open market;
- Vested and unvested restricted stock and restricted stock units;
- Shares beneficially owned in a trust or partnership, by a spouse, or by minor children; and
- Share equivalents held in a non-employee directors' deferred plan or program.

Share equivalents held in the non-employee directors' deferral program remain in such program until the director retires or otherwise leaves APA's board of directors.

### Officer Stock Ownership Requirements

Stock ownership requirements for officers are two-fold. First, each officer must retain ownership of APA common shares which approximates a multiple of base salary depending on the officer's level. Second, each officer must hold an after-tax percentage of all shares from vesting of restricted stock units and realization of performance-based awards.

Details of officers' stock ownership requirements are outlined below.

#### I. The first stock ownership requirement is determined as a multiple of the officer's base salary.

Position	Requirement
Chief Executive Officer	10x Base Salary
President	4x Base Salary
EVPs	3x Base Salary
SVPs	2.5x Base Salary
VPs	2x Base Salary

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Until the applicable stock ownership requirement is achieved, each officer must hold, and must not sell, any and all shares from the vesting of restricted stock units and realization of performance-based awards, in each case after sale of shares to satisfy tax withholding. Once achieved, each officer must continue to meet the stock ownership requirement while serving as an officer and must not sell shares during any year if such sale would cause the owned shares (excluding unvested shares) of such officer to have a value below the stock ownership requirement during such year.

The value of an officer's stock ownership requirement is based on his or her current base salary measured against the value of the executive's holdings, based on the average closing price of a share of APA's common stock for the previous calendar year.

The multiple of base salary stock ownership requirement for all officers must be achieved within five years of the date of each officer's appointment to his or her particular office.

Once established, an officer's requirement generally changes as a result of promotion or base salary increase. A promotion restarts the required five-year period from the date of appointment to such new position. In the case of a base salary increase, officers have one year to meet the new requirement. Stock counting toward satisfaction of an officer's stock ownership requirements includes:

- Shares purchased on the open market;
- Vested shares in qualified and non-qualified plans;
- Shares obtained through stock option exercises that the officer continues to hold;
- Vested and unvested restricted stock and restricted stock units;
- Shares beneficially owned in a trust or partnership, by the officer, a spouse, or by minor children; and
- Share equivalents held in a deferred delivery plan.

The following do not count towards satisfaction of an officer's stock ownership requirements:

- Employee stock options; and
- Unearned performance shares.

## **II. The second stock ownership requirement for officers is the 15-percent holding requirement.**

Each officer must hold a minimum of 15 percent (on an after tax basis) of all shares from vesting of stock-settled restricted stock units and realization of stock-settled performance-based awards.

Failure by an officer to meet or show sustained progress toward meeting the above ownership requirements may result in a reduction in future long-term incentive equity grants and/or payment of future annual and/or long-term cash incentives.

### **General**

The Management Development and Compensation ("MD&C") committee of APA's board of directors may, from time to time, re-evaluate and revise stock ownership requirements to give effect to changes in APA's common stock or capitalization.

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In the event of an unforeseen market decline where the year-end price of APA's common stock is significantly lower than the prior year's price at the same date, the MD&C committee will have discretion to adjust or suspend the ownership requirements until such time the market stabilizes (or readjusts).