

Rosetta Resources Inc.
Form DEF 14A
March 17, 2011
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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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ROSETTA RESOURCES INC.

717 Texas, Suite 2800

Houston, Texas 77002

March 25, 2011

Dear Rosetta Stockholder:

I am pleased to invite you to Rosetta's Annual Meeting of Stockholders. The Annual Meeting will be held at The Magnolia Hotel, 1100 Texas, Houston, Texas 77002, on Friday, May 6, 2011 at 9:00 a.m., Houston time.

The Notice of Annual Meeting and Proxy Statement, which are attached, provide information concerning the matters to be considered at the Annual Meeting. The Annual Meeting will cover the business contained in the Proxy Statement, including the election of seven directors to Rosetta's Board of Directors. I encourage you to read the enclosed Notice of Annual Meeting and Proxy Statement, which contains information about the Board of Directors and its committees and personal information about each of the nominees for the Board. The Proxy Statement provides information concerning Rosetta's compensation of executive officers and includes a proposal for an advisory vote on executive compensation, as well as a proposal for an advisory vote on the frequency of future advisory votes on executive compensation. The Proxy Statement also includes a proposal to ratify the appointment of Rosetta's independent registered public accounting firm.

We hope you can join us on May 6, 2011. 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.

Sincerely,

Randy L. Limbacher

Chairman of the Board, Chief Executive Officer and President

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ROSETTA RESOURCES INC.

717 Texas, Suite 2800

Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 6, 2011

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 be held Friday, May 6, 2011 at 9:00 a.m., Houston time, at The Magnolia Hotel, 1100 Texas, 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 conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011; 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 10, 2011 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 717 Texas, Suite 2800, 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. 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.

By Order of the Board of Directors of

ROSETTA RESOURCES INC.

Karen Paganis

Assistant General Counsel and Corporate Secretary

Houston, Texas

March 25, 2011

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDERS MEETING TO BE HELD ON FRIDAY, MAY 6, 2011

The Company's Notice of Annual Meeting, Proxy Statement, and the 2010 Annual Report on Form 10-K are available on the Internet at www.proxyvote.com.

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GENERAL INFORMATION

Q: What am I voting on?

- A:
1. The election of Richard W. Beckler, Matthew D. Fitzgerald, Philip L. Frederickson, D. Henry Houston, Randy L. Limbacher, Josiah O. Low III, and Donald D. Patteson, Jr. to the Board of Directors;
 2. An advisory resolution on executive compensation;
 3. An advisory resolution on the frequency of future advisory votes on executive compensation; and
 4. The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm.

Q: Who can vote?

- A: Stockholders as of the close of business on March 10, 2011 are entitled to vote at the Annual Meeting.

Q: How do I vote?

- A: 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 prepaid 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.

Q: How does the Board recommend I vote on the proposals?

- A:
1. The Board unanimously recommends that you vote FOR the election of each of the Board's director nominees.
 2. The Board unanimously recommends that you vote FOR the approval of the advisory resolution on executive compensation.
 3. The Board recommends you select THREE YEARS for the frequency to conduct future advisory votes on executive compensation.
 - 4.

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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.

Q: How many shares can vote?

A: As of the record date, March 10, 2011, Rosetta had outstanding 52,572,195 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.

Q: What happens if I withhold my vote for an individual director?

A: Because the individual directors are elected by a plurality of the votes cast at the meeting, a withheld vote will not have an effect on the outcome of the election of an individual director.

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Q: What is a broker non-vote?

A: Under the rules of various national and regional securities exchanges, 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.

Q: What routine matters will be voted on at the Annual Meeting?

A: 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.

Q: What non-routine matters will be voted on at the Annual Meeting?

A: The election of directors and the advisory compensation votes are considered non-routine matters on which brokers are not allowed to vote unless they have received voting instructions from their customers.

Q: How many votes are needed to approve each of the proposals?

A: Under our Bylaws, the nominees for election as directors at the Annual Meeting who receive the highest number of for votes will be elected as directors. This is called plurality voting. For this purpose, abstentions are not counted as a vote cast either for or against the director.

The 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 this purpose, abstentions are not counted as a vote cast either for or against the proposals.

The frequency of the advisory vote on executive compensation receiving the greatest number of votes (every three, two or one years) will be considered the frequency recommended by stockholders. Abstentions and broker non-votes will therefore have no effect on such advisory vote.

Although the advisory votes are non-binding, as provided by law, the Board will review the results of the votes and will take them into account in making a determination concerning executive compensation and the frequency of such advisory votes.

Q: Can I vote on other matters?

A: 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.

Q: Who is soliciting my proxy?

A: 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 2011 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 \$7,500 plus out-of-pocket expenses.

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ROSETTA RESOURCES INC.

717 Texas, Suite 2800

Houston, Texas 77002

PROXY STATEMENT

For Annual Meeting of Stockholders

To Be Held on May 6, 2011

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 Meeting of Stockholders of the Company (the Annual Meeting) to be held at 9:00 a.m., Houston time, on May 6, 2011 at The Magnolia Hotel, 1100 Texas, 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 6, 2011.

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 of Directors. 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 Karen Paganis, Corporate Secretary, Rosetta Resources Inc., 717 Texas, Suite 2800, 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 at the close of business on March 10, 2011, the record date for the meeting, are entitled to notice of and to vote at the meeting. On that date, Rosetta had outstanding 52,572,195 shares of common stock, each of which is entitled to one (1) vote.

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 ability. 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.

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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. Under the NASDAQ Marketplace Rules, brokers who hold shares in street name have the discretionary authority to vote on certain routine items when they have not received instructions from beneficial owners. For purposes of the Annual Meeting, the ratification of the appointment of the Company's independent registered public accounting firm is a routine item. The election of directors is a non-routine item, meaning brokers are prohibited from exercising discretionary authority with respect to the proposal if they have not received instructions from beneficial owners with respect to such proposal (so-called broker non-votes). The advisory vote on executive compensation and the advisory vote on the frequency of the advisory vote on executive compensation are also non-routine items. A broker non-vote has the effect of a negative vote when a majority of the issued and outstanding shares is required for approval of a particular proposal and has no effect when a plurality or a majority of the votes cast is required for approval. A broker non-vote has no effect on the advisory vote on frequency of the advisory vote on executive compensation because the frequency (every three, two or one years) receiving the greatest number of votes will be considered the frequency recommended by stockholders. Since directors are elected by a plurality and the ratification of the appointment of our independent registered public accounting firm and the advisory vote on executive compensation require the affirmative vote of a majority of the votes cast, broker non-votes will not affect the outcome of voting on those proposals.

Voting Securities

Only holders of record of common stock, par value \$0.001 per share, of the Company at the close of business on March 10, 2011, the record date for the Annual Meeting, are entitled to notice of, and to vote at, the meeting. 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.

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 re-election. All of the Board members standing for re-election (other than Randy L. Limbacher, Chairman of the Board, Chief Executive Officer and President) meet the independence criteria under the rules of The NASDAQ Stock Market LLC (NASDAQ). You may not vote for a greater number of persons than the number of nominees named.

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 2010, the Board met six times and acted by unanimous written consent three times. Each director attended all of the meetings of the Board of Directors and its committees of which such director was a member during the past fiscal year, either in person or by telephone. All of the directors attended the 2010 Annual Meeting 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. Although we are not required to have a separate Compensation Committee, we have determined that it is in the best interest of the Company to maintain an independent Compensation Committee.

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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 public accounting firms. 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 between the Audit Committee and 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 by the independent reserve engineering consultants regarding the evaluation of the Company's reserves. Messrs. Matthew D. Fitzgerald, D. Henry Houston, and Donald D. Patteson, Jr. serve on the Audit Committee, all of whom are independent under NASDAQ rules and the rules of the Securities and Exchange Commission (SEC). Mr. Fitzgerald, Chairman of the Audit Committee, and Messrs. Houston and Patteson are Audit Committee financial experts, as defined under the rules of the SEC.

The Audit Committee met five times during 2010. Each member of the Audit Committee attended all of the meetings, either in person or by telephone. See the report of the Audit Committee in this Proxy Statement. A copy of the Audit Committee's charter is posted in the Corporate 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. Messrs. Donald D. Patteson, Jr., Philip L. Frederickson, and Josiah O. Low III serve on the Compensation Committee of the Board, all of whom are independent under NASDAQ rules. The Chairman is Mr. Patteson. The Compensation Committee met five times and acted by unanimous written consent three times during 2010. Each member of the Compensation Committee was present, either in person or by telephone, for all of the meetings. A copy of the Compensation Committee's charter is posted in the Corporate 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, renewing individual director participation in 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 of the corporate governance principles and practices and recommending to the Board any additions, amendments or other changes. The Nominating and Corporate Governance Committee oversees the annual evaluation concerning the performance 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. Richard W. Beckler, Philip L. Frederickson, and Josiah O. Low III serve on the Nominating and Corporate Governance Committee of the Board, all of whom are independent under NASDAQ rules. The Chairman is Mr. Beckler. Each member of the Nominating and Corporate Governance Committee was present, either in person or by telephone, at all meetings during 2010. The Nominating and Corporate Governance Committee met six times in 2010. A copy of the Nominating and Corporate Governance Committee's charter is posted in the Corporate Governance section of our website at www.rosettaresources.com.

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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 Governance Guidelines are posted in the Corporate Governance section of our website at www.rosettaresources.com together with the following governance documents:

Bylaws,

Code of Business Conduct and Ethic (the Ethics Code),

Audit Committee Charter,

Compensation Committee Charter,

Nominating and Corporate Governance Committee Charter,

Environmental, Health and Safety Mission Statement,

EH&S Safety Policy,

Stock Ownership Guidelines for Non-Employee Directors, and

Stock Ownership Guidelines for Officers.

These documents are also available in print to any stockholder requesting a copy in writing from the Corporate Secretary of the Company at 717 Texas, Suite 2800, Houston, Texas 77002.

Director Independence. The standards applied by the Board of Directors 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 \$100,000 in compensation from Rosetta or any of its subsidiaries during any period of twelve consecutive months within the three years 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 shareholder 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. Beckler, Patteson, Houston, Fitzgerald, Frederickson and Low, constituting more than a majority of the Board, are independent under NASDAQ rules. The Board of Directors also determined that all members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are independent.

Independent Directors/Executive Sessions. In 2010 during Board and committee meetings, the independent directors met fifteen times in executive session, outside of the presence of members of the management team. The Audit Committee meets with the independent registered public accounting firm without anyone else present except for the other independent directors.

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Board Leadership Structure and Role in Risk Oversight. In early 2010, the Board elected Randy L. Limbacher, Chief Executive Officer and President, to the position of Chairman (Chairman, CEO and President). D. Henry Houston, the former Chairman, has served as lead independent director since that time. The Board believes that this leadership structure is currently best for the Company, as it appropriately balances the need for the chief executive officer to manage the daily activities of the Company and provides for a lead independent director to oversee the executive sessions of the independent directors and enhances the relationship between the Board and the Chairman, CEO and President. In appointing Mr. Limbacher as Chairman, the Board concluded that Mr. Limbacher's leadership since being appointed CEO and President has served the Company and its stockholders well, as he is integrally involved with all aspects of the Company's operations and provides the Board with effective oversight of management. The Board believes this leadership structure enhances the Board's role in risk oversight as Mr. Limbacher is in a position to elevate the most critical business issues for consideration by the Board.

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 closely at the committee level, the full Board has responsibility for risk oversight. The committees regularly report their risk-oversight activities to the 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 head of 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. First, because Rosetta has a history of providing some portion of each full-time employee's compensation in restricted stock, Rosetta's employees are all stockholders. Like the shares granted to our executives, the restricted stock granted to all of our employees vests over three years. We believe this vesting period helps to ensure that both employees and executives take actions and make decisions which contribute to long-term positive performance, thus aligning us with the long-term interests of our shareholders. Second, we believe our annual bonus plan measures the behaviors that contribute to the success of an exploration and production business; by basing payout on the following equally weighted metrics: production volumes (MMCFe/day), reserves added, finding costs, earnings before interest, taxes, depreciation and amortization (EBITDA), lifting and operating expenses and general and administrative expenses per unit produced. The metrics used in developing our bonus pool are the same for both executives and employees to ensure internal alignment. Further, we have designed the bonus plan metrics with diversified measures and compensating objectives that we consider very 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 the granting of restricted stock to all employees and the bonus plan we utilize promotes behavior that is consistent with the interests of our

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stockholders, both in the short term and the long term. Further, a significant portion of executive compensation is in the form of long-term compensation, including performance shares, which is paid over time. For further discussion, see Compensation Discussion and Analysis.

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 demonstrate an ability to make a meaningful contribution to the Board's oversight of the business and affairs and have 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. Diversity not only encompasses racial and gender diversity, but it also relates to diversity of experience and background in an effort to ensure that the composition of our directors provides a strong and well balanced foundation of skill and experience.

The Nominating and Corporate Governance Committee identifies candidates by asking the current directors and executive officers to notify the Nominating and Corporate Governance Committee if they become aware of individuals who meet the criteria described above. The Nominating and Corporate Governance Committee has the sole authority to engage firms that specialize in identifying 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 Nominating and Corporate Governance 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 corporate officers are responsible for establishing effective communications with the stockholders. In accordance with this policy, management speaks for the Company. This 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 the 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. This includes specific compliance procedures and a mechanism for reporting violations to a supervisor, the Director of the Internal Audit Department, or to the General Counsel. We have established an ethics hotline for employees to use and a procedure for maintaining anonymity with respect to an employee reporting a violation of the Ethics Code. You can access the Ethics Code in the Corporate 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 of the Company 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 on the Board of Directors of the Company. 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, which we would provide on our website.

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Directors Continuing Education. The Governance Guidelines require directors to participate in continuing education in subjects relevant to the duties of a director. While the Company arranges for director education presentations around the regular meetings of the Board of Directors, the directors also attend continuing education programs provided by independent organizations.

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. 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 plurality vote of the shares present at the Annual Meeting, meaning that the director nominees with the most affirmative votes are elected. If you sign the proxy card but do not give instructions with respect to the voting of directors, the proxyholders will vote in favor of the seven persons recommended by the Board. If you wish to give specific instructions with respect to the voting of directors, you must do so with respect to the slate of seven persons who will be voted upon at the Annual Meeting. You may not vote for a greater number of persons than the number of nominees named.

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 proxyholders 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.

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

Company Nominees for Director

Randy L. Limbacher, age 53, has served as Director and Chief Executive Officer and President of Rosetta since November 1, 2007. On February 25, 2010, Mr. Limbacher was appointed as the Chairman of the Board. Prior to joining Rosetta, Mr. Limbacher served as President, Exploration and Production Americas for ConocoPhillips, and was responsible for all exploration and production activities in the Western Hemisphere. Mr. Limbacher joined ConocoPhillips during its April 2006 acquisition of Burlington Resources, an organization with which he had spent over 20 years. At Burlington, Mr. Limbacher held a series of positions of increasing responsibility, including his role at the time of the acquisition of Executive Vice President, Chief Operating Officer and as a director on the Board of Directors of Burlington. Early in his career, he served in engineering roles with Conoco and Mobil/Superior Oil. Mr. Limbacher serves on the Board of Directors of CARBO Ceramics Inc. He holds a Bachelor of Science in Petroleum Engineering from Louisiana State University. Mr. Limbacher has 30 years of experience in the exploration and production business, both domestically and internationally, and has extensive leadership experience gained at both Rosetta and other companies in the energy industry. He is also experienced in managing independent oil and gas exploration and production companies and providing strategic direction. Mr. Limbacher's service on other public boards provides experience and knowledge of best practices that may benefit Rosetta's Board of Directors.

D. Henry Houston, age 71, has served as Director of Rosetta since July 2005. Mr. Houston served as Chairman of the Board from July 2007 until February 2010, when he was appointed as the lead independent director. From 2002 through 2008, when he retired, Mr. Houston was Executive Vice President, Chief Operating Officer and Chief Financial Officer, as well as a director, of Remote Knowledge, Inc., a company offering communication services for marine pleasure craft. From 1995 through 2002, he served as Executive Vice President and Chief Financial Officer of T.D. Rowe Amusements, a private company operating approximately

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25,000 vending and amusement devices. Mr. Houston also previously worked as an oil and gas consultant and served as President of KP Exploration, Inc., Chairman of the Board of Magee Poole Drilling Company, President of Black Hawk Oil Company, Chief Financial Officer of C&K Petroleum, and Vice President, Chief Financial Officer and director of Southdown Inc. Earlier in his career, he worked with Price Waterhouse and with Detsco, Inc. Mr. Houston has a degree in accounting from the University of Arkansas. Mr. Houston's financial accounting background, prior energy experience, and general business acumen are assets to Rosetta's Board of Directors.

Richard W. Beckler, age 71, has served as Director of Rosetta since July 2005. Since 2003, Mr. Beckler has served as a partner in the global litigation group and as the head of the Securities, Government Enforcement and White Collar Defense group of the law firm of Howrey LLP. From 1979 through 2003, he was a partner in the law firm of Fulbright & Jaworski and at the end of his tenure, the partner heading the litigation group in Washington, D.C. Mr. Beckler also served as a section chief in the Criminal Fraud Section of the U.S. Department of Justice, and as an Assistant District Attorney in the Manhattan District Attorney's Office. Mr. Beckler has a Juris Doctor degree from Fordham Law School and over 40 years of practicing law at private firms, the U.S. Department of Justice and the New York County (Manhattan) District Attorney's Office. This has enabled Mr. Beckler to bring legal expertise, and more specifically expertise in securities regulation, to Rosetta's Board of Directors.

Donald D. Patteson, Jr., age 65, has served as Director of Rosetta since July 2005. Mr. Patteson is 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. 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. Mr. Patteson 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. 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 to the Board valuable financial accounting expertise, experience with major financial transactions and insight into the service industry.

Josiah O. Low III, age 71, has served as Director of Rosetta since December 2006. He is currently a Senior Advisor to Catterton Partners, a private equity firm. Prior to serving with Catterton, Mr. Low led the corporate finance group of Donaldson, Lufkin and Jenrette (DLJ) as a Managing Director for over 16 years. He was a significant contributor in the development of DLJ from a boutique investment bank into one of Wall Street's largest and most prestigious firms, prior to its merger with Credit Suisse First Boston. Preceding his position at Credit Suisse, Mr. Low was a founding Managing Director of Merrill Lynch Capital Markets Group. Mr. Low is a graduate of Williams College, and serves on the Board of Directors of CoStar Group, Inc., a provider of commercial real estate information, analytic and marketing services. Mr. Low's investment banking experience, particularly in the energy sector, allows him to contribute broad financial and energy sector expertise to the Board.

Philip L. Frederickson, age 54, has served as Director of Rosetta since July 2008. He retired from ConocoPhillips in January 2008, where he served as Executive Vice President, Planning, Strategy and Corporate Affairs at the time of his retirement. Prior to serving in this role, Mr. Frederickson held the position of Executive Vice President, Commercial. Mr. Frederickson joined Conoco in 1978 and held various positions in the United States and Europe, with diverse responsibilities including refining and marketing operations, upstream strategy and portfolio management, and business development. Mr. Frederickson serves on the board of directors for Sunoco Logistics Partners LP and Chesapeake Midstream Partners LP. He is also a director for The Yellowstone Park Foundation. Mr. Frederickson holds a Bachelor of Science in Industrial Engineering from Texas Tech University. Mr. Frederickson's broad assignments and executive management experience in the energy industry provide relevant experience in a number of strategic and operational areas.

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Matthew D. Fitzgerald, age 53, has served as Director of Rosetta since September 2008. He has been President of Total Choice Communications LLC, a Sprint Preferred Retailer based in Houston, Texas since September 2009. Mr. Fitzgerald retired from Grant Prideco, Inc. in April of 2008, where he served as Executive Vice President and Chief Financial Officer from January 2004 until his retirement, 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 senior manager with the accounting firm of Ernst & Whinney. Mr. Fitzgerald holds a Bachelor of Science and a Masters in Accountancy from the University of Florida. 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 to Rosetta's Board of Directors, and allow Mr. Fitzgerald to provide valuable insight into the service industry to the Company.

Stockholder Nomination of Directors

The Company has not received stockholder recommendations for a nominee for director for consideration at the Annual Meeting. To be considered at the Annual Meeting, our Bylaws require that a stockholder's notice with respect to director nominations be submitted to the Company no earlier than January 7, 2011 and no later than February 7, 2011.

Stockholder recommendations of individuals for consideration as a nominee for director at future annual meetings should be submitted in writing to the attention of the Corporate Secretary, 717 Texas, Suite 2800, Houston, Texas 77002 not later than the 90th day nor earlier than the 120th day before the anniversary date of the immediately preceding annual meeting. To be in proper written form, a stockholder's notice with respect to director nominations must set forth:

1. As to each nominee, the name, age, business address and residence address of such nominee and his or her principal occupation or employment;
2. As to the stockholder giving notice, (a) certain identifying information with respect to such stockholder and any other person on whose behalf the nomination is made (such stockholder or other person, a Nominating Person) and (b) a description of all arrangements or understandings between such Nominating Person, any proposed nominee and any other person (including their names) pursuant to which the nomination(s) are to be made by the Nominating Person; and
3. As to each nominee or Nominating Person, (a) the class and number of shares of the Company's capital stock owned beneficially or of record by such person, (b) whether and the extent to which any hedging or other transaction has been entered into by or on behalf of, or any other agreement has been made, the effect or intent of which is to mitigate loss or manage the risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any Company securities, and (c) any other information relating to such persons required to be disclosed in a proxy statement or other filings required to be made in connection with proxy solicitations for election of directors pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act).

All stockholder notices must include a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such nomination before the meeting and a statement whether any Nominating Person intends to solicit proxies in connection with the nomination. Additionally, director nomination notices must be accompanied by a written consent of each proposed nominee, to being named as a nominee and to serve as a director if elected.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following tabulation sets forth, as of March 1, 2011, 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
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