NEWFIELD EXPLORATION CO /DE/
Form 424B5
August 09, 2002

FILED PURSUANT TO RULE 424(b)(5)
REGISTRATION NO. 333-71348

PROSPECTUS SUPPLEMENT
(To the Prospectus dated December 13, 2001)

$250,000,000

[NEWFIELD LOGO]

NEWFIELD EXPLORATION COMPANY

8 3/8% Senior Subordinated Notes due 2012

COMPANY

+ We are an independent oil and gas company engaged in the exploration, development and acquisition of crude oil and natural gas properties.

+ Our areas of operation include the Gulf of Mexico, the U.S. onshore Gulf Coast, the Anadarko and Permian Basins, offshore northwest Australia and the Bohai Bay, offshore China.

+ We recently agreed to acquire EEX Corporation.

NOTES

+ We are offering $250,000,000 aggregate principal amount of our 8 3/8% senior subordinated notes due August 15, 2012.

+ We will pay interest on the notes semi-annually in arrears on February 15 and August 15 of each year, beginning February 15, 2003.

+ We may redeem some or all of the notes at any time on or after August 15, 2007 at the redemption prices set forth in this prospectus supplement, plus accrued and unpaid interest. Prior to that time, we may redeem all of the notes at a make-whole redemption price. In addition, we may redeem up to 35% of the notes prior to August 15, 2005 with the net cash proceeds from certain equity offerings.

+ The notes will be subject to special mandatory redemption if we do not acquire EEX.

+ The notes will be unsecured and subordinated to our senior and secured obligations and senior to any subordinated indebtedness.

+ We do not plan to list the notes on any securities exchange.

BEFORE BUYING ANY NOTES, YOU SHOULD READ THE DISCUSSION OF MATERIAL RISKS OF INVESTING IN OUR NOTES BEGINNING ON PAGE S-13 OF THIS PROSPECTUS SUPPLEMENT AND PAGE 3 OF THE ACCOMPANYING PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER NOTE	TOTAL
Price to public	99.168%	$247,920,00
Underwriting discount	2.250%	$5,625,00
Proceeds to Newfield (before expenses)	96.918%	$242,295,00

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about August 13, 2002.

Joint Book-Running Managers

UBS Warburg JPMorgan

Wachovia Securities

BNY Capital Markets, Inc.

Credit Lyonnais Securities

Fleet Securities, Inc.

The date of this prospectus supplement is August 8, 2002.

TABLE OF CONTENTS

YOU SHOULD RELY ONLY ON THE INFORMATION INCORPORATED BY REFERENCE OR PROVIDED IN THIS PROSPECTUS SUPPLEMENT OR IN THE ACCOMPANYING PROSPECTUS. WE HAVE NOT, AND THE UNDERWRITERS HAVE NOT, AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT, AND THE UNDERWRITERS ARE NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION INCORPORATED BY REFERENCE OR PROVIDED IN THIS PROSPECTUS SUPPLEMENT OR IN THE ACCOMPANYING PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THOSE DOCUMENTS. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE.

Oil and gas terms used in this prospectus supplement:

when describing natural gas:	Mcf	=	thousand cubic feet
	MMcf	=	million cubic feet
	Bcf	=	billion cubic feet
when describing oil:	Bbl	=	barrel
	MBbls	=	thousand barrels
	MMBbls	=	million barrels
when describing natural gas and oil together:	1 barrel of oil	=	6 Mcf of gas equivalent
	Mcfe	=	thousand cubic feet equ
	MMcfe	=	million cubic feet equi
	MMcfe/d	=	million cubic feet equi
	Bcfe	=	billion cubic feet equi

present value = The estimated value of future gross revenues (estimated in accordance with the requirements of the SEC) to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs in effect as of the date indicated, discounted using an annual discount rate of 10%.

proved developed reserves = Proved reserves that can be expected to be recovered from existing wells with existing equipment and operating methods.

proved reserves = The estimated quantities of oil and gas that geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions.

proved undeveloped reserves = Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required.

Prospectus supplement summary

This document is in two parts. The first part is the prospectus supplement which describes our business and the specific terms of this offering. The second part is the prospectus which gives more general information, some of which may not apply to this offering. If information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. You should carefully read the entire prospectus supplement, the accompanying prospectus and the other documents incorporated by reference to understand fully the terms of the notes, as well as the other considerations that are important to you in making your investment decision. You should pay special attention to "Risk factors" beginning on page S-13 of this prospectus supplement and to "Risk factors" beginning on page 3 of the accompanying prospectus to determine whether an investment in the notes is appropriate for you. For purposes of this prospectus supplement and the accompanying prospectus, unless the context otherwise indicates, references to "us," "we," "our" or "Newfield" are to Newfield Exploration Company and its subsidiaries. Unless otherwise noted, capitalized terms used in this prospectus supplement have the same meanings as used in the accompanying prospectus.

ABOUT NEWFIELD

We are an independent oil and gas company engaged in the exploration, development and acquisition of crude oil and natural gas properties. Our company was founded in 1989 and we acquired our first property in 1990. Our initial focus area was the Gulf of Mexico. In the mid-1990s, we began to expand our operations to other select areas. Our areas of operation now also include the U.S. onshore Gulf Coast, the Anadarko and Permian Basins, offshore northwest Australia and the Bohai Bay, offshore China.

At year-end 2001, we had proved reserves of 936.4 Bcfe. Of those reserves,

+ 77% were natural gas;

+ 93% were proved developed;

+ 58% were located in the Gulf of Mexico;

+ 39% were located onshore in the U.S.; and

+ 3% were located offshore Australia.

Our strategy is based on the following elements:

+ growing reserves through the drilling of a balanced portfolio;

+ balancing exploration with the acquisition and exploitation of proved properties;

+ focusing on select geographic areas;

+ controlling operations and costs;

+ using 3-D seismic data and other advanced technologies; and

+ attracting and retaining a high quality work-force through equity ownership and other performance-based incentives.

ACQUISITION OF EEX

On May 29, 2002, we announced our agreement to acquire EEX Corporation, an oil and gas exploration and production company with activities focused in Texas, Louisiana and the Gulf of Mexico. The transaction is valued at approximately $650 million, including the assumption of approximately $400 million of debt. We will issue approximately 7.1 million shares of our common stock in the transaction, or approximately 12.4% of our outstanding common stock on a fully diluted basis following the closing of the transaction.

The assets and operations of EEX are complementary to ours. EEX's onshore properties are located in our core South Texas focus area, and the acquisition will make us one of the largest independent producers in this area. The acquisition will also provide us with an increased balance between our onshore and offshore assets. In addition, EEX's acreage position and interests in undeveloped discoveries in the Gulf of Mexico will further our efforts to establish operations in the deepwater. We expect to reduce EEX's current general and administrative expense by as much as 50%.

On a pro forma basis giving effect to the acquisition of EEX and this offering:

+ our revenues would have been approximately $906.9 million and $188.6 million for the year ended December 31, 2001 and the three months ended March 31, 2002, respectively;

+ our EBITDA would have been approximately $705.7 million and $131.9 million for the year ended December 31, 2001 and the three months ended March 31, 2002, respectively;

+ our Adjusted EBITDA would have been approximately $683.6 million and $138.1 million for the year ended December 31, 2001 and the three months ended March 31, 2002, respectively (we define Adjusted EBITDA as EBITDA plus non cash general and administrative expense and commodity derivative income (expense) associated with SFAS 133);

+ our ratio of Adjusted EBITDA to total interest expense would have been approximately 9.8x and 8.3x for the year ended December 31, 2001 and the three months ended March 31, 2002, respectively; and

+ our debt, exclusive of $143.8 million of convertible trust preferred securities, as a percentage of book capitalization would have been approximately 43% as of March 31, 2002.

We will finance the repayment of EEX debt that will become due at the time of the acquisition, other EEX obligations and transaction costs with the net proceeds from this offering and borrowings under our existing revolving credit facility. Immediately following the completion of the acquisition, we expect to have approximately $90 million of remaining borrowing capacity under our credit facility and money market lines of credit. A description of our credit facility is included under "Description of existing indebtedness -- Revolving Credit Facility and Money Market Lines." At the time we agreed to acquire EEX, we obtained a commitment for a $325 million senior secured bridge facility. Upon completion of this offering, we will terminate this commitment.

The merger is subject to the approval of EEX's common shareholders and other conditions. All of EEX's preferred shareholders have signed an irrevocable proxy to vote their shares in favor of the merger. We expect the transaction to close in late September 2002.

The following table details the complementary nature of the assets and the significance of this acquisition to us.

	NEWFIELD AS OF DECEMBER 31, 2001	EEX AS OF DECEMBER 31, 2001	COMBINED
Proved reserves (Bcfe):	936	320(1)	1,256
% Natural gas	77%	96%	82%
% Proved developed	93%	85%	91%
Net production (MMcfe/d):			
Gulf of Mexico	327	--	327
Onshore U.S.	147	127	274
International	24	--	24
Total net production	498	127	625
% Production natural gas	78%	95%	82%
Gross acreage position:			
Gulf of Mexico			
Developed	601,611	17,280	618,891
Undeveloped	148,712	364,007	512,719
Shelf lease blocks	190	36	226
Deepwater lease blocks	--	68	68
U.S. Gulf Coast			
Developed	57,229	114,748	171,977
Undeveloped	39,023	245,354	284,377
Fee minerals	--	63,487	63,487
Mid-Continent			
Developed	145,141	12,123	157,264
Undeveloped	294,731	8,800	303,531
Fee minerals	69,970	--	69,970

----

(1) Represents our estimate of EEX proved reserves as of December 31, 2001. Our estimate reflects the disposition of EEX's international operations in the second quarter of 2002. Our estimate differs significantly from that of EEX as set forth in "EEX selected financial data" in this prospectus supplement. EEX disagrees with our estimates of EEX's proved reserves and believes that no adjustment is required with respect to its reported estimates of such reserves at December 31, 2001. See "Difference in estimates of EEX proved reserves."

RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2002

On July 22, 2002, we announced our results for the second quarter of 2002. Revenues were $161.6 million, compared to revenues of $200.7 million for the second quarter of 2001. Total production for the second quarter of 2002 increased 4% to 47.5 Bcfe from 45.8 Bcfe for the second quarter of 2001. Net income for the second quarter of 2002 was $20.1 million, or $16.3 million after the effect of a non-cash charge. In the second quarter of 2001, net income was $53.0 million, or $56.7 million after the effect of a non-cash gain. EBITDA and Adjusted EBITDA for the second quarter of 2002 were $110.6 million and $117.3

million, respectively, compared to $165.3 million and $160.3 million, respectively, for the second quarter of 2001.

OUR EXECUTIVE OFFICES

Our company was incorporated in Delaware in 1988. The address of our principal executive offices is 363 N. Sam Houston Parkway E., Suite 2020, Houston, Texas 77060, and our telephone number is (281) 847-6000. We maintain a web site on the Internet at http://www.newfld.com. Information contained on our website is not a part of this prospectus supplement or the accompanying prospectus.

The Offering

Issuer.............................	Newfield Exploration Company.
Securities offered.................	$250,000,000 principal amount of 8 3/8% Senior Subordinated Notes due 2012.
Maturity Date......................	August 15, 2012.
Interest Payment Dates.............	February 15 and August 15 of each year, beginning on February 15, 2003.
Ranking............................	The notes will be our unsecured senior subordinated debt. The notes will rank junior in right of payment to all of our present and future Senior Indebtedness (as defined in this prospectus supplement) and will rank senior to all of our future indebtedness that is expressly subordinated to the notes. The notes will effectively rank junior to the obligations of our subsidiaries. As of March 31, 2002, after giving effect to the adjustments described under "Capitalization of Newfield," including this offering and the application of the net proceeds of this offering, we would have had approximately $474.2 million of Senior Indebtedness outstanding and our subsidiaries would have had an additional approximately $226.0 million of liabilities (excluding intercompany liabilities and deferred revenue).
Subsidiary Guarantees..............	The notes initially will not be guaranteed by any of our subsidiaries. However, the indenture governing the notes provides that if any of our subsidiaries guarantees any of our indebtedness at any time in the future, then we will cause the notes to be guaranteed by such subsidiary on a

senior subordinated basis.

Optional Redemption................	The notes may be redeemed at any time on or after August 15, 2007, at our option, in whole or in part, at the prices listed under "Description of the notes--Optional Redemption." Prior to that date, the notes may be redeemed at our option, in whole but not in part, at a make-whole price described under "Description of the notes--Optional Redemption." Before August 15, 2005, we may redeem up to 35% of the original principal amount of the notes with the net cash proceeds of certain sales of our common stock at 108.375% of the principal amount, plus accrued and unpaid interest to the date of redemption.
Special Mandatory Redemption........	Pending their use to finance the acquisition of EEX, the net proceeds of the notes (before expenses) will

	be placed in an escrow account to fund the special redemption described below. Pursuant to an escrow agreement with Wachovia Bank, National Association, as escrow agent, if the acquisition of EEX is not closed on or prior to December 31, 2002 or the merger agreement relating to the acquisition of EEX is terminated or abandoned earlier, the funds in the escrow account, together with additional funds we will provide, will be used to redeem all of the notes at a redemption price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of redemption. The funds in the escrow account will be released to us to repay outstanding indebtedness of EEX upon receipt by the escrow agent of an officers' certificate that states that all necessary conditions to the closing of the acquisition of EEX have been satisfied or waived. See "Description of the notes--Escrow of Proceeds; Special Mandatory Redemption."
Change of Control..................	If a change of control occurs prior to maturity, you may require us to purchase all or part of your notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of redemption.
Certain Covenants..................	The indenture governing the notes will

limit our ability and the ability of our restricted subsidiaries to, among other things:

+ incur additional debt;

+ make restricted payments;

+ pay dividends on or redeem our capital stock;

+ make certain investments;

+ create liens;

+ make certain dispositions of assets;

+ engage in transactions with affiliates; and

+ engage in mergers, consolidations and certain sales of assets.

As to our restricted subsidiaries, the indenture governing the notes also will limit their ability to enter into or become subject to arrangements that would restrict or limit their ability to:

+ pay dividends or make other distributions to us or other restricted subsidiaries;

+ make loans or advances to us; and

+ transfer any assets to us.

These covenants are subject to important exceptions and qualifications, as described under "Description of the notes--Certain Covenants."

If the notes are assigned an investment grade rating from Moody's and Standard & Poor's, many of these covenants will be suspended.

Use of Proceeds....................	The net proceeds from this offering of approximately $241.8 million will be used to repay the EEX debt that will become due at the closing of the EEX acquisition and to pay a portion of the transaction costs of the acquisition. See "Use of proceeds."
Governing law......................	New York.

Global notes.......................	The notes will be represented by one or more global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the global notes representing the notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants. Except as described in the accompanying prospectus, notes in definitive form will not be issued.
Risk factors.......................	See the discussion under the heading "Risk factors" in this prospectus supplement and the accompanying prospectus for a description of factors you should carefully consider before deciding to invest in the notes.

Summary unaudited pro forma combined condensed financial and reserve information

The following summary unaudited pro forma combined condensed financial information combines the historical consolidated balance sheets and income statements of Newfield and EEX and gives effect to the issuance of the notes and the acquisition of EEX using the purchase method of accounting.

The summary unaudited pro forma combined condensed financial information is based on the following assumptions and adjustments:

+ EEX's income statement for the year ended December 31, 2001 has been adjusted to reflect the disposition and discontinuance of its international operations, as if these transactions had occurred on January 1, 2001;

+ the income statement data assume that the issuance of the notes and the acquisition were effective on January 1, 2001;

+ the balance sheet data assume that the issuance of the notes and the acquisition were effective on March 31, 2002;

+ the balance sheet and income statement data reflect our use of the net proceeds from the issuance of the notes to repay the EEX debt that will become due at the closing of the acquisition and to pay a portion of the transaction costs of the acquisition; and

+ the historical financial statements of EEX have been adjusted to conform to our accounting policies.

The historical income statement information for the year ended December 31, 2001 is derived from the audited financial statements of Newfield and EEX. The historical income statement information for the three-month period ended March 31, 2002 and the historical balance sheet information as of March 31, 2002 are derived from the unaudited financial statements of Newfield and EEX. We have provided all the historical information set forth herein regarding us and our subsidiaries and the assumptions and adjustments for the pro forma information, and EEX has provided all the historical information set forth herein regarding EEX and its subsidiaries.

The summary unaudited pro forma combined condensed financial information is presented for illustrative purposes only. The financial results may have been different if the companies had always been combined or if the other transactions had occurred as of the dates indicated above, nor do they purport to indicate the future results that we will experience. Further, the summary unaudited pro forma combined condensed financial information does not reflect the effect of restructuring charges that will be incurred to fully integrate and operate the combined organization more efficiently or anticipated synergies resulting from the acquisition. The restructuring activities to integrate the companies may result in head count reduction, asset rationalization and other activities. Because the plans for these activities have not yet been finalized, we are unable to reasonably quantify the cost for such activities.

The following information should be read together with "Unaudited pro forma combined condensed financial information" and the historical financial statements and related notes of Newfield and EEX incorporated by reference into this prospectus supplement and the accompanying prospectus.

INCOME STATEMENT DATA:	YEAR ENDED DECEMBER 31, 2001	THREE MONTHS ENDED MARCH 31, 2002
	(in thousands)	
Revenues	$906,929	$188,550
Operating expenses:		
Operating	136,548	31,423
Production and other taxes	32,254	5,267
Depreciation, depletion and amortization	361,655	90,473
Ceiling test write-down	106,011	--
Impairment of long-lived assets	82,286	--
General and administrative	62,467	16,728
Other income (expenses):		
Interest and other income (expense)	30,046	(3,272)
Gross interest expense	(69,701)	(16,725)
Capitalized interest	14,863	3,603
Net interest expense	(54,838)	(13,122)
Dividends on convertible preferred securities of Newfield Financial Trust I	(9,344)	(2,336)
Income before income taxes, discontinued operations, extraordinary items and cumulative effect of change in accounting principles	91,572	25,929
Income tax provision	32,686	9,296
Income before discontinued operations, extraordinary items, cumulative effect of change in accounting principles and preferred stock dividends	$58,886	$16,633

THREE

OTHER DATA:	YEAR ENDED DECEMBER 31, 2001	MONTHS ENDED MARCH 31, 2002
	(in thousands, except ratios)	
EBITDA(1)	$705,706	$131,860
Adjusted EBITDA(1)	$683,636	$138,083
Ratio of Adjusted EBITDA to total interest expense	9.8x	8.3x

BALANCE SHEET DATA:	AS OF MARCH 31, 2002
	(in thousands)
Oil and gas properties, net	$1,976,856
Total assets	2,253,396
Long-term debt	808,254
Stockholders' equity	946,347

----

(1) EBITDA represents net income plus income taxes, interest expense (including dividends on preferred securities), depreciation, depletion and amortization expense (including ceiling test writedown and asset impairment). Adjusted EBITDA represents EBITDA plus non cash general and administrative expense and commodity derivative income (expense) associated with SFAS 133. EBITDA and Adjusted EBITDA are not presented as indicators of our operating performance, as indicators of cash available for discretionary spending or as measures of liquidity. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We follow the full cost method of accounting.

S- 11

The following table sets forth pro forma summary information with respect to Newfield's and EEX's combined proved oil and gas reserves as of December 31, 2001. The following information reflects our estimates of EEX proved reserves as of December 31, 2001. Our estimates also reflect the disposition of EEX's international operations in the second quarter of 2002. Our estimates differ significantly from those of EEX as set forth in "EEX selected financial data" in this prospectus supplement. EEX disagrees with our estimates of EEX's proved reserves and believes that no adjustment is required with respect to its reported estimates of such reserves at December 31, 2001. See "Difference in estimates of EEX proved reserves."

RESERVE DATA:	AS OF DECEMBER 31, 2001
Proved:	
Oil and condensate (MBbls)	38,371
Gas (MMcf)	1,026,153

Total (MMcfe)...	1,256,379
Proved developed:	
Oil and condensate (MBbls)..............................	36,405
Gas (MMcf)..	922,869
Total (MMcfe)...	1,141,299

Risk factors

You should consider carefully the risk factors discussed below and in "Risk factors" beginning on page 3 of the accompanying prospectus, as well as all other information in this prospectus supplement and the accompanying prospectus before you decide to purchase the notes. Investing in the notes is speculative and involves significant risk. Any of the risks described in this prospectus supplement or the accompanying prospectus could impair our business, financial condition and operating results, could cause the trading price of the notes to decline or could result in a partial or total loss of your investment.

RISKS ASSOCIATED WITH THE NOTES

Set forth below, and under the caption "Risk Factors--Risks Associated With Our Debt Securities" in the accompanying prospectus, are discussions of the material risks associated with an investment in the notes.

YOUR RIGHT TO RECEIVE PAYMENTS ON THE NOTES IS JUNIOR TO OUR EXISTING SENIOR INDEBTEDNESS AND IS EFFECTIVELY JUNIOR TO THE OBLIGATIONS OF OUR SUBSIDIARIES.

The indebtedness evidenced by the notes will be senior subordinated obligations of Newfield. The payment of the principal of, premium, if any, on and interest on the notes is subordinate in right of payment to the prior payment in full of all senior indebtedness of Newfield, including borrowings under our bank credit facility.

All of our international and U.S. mid-continent properties are owned and operated by our subsidiaries, and EEX will become our subsidiary upon the consummation of the EEX acquisition. Distributions or advances from our subsidiaries are a source of funds to meet our debt service obligations. Contractual provisions or laws, as well as our subsidiaries' financial condition and operating requirements, may limit our ability to obtain cash from our subsidiaries that we require to pay our debt service obligations, including payments on the notes. You will have a junior position to the claims of creditors, including trade creditors and tort claimants, of our subsidiaries that do not guarantee the notes and to all secured or senior creditors of our subsidiaries, whether or not they guarantee the notes, with respect to the assets securing the claims of those secured creditors and generally with respect to senior creditors. Initially, none of our subsidiaries will guarantee the notes.

On a pro forma basis at March 31, 2002 after giving effect to the EEX acquisition, this offering and the amendment to our credit facility discussed in "Description of existing indebtedness," we had approximately $474.2 million in senior indebtedness outstanding (excluding indebtedness of our subsidiaries) and approximately $90 million available under our credit facility and money market lines of credit. The $90 million of availability assumes that our lenders will agree that our borrowing base will be reduced by 30% of the aggregate principal amount of the notes issued in this offering. If our lenders require that our borrowing base be reduced by a higher percentage, then our availability under our credit facility will be reduced. A description of our credit facility is included under "Description of existing indebtedness -- Revolving Credit Facility and Money Market Lines." Any future borrowings under our bank credit facility will also constitute senior indebtedness. In addition, on a pro forma basis at March 31, 2002 after giving effect to the EEX acquisition, this offering and the amendment to our credit facility, our subsidiaries had approximately $226.0 million of indebtedness (including $100.8 million of EEX secured notes) and other obligations, excluding intercompany liabilities and deferred revenues.

IF WE EXPERIENCE A CHANGE OF CONTROL, WE MAY BE UNABLE TO REPURCHASE THE NOTES AS REQUIRED UNDER THE INDENTURE.

In the event of a change of control, you will have the right to require us, subject to various conditions, to repurchase the notes. We may not have sufficient financial resources to pay the repurchase price for the notes, or we may be prohibited from doing so under our credit facility or other debt agreements. In addition, before we can purchase any notes, we may be required to:

+ repay our bank debt or other debt that ranks senior to the notes; or

+ obtain a consent from lenders of senior debt to repurchase the notes.

If a change of control occurs and we are prohibited from repurchasing the notes, our failure to do so would cause us to default under the indenture, which in turn is likely to be a default under our credit facility, our outstanding senior notes due 2007 and 2011 and any future debt. Any other default under our credit facility or other debt would also likely prohibit us from repurchasing the notes.

FEDERAL AND STATE STATUTES ALLOW COURTS, UNDER SPECIFIC CIRCUMSTANCES, TO VOID SUBSIDIARY GUARANTEES.

The indenture governing the notes does not require any subsidiary to guarantee the notes unless that subsidiary guarantees other indebtedness of ours as described under "Description of the notes." Initially, there will be no subsidiary guarantors. Various fraudulent conveyance laws have been enacted for the protection of creditors, and a court may use these laws to subordinate or avoid any subsidiary guarantee that may be delivered in the future. A court could avoid or subordinate a subsidiary guarantee in favor of that subsidiary guarantor's other creditors if the court found that either:

+ the guarantee was incurred with the intent to hinder, delay or defraud any present or future creditor or the subsidiary guarantor contemplated insolvency with a design to favor one or more creditors to the exclusion in whole or in part of others; or

+ the subsidiary guarantor did not receive fair consideration or reasonably equivalent value for issuing its subsidiary guarantee;

and, in either case, the subsidiary guarantor, at the time it issued the subsidiary guarantee:

+ was insolvent or rendered insolvent by reason of the issuance of the subsidiary guarantee;

+ was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or

+ intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

Among other things, a legal challenge of the subsidiary guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the subsidiary guarantor as a result of our issuance of the notes or the delivery of the subsidiary guarantee. To the extent the subsidiary guarantee was avoided as a fraudulent conveyance or held unenforceable for any other reason, you would cease to have any claim against that subsidiary guarantor and would be solely a creditor of us and of any subsidiary guarantors whose subsidiary guarantees were not avoided or held unenforceable. In that event, your claims against the issuer of an invalid subsidiary guarantee would be subject to the prior payment of all liabilities of that subsidiary guarantor.

RISKS ASSOCIATED WITH OUR OPERATIONS

Set forth below, and under the caption "Risk Factors--Risks Associated with our Operations" in the accompanying prospectus are discussions of the material risks associated with our business.

EXPLORATION IN DEEPWATER INVOLVES GREATER OPERATING AND FINANCIAL RISKS THAN EXPLORATION OF SHALLOWER DEPTHS. THESE RISKS COULD RESULT IN SUBSTANTIAL LOSSES.

In 2001, we developed a strategy to expand our operations to the deepwater of the Gulf of Mexico. In addition, through our acquisition of EEX we will acquire oil and gas properties located in the deepwater of the Gulf of Mexico. Deepwater drilling and operations require the application of recently developed technologies and involve a higher risk of mechanical failure. We will likely experience significantly higher drilling costs for any deepwater wells we may drill. In addition, much of the deepwater play lacks the physical and oilfield service infrastructure present in shallower waters. As a result, development of a deepwater discovery may be a lengthy process and require substantial capital investment, resulting in significant financial and operating risks.

In addition, as we carry out our drilling program in deepwater, it is likely that we will not initially serve as operator of the wells. As a result, we may have limited ability to exercise influence over operations for these properties or their associated costs. Our dependence on the operator and other working interest owners for these deepwater projects and our limited ability to influence operations and associated costs could prevent the realization of our targeted returns on capital in drilling or acquisition activities in the deepwater of the Gulf of Mexico. The success and timing of drilling and exploitation activities on properties operated by others therefore depend upon a number of factors that will be largely outside of our control, including:

+ the timing and amount of capital expenditures;

+ the availability of suitable offshore drilling rigs, drilling equipment, support vessels, production and transportation infrastructure and qualified operating personnel;

+ the operator's expertise and financial resources;

+ approval of other participants in drilling wells; and

+ selection of technology.

RISK ASSOCIATED WITH THE ACQUISITION OF EEX

WE MAY FACE DIFFICULTIES IN INTEGRATING EEX'S BUSINESS INTO OUR BUSINESS.

In integrating EEX's business into ours, we may encounter difficulties that could adversely affect our financial position, such as difficulties in combining operations, retention and integration of key management personnel and other important employees of EEX, the potential disruption of operations and the incurrence of substantial transaction costs and other expenses to accomplish the merger. We cannot assure you that the integration of EEX's business will be accomplished in an efficient and effective manner, if at all.

Use of proceeds

The net proceeds from the offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $241.8 million. Following the consummation of the acquisition of EEX, we intend to use the net proceeds from the sale of the notes to repay outstanding indebtedness of EEX that will become due at the closing of the acquisition, which bears interest at a weighted average annual rate of 5.9% as of August 2, 2002 and matures on March 31, 2003. At June 30, 2002, EEX had approximately $221.0 million of outstanding indebtedness that would become due at the closing of the acquisition. We intend to use the remaining net proceeds to pay a portion of the transaction costs of the acquisition.

Pending this use, the net proceeds (before expenses) will be placed in an escrow account to fund, if necessary, the special mandatory redemption of the notes and will be invested in cash or cash equivalents. For more information about the escrow account, please read "Description of the notes--Escrow of Proceeds; Special Mandatory Redemption" in this prospectus supplement.

Ratios of earnings to fixed charges

We have calculated our ratios of earnings to fixed charges as follows:

YEAR ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31,	PRO FORMA FOR THIS OFFERING AND THE EEX ACQUISITION	
						YEAR ENDED DECEMBER 31,	THREE MONTHS ENDED MARCH 31,
1997	1998	1999	2000	2001	2002	2001	2002
9.5x	(1)	3.7x	8.9x	5.7x	3.4x	1.9x	2.1x

----

(1) We had a loss for the year ended December 31, 1998 for purposes of computing these ratios. Earnings for such year were insufficient to cover fixed charges by approximately $88.4 million.

For purposes of computing the consolidated ratios of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest), and fixed charges consist of interest expense, dividends on our convertible trust preferred securities and the estimated interest component of rent expense.

Capitalization of Newfield

The following table shows our unaudited capitalization at March 31, 2002:

+ on a historical basis; and

+ on a pro forma basis to reflect the issuance of the notes, the acquisition of EEX and our application of the net proceeds from the sale of the notes.

You should read the table together with our financial statements and other information included in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

	AS OF MARCH 31, 2002	
	HISTORICAL	PRO FORMA FOR THIS OFFERING AND THE EEX ACQUISITION
	(in thousands)	
Debt(1):		
Credit facility and money market lines	$111,000	$174,600
7.45% Senior Notes due 2007	124,754	124,754
7 5/8% Senior Notes due 2011	174,888	174,888
8 3/8% Senior Subordinated Notes due 2012	--	247,920
EEX secured notes due 2009	--	100,764
Total debt	410,642	822,926
Company-obligated mandatorily redeemable convertible preferred securities of Newfield Financial Trust I	143,750	143,750
Stockholders' equity:		
Preferred stock ($0.01 par value; 5,000,000 shares authorized; no shares issued)	--	--
Common stock ($0.01 par value; 100,000,000 shares authorized; 45,215,537 issued and outstanding at March 31, 2002)	451	522
Additional paid-in capital	370,544	628,544
Treasury stock (at cost 867,936 shares)	(26,012)	(26,012)
Unearned compensation	(8,176)	(8,176)
Accumulated other comprehensive loss	(27,273)	(27,273)
Retained earnings	378,742	378,742
Total stockholders' equity	688,276	946,347
Total capitalization	$1,242,668	$1,913,023

----

(1) Please read "Description of existing indebtedness" in this prospectus supplement for additional information regarding our existing indebtedness.

Newfield selected financial and other data

The following selected historical financial data as of and for the five years ended December 31, 2001 have been derived from our audited consolidated financial statements. The summary historical financial data as of March 31, 2002 and for the three months ended March 31, 2002 and 2001 are derived from our unaudited consolidated financial statements. The unaudited consolidated financial statements include all adjustments which we consider necessary for a fair presentation of the financial position and results of operations for those periods. You should not expect the results for any prior or interim periods to be indicative of the results that may be achieved in any future periods. You should read the following information together with our historical financial statements and related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2001 and in our Quarterly Report on Form 10-Q for the three months ended March 31, 2002, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	YEAR ENDED DECEMBER 31,					THREE MONTHS ENDE MARCH 31,	
	1997	1998	1999	2000	2001	2001	20
	(in thousands, except ratios)						
INCOME STATEMENT DATA:							
Oil and gas revenues...	$201,755	$199,474	$287,889	$526,642	$749,405	$209,326	$148,0
Operating expenses:							
Lease operating......	24,308	35,345	45,561	65,372	102,922	20,824	23,0
Production and other taxes.............	--	--	2,215	10,288	17,523	7,118	3,4
Transportation.......	2,356	3,789	5,922	5,984	5,569	1,262	1,3
Depreciation, depletion and amortization.......	94,000	123,147	152,644	191,182	282,567	61,146	71,2
Ceiling test writedown..........	4,254	104,955	--	503	106,011	--	
General and administrative(1)...	12,270	12,070	16,404	32,084	43,955	11,285	12,3
Total operating expenses............	137,188	279,306	222,746	305,413	558,547	101,635	111,3
Income (loss) from operations...........	64,567	(79,832)	65,143	221,229	190,858	107,691	36,6
Other expense, net.....	(2,146)	(8,544)	(9,572)	(7,196)	(14,975)	(5,039)	(3,2
Dividends on convertible preferred securities of Newfield Financial							

Trust I.............	--	--	(3,556)	(9,344)	(9,344)	(2,336)	(2,3
Unrealized commodity derivative income (expense)...........	--	--	--	--	24,821	(1,558)	(5,6
Income (loss) before income taxes.........	62,421	(88,376)	52,015	204,689	191,360	98,758	25,4
Income tax provision (benefit)...........	21,818	(30,677)	18,811	69,980	67,612	35,613	9,1
Income (loss) before cumulative effect of change in accounting principle...........	$40,603	$(57,699)	$33,204	$134,709	$123,748	$63,145	$16,3
Cumulative effect of change in accounting principle(2)(3)......	--	--	--	(2,360)	(4,794)	(4,794)	
Net income (loss)......	$40,603	$(57,699)	$33,204	$132,349	$118,954	$58,351	$16,3

NEWFIELD SELECTED FINANCIAL AND OTHER DATA

	YEAR ENDED DECEMBER 31,					THREE MONTHS ENDE MARCH 31,	
	1997	1998	1999	2000	2001	2001	20
	(in thousands, except ratios)						
OTHER DATA:							
Capital expenditures...	$253,159	$310,772	$209,799	$379,166	$855,395	$432,691	$80,5
Net cash provided by operating activities before changes in operating assets and liabilities.........	161,852	141,948	205,553	383,524	526,761	140,968	96,6
Net cash provided by operating activities..........	160,338	146,575	184,903	316,444	502,372	201,531	98,6
Net cash used in investing activities..........	(242,962)	(318,991)	(210,817)	(355,547)	(765,822)	(373,047)	(85,3
Net cash provided by (used in) financing activities..........	77,551	164,291	67,758	15,933	273,127	215,834	(14,8
EBITDA(4).............	163,943	149,234	219,403	415,038	608,250	167,892	104,0
Adjusted EBITDA(4).....	165,120	151,456	221,402	418,085	586,180	170,045	110,2
Ratio of earnings to fixed charges(5).....	9.5x	--	3.7x	8.9x	5.7x	11.1x	3
Ratio of Adjusted EBITDA to interest expense.............	24.5x	10.9x	16.3x	28.5x	21.0x	24.4x	15
Ratio of total debt to Adjusted EBITDA......	0.8x	1.4x	0.6x	0.3x	0.7x	N/A	N

	AS OF DECEMBER 31,					A MARCH
	1997	1998	1999	2000	2001	
	(in thousands)					
BALANCE SHEET DATA:						
Working capital surplus (deficit)....................	$372	$(8,806)	$35,202	$38,497	$65,573	$22
Oil and gas properties, net.....	483,823	578,002	644,434	832,907	1,408,579	1,417
Total assets...................	553,621	629,311	781,561	1,023,250	1,663,371	1,608
Long-term debt.................	129,623	208,650	124,679	133,711	428,631	410
Convertible preferred securities...................	--	--	143,750	143,750	143,750	143
Stockholders' equity...........	292,048	323,948	375,018	519,455	709,978	688

----

(1) General and administrative expense includes non-cash stock compensation charges of $1.2 million, $2.2 million, $2.0 million, $3.0 million and $2.8 million for 1997, 1998, 1999, 2000 and 2001, respectively, and $0.6 million for each of the three month periods ended March 31, 2001 and 2002.

(2) We adopted SEC Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," effective January 1, 2000. The adoption of SAB No. 101 requires us to report crude oil inventory associated with our Australian offshore operations at the lower of cost or market, which was a change from our historical policy of recording such inventory at market value on the balance sheet date, net of estimated costs to sell. The cumulative effect of the change from the acquisition date of our Australian operations in July 1999 through December 31, 1999 is a reduction in net income of $2.36 million, or $0.05 per diluted share, and is shown as the cumulative effect of change in accounting principle on the consolidated statement of income for the year ended December 31, 2000. The pro forma effect had SAB No. 101 been applied retroactively to 1999 would have reduced net income by $2.36 million, or $0.06 per diluted share. SAB No. 101 would not have effected periods prior to the acquisition of our Australian operations in July 1999.

(3) We adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001. SFAS No. 133 requires us to record all derivative instruments as either assets or liabilities on the balance sheet and measure those instruments at fair value. For all periods prior to January 1, 2001, we accounted for commodity price hedging instruments in accordance with SFAS No. 80, "Accounting for Futures Contracts." The cumulative effect of the adoption is a reduction in net income of $4.8 million, or $0.10 per diluted share, and is shown

as the cumulative effect of a change in accounting principle on the consolidated statement of income for the year ended December 31, 2001 and the three months ended March 31, 2001.

(4) EBITDA represents net income plus income taxes, interest expense (including dividends on preferred securities), depreciation, depletion and amortization expense (including ceiling test writedown and asset impairment). Adjusted EBITDA represents EBITDA plus non cash general and administrative expense and commodity derivative income (expense) associated with SFAS 133. EBITDA and Adjusted EBITDA are not presented as indicators of our operating performance, as indicators of cash available for discretionary spending or as measures of liquidity. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We follow the full cost method of accounting.

(5) For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income before income taxes plus fixed charges excluding capitalized interest. Fixed charges consist of interest expense, dividends on our convertible trust preferred securities and the estimated interest component of rent expense. We had a loss for the year ended December 31, 1998 for purposes of computing these ratios. Earnings for such year were insufficient to cover fixed charges by approximately $88.4 million.

The following table presents information about our oil and gas operations.

	YEAR ENDED DECEMBER 31,					THREE MONTHS MARCH 31	
	1997	1998	1999	2000	2001	2001	
PRODUCTION:(1)							
Oil and condensate (MBbls)............	3,424.0	3,643.4	4,353.6	5,763.7	6,998.1	1,480.6	1
Gas (Bcf)............	53.5	66.6	87.4	105.4	133.2	30.8	
Total production (Bcfe).............	74.0	88.5	113.5	140.0	175.2	39.6	
AVERAGE REALIZED PRICES:(2)							
Oil and condensate (per Bbl)..........	$19.08	$12.75	$18.15	$25.29	$24.00	$24.95	
Gas (per Mcf).........	$2.51	$2.25	$2.32	$3.56	$4.32	$5.56	
AVERAGE COSTS (PER MCFE):							
Lease operating.......	$0.33	$0.40	$0.40	$0.47	$0.59	$0.53	
Depreciation, depletion and amortization........	$1.27	$1.39	$1.35	$1.37	$1.61	$1.54	
General and administrative, net.................	$0.15	$0.11	$0.13	$0.21	$0.24	$0.27	

----

(1) Excludes Australian volumes produced but not sold.

(2) For purposes of this table, average realized prices for natural gas and oil and condensate are presented net of all applicable transportation expenses, which reduced the realized price of natural gas by $0.03, $0.04, $0.05, $0.04 and $0.03 for the years ended 1997, 1998, 1999, 2000 and 2001, respectively, and by $0.03 for each of the three month periods ended March 31, 2001 and 2002. The realized price of oil and condensate is reduced by

$0.27, $0.34, $0.32, $0.27 and $0.24 for the years ended 1997, 1998, 1999, 2000 and 2001, respectively, and by $0.24 and $0.23 for the three months ended March 31, 2001 and 2002, respectively. Average realized prices include the effect of hedges.

NEWFIELD SELECTED FINANCIAL AND OTHER DATA

The following table presents information regarding our estimated proved oil and gas reserves and the present value of those reserves. All information in this prospectus supplement relating to oil and gas reserves and the present value of those reserves is based upon estimates prepared by us and is net to our interest.

	AS OF DECEMBER 31,				
	1997	1998	1999	2000	2001
Proved reserves:					
Oil and condensate (MMBbls)...............	16.3	15.2	25.8	27.9	36.3
Gas (Bcf)................................	337.5	422.3	440.2	519.7	718.3
Total (Bcfe).............................	435.3	513.3	594.8	687.3	936.4
Standardized measure of estimated future after-tax net cash flows before 10% annual discount (in millions)....................	$629.9	$559.3	$913.3	$3,494.3	$1,324.4
Present value of future after-tax net cash flows (in millions)......................	$502.9	$451.2	$732.5	$2,670.3	$971.5

EEX selected financial data

The following selected historical financial and reserve data as of and for the five years ended December 31, 2001 has been derived from EEX's audited consolidated financial statements giving effect to the adoption of SFAS No. 144 ("Accounting for the Impairment or Disposal of Long-Lived Assets") as of January 1, 2002, resulting in the reclassification for the disposal of EEX's Indonesian operations during 2002. The selected historical financial data as of March 31, 2002 and for the three months ended March 31, 2001 and 2002 are derived from EEX's unaudited consolidated financial statements. The unaudited consolidated financial statements include all adjustments which EEX considers necessary for a fair presentation of the financial position and results of operations for those periods. You should not expect the results for any prior or interim periods to be indicative of the results that may be achieved in any future periods. You should read the following information together with EEX's historical financial statements as of December 31, 1999, 2000 and 2001 and for the each of the three years then ended and related notes thereto and as of March 31, 2002 and for the three month periods ended March 31, 2001 and 2002 and related notes thereto, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	YEAR ENDED DECEMBER 31, 1997	1998	1999	2000	2001	THREE MONTHS EN MARCH 31, 2001	
				(in thousands)			
INCOME STATEMENT DATA:							
Revenues..............	$314,213	$189,782	$122,773	$208,454	$157,524	$45,600	$4
Costs and expenses:							
Production and operating.........	59,341	46,566	31,284	32,517	28,057	6,817	
Exploration.........	70,021	38,854	82,579	32,126	48,116	19,711	
Taxes, other than income............	17,356	11,017	4,744	10,906	14,731	5,545	
Depreciation, depletion and amortization......	144,485	92,630	58,830	66,661	49,294	11,440	1
Impairment of long-lived assets......	260,112	10,439	26,424	200	111,030	--	
General, administrative and other.............	55,604	24,057	28,354	19,528	18,738	3,313	
(Gain) loss on sales of property, plant and equipment.....	(52,917)	(9,085)	(15,483)	7,230	(12,263)	302	
Total costs and expenses...	554,002	214,478	216,732	169,168	257,703	47,128	3
Operating income (loss) from continuing operations..........	(239,789)	(24,696)	(93,959)	39,286	(100,179)	(1,528)	
Other expense, net....	(29,793)	(18,544)	(11,538)	(32,304)	(28,504)	(7,414)	(
Income (loss) from continuing operations before income taxes........	(269,582)	(43,240)	(105,497)	6,982	(128,683)	(8,942)	
Income taxes (benefit)...........	(58,945)	(4,997)	6,891	1,586	20,118	--	

EEX SELECTED FINANCIAL DATA

	YEAR ENDED DECEMBER 31, 1997	1998	1999	2000	2001	THREE MONTHS EN MARCH 31, 2001
				(in thousands)		

Income (loss) from continuing operations..........	(210,637)	(38,243)	(112,388)	5,396	(148,801)	(8,942)	
Minority interest third party.........	4,925	6,532	50	1,950	--	--	
Income (loss) from discontinued operations, net of income taxes........	(541)	3,849	24,641	(500)	(773)	4,693	
Extraordinary item--debt extinguishments gain, net of tax....	--	--	--	--	(3,593)	--	
Net income (loss).....	(216,103)	(40,926)	(87,797)	2,946	(145,981)	(4,249)	
Preferred stock dividends...........	--	--	12,117	13,364	14,465	3,510	
Net income (loss) applicable to common shareholders........	$(216,103)	$(40,926)	$(99,914)	$(10,418)	$(160,446)	$(7,759)	$
CASH FLOW DATA:							
Net cash provided by (used in) operating activities before changes in operating assets and liabilities.........	$137,676	$69,503	$27,925	$77,600	$38,509	$(5,561)	$1
Net cash provided by operating activities..........	186,779	25,573	54,475	58,251	28,178	2,929	
Net cash provided by (used in) investing activities.........	(44,816)	173,427	(329,666)	(100,744)	(88,131)	(44,805)	(1
Net cash provided by (used in) financing activities..........	(130,377)	(138,417)	247,176	34,895	148,234	35,072	(2

EEX SELECTED FINANCIAL DATA

	AS OF DECEMBER 31, 1997	1998	1999	2000	2001	AS OF MA
	(in thousands)					
BALANCE SHEET DATA:						
Working capital surplus (deficit)..................	$(58,805)	$10,766	$(30,870)	$3,465	$(189,755)	$(231
Oil and gas properties and other, net(1)..............	690,837	395,611	630,085	604,060	519,548	522
Total assets................	807,789	565,070	780,784	764,068	750,118	686
CAPITAL STRUCTURE:						
Short-term borrowings........	$5,000	$--	$--	$--	$--	
Capital lease obligations....	241,735	233,318	222,444	205,634	--	

Secured notes payable........	--	--	--	--	114,343	100
Bank revolving credit agreement..................	25,000	--	--	75,000	325,000(2)	32
Gas sales obligation.........	--	--	105,000	83,490	59,937	52
Minority interest in preferred securities of subsidiary.................	100,000	--	--	--	--	
Minority interest third party......................	--	--	3,050	5,000	5,000	5
Shareholders' equity.........	274,663	234,300	294,863	289,601	180,788	155
Total................	$646,398	$467,618	$625,357	$658,725	$685,068	$638
PROVED RESERVE DATA:(3)						
Natural gas (Bcf)............	460.2	203.6	362.8	382.6	395.0	
Oil, condensate and natural gas liquids (MMBbls).......	23.8	26.2	17.5	25.1	14.6	
Total (Bcfe).........	603.2	360.5	468.1	533.3	482.3	
Standardized measure of discounted future net cash flows (in millions)........	$619.1	$275.9	$436.3	$1,283.3	$389.2	

----

(1) Oil and gas properties and other, net are shown net of assets held for sale.

(2) Represents borrowings under EEX's old credit facility which would have matured in June 2002. EEX entered into a new credit facility on May 29, 2002.

(3) Newfield's estimates of EEX's proved reserves at December 31, 2001 are set forth in "Unaudited Pro Forma Combined Supplementary Oil and Gas Disclosures" in this prospectus supplement. Newfield's estimates differ significantly from those of EEX as set forth above. Such pro forma disclosures also reflect the disposition of EEX's international operations in the second quarter of 2002. EEX disagrees with Newfield's estimates of EEX's proved reserves and believes that no adjustment is required with respect to its reported estimates of such reserves at December 31, 2001. See "Difference in estimates of EEX proved reserves."

Unaudited pro forma combined condensed financial information

The following unaudited pro forma combined condensed financial information combines the historical consolidated balance sheets and income statements of Newfield and EEX and gives effect to the issuance of the notes and the acquisition of EEX using the purchase method of accounting.

The unaudited pro forma combined condensed financial information is based on the following assumptions and adjustments:

+ EEX's income statement for the year ended December 31, 2001 has been adjusted to reflect the disposition and discontinuance of its international operations, as if these transactions had occurred on January 1, 2001;

+ the income statement data assume that the issuance of the notes and the acquisition were effective on January 1, 2001;

+ the balance sheet data assume that the issuance of the notes and the acquisition were effective on March 31, 2002;

+ the balance sheet and income statement data reflect our use of the net proceeds from the issuance of the notes to repay the EEX debt that will become due at the closing of the acquisition and to pay a portion of the transaction costs of the acquisition; and

+ the historical financial statements of EEX have been adjusted to conform to our accounting policies.

The historical income statement information for the year ended December 31, 2001 is derived from the audited financial statements of EEX and Newfield. The historical income statement information for the three-month period ended March 31, 2002 and the historical balance sheet information as of March 31, 2002 are derived from the unaudited financial statements of EEX and Newfield. We have provided all the historical information set forth herein regarding us and our subsidiaries and the assumptions and adjustments for the pro forma information, and EEX has provided all the historical information set forth herein regarding EEX and its subsidiaries.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only. The financial results may have been different if the companies had always been combined or if the other transactions had occurred as of the dates indicated above, nor do they purport to indicate the future results that we will experience. Further, the unaudited pro forma combined condensed financial information does not reflect the effect of restructuring charges that will be incurred to fully integrate and operate the combined organization more efficiently or anticipated synergies resulting from the acquisition. The restructuring activities to integrate the companies may result in head count reduction, asset rationalization and other activities. Because the plans for these activities have not yet been finalized, we are unable to reasonably quantify the cost for such activities.

The following information should be read together with the historical financial statements and related notes of EEX and Newfield incorporated by reference into this prospectus supplement and the accompanying prospectus.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED CONDENSED INCOME STATEMENT

	THREE MONTHS ENDED MARCH 31, 2002		
	HISTORICAL NEWFIELD	HISTORICAL EEX	PRO FORMA ADJUSTMENTS
	(in thousands, except per share data		
REVENUES..	$148,039	$40,511	
	--------	-------	
OPERATING EXPENSES:			
Operating......................................	24,384	7,039	
Exploration....................................	--	5,724	(5,724)(A)

Production and other taxes	3,410	1,857	
Depreciation, depletion and amortization	71,207	12,130	(12,130)(B) 19,266(C)
General and administrative	12,345	4,383	
Gain on sales of property, plant and equipment	--	(17)	17(E)
Total operating expenses	111,346	31,116	1,429
Income (loss) from operations	36,693	9,395	(1,429)
Other income (expenses):			
Interest and other income (expense)	(3,829)	557	
Interest expense	(5,071)	(6,162)	139(F) 1,473(G) 1,923(H) (5,424)(H)
Dividends on convertible preferred securities of Newfield Financial Trust I	(2,336)	--	
Total other income (expenses)	(11,236)	(5,605)	(1,889)
Income before income taxes, discontinued operations, extraordinary items and cumulative effect of change in accounting principles	25,457	3,790	(3,318)
Income tax provision	9,131	--	165(I)
Income (loss) before discontinued operations, extraordinary items, cumulative effect of change in accounting principles and preferred stock dividends	$16,326	$3,790	$(3,483)
Per share data:			
Basic earnings per share	$0.37	$0.09	
Diluted earnings per share	$0.37	$0.09	
Weighted average number of shares outstanding for basic earnings per share	44,212	41,860	(41,860)(J) 7,100(J)
Weighted average number of shares outstanding for diluted earnings per share	48,745	41,860	(41,860)(J) 7,100(J) (3,923)(K)

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED CONDENSED INCOME STATEMENT

	YEAR ENDED DECEMBER 31, 2001		
	HISTORICAL NEWFIELD	HISTORICAL EEX	PRO FORMA ADJUSTMENTS

(in thousands, except per share d

REVENUES	$749,405	$157,524	
OPERATING EXPENSES:			
Operating	108,491	28,057	
Exploration	--	48,116	(48,116)(A
Production and other taxes	17,523	14,731	
Depreciation, depletion and amortization	282,567	49,294	(49,294)(B 79,088(C)
Ceiling test write-down	106,011		
Impairment of long-lived assets	--	111,030	(28,744)(D
General and administrative	43,955	18,738	(226)(Z
Gain on sales of property, plant and equipment	--	(12,263)	12,263(E)
Total operating expenses	558,547	257,703	(35,029)
Income (loss) from operations	190,858	(100,179)	35,029
OTHER INCOME (EXPENSES):			
Interest and other income (expense)	28,814	1,232	
Interest expense	(18,968)	(29,736)	627(F) 5,972(G) 8,955(H) (21,688)(H
Dividends on convertible preferred securities of Newfield Financial Trust I	(9,344)	--	
Total other income (expenses)	502	(28,504)	(6,134)
Income (loss) before income taxes, discontinued operations, extraordinary items and cumulative effect of change in accounting principles	191,360	(128,683)	28,895
Income tax provision	67,612	20,118	(55,044)(I
Income (loss) before discontinued operations, extraordinary items, cumulative effect of change in accounting principles and preferred stock dividends	$123,748	$(148,801)	$83,939
Per share data:			
Basic earnings (loss) per share	$2.80	$(3.58)	
Diluted earnings (loss) per share	$2.66	$(3.58)	
Weighted average number of shares outstanding for basic earnings (loss) per share	44,258	41,724	(41,724)(J 7,100(J)
Weighted average number of shares outstanding for diluted earnings (loss) per share	48,894	41,724	(41,724)(J 7,100(J) (3,923)(K

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

	AS OF MARCH 31, 2002				
	HISTORICAL NEWFIELD	HISTORICAL EEX	EEX DISPOSITIONS PRO FORMA ADJUSTMENTS(L)	NOTES OFFERING PRO FORMA ADJUSTMENTS	EEX ACQ P ADJ
	(in thousands, except per share data)				
ASSETS					
Current assets...........	$171,903	$145,022	$(15,683)		$(8
Oil and gas properties...	2,524,191	890,302			(89
					55
Other....................	--	8,664			(
Less--accumulated depreciation, depletion and amortization.......	(1,106,436)	(376,406)			37
	1,417,755	522,560			3
Property, plant and equipment held for sale..................	--	16,342	(16,342)		3
Other assets.............	18,364	3,068		$6,125(M)	
					(
Total assets.............	$1,608,022	$686,992	$(32,025)	$6,125	$(1
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities......	$149,727	$376,316	$(3,500)	$(241,795)(M)	$2
					(10
Other liabilities........	8,278	11,759			
Long-term debt...........	410,642	138,585		247,920(M)	1
Deferred taxes...........	207,349	--			(8
Total long-term liabilities...	626,269	150,344		247,920	(6
Minority interest third party..................	--	5,000			(
Company-obligated, mandatorily redeemable, convertible preferred securities of Newfield Financial Trust I......	143,750	--			
Stockholders' equity.....	688,276	155,332			10
Total liabilities and stockholders' equity........	$1,608,022	$686,992	$(3,500)	$6,125	$(4

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(A) To record the reversal of historical EEX exploration expense in accordance with the full cost method of accounting for oil and gas activities.

(B) To record the reversal of historical EEX depreciation, depletion and amortization expense recorded in accordance with the successful efforts method of accounting for oil and gas activities.

(C) To record pro forma depreciation, depletion and amortization expense in accordance with the full cost method of accounting for oil and gas activities based on the preliminary purchase price allocation to depreciable and depletable assets.

(D) To record the reversal of historical EEX impairment related to oil and gas properties recorded in accordance with Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The remaining $82 million impairment represents the historical EEX impairment charge for non oil and gas assets. Full cost ceiling tests were performed on a pro forma combined basis resulting in no incremental impairment of oil and gas properties for the period presented.

(E) To record the reversal of the historical EEX gain on the sales of oil and gas properties recorded in accordance with the successful efforts method of accounting for oil and gas activities.

(F) To adjust EEX historical interest expense to reflect the reversal of amortization of historical debt issuance costs.

(G) To record the capitalization of interest based on the preliminary allocation of the purchase price to unproved oil and gas properties.

(H) To eliminate the historical interest expense of approximately $1.9 million and $8.9 million for the three months ended March 31, 2002 and the year ended December 31, 2001, respectively, related to EEX's credit facility and to reflect the interest expense which results from the issuance of $250 million of senior subordinated note obligations with a stated interest rate of 8 3/8%. Interest expense also includes amortization of debt issuance costs and the note discount which are being amortized over the term of the notes.

	YEAR ENDED DECEMBER 31, 2001	THREE MONTHS ENDED MARCH 31, 2002
	(in thousands)	
Interest expense -- $250 million senior subordinated note obligations....................................	$20,937	$5,235
Amortization of note discount -- senior subordinated		

note obligations	138	36
Amortization of debt issuance costs -- senior subordinated note obligations	613	153
	$21,688	$5,424

(I) To record income tax expense on the pro forma adjustments based on the applicable statutory tax rate of 35%.

(J) To reverse historical EEX common stock and reflect the issuance of 7.1 million shares of Newfield common stock.

(K) To adjust the weighted average number of shares outstanding for the calculation of diluted earnings per share to exclude the dilutive effect of the shares underlying the 6 1/2% quarterly

income convertible trust preferred securities because to include such shares would have been antidilutive.

(L) To adjust the EEX historical balance sheet for the disposition and discontinuance of its international operations.

(M) To reflect the issuance of $250 million of senior subordinated note obligations (net of a discount of 0.832%) and the application of the net proceeds therefrom for the repayment of EEX's credit facility and the payment of a portion of the transaction costs of the EEX acquisition and the adjustment associated with debt issuance costs related to the senior subordinated note obligations.

(N) To reduce historical EEX current assets by $91 million for working capital activity subsequent to the balance sheet date and to increase historical EEX current commodity derivative assets by $4 million to estimated current fair market value.

(O) To reverse historical EEX oil and gas property balances and the related accumulated depreciation, depletion and amortization recorded in accordance with the successful efforts method of accounting for oil and gas activities.

(P) To record the preliminary pro forma allocation of the purchase price of the acquisition of EEX including estimated acquisition costs to oil and gas properties using the purchase method of accounting. The following is a calculation and allocation of purchase price to the acquired assets and liabilities based on their relative fair values:

CALCULATION OF PURCHASE PRICE (IN THOUSANDS EXCEPT PER SHARE):	
Shares of common stock to be issued	7,100
Newfield stock price	$36.348
Fair value of stock issued	$258,071
Add: Estimated acquisition costs (See Note (S))	25,000

Plus fair market value of liabilities assumed	
Other liabilities	54,908
Debt	385,334
Total purchase price for assets acquired	$723,313
ALLOCATION OF PURCHASE PRICE (IN THOUSANDS):	
Oil and Gas properties	$559,101
Property, plant and equipment held for sale	35,000
Deferred Tax Asset	84,064
Other Assets	45,148
Total	$723,313

The Newfield stock price included in the table above is calculated based on the average of the closing prices of Newfield common stock for the five day trading period around the execution of the EEX merger agreement. The purchase price allocation is subject to change based on:

+ the fair value of EEX's working capital and other liabilities on the effective date;

+ the actual acquisition costs incurred; and

+ an additional review of available oil and gas reserve data to determine the fair value of the acquired reserves on the effective date.

These items will not be known until the effective date of the acquisition.

(Q) To reclassify EEX historical furniture, fixtures and equipment and associated accumulated depreciation, depletion and amortization balances to conform to our presentation.

(R) To record the reversal of the capitalized debt issuance costs related to EEX's historical long-term debt.

(S) To accrue for estimated acquisition costs, consisting primarily of bankers' and other professional fees and executive severance costs, some of which will be paid with the net proceeds of this offering (see Note (M)). Executive severance costs are based on the change in control provisions in employment contracts and employee plans. No adjustments have been made to the pro forma income statement for such costs.

(T) To adjust historical EEX debt for cash payments of $104 million made subsequent to the balance sheet date and to record an increase in the estimated fair market value of the gas sales obligation of $11.1 million. Current maturities of long term debt included in pro forma combined current liabilities are $14.6 million.

(U) To adjust historical EEX current commodity derivative liabilities to estimated current fair market value.

(V) To accrue for pension and postretirement benefits for the difference between projected benefit obligations and plan assets of $6.3 million and to reduce historical EEX non current commodity derivative liabilities by $2.4 million to estimated current fair market value.

(W) To record the pro forma deferred income tax effects of the acquisition using the purchase method of accounting.

(X) To adjust the historical EEX minority interest third party balance to fair market value to reflect the unwind of the gas sales obligation in accordance with the covenants of the merger agreement.

(Y) To record the pro forma adjustments to stockholder's equity using the purchase method of accounting. The adjustment amount is calculated as follows (in thousands):

Fair value of stock issued, as calculated in Note (P) above	$258,071
Less: EEX historical shareholders' equity	155,332
Adjustment to stockholders' equity	$102,739

(Z) To adjust EEX historical results of operations for the disposition and discontinuance of its international operations, as if the transactions had occurred on January 1, 2001.

UNAUDITED PRO FORMA COMBINED SUPPLEMENTARY OIL AND GAS DISCLOSURES

The following pro forma estimated reserve quantities show the effect of the acquisition of EEX as of December 31, 2001:

	AS OF DECEMBER 31, 2001				
	HISTORICAL NEWFIELD	HISTORICAL EEX	EEX DISPOSITIONS PRO FORMA ADJUSTMENTS(A)	PRO FORMA ADJUSTMENTS(B)	PR C
PROVED:					
Oil and condensate (MBbls)	36,342	14,560	(10,856)	(1,675)	
Gas (MMcf)	718,312	394,987	--	(87,146)	1,
Total (MMcfe)	936,364	482,347	(65,136)	(97,196)	1,
PROVED DEVELOPED:					
Oil and condensate (MBbls)	34,534	9,724	(6,644)	(1,209)	
Gas (MMcf)	662,879	310,884	--	(50,894)	
Total (MMcfe)	870,083	369,228	(39,864)	(58,148)	1,

(A) To adjust EEX historical reserves for the disposition of its international operations as if the disposition had occurred on January 1, 2001.

(B) Represents adjustments to EEX's reserves based on Newfield's estimates of EEX's reserves as of December 31, 2001. Newfield's estimates vary significantly from those of EEX as set forth in "EEX selected financial data" in this prospectus supplement. Please read "Difference in estimates of EEX proved reserves" in this prospectus supplement.

S- 32

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED SUPPLEMENTARY OIL AND GAS DISCLOSURES

The following pro forma estimated standardized measure of discounted future net cash flows shows the effect of the acquisition of EEX as of December 31, 2001:

	YEAR ENDED DECEMBER 31, 2001				
	HISTORICAL NEWFIELD	HISTORICAL EEX	EEX DISPOSITIONS PRO FORMA ADJUSTMENTS(A)	PRO FORMA ADJUSTMENTS(B)	PRO FORM COMBINE
	(in thousands)				
Future cash inflows...........	$2,552,744	$1,227,200	$(194,400)	$(220,367)	$3,365,17
Less related future:					
Production costs........	(686,995)	(553,000)(C)	162,600(C)	153,863	(923,53
Development and abandonment costs........	(258,885)	--	--	(63,253)	(322,13
Future net cash flows before income taxes................	1,606,864	674,200	(31,800)	(129,757)	2,119,50
Future income tax expense..............	(282,460)	(4,300)	4,300	(76,974)	(359,43
Future net cash flows before discount......	1,324,404	669,900	(27,500)	(206,731)	1,760,07
10% annual discount for estimating timing of cash flows...........	(352,886)	(280,700)	5,500	115,904	(512,18
Standardized measure of discounted future net cash flows...........	$971,518	$389,200	$(22,000)	$(90,827)	$1,247,89

(A) To adjust EEX historical reserves for the disposition of its international operations as if the disposition had occurred on January 1, 2001.

(B) Represents adjustments attributable to EEX's reserves based on Newfield's estimates of EEX's reserves as of December 31, 2001. Newfield's estimates vary significantly from those of EEX as set forth in "EEX selected financial data" in this prospectus supplement. Please read "Difference in estimates of EEX proved reserves" in this prospectus supplement.

(C) Includes related future development costs.

Difference in estimates of EEX proved reserves

Our estimate of EEX's proved oil and gas reserves at December 31, 2001 is approximately 23% lower than EEX's estimate. EEX disagrees with our estimate and believes that no adjustment is required with respect to its reported estimate of proved reserves at December 31, 2001.

In general, an estimate of proved reserves depends on the availability, completeness and accuracy of data needed to develop the estimate and on the experience and judgment of the reservoir engineer making the estimate. Estimating accumulations of oil and gas is complex and is not exact because of the numerous uncertainties inherent in the process. Estimates prepared by different persons may vary significantly because of the judgments required when interpreting the data. See "Risk Factors--Risks Associated with Our Operations--Reserve estimates are inherently uncertain and depend on many assumptions that may turn out to be inaccurate" in the accompanying prospectus. In fact, it is common for the proved reserve estimates of the buyer and seller of oil and gas properties to vary significantly.

After our initial filing of the registration statement on Form S-4 in connection with our acquisition of EEX, representatives of EEX again met with us to assist us in categorizing, on a field-by-field basis, the differences in estimates of proved reserves. We placed substantially all of the differences into one of four categories:

+ the performance history of the reservoir (46% of the difference);

+ the map or drainage area or the volumetrics associated with the area (30% of the difference);

+ new well or discovery (14% of the difference); and

+ the availability of data (11% of the difference).

The predominant method of determining proved reserves associated with producing wells is to study the performance history and draw conclusions from that history. The performance history of a well, which includes production and pressure data, can be used to project what the well will produce in the future. Utilizing trends, the engineer can predict how much the well will ultimately recover, and thereby predict the remaining proved reserves. The most common techniques are graphing the well's production versus time or the well's pressure versus production, and extrapolating a trend line. Because data generally does not fit a perfectly straight line, the best fit of the data is interpretive. The engineer must decide whether external conditions have influenced some of the data points more than others, what conditions may change a trend in the future and whether there are reasons some of the historical data should be relied upon to a greater or lesser degree than other historical data. Additionally, the accuracy of data measurement in the field can influence how trends in the data are interpreted. Frequently, an engineer also will use analogies drawn from similar fields and wells that produce from similar sands in the same geologic region.

For a reservoir that does not have an established production history, the primary method of estimating proved reserves is the volumetric method. This method involves the calculation of the volume of oil and gas within the hydrocarbon reservoir by geologic interpretation and analysis. The configuration and size of the hydrocarbon reservoir are determined by using well logs and seismic data. Well logs also are used to determine the physical parameters of the reservoir, such as the porosity of the rocks in which the reservoir resides, the relative volumes of oil, gas and water and the portion of the reservoir that has adequate fluid flow properties so that it may be produced. Interpretive differences in these parameters based upon the experience and judgment of the geologist or engineer can result in different volumes being mapped or included in the drainage area. A seemingly small difference in just one component of the parameters used to determine volumes of proved reserves can have a significant

----

----

effect on the outcome. Also included in this category of differences are estimates of the areas that can be produced by one or more wells and the recovery efficiency of a well. Generally, the drainage area is determined based upon technical data obtained from producing the wells or by analogy to another similar reservoir.

Differences in reserve determinations relating to recently drilled wells or new discoveries often arise because of the limited amount of data available to support either volumetric or performance history reserve determinations. The determination of proved reserves is subject to even greater variation between interpreters when the newly discovered producing zone is not a recognized or significant producing zone in a geologic trend and there are few, if any, analogies for producing characteristics or experience with hydrocarbon recoveries on a per well or per completion basis.

In the course of determining proved reserves, data from both the wells being analyzed and from other wells in a geologic trend, together with two-dimensional and three-dimensional seismic data, can be used by geologists and engineers in their evaluation. Data that one party has that are not specific to the well being analyzed but are relevant to the analysis may be different from the data being used by the other party. One party may have performance history data from other wells in which it owns an interest that are relevant to the analysis but are not available to the other party. Additionally, new data are constantly becoming available, but parties may receive it at different times or give it different weight in a particular application. If different data are used in the analysis, it is likely to result in a different determination of proved reserves.

Description of existing indebtedness

REVOLVING CREDIT FACILITY AND MONEY MARKET LINES

We have a $425 million reserve-based revolving credit facility that matures on January 23, 2004. The amount available under our credit facility is subject to a calculated borrowing base determined by banks holding 75% of the aggregate commitments. The borrowing base is reduced by the aggregate outstanding principal amount of our senior notes ($300 million). As of August 1, 2002, the borrowing base was $525 million. The borrowing base is redetermined at least semi-annually. We cannot assure you that the banks will not elect to redetermine the borrowing base in the future.

Borrowings under our credit facility accrue interest at a rate equal to (a) for base rate loans, the higher of (i) the federal funds rate plus 0.5% or (ii) the lead bank's publicly announced prime rate, plus, in either case, an applicable margin, based on our funded debt to EBITDA ratio and our credit ratings, ranging from 0.0% to 0.5%, or (b) for Eurodollar loans, the published Eurodollar rate plus an applicable margin, based on our funded debt to EBITDA ratio and our credit ratings, ranging from 1.125% to 1.75%.

The terms of our credit facility include, among other restrictions, requirements as to the maintenance of a minimum net worth and certain minimum financial ratios, including maintaining working capital and funded debt to EBITDA ratios. In addition, our credit facility contains customary covenants that limit our ability to, among other things:

+ incur debt;

+ repurchase capital stock;

+ enter into merger or consolidation transactions;

+ dispose of properties; and

+ enter into certain contracts and leases.

S- 35

DESCRIPTION OF EXISTING INDEBTEDNESS

At March 31, 2002 we had $113 million available under our credit facility and had outstanding borrowings of $97 million.

We alsdding:3.0pt 3.0pt 3.0pt 3.0pt;width:100.0%;">

Daniel W. Horne

(a)

Amount beneficially owned:

Daniel W. Horne is deemed the beneficial owner of 1,666,970 shares of Class A Common Stock of the Issuer. As noted below, all of Daniel W. Horne s beneficial ownership of Class A Common Stock is derived from beneficial ownership of Class B Common Stock, par value $.10 per share, of the Issuer which is convertible into Class A Common Stock on a share-for-share basis.

Daniel W. Horne s beneficial ownership consists of 1,666,970 shares of Class B Common Stock held in a revocable trust for which Walter J. Flowers serves as the sole trustee, all of which are subject to the 1997 Voting Trust for which Timothy P. Horne serves as sole trustee. (See Exhibit 2 for a description of the 1997 Voting Trust).

(b)

Percent of class:

5.4% equity percentage

0.0% voting percentage

(c)

Number of shares to which such person has:

(i)

Sole power to vote or to direct the vote

None

(ii)

Shared power to vote or to direct the vote

None

(iii)

Sole power to dispose or to direct the disposition of

None

(iv)

Shared power to dispose or to direct the disposition of

1,666,970

CUSIP No. 942749 10 2 **13G**

Item 4. Ownership.

Deborah Horne

(a) Amount beneficially owned:

Deborah Horne is deemed the beneficial owner of 1,666,970 shares of Class A Common Stock of the Issuer. As noted below, all of Deborah Horne s beneficial ownership of Class A Common Stock is derived from beneficial ownership of Class B Common Stock, par value $.10 per share, of the Issuer, which is convertible into Class A Common Stock on a share-for-share basis.

Deborah Horne s beneficial ownership consists of 1,666,970 shares of Class B Common Stock held in a revocable trust for which Timothy P. Horne serves as the sole trustee, all of which are subject to the 1997 Voting Trust for which Timothy P. Horne serves as sole trustee. (See Exhibit 2 for a description of the 1997 Voting Trust).

(b) Percent of class:

5.4% equity percentage

0.0% voting percentage

(c) Number of shares to which such person has:

(i) Sole power to vote or to direct the vote

None

(ii) Shared power to vote or to direct the vote

None

(iii) Sole power to dispose or to direct the disposition of

None

(iv) Shared power to dispose or to direct the disposition of

1,666,970

CUSIP No. 942749 10 2 **13G**

Item 4. Ownership.

Peter W. Horne

(a) Amount beneficially owned:

Peter W. Horne is deemed the beneficial owner of 1,580,770 shares of Class A Common Stock of the Issuer. As noted below, substantially all of Peter W. Horne s beneficial ownership of Class A Common Stock is derived from beneficial ownership of Class B Common Stock, par value $.10 per share, of the Issuer which is convertible into Class A Common Stock on a share-for-share basis

Peter W. Horne s beneficial ownership consists of (i) 1,545,010 shares of Class B Common Stock held in a revocable trust for which Peter W. Horne serves as the sole trustee, and (ii) 35,760 shares of Class A Common Stock. 1,495,010 shares of Class B Common Stock described in clause (i) above are subject to the 1997 Voting Trust for which Timothy P. Horne serves as trustee. (See Exhibit 2 for a description of the 1997 Voting Trust).

(b) Percent of class:

5.1% equity percentage

0.5% voting percentage

(c) Number of shares to which such person has:

(i) Sole power to vote or to direct the vote

85,760

(ii) Shared power to vote or to direct the vote

None

(iii) Sole power to dispose or to direct the disposition of

85,760

(iv) Shared power to dispose or to direct the disposition of

1,495,010

CUSIP No. 942749 10 2 **13G**

Item 4. **Ownership.**

Walter J. Flowers

(a) Amount beneficially owned:

Walter J. Flowers is deemed the beneficial owner of 1,923,420 shares of Class A Common Stock of the Issuer. As noted below, a substantial portion of Mr. Flowers beneficial ownership of Class A Common Stock is derived from beneficial ownership of Class B Common Stock, par value $.10 per share, of the Issuer which is convertible into Class A Common Stock on a share-for-share basis.

Mr. Flowers beneficial ownership consists of (i) 1,666,970 shares of Class B Common Stock held in a revocable trust for the benefit of Daniel W. Horne for which Mr. Flowers serves as the sole trustee, (ii) 147,740 shares of Class B Common Stock held in a revocable trust for the benefit of Tiffany R. Horne for which Mr. Flowers serves as the sole trustee, (iii) 50,000 shares of Class B Common Stock and 10,200 shares of Class A Common Stock held in a trust for the benefit of Tara V. Horne for which Mr. Flowers and Timothy P. Horne serve as co-trustees, and (iv) 20,000 shares of Class B Common Stock and 28,510 shares of Class A Common Stock held in a trust for the benefit of Tiffany R. Horne for which Mr. Flowers and Timothy P. Horne serve as co-trustees. All of the shares of Class B Common Stock noted in clauses (i) through (iv) (1,884,710 in the aggregate) are subject to the 1997 Voting Trust for which Timothy P. Horne serves as sole trustee. (See Exhibit 2 for a description of the 1997 Voting Trust). Mr. Flowers disclaims beneficial ownership of all such shares.

(b) Percent of class:

6.1% equity percentage

0.0% voting percentage

(c) Number of shares to which such person has:

(i) Sole power to vote or to direct the vote

None

(ii) Shared power to vote or to direct the vote

None

(iii) Sole power to dispose or to direct the disposition of

None

(iv) Shared power to dispose or to direct the disposition of

1,923,420

CUSIP No. 942749 10 2 **13G**

Item 5. **Ownership of Five Percent or Less of a Class.**
Not Applicable

Item 6. **Ownership of More than Five Percent on Behalf of Another Person.**
Not Applicable

Item 7. **Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.**
Not Applicable

Item 8. **Identification and Classification of Members of the Group.**
A group has filed this Schedule 13G pursuant to Rule 13d-1(d). The members of the group are:

Timothy P. Horne

Daniel W. Horne

Deborah Horne

Peter W. Horne

Walter J. Flowers

Item 9. **Notice of Dissolution of Group.**
Not Applicable

CUSIP No. 942749 10 2 **13G**

Item 10. Certifications.
Not Applicable

Signatures

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 6, 2012

/s/ Timothy P. Horne
TIMOTHY P. HORNE

/s/ Timothy P. Horne *
DANIEL W. HORNE

/s/ Timothy P. Horne *
DEBORAH HORNE

/s/ Timothy P. Horne*
PETER W. HORNE

/s/ Walter J. Flowers
WALTER J. FLOWERS

* By Timothy P. Horne, Attorney in Fact pursuant to Powers of Attorney filed with the Securities and Exchange Commission on February 12, 1992, which Powers of Attorney are hereby incorporated herein by reference.

CUSIP No. 942749 10 2 **13G**

INDEX OF EXHIBITS

1. Amended and Restated Stock Restriction Agreement

2. The Amended and Restated George B. Horne Voting Trust Agreement 1997

3. Agreement Regarding Joint Filing

CUSIP No. 942749 10 2 **13G**

EXHIBIT 1

All Class B Common Stock shares beneficially owned by Timothy P. Horne are held individually by or in trust for the benefit of Timothy P. Horne, Daniel W. Horne, Deborah Horne, Tara V. Horne, Tiffany R. Horne and Peter W. Horne, and any voting trust certificates representing such shares, are subject to an Amended and Restated Stock Restriction Agreement (the Agreement). Upon any proposed voluntary transfer or transfer by operation of law of Class B Common Stock or voting trust certificates representing such shares by any of the above stockholders, or upon the death of such a stockholder holding such shares or voting trust certificates, the other parties to the Agreement have a pro rata right of first refusal to purchase such shares (including a second opportunity to elect to purchase any shares not purchased under the first right of refusal).

The purchase price per share is the 15-day average trading price of the Issuer s Class A Common Stock while publicly traded, except in the case of certain involuntary transfers, in which case the purchase price is book value.

This summary is qualified in its entirety by reference to the text of the Agreement which is incorporated herein by reference to Exhibit 2 to the Issuer s Current Report on Form 8-K dated October 31, 1991, and to the text of Amendment No. 1 to the Agreement which is incorporated herein by reference to Exhibit 10.21 to the Issuer s Annual Report on Form 10-K dated September 16, 1997.

CUSIP No. 942749 10 2 **13G**

EXHIBIT 2

The 1,834,390 shares of Class B Common Stock held by Timothy P. Horne, individually, 1,666,970 shares of Class B Common Stock held by a trust for the benefit of Daniel W. Horne, 1,666,970 shares of Class B Common Stock held by a trust for the benefit of Deborah Horne, 1,495,010 shares of Class B Common Stock held by a trust for the benefit of Peter W. Horne, 22,600 shares of Class B Common Stock held for the benefit of Tiffany R. Horne under an irrevocable trust for which Timothy P. Horne serves as trustee, 147,740 shares of Class B Common Stock held by a trust for the benefit of Tiffany Rae Horne, 50,000 shares of Class B Common Stock held by a trust for the benefit of Tara V. Horne for which Walter J. Flowers and Timothy P. Horne serve as co-trustees, and 20,000 shares of Class B Common Stock held by a trust for the benefit of Tiffany R. Horne for which Walter J. Flowers and Timothy P. Horne serve as co-trustees (6,903,680 shares of Class B Common Stock in the aggregate) are subject to the terms of The George B. Horne Voting Trust Agreement-1997 (the 1997 Voting Trust). Under the terms of the 1997 Voting Trust, the trustee (currently Timothy P. Horne) has sole power to vote all shares subject to the 1997 Voting Trust.

Under the terms of the 1997 Voting Trust, in the event Timothy P. Horne ceases to serve as trustee of the 1997 Voting Trust, then Daniel J. Murphy, III and Walter J. Flowers (each, a Successor Trustee and collectively, the Successor Trustees), shall thereupon become co-trustees of the 1997 Voting Trust if such individuals are willing and able to succeed. At any time, Timothy P. Horne, if then living and not subject to incapacity, may designate up to two additional persons, one to be designated as the primary designee (the Primary Designee) and the other as the secondary designee (Secondary Designee), to serve in the stead of any Successor Trustee who shall be unable or unwilling to serve as a trustee of the 1997 Voting Trust. Such designations are revocable by Timothy P. Horne at any time prior to the time at which such designees become a trustee. If any of the Successor Trustees is unable or unwilling or shall otherwise fail to serve as a trustee of the 1997 Voting Trust, or after becoming a co-trustee shall cease to serve as such for any reason, then a third person shall become a co-trustee with the remaining two trustees, in accordance with the following line of succession: first, any individual designated as the Primary Designee, next, any individual designated as the Secondary Designee, and then, an individual appointed by the holders of a majority in interest of the voting trust certificates then outstanding. In the event that the Successor Trustees shall not concur on matters not specifically contemplated by the terms of the 1997 Voting Trust, the vote of a majority of the Successor Trustees shall be determinative. No trustee or Successor Trustee shall possess the Determination Power unless it is specifically conferred upon such trustee pursuant to the provisions of the 1997 Voting Trust.

The 1997 Voting Trust expires on August 26, 2021, subject to extension on or after August 26, 2019 by stockholders (including the trustee of any trust stockholder, whether or not such trust is then in existence) who deposited shares of Class B Common Stock in the 1997 Voting Trust and are then living or, in the case of shares in the 1997 Voting Trust the original depositor of which (or the trustee of the original depositor of which) is not then living, the holders of voting trust certificates representing such shares. The 1997 Voting Trust may be amended by vote of the holders of a majority of the voting trust certificates then outstanding and by the number of trustees authorized to take action at the relevant time. Shares may not be removed from the 1997 Voting Trust during its term without the consent of the trustees.

This summary is qualified in its entirety by reference to the 1997 Voting Trust which is incorporated herein by reference to Exhibit 9.2 of the Issuer s Annual Report on Form 10-K dated September 28, 1999 filed with the Securities and Exchange Commission.

CUSIP No. 942749 10 2 **13G**

AGREEMENT REGARDING JOINT FILING

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended (the Exchange Act), the undersigned hereby agree to file jointly on behalf of each of them the statement on Schedule 13G to which this Agreement is attached, and any amendments thereto, pursuant to Regulation 13D-G under the Exchange Act.

It is understood and agreed that each of the parties hereto is responsible for the timely filing of the statement on Schedule 13G to which this Agreement is attached, and any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein; provided that such party is not responsible for the completeness or accuracy of information concerning any other party unless such party knows or has reason to believe that such information is inaccurate.

Dated: February 6, 2012

/s/ Timothy P. Horne
TIMOTHY P. HORNE

/s/ Timothy P. Horne *
DANIEL W. HORNE

/s/ Timothy P. Horne *
DEBORAH HORNE

/s/ Timothy P. Horne*
PETER W. HORNE

/s/ Walter J. Flowers
WALTER J. FLOWERS

* By Timothy P. Horne, Attorney in Fact pursuant to Powers of Attorney filed with the Securities and Exchange Commission on February 12, 1992, which Powers of Attorney are hereby incorporated herein by reference.