

CABOT OIL & GAS CORP  
Form DEF 14A  
March 28, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

**CABOT OIL & GAS CORPORATION**

(Name of Registrant as Specified In Its Charter)

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

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March 28, 2011

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cabot Oil & Gas Corporation to be held on Tuesday, May 3, 2011, at 8:00 a.m., local time, in our offices, located at 840 Gessner Road, Suite 1400, Houston, Texas 77024.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement cover the formal business of the meeting. To better acquaint you with the directors, the Proxy Statement contains biographical information on each nominee and each director continuing in office. Directors and officers of the Company will be present at the meeting to respond to your questions.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Please complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided, or if your proxy card or voting instructions form so indicates, vote electronically via the Internet or telephone.

**If you plan to attend the Annual Meeting, please bring a valid government-issued photo identification. If your shares are held in the name of a broker or other nominee, please bring with you a letter (and a legal proxy if you wish to vote your shares) from your broker or nominee confirming your ownership as of the record date.**

Sincerely,

DAN O. DINGES

Chairman, President and Chief Executive Officer

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**CABOT OIL & GAS CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD May 3, 2011**

The Annual Meeting of Stockholders of Cabot Oil & Gas Corporation (the Company), a Delaware corporation, will be held at the Company's offices, 840 Gessner Road, Suite 1400, Houston, Texas 77024 on Tuesday, May 3, 2011, at 8:00 a.m., local time, for the following purposes:

- I. To elect the three persons named in this proxy statement to the Board of Directors of the Company.
  - II. To ratify the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2011 fiscal year.
  - III. To approve, by non-binding advisory vote, the compensation of our named executive officers.
  - IV. To conduct a non-binding advisory vote on the frequency of future advisory votes on executive compensation.
  - V. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.
- Only holders of record of the Common Stock at the close of business on March 15, 2011 are entitled to receive notice of and to vote at the Annual Meeting. The transfer books of the Company will not be closed.

It is important that your shares be represented and voted at the Annual Meeting. Stockholders are urged to vote their shares by one of the following methods whether or not they plan to attend the Annual Meeting:

vote via the Internet or by telephone using the instructions on the proxy card, if this option is available to you (please refer to your proxy card to determine if this option is available to you); or

complete, sign, date and return the accompanying proxy card in the enclosed self-addressed envelope (the self-addressed envelope requires no postage if mailed in the United States).

You may vote in person if you attend the Annual Meeting. **To attend the Annual Meeting, you must show proof of stock ownership. Registered stockholders will be asked to present a valid government-issued photo identification. If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting a valid government-issued photo identification and an account statement or letter (and a legal proxy if you wish to vote your shares) from the nominee indicating that you beneficially owned the shares on March 15, 2011, the record date for voting.**

**For safety and security reasons, cameras, camera phones, recording equipment, electronic devices, large bags, brief cases or packages will not be permitted in the meeting.**

Please exercise your right to vote at your earliest convenient time.

BY ORDER OF THE BOARD OF DIRECTORS,

LISA A. MACHESNEY

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Vice President, Managing Counsel and Corporate Secretary

Houston, Texas

March 28, 2011

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 3, 2011:**

This proxy statement, along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the 2010 Annual Report to Stockholders, are available free of charge at <http://www.cabotog.com/2011AnnualMeeting>.

**CABOT OIL & GAS CORPORATION**

840 Gessner Road, Suite 1400

Houston, Texas 77024

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**To Be Held May 3, 2011**

**GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Cabot Oil & Gas Corporation (the Company) of proxies for use at its 2011 Annual Meeting of Stockholders, to be held at the Company's offices, 840 Gessner Road, Suite 1400, Houston, Texas 77024 on Tuesday, May 3, 2011, at 8:00 a.m. (local time), or any adjournment or postponement thereof (the Annual Meeting), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. You may revoke your proxy at any time prior to its use by a written communication to Ms. Lisa A. Machesney, Corporate Secretary of the Company, or by a duly executed proxy bearing a later date.

Stockholders attending the Annual Meeting may vote their shares in person even though they have already executed a proxy. Properly executed proxies not revoked will be voted in accordance with the specifications thereon at the Annual Meeting and at any adjournment or postponement thereof. Proxies on which no voting instructions are indicated will be voted:

<b>FOR</b>	Proposal I	the election of candidates named herein;
<b>FOR</b>	Proposal II	ratification of the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2011 fiscal year;
<b>FOR</b>	Proposal III	the approval of the advisory vote on executive compensation; and
<b>1 YEAR</b>	Proposal IV	the frequency of future advisory votes on executive compensation.

Proxies will be voted in the best judgment of the proxy holders on any other matters that may properly come before the meeting.

Only holders of record of the Company's Common Stock, par value \$.10 per share (Common Stock), as of the close of business on March 15, 2011, are entitled to vote at the Annual Meeting. As of that date, the Company had outstanding and entitled to vote 104,237,120 shares of Common Stock.

Each share of Common Stock is entitled to one vote per share. There is no provision for cumulative voting. A quorum for the consideration of business at the Annual Meeting consists of a majority of all outstanding shares of stock entitled to vote at the Annual Meeting. The Proxy Statement and form of Proxy are being first sent or given to shareholders on or about March 28, 2011.

In accordance with Delaware law, a stockholder entitled to vote for the election of directors can withhold authority to vote for all nominees for director or can withhold authority to vote for certain nominees for director. Abstentions and broker non-votes (proxies submitted by brokers that do not indicate a vote for a proposal because they do not have discretionary voting authority and have not received instructions as to how to vote on that proposal) are counted as present in determining whether the quorum requirement is satisfied. For purposes of determining the outcome of any question as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, these shares will be treated as not present and not entitled to vote with respect to that question, even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other questions.

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. However, the New York Stock Exchange (the NYSE) precludes brokers from exercising voting discretion on certain proposals without specific instructions from the beneficial owner. Importantly, NYSE rules now prohibit brokers holding shares in street name for their beneficial holder clients from voting in uncontested director elections or on advisory votes regarding executive

compensation or frequency of those votes on behalf of the clients without receiving specific voting instructions from those clients. Under NYSE rules, brokers will have discretion to vote on Proposal II (ratification of appointment of auditor). Brokers cannot vote on Proposal I (the election of directors), Proposal III (advisory vote on executive compensation) or Proposal IV (frequency of future advisory votes on executive compensation) without instructions from the beneficial owners. If you do not instruct your broker how to vote on the election of directors, your broker will not vote for you.

Because the vote required for approval of Proposal II and Proposal III is a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal, abstentions will have the same effect as votes against the proposal, but broker non-votes will not affect the outcome of the voting on the proposal.

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

**PROPOSAL I.**

**ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes of directors serving staggered three-year terms. Dan O. Dinges, James R. Gibbs and William P. Vititoe are currently directors and have been nominated for election at the Annual Meeting for terms of three years, each to hold office until the expiration of his term in 2014 and until his successor shall have been elected and shall have qualified.

It is the intention of the persons named in the enclosed form of proxy to vote such proxies **FOR** the election of Messrs. Dinges, Gibbs and Vititoe for terms of three years. If any one of the nominees is not available at the time of the Annual Meeting to serve, proxies received will be voted for substitute nominees to be designated by the Board of Directors or, in the event no such designation is made by the Board, proxies will be voted for a lesser number of nominees. In no event will the proxies be voted for more than the number of nominees set forth above.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF MESSRS. DINGES, GIBBS AND VITITOE TO THE BOARD OF DIRECTORS.**



***Certain Information Regarding Nominees and Directors***

Set forth below, as of March 1, 2011, for each current director and for each nominee for election as a director of the Company, is information regarding age, position(s) with the Company, membership on committees of the Board of Directors, the period served as a director and term of office, business experience during at least the past five years, and other directorships held at any time during the past five years. Mr. Dinges, Chairman, President and Chief Executive Officer, is the only employee or former employee of the Company on the Board of Directors.

**Rhys J. Best**

Age: 64

Director Since: July 2008

Committee Memberships: Audit, Safety and Environmental Affairs

Term of Office Expires: 2012

Business Experience:

Crosstex Energy L.P.

Non-Executive Chairman of the Board February 2009 to present

Seren Management LLC (private investment company)

President - 2007 to present

Lone Star Technologies, Inc.

Chairman and Chief Executive Officer 1999 to 2007

Other Directorships:

Crosstex Energy L.P.

Trinity Industries, Inc.

Austin Industries, Inc.

McJunkin Red Man Corporation

Commercial Metals Company

Lone Star Technologies, Inc. (until 2007)

**David M. Carmichael**

Age: 72

Director Since: 2006

Committee Memberships: Corporate Governance and Nominations (Chairman),

Compensation, Executive

Term of Office Expires: 2013

Business Experience:

Private Investor (securities and energy investment) - 1996 to present

KN Energy, Inc.

Vice Chairman and Chairman of the Management Committee - 1994 to 1996

American Oil & Gas Corporation (merged with KN Energy, Inc. in 1994)

Chairman, Chief Executive Officer and President - 1985 to 1994

Other Directorships:

Natural Resource Partners L.P.

Texas Heart Institute

**Dan O. Dinges**

Age: 57

Director Since: 2001

Committee Memberships: Executive

Position: Chairman, President and Chief Executive Officer

Term of Office Expires: 2011 (Nominee for Director)

Business Experience:

Cabot Oil & Gas Corporation

Chairman, President and Chief Executive Officer - May 2002 to present

President and Chief Operating Officer - September 2001 to May 2002

Samedan Oil Corporation (a subsidiary of Noble Affiliates, Inc., now Noble Energy Inc.)

Senior Vice President and Division General Manager, Offshore Division - 1998 to September 2001

Vice President and Division General Manager, Offshore Division - 1989 to 1998

Division General Manager, Offshore Division - 1986 to 1989

Division Landman, Offshore Division 1981 to 1986

Mobil Oil Corporation

Land Supervisor - 1978 to 1981

Other Directorships:

United States Steel Corporation

American Exploration & Production Council

American Natural Gas Alliance

Spitzer Industries, Inc.

Foundation for Energy Education

Boy Scouts of America - Sam Houston Area Council

Palmer Drug Abuse Program

Lone Star Technologies, Inc. (until 2007)

**James R. Gibbs**

Age: 66

Director Since: 2010

Committee Memberships: Audit, Corporate Governance and Nominations

Term of Office Expires: 2011 (Nominee for Director)

Business Experience:

Frontier Oil Corporation (formerly Wainoco Oil Corporation)

Chairman 2009 to 2010

Chairman, President, Chief Executive Officer - 1999 to 2009

Director, President, Chief Executive Officer 1992 to 1999

Other Directorships/Trusteeships:

Frost National Bank Houston (Advisory Director)

Southern Methodist University

Smith International, Inc. (until 2010)

Veritas DGC Inc. (until 2006)

**Robert L. Keiser**

Age: 68  
Director Since: 2006  
Committee Memberships: Safety and Environmental Affairs (Chairman), Audit  
Term of Office Expires: 2013  
Business Experience:  
Retired June 1999  
Kerr-McGee Corporation  
Chairman of the Board - February 1999 to June 1999  
Oryx Energy Company (merged with Kerr-McGee Corporation)  
Chairman and Chief Executive Officer - 1995 to February 1999  
Other Directorships:  
Lone Star Technologies, Inc. (until 2007)

**Robert Kelley**

Age: 65  
Director Since: 2003  
Committee Memberships: Audit (Chairman), Safety and Environmental Affairs  
Term of Office Expires: 2012  
Business Experience:  
Kellco Investments, Inc. (private investment company)  
President - April 2001 to present  
Noble Affiliates, Inc.  
Chairman of the Board - 1992 to April 2001  
President and Chief Executive Officer - 1986 to October 2000  
Other Directorships:  
OGE Energy Corporation  
Smith International, Inc. (until 2010)  
Lone Star Technologies, Inc. (until 2007)

**P. Dexter Peacock**

Age: 69  
Director Since: 1998  
Committee Memberships: Executive (Chairman), Compensation, Corporate Governance and  
Nominations  
Position: Lead Director  
Term of Office Expires: 2012  
Business Experience:  
Andrews Kurth L.L.P., Houston, Texas  
Of Counsel - 1998 to present  
Partner - 1975 to 1997  
Managing Partner - 1986 to 1991  
Other Directorships:  
Rowan Companies, Inc.

**William P. Vititoe**

Age: 72

Director Since: 1994

Committee Memberships: Compensation (Chairman), Corporate Governance and Nominations

Term of Office Expires: 2011 (Nominee for Director)

Business Experience:

Retired May 1998

Consultant to Puget Sound Energy, Inc. - February 1997 to May 1998

Washington Energy Company

Chairman of the Board, Chief Executive Officer and President - January 1994 to February 1997

ANR Pipeline Company

President and Chief Executive Officer - October 1990 to December 1993

Other Directorships:

Amerisure Inc.

Aegis Technologies

**CORPORATE GOVERNANCE MATTERS**

***Board of Directors Independence***

The Company's Corporate Governance Guidelines require that at least a majority of the Company's directors be independent under the New York Stock Exchange ( NYSE ) listing standards and all other applicable legal requirements. Additionally, all members of the audit committee, compensation committee and corporate governance and nominations committee are required to be independent. The NYSE listing standards include objective tests that can disqualify a director from being treated as independent, as well as a subjective element, under which the Board must affirmatively determine that each independent director has no material relationship with the Company or management. In making its independence determinations, the Board considered all material relationships with each director, and all transactions since the start of 2008 between the Company and each director nominee, members of their immediate families or entities associated with them.

As contemplated by NYSE rules then in effect, the Board adopted categorical standards in 2004 to assist it in making independence determinations. Under the rules then in effect, relationships that fell within the categorical standards were not required to be disclosed in the proxy statement and their impact on independence was not required to be separately discussed. A relationship falls within these categorical standards if it:

Is a type of relationship addressed in Section 303A2(b) of the NYSE Listed Company Manual, but under those rules does not preclude a determination of independence;

Is a type of relationship or transaction addressed in Item 404 of Regulation S-K, but under that regulation does not require disclosure; or

Consists of charitable contributions by the Company to an organization where a director is an executive officer and does not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last three years.

The Board of Directors has determined that each director's relationship with the Company, with the exception of Mr. Dinges, the Chairman, President and Chief Executive Officer, falls within the categorical standards and that all directors, with the exception of Mr. Dinges, are independent. In making its subjective determination that each non-employee director is independent, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and the Company's

management. The Board considered the transactions in the context of the NYSE's objective listing standards, the categorical standards noted above, the additional standards established for members of audit committees, and the SEC and U.S. Internal Revenue Service standards for compensation committee members. Some members of the Company's Board also serve as directors of other entities with which the Company does business. Each of these relationships is reviewed by the Company's Board, which examines the amount of business done by the Company and the gross revenue for each of the other entities. This review is for each of the last three fiscal years for which financial data is available. This review applied to Messrs. Best, Kelley and Peacock. None of these relationships involved payments either in excess of 3% of the Company's consolidated revenues or in excess of the greater of \$1 million or 2% of the relevant entity's consolidated gross revenue for 2008, 2009 or 2010.

Based on all of the foregoing, the Board made a subjective determination as required by NYSE rules that, because of the nature of the transaction, the director's relationship with the entity and/or the amount involved, no relationships exist that, in the opinion of the Board, would impair the director's independence. Further, the Board of Directors has determined that all members of the audit committee, compensation committee and corporate governance and nominations committee are independent.

#### ***Board of Directors Qualifications***

Mr. Dinges was chosen to serve on the Board of Directors, and to lead the Company as Chairman of the Board, President and CEO, for his executive management experience at the Company and while at Noble Energy Inc., a publicly traded company involved in the oil and natural gas business. Mr. Best was chosen to serve on the Board of Directors for his executive management experience at Lone Star Technologies, Inc., a former publicly traded company servicing the oil and natural gas industry, and for his banking and finance experience. Mr. Carmichael was chosen to serve on the Board of Directors for his executive management experience at KN Energy, Inc. and American Oil & Gas Corporation, both former publicly traded companies involved in the energy industry. Mr. Gibbs was selected to serve on the Board of Directors for his executive management experience at Frontier Oil Corporation, a publicly traded oil refining company. Mr. Keiser was selected to serve on the Board of Directors for his executive management experience at Kerr-McGee Corporation and Oryx Energy Company, both former publicly traded companies involved in the energy industry, and for his engineering background. Mr. Kelley was selected to serve on the Board of Directors for his executive management experience at Noble Energy Inc., and for his financial background as a Certified Public Accountant. Mr. Peacock was selected to serve on the Board of Directors for his business experience managing a large professional organization and for his legal experience representing energy companies in corporate law, securities matters and mergers and acquisitions at Andrews Kurth L.L.P. Mr. Vititoe was chosen to serve on the Board of Directors for his executive management experience at Washington Energy Company and ANR Pipeline Company, both former publicly traded companies involved in the energy industry.

#### ***Board of Directors Diversity***

The Board of Directors does not have a formal diversity policy. The board considers candidates that will make the board as a whole reflective of a range of talents, skills, diversity and expertise, particularly in the areas of (i) management, (ii) strategic planning, (iii) accounting and finance, (iv) corporate governance, and (v) the oil and natural gas industry sufficient to provide sound and prudent guidance about the Company's operations and interests.

#### ***Board of Directors Leadership Structure***

Mr. Dinges serves as the Chairman of the Board, the President and the Chief Executive Officer of the Company. Mr. Peacock serves as the Lead Director. With the separate Lead Director, the Board of Directors believes that the combined role of Chairman and CEO strengthens the communication between the Board of Directors and Company management. Mr. Peacock, as Lead Director, serves as a mentor to Mr. Dinges (along with the other board members) and his specific responsibilities are to preside over an executive session of the non-management and independent directors at each regularly scheduled meeting of the Board of Directors and to serve as a liaison between Mr. Dinges and the independent directors.

***Board of Directors Oversight of Risk***

The Board of Directors oversees the Company's risk management through the audit committee. Annually and with the assistance of the Company's internal auditors, KPMG LLP, a thorough review of risk factors is presented to and discussed by the audit committee. This process elicits areas of concern that are thereafter reviewed and audited, if appropriate. Results of these reviews and audits are presented to the audit committee throughout the year. The audit committee reports the results of these reviews and audits to the entire board throughout the year.

***Corporate Governance Guidelines***

In 2003, the Board of Directors adopted the Cabot Oil & Gas Corporation Corporate Governance Guidelines. These guidelines outline the functions and responsibilities of the Board, director qualifications, and various processes and procedures designed to ensure effective and responsive governance. The guidelines are reviewed from time to time, most recently in February 2011, in response to changing regulatory requirements and best practices and are revised accordingly. The full text of the Corporate Governance Guidelines can be found on the Company's website at [www.cabotog.com](http://www.cabotog.com) by clicking Investor Info, and then clicking Governance.

***Code of Business Conduct***

All employees, officers and directors are required to comply with the Company's long-standing Code of Business Conduct to help ensure that the Company's business is conducted in accordance with the highest standards of moral and ethical behavior. The Code of Business Conduct covers all areas of professional conduct, including conflicts of interest, customer relationships, insider trading, financial disclosure, intellectual property and confidential information, as well as requiring strict adherence to all laws and regulations applicable to the Company's business. Employees, officers and directors annually are required to reply to a Code of Conduct Questionnaire, which is designed to elicit information related to any known or possible violation of the Code. The full text of the Code of Business Conduct can be found on the Company's website at [www.cabotog.com](http://www.cabotog.com) by clicking Investor Info, and then clicking Governance.

***Executive Sessions of the Board of Directors***

The Board of Directors generally holds an executive session of the non-management and independent directors during each of its regularly scheduled meetings. The executive sessions are presided over by the Lead Director, Mr. Peacock.

***Communications with the Board of Directors***

The Company's Board of Directors has a process for shareholders and other interested parties to send communications to the Board. Communications should be addressed to the Board of Directors, a specified committee of the Board, an individual director (including the Lead Director) or the Non-management Directors in care of:

Vice President, Managing Counsel and Corporate Secretary

Corporate Legal Department

840 Gessner, Suite 1400

Houston, Texas 77024

(281)589-4891

(281)589-4808 (fax)

(Outside the U.S. or U.S. long distance-call collect)

[lisa.machesney@cabotog.com](mailto:lisa.machesney@cabotog.com) (email)

All communications received as described above and intended for the Board of Directors, a committee of the Board of Directors, an individual director, or the non-management directors as a group will be relayed to the appropriate directors.



**Annual Meeting Attendance**

The Company's policy is that it expects all members of the Board of Directors to attend the Company's annual meeting of stockholders. In 2010, all of the members of the Board attended the annual meeting.

**Board of Directors and Committee Meeting Attendance**

The Board of Directors held nine meetings during 2010. All directors attended 100% of the meetings of the Board of Directors and of the committees held.

**Director Compensation**

During 2010, non-employee directors' annual compensation was based upon a fee of \$55,000, payable quarterly, for their services on the Company's Board of Directors and its committees. The Audit Committee Chairman and the Compensation Committee Chairman receive an additional \$12,500 annual retainer, the remaining committee chairmen receive an additional \$7,500 annual retainer and the Lead Director receives an additional \$12,500 annual retainer, each payable quarterly, for their service. There are no per meeting fees paid.

Non-employee directors currently receive an annual award of restricted stock units with a targeted award value at grant date of \$160,000. In 2010 these directors each received 3,890 restricted stock units under the 2004 Incentive Plan, the restrictions on which lapse the date the non-employee director leaves the Board of Directors.

Directors who are employees of the Company receive no additional compensation for their duties as directors. All directors were reimbursed for travel expenses incurred for attending Board and committee meetings. Spouses of the directors were invited to attend one meeting during 2010 and travel expenses incurred by the spouses were reimbursed by the Company. For more information on director compensation, see Director Compensation Table below.

The table below summarizes the total compensation paid to each of the non-employee directors of the Company for the fiscal year ended December 31, 2010.

**DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)
		(1) (2)	(2)			(3)	
Rhys J. Best	\$55,000	\$160,074	-	-	-	\$1,158	\$216,232
David M. Carmichael	\$62,500	\$160,074	-	-	-	\$2,333	\$224,907
James R. Gibbs	\$18,333	\$120,000	-	-	-	\$2,851	\$141,184
Robert L. Keiser	\$62,500	\$160,074	-	-	-	\$4,989	\$227,563
Robert Kelley	\$66,875	\$160,074	-	-	-	\$6,124	\$233,073
P. Dexter Peacock	\$73,750	\$160,074	-	-	-	\$6,367	\$240,191
William P. Vititoe	\$66,250	\$160,074	-	-	-	\$8,749	\$235,073

- (1) The amounts in this column reflect the grant date fair value with respect to restricted stock units in accordance with ASC Topic 718 for the fiscal year ended December 31, 2010. Assumptions used in the calculation of these amounts are included in Note 12 of the Notes to the Consolidated Financial Statements included in the Form 10-K. In February 2010, each non-employee director received a grant of 3,890 restricted stock units, with a grant date fair value of \$160,074 based on the average of the high and low trading price of the Common Stock on February 19, 2010, the grant date. Mr. Gibbs joined the board of directors on June 14, 2010 and received a grant of 3,621 restricted stock units with a grant date fair value of \$120,000. The restricted stock units vest on the grant date and are paid in shares of Common Stock on the date the non-employee director ceases to be a director of the Company.





(2) The aggregate number of stock awards and the aggregate number of option awards outstanding at December 31, 2010 were as follows:

Name	Stock Awards	Stock Options
Rhys J. Best	10,620	-
David M. Carmichael	20,417	-
James R. Gibbs	3,621	-
Robert L. Keiser	20,417	15,000
Robert Kelley	29,017	-
P. Dexter Peacock	29,017	-
William P. Vititoe	29,017	-

(3) The amounts in this column include for each director some or all of the following:

A quarterly dividend of \$.03 per share paid on the restricted stock units awarded in 2010 and in prior years.

Spouse travel to the September 2010 Board of Directors meeting and related expenses.

**Director Retirement**

It is the policy of the Board of Directors that directors of the Company retire at the Annual Meeting following a director's 73<sup>rd</sup> birthday, unless a determination is otherwise made by the Board of Directors.

**Information on Standing Committees of the Board of Directors**

The Board of Directors has five standing committees: the Corporate Governance and Nominations Committee, the Audit Committee, the Compensation Committee, the Safety and Environmental Affairs Committee and the Executive Committee. Membership on each committee during 2010 is as discussed below. All standing committees, with the exception of the Executive Committee, are composed entirely of independent, non-employee directors.

**Corporate Governance and Nominations Committee** The Corporate Governance and Nominations Committee (the CGN Committee) is composed of four members: Messrs. Carmichael (Chairman), Gibbs, Peacock and Vititoe. During 2010, the CGN Committee held two meetings. Each member of the CGN Committee satisfies the independence requirements of the NYSE listing standards. The CGN Committee Charter is available to shareholders on the Company's website at [www.cabotog.com](http://www.cabotog.com) by clicking Investor Info, and then clicking Governance.

The CGN Committee will consider director candidates recommended by shareholders. Under its charter, the CGN Committee seeks out and evaluates qualified candidates to serve as Board members as necessary to fill vacancies or the additional needs of the Board, and considers candidates recommended by shareholders and management of the Company. Any stockholder desiring to propose a nominee to the Board of Directors should submit such proposed nominee for consideration by the CGN Committee, including the proposed nominee's qualifications, to Ms. Lisa A. Machesney, Corporate Secretary, Cabot Oil & Gas Corporation, 840 Gessner Road, Suite 1400, Houston, Texas 77024.

The CGN Committee seeks to select candidates who have personal and professional integrity, who have demonstrated ability and judgment and who shall be effective, in conjunction with the other nominees and Board members in collectively serving the long-term interests of the shareholders.

The CGN Committee generally identifies nominees through recommendations made by incumbent directors. A resume is reviewed and, if merited, an interview follows. A qualified candidate identified by a shareholder follows the same committee process. There are no differences in the manner in which the CGN Committee evaluates nominees for director based on whether the nominee is recommended by a shareholder or recommended by the incumbent directors.

**Audit Committee** The Audit Committee is composed of four members: Messrs. Kelley (Chairman), Best, Gibbs and Keiser. During 2010, the Audit Committee held four meetings. Each member of the Audit Committee satisfies the financial

literacy and independence requirements of the NYSE listing standards. The Board has determined that Mr. Kelley meets the requirements of an audit committee financial expert as defined by the Securities and Exchange Commission. The Audit Committee Charter is available to shareholders on the Company's website at [www.cabotog.com](http://www.cabotog.com) by clicking Investor Info, and then clicking Governance.

The function of the Audit Committee is to review and report to the Board of Directors with respect to various auditing and accounting matters, including overseeing the integrity of the financial statements of the Company, the compliance by the Company with legal and regulatory requirements, the selection, independence, qualifications, performance and compensation of the Company's independent auditors and the performance of the Company's internal audit function.

It is the policy of the Audit Committee to pre-approve all audit, review or attest engagements and permissible non-audit services, including the fees and terms thereof, to be performed by the independent auditors, subject to, and in compliance with, the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 and the applicable rules and regulations of the SEC.

The Audit Committee has delegated to each member of the Audit Committee authority to pre-approve permissible services to be performed by the independent auditors. Decisions of a member to pre-approve permissible services must be reported to the full Audit Committee at its next scheduled meeting.

*Compensation Committee* The Compensation Committee is composed of three members: Messrs. Vittoe (Chairman), Carmichael and Peacock. During 2010, the Compensation Committee held four meetings. Each member of the Compensation Committee satisfies the independence requirements of the NYSE listing standards. The Compensation Committee Charter is available to shareholders on the Company's website at [www.cabotog.com](http://www.cabotog.com) by clicking Investor Info, and then clicking Governance.

The function of the Compensation Committee is to:

- Review and approve corporate goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and determine, subject to ratification by the Board, the CEO's compensation level based on this evaluation.

- Provide counsel and oversight of the evaluation and compensation of management of the Company, including base salaries, incentive compensation and equity based compensation.

- Discharge any duties imposed on the Compensation Committee by the Company's incentive compensation and equity based compensation plans, including making grants.

- Retain or replace any compensation consultant engaged to assist in evaluating the compensation of the Company's directors, CEO and other officers and to approve such consultant's fees and other terms of retention.

- Review the annual compensation of the directors.

*Safety and Environmental Affairs Committee* The Safety and Environmental Affairs Committee is composed of three members: Messrs. Keiser (Chairman), Best and Kelley. During 2010, the Safety and Environmental Affairs Committee held two meetings. Each member of the Safety and Environmental Affairs Committee satisfies the independence requirements of the NYSE listing standards.

The function of the Safety and Environmental Affairs Committee is to review the Company's safety and environmental management programs. From time to time, it also reviews the nature of and extent of Company spending for safety and environmental compliance and consults with outside and internal advisors regarding the management of the Company's safety and environmental programs.

*Executive Committee* The Executive Committee is composed of three members: Messrs. Peacock (Chairman), Carmichael and Dinges. During 2010, there were no Executive Committee meetings held.

The function of the Executive Committee is to exercise all power and authority of the Board of Directors, except as limited by the Company's by-laws or applicable law.

**PROPOSAL II**

**APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has approved and recommended the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine the Company's financial statements for 2011. The persons named in the accompanying proxy will vote in accordance with the choice specified thereon, or, if no choice is properly indicated, in favor of the ratification of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company. A representative of PricewaterhouseCoopers LLP is not expected to be in attendance at the Annual Meeting.

See [Audit Committee Report](#) below for further information.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF THE FIRM OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR ITS 2011 FISCAL YEAR.**

**AUDIT COMMITTEE REPORT**

The Audit Committee is composed of four independent, non-employee directors. The Board of Directors has made a determination that the members of the Audit Committee satisfy the requirements of the NYSE listing standards as to independence, financial literacy and experience. The Board determined that one of the members of the Audit Committee, Mr. Kelley, is an [audit committee financial expert](#) as defined by rules of the Securities and Exchange Commission. The responsibilities of the Audit Committee are set forth in the Audit Committee Charter, which was adopted in December 2003 and amended from time to time by the Board of Directors. The function of the Audit Committee is to review and report to the Board of Directors with respect to various auditing and accounting matters, including overseeing the integrity of the financial statements of the Company, the compliance by the Company with legal and regulatory requirements, the selection, independence, qualifications, performance and compensation of the Company's independent registered public accounting firm and the performance of the Company's internal audit function. The Audit Committee also reviews its charter annually. This is a report on the Audit Committee's activities relating to 2010.

***Review of Audited Financial Statements with Management***

The Audit Committee reviewed and discussed the audited financial statements and management's discussion and analysis of the Company's financial condition and results of operations with the management of the Company.

***Review of Financial Statements and Other Matters with Independent Registered Public Accounting Firm***

The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed as described in Statement on Auditing Standards (SAS) No. 61-Communication with Audit Committees, as updated by SAS No. 89-Audit Adjustments, and SAS No. 90-Audit Committee Communications. The Audit Committee has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP (PWC), the Company's independent registered public accounting firm, required by applicable Public Company Accounting Oversight Board requirements regarding the firm's communications with the Audit Committee concerning independence and has discussed with PWC the independent registered public accounting firm's independence. These discussions included a review of all audit and non-audit services (including tax services) provided by PWC to the Company.

**Recommendation that Financial Statements be Included in the Annual Report**

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year 2010 for filing with the Securities and Exchange Commission.

*Audit Committee*

Robert Kelley (Chairman)

Rhys J. Best

James R. Gibbs

Robert L. Keiser

**FEES BILLED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR SERVICES IN 2010 AND 2009**

Fee Type*	2010	2009
Audit Fees	\$1,361,500	\$1,287,297
Audit Related Fees	-	-
Tax Fees (1)	\$620,695	\$728,675
All Other Fees (2)	\$1,500	-

\* No pre-approved requirements were waived under the *de minimis* exception.

- (1) Consists of federal, provincial, state and sales tax planning, audit support, compliance, advice, and return preparation for United States and Canadian operations.
- (2) Consists of an accounting research software license.

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## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

#### **Executive Summary**

The Company's compensation practices are designed to align the financial interests of the named executive officers (NEOs) with the financial interests of the shareholders. To that end, the Company provides its NEOs with a competitive base salary, an annual bonus opportunity based on stringent goal achievement metrics aligned with long-term shareholder value creation and long-term incentives tied to total shareholder return, cash flow attainment and stock appreciation over the long term. For the NEOs the level of at-risk pay ranges from 67% to 89% of total annual compensation, with the CEO having the highest level of at-risk pay.

For 2010, the Company generated its best operating performance ever based on key industry statistics. This performance, once announced in February 2011, provided a significant uptick in stock value. Specifically, on a debt-adjusted per share basis our proved oil and gas reserve portfolio grew 24% and production grew 25%. In absolute terms, these two metrics grew 31% and 27%, respectively, at an all-in per-unit finding cost of \$1.05 per Mcfe—a low level not achieved in eight years. The performance for these metrics, combined with a sixth consecutive year of earnings above \$100 million, resulted in a maximum bonus achievement for the NEOs as well as for plan participants.

Additionally, the Company was successful managing the low natural gas commodity price environment and securing a new five-year credit facility, issuing new long-term notes with a 5.58% average interest rate, prepaying 2011 maturing debt and selling selected non-reserve based assets. This resulted in a strong financial ratio for net debt to total capitalization of 32.9%.

As it relates to long-term incentives, the Company delivered to the NEOs a value for equity consistent with the value provided in 2009, with no material changes. This was once again in the form of performance shares (valued at current market prices) and stock appreciation rights (valued using Black Scholes). The performance shares were approximately evenly split between total shareholder return measured awards and cash flow achievement measured awards.

#### **Introduction**

The Compensation Committee of the Cabot Oil & Gas Board of Directors (Committee) oversees an executive compensation program designed to attract, retain, and engage highly qualified executives. The Committee has developed a structured executive compensation program, which it has formally evaluated and approved. This program includes a compensation committee charter, total compensation philosophy and strategy, industry peer group definition, annual calendar and general policy framework.

#### **Philosophy and Objectives of the Company's Compensation Programs**

The guiding philosophy and specific objectives of the Company's compensation programs are: (1) to align executive compensation design and outcomes with business strategy, (2) to encourage management to create sustained value for the stockholders while managing inherent business risks, (3) to attract, retain, and engage talented executives and (4) to support a performance-based culture throughout the Company. These primary objectives are evaluated annually by: (a) measuring and managing the mix of NEO compensation, with a goal of making a majority of total compensation performance-based and balanced between short-term and long-term incentives, (b) tying incentive plan metrics and goals to shareholder value principles and (c) having balanced, open and objective reviews of goals and performance. The Committee believes that each of these objectives carries an equal amount of importance in the Company's compensation program.

The Company uses various components of executive compensation, with an emphasis on variable compensation and long-term incentives. The components of executive compensation are presented in the table below and discussed in more detail later in this report.

<b>Compensation Component</b>	<b>Purpose</b>	<b>Competitive Positioning</b>
Base Salary	Compensation for role, experience, expertise and competencies.	Base salaries are targeted to approximate the market median, taking into account the competitive environment, as well as the experience and accomplishments of each executive.
Annual Incentive Bonus	Reward the achievement of annual business objectives, including:  Financial Goals (Net Income, Finding Costs)  Operational Goals (specific objectives tied to Production Growth and Reserve Growth)  Individual objectives aligned with corporate strategy  Committee evaluation of qualitative performance	Annual bonus opportunities are established as a percentage of base salary and are targeted to match industry bonus percentage levels for comparable executive positions.  Realizing target bonus opportunities requires achieving key annual financial and operating goals aligned with long-term shareholder value creation.
Long-term Incentives	Prominent part of total compensation to maintain alignment with shareholder value creation:  Stock Appreciation Rights (time vested)  Performance Shares (earned and vested based on Total Shareholder Return versus peers)  Hybrid Performance Shares (time vested and tied to operating cash flow results)	Long-term incentives are intended to promote long-term value creation for stockholders and to retain executives through extended vesting periods.  To place relatively greater emphasis on the importance of shareholder return performance, the value of equity awards is generally targeted for the 2 <sup>nd</sup> highest quartile of the peer group.
Executive Benefits and Perquisites	Stock Ownership Guidelines Comprehensive programs to build financial security, manage personal financial risk and limit Company costs.	Value of benefits and perquisites are generally targeted to be competitive with market levels.
Total Compensation	Designed to attract, retain, align and engage highly qualified executives, while creating a strong connection to financial and operational performance and long-term shareholder value.	Total compensation is highly correlated with Company and individual performance and is generally targeted slightly above the median for the executive when compared to the peer group.

The Committee's philosophy for executive compensation is to assess and offer a total compensation package that is targeted slightly above the median level for the comparative peer industry group. In that total, a greater weight is placed on long-term equity awards versus annual cash to foster an environment where stock price appreciation over the long-term is a major executive focus, which in turn benefits the stockholders. The competitive market is determined by reference to the compensation practices of an industry peer group as set forth below.

### **Industry Peer Group**

The companies chosen by the Committee for the peer group represent the Company's direct competitors of similar size and scope in the exploration and production sector of the energy industry, and are companies that compete in the Company's core areas of operation for both business opportunities and executive talent. Based on 2010 year-end closing market prices, the industry peer group's market capitalization ranged from approximately \$770 million to \$13 billion. The Company's market capitalization at 2010 year-end was approximately \$3.9 billion. The peer group changes from time to time due to business combinations, asset sales and other types of transactions that cause peer companies to no longer exist or to no longer be comparable. The Committee approves all revisions to the peer group. The Company's peer group is as follows:

Berry Petroleum Company  
Bill Barrett Corporation  
Cimarex Energy Company  
Comstock Resources, Inc.  
Denbury Resources Inc.  
Forest Oil Corporation  
Penn Virginia Corporation  
Plains Exploration & Production Company  
Quicksilver Resources Inc.  
Range Resources Corporation  
Southwestern Energy Company  
SM Energy Company  
Stone Energy Corporation  
Swift Energy Company  
Unit Corporation  
Whiting Petroleum Corporation

### **2010 Committee Activity**

During 2010 the Committee held three regular meetings, one in each of February, July and October. The Committee also held one special meeting during 2010. At the February 2010 meeting, the Committee referenced the Fall 2009 competitive market study of the peer group by Hewitt Associates (Hewitt), the Committee's independent compensation consultant at the time (see "Compensation Consultant" below). Based on the study and the CEO's recommendations with respect to the other Company officers, the Committee determined 2010 salaries, bonus payouts for 2009 performance and the annual grant of long-term incentive awards for the officers of the Company. A detailed discussion of each item of compensation can be found below under "Elements of Compensation."

Also at the February 2010 meeting and prior to making any compensation decisions, the Committee reviewed a spreadsheet of 2002-2009 wealth accumulation for each NEO. The Committee uses the wealth accumulation spreadsheets in lieu of tally sheets to review the impact of prior years compensation decisions.

At the July 2010 meeting, the Committee reviewed an analysis of 2009 executive compensation reported by the Company's peer group prepared by Hewitt. This data was used by the Committee to evaluate the compensation decisions made by the peer group during 2009.

At the October 2010 meeting, the Committee reviewed an analysis prepared and presented by Meridian Compensation Partners, LLC, (Meridian), the Committee's ongoing independent compensation advisor, on current compensation issues and trends and a 2010 competitive market study of executive compensation among the peer companies. This analysis is the precursor for the Committee's review of all components of compensation in the following February meeting.

The Committee held a special meeting in early January 2010 for the purpose of certifying the results for the performance share awards made in 2007 for the performance period January 1, 2007 to December 31, 2009.





***Elements of Compensation*****Elements of In-Service Compensation**

There are three major elements of the executive in-service compensation program. The elements are (1) base salary, (2) annual incentive bonus and (3) long-term incentive equity awards. Company perquisites are a minor element of the executive compensation program. This design generally mirrors the pay practices of the industry peer group. Each element is described below.

Mr. Dinges, the Company's Chairman, President and Chief Executive Officer, has a significantly broader scope of responsibilities at the Company than the other named executive officers, as do his peers in the peer group. The difference in compensation for Mr. Dinges described below primarily reflects these differing responsibilities as valued by the peer companies and, except as described below, does not result from the application of different policies or decisions with respect to Mr. Dinges.

**Base Salary**

The Committee believes base salary is a critical element of executive compensation because it provides executives with a base level of monthly income. The base salary of each executive, including the NEOs, is reviewed annually by the Committee. The CEO's salary is established by the Committee (and ratified by the Board of Directors) and the other executives' salaries are established jointly by the CEO and the Committee. Base salary is targeted for all executive positions near the median level of the peer group. Individual salaries take into account the Company's annual salary budget, the individual's levels of responsibility, contribution and value to the Company, individual performance, prior relevant experience, breadth of knowledge and internal and external equity issues. Base salary increases from 2009 to 2010 for the NEOs were approximately 4%.

Name	2009 Base Salary	2010 Base Salary
Mr. Dinges	\$ 575,000	\$ 600,000
Mr. Schroeder	\$ 350,000	\$ 365,000
Mr. Hutton	\$ 252,000	\$ 263,000
Ms. Machesney	\$ 252,000	\$ 261,000
Mr. Reid	\$ 239,960	\$ 250,000

In 2010, the Committee reviewed two competitive market studies for compensation of the peer group (in July and October). Mr. Dinges' 2010 base salary of \$600,000 approximates the median of the industry peer group for the 2010 competitive data. The base salaries of the other NEOs generally fell in the range of the relevant medians among the peer group. The Committee views these salary levels as consistent with its compensation philosophy, given the ongoing changes in peer compensation levels and the intention of delivering a relatively higher percentage of CEO compensation through long-term incentives. The Committee took no additional action to revise base salaries during the year.

**Annual Incentive Bonus**

The annual incentive bonus opportunity is based upon the Company's pay-for-performance philosophy. The opportunity provides the NEOs, as well as other executives and key employees, with an incentive in the form of an annual cash bonus to achieve overall business goals. The bonus opportunity is stated as a percentage of base salary and is set using the Committee's philosophy to target bonus levels (as a percentage of base salary) consistent with the competitive market for executives in similar positions. Annual bonus opportunities allow the Company to communicate specific goals that are of primary importance to the Company during the coming year and motivate executives to achieve those goals. The 2010 measurement criteria were designed to drive value increases for the Company's stockholders.

During 2010 the bonus opportunity at a 100% of target level payout for the NEOs was as follows:

Executive	Percentage of Salary	100% Payout Value
Mr. Dinges	100%	\$ 600,000
Mr. Schroeder	85%	\$ 310,250
Mr. Hutton	50%	\$ 131,500
Ms. Machesney	50%	\$ 130,500
Mr. Reid	45%	\$ 112,500



The 2010 bonus criteria measure the overall Company performance for year-over-year reserve and production growth, along with absolute levels for finding costs and net income. These metrics are weighted 25%, 25%, 15% and 10%, respectively, for a total of 75% of the bonus amounts. The remaining component, weighted at 25%, is determined subjectively by the Committee, which evaluates individual performance, relative regional performance, improvement in per share metrics and industry conditions. The Committee sets no specific goals relating to these factors. In general, the Committee expects to award the full 25% of this component in years when the Company meets internal and external performance expectations with respect to these factors. Acquisitions and divestitures are not part of establishing the target metrics because the Company does not budget these activities. When acquisition or divestiture activity occurs, the Committee assesses its impact and exercises its discretion to adjust for the impact.

For each of the four metrics, the payout ranges for 2010 are as follows:

	Payout (Percent of Target)		
	0%	100%	200%
Reserve Growth	5%	10%	15%
Production Growth	13%	19%	25%
Finding Costs, per Mcfe	\$ 2.20	\$ 1.75	\$ 1.30
Net Income	\$ 100 million	\$ 135 million	\$ 175 million

For 2010, the payout factor for each performance measure was capped at 200%. Once the payout based on each of the four performance metrics is computed and the results are weighted as described above to compute the formula goal achievement, the Committee's subjective component of the bonus is added (this subjective component can range from an achievement of 0% to 50% payout at the 200% performance level).

Once the goal achievement is determined, the actual amount of the total bonus is determined using the following table:

Total Goal	
Achievement	Bonus Factor
<50%	0
51-75%	.5
76-105%	Actual Achievement
106-120%	1.25
121-135%	1.5
136-150%	1.75
151-200%	2.0
>200%	Actual Achievement

Upon completion of each fiscal year, the CEO makes recommendations to the Committee for annual bonuses to be paid to each executive officer (other than the CEO) using the formula established for the program in that year.

The Company's 2010 performance against the pre-established metrics was as follows:

	Target	Actual
Reserve Growth	10%	31.1%
Production Growth	19%	26.8%
Finding Costs, per Mcfe	\$1.75	\$1.05
Net Income	\$135 million	\$102.8 million

For 2010, the Company experienced unprecedented goal achievement for two of its four bonus metrics, along with scoring high on the finding cost metric, which measures the efficiency of deployed capital, another key bonus measurement. The Company exceeded the upper boundaries for the reserve growth metric, production growth metric and the finding costs metric. Specifically, the Company grew reserves 31% from the prior year at a very efficient finding cost of \$1.05 per Mcfe—a level not experienced since 2002. Also, production growth of 26.8% over the prior year exceeded any level ever recorded by the Company. The final measurement, net income, fell at the low end of the target scale due primarily to the impact of lower natural gas prices which persisted throughout the year, yet still came in above \$100 million.



This level of significant outperformance versus the Annual Incentive Bonus hurdles for the year resulted in a 200% bonus achievement as determined by the Compensation Committee. The Committee followed the calculated plan results, provided its target level of discretion and applied the result to the bonus factor table to reach its decision to pay a 200% of target bonus. The level of payout was consistent with the record level performance for the year in many areas. The Committee awarded one NEO a positive supplemental adjustment of \$25,000 for exceeding expectations on a special project.

Upon completion of each fiscal year, the Committee determines the CEO's annual incentive bonus based on Company performance, the formula payout and the Board's annual CEO performance evaluation. The independent directors of the Board discuss and ratify the CEO's annual incentive bonus payment. The CEO's bonus payment for 2010 was 200% of target.

#### Long-Term Incentives

All long-term incentives awarded in 2010 were made under the 2004 Incentive Plan, approved by the Company's stockholders at the 2004 Annual Meeting of Stockholders and the performance goals of which were approved by the Company's stockholders at the 2009 Annual Meeting of Stockholders. In 2010 the Committee employed two types of performance shares, traditional performance shares and hybrid performance shares, and stock appreciation rights (SARs) to provide long-term incentives to the Company's NEOs. The SARs awarded in 2010 are payable in shares of Common Stock, thereby using fewer shares and minimizing dilution as compared to stock options. The award allocation to NEOs is designed to provide 40% of the targeted grant-date value from traditional performance shares, 40% from hybrid performance shares and 20% from SARs. The Committee believes this allocation delivers a long-term incentive program with a relatively stronger performance orientation than that observed at the peer companies. The total size of the long-term incentive awards is based on competitive practice and is targeted to fall within the 2<sup>nd</sup> highest quartile of the peer group. The Committee does not typically consider past long-term incentive awards, such as the amount of equity previously granted and outstanding, or the number of shares owned, when determining annual long-term incentive awards.

Traditional Performance Shares. In 2004, the Committee began shifting more value to performance shares instead of stock options due to: (i) the less dilutive impact of performance shares, and (ii) the fact that in an up market, stock options can increase in value, but Company performance can still lag the peer groups' performance. For these reasons, the Committee believes that the Company's traditional performance share awards are a better measure of performance versus the peer group and appropriately link stock performance and compensation. For additional information about the traditional performance shares, see the table "Grants of Plan-Based Awards" below.

Hybrid Performance Shares. Due to restricted stock share limitations under the 2004 Incentive Plan and Section 162(m) tax considerations, in 2010 the Committee again used hybrid performance share awards instead of restricted stock. The hybrid performance shares vest one-third on each of the first, second and third anniversaries of the date of grant, provided the Company has \$100 million or more operating cash flow in the fiscal year prior to the vesting date. For additional information about the hybrid performance shares, see the table "Grants of Plan-Based Awards" below.

Stock Appreciation Rights (SARs). SARs were granted in 2010 with an exercise price equal to the fair market value on the date of grant. Consistent with the Company's 2004 Incentive Plan, the SAR grant date is the date on which the Committee or the Board of Directors approves the award, and the fair market value is the average of the high and low trading prices of the Common Stock on the grant date. SAR awards, as well as all other executive equity awards, are generally made in February of each year at a pre-scheduled and in-person meeting of the Committee. Company management is given no discretion to choose the grant dates. The SARs vest one-third on each of the first, second and third anniversaries of the date of grant and have a seven-year term. Upon exercise, the executive receives Common Stock equal to the appreciated value of the award. This value is determined by subtracting the exercise price from the fair market value of each share on the exercise date and multiplying this result by the number of shares exercised. The resulting value (less any required tax withholding) is then divided by the fair market price on the date of exercise to determine the number of shares issued.

Personal Benefits and Perquisites

The Company provides the NEOs with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with the overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the level of perquisites and other personal benefits provided to the NEOs. The NEOs are provided with club membership dues, a Company-paid physical examination for the NEO and his or her spouse, a financial and tax planning stipend of up to \$3,000 annually, life insurance, and spouse travel to certain business meetings. The aggregate cost to the Company of the perquisites and personal benefits described above for the NEOs for 2010 are included under All Other Compensation in the Summary Compensation Table below.

Other Compensation

The Company offers all of its employees, including the NEOs, standard benefits including medical and dental reimbursement, short-term and long-term disability plans, basic life and accident insurance and an employee assistance program. The Company offers a retirement program consisting of both qualified and nonqualified defined contribution savings plans. See Elements of Post-Termination Compensation below for further descriptions of these programs.

Impact of Regulatory Requirements

The Company's performance shares, both traditional and hybrid, SARs and stock options (when used as a long-term incentive) are intended to constitute qualified performance based compensation as defined under Section 162(m) of the Internal Revenue Code, with the effect that the deduction disallowance of Section 162(m) should not be applicable to compensation paid to covered employees under the performance shares, SARs and stock option provisions. It is the Committee's intent that the majority of long-term incentive awards will qualify under Section 162(m). In 2010, the Company was not subject to disallowed deductions as a result of the application of Section 162(m).

In addition, in order to permit the Committee the flexibility to use subjective and discretionary components in setting annual cash incentive awards without the Company's loss of deduction under Section 162(m), the Company uses a negative discretion plan for executive officers to whom Section 162(m) might be applicable. Under this plan, the Committee sets one or more financial or operating performance targets early in the year to create a bonus pool intended to meet the requirements of Section 162(m) for such executive officers and reserves the right to reduce or otherwise set the cash incentive amounts taking other factors into account. As a result, the Section 162(m) metrics are not the primary metrics used in determining the relevant cash incentive awards to these executive officers.

Clawback Provisions

The Company has not adopted express clawback provisions with respect to compensation elements which would allow the Company to recoup paid compensation from designated officers in the event of a financial restatement. The Committee will continue to review the appropriateness of clawback provisions in future compensation decisions.

Elements of Post-Termination Compensation

Pension Plan. In July 2010, the Company notified its employees, including the NEOs, that effective September 30, 2010 the Pension Plan, a noncontributory defined benefit plan, would be frozen and liquidated. Distributions will be made to all qualifying employees, including the NEOs, following required regulatory filings to and approvals from the Pension Benefit Guaranty Corporation and the Internal Revenue Service. After a detailed assessment, the Company determined that the cost of providing the Pension Plan benefits, together with the increasing regulatory and reporting burden, made it desirable to terminate the Pension Plan and replace it with an additional contribution to the Company's Savings Investment Plan, as described below. In connection with the Pension Plan termination, the Company allowed for an early retirement enhancement to the benefit to be received upon distribution for all participants under the age of 55.

Previously, Company employees, including the NEOs, were provided with retirement income by the Company's Pension Plan, which provided benefits based generally upon the employee's years of service and the employee's compensation levels, using the highest five consecutive years of the last ten consecutive years of employment. Compensation for the purposes of determining benefits under the Pension Plan consisted of the total taxable income, including base salary, annual, discretionary and sign-on bonuses, and any amounts by which an employee's remuneration was reduced pursuant to voluntary salary reduction plans such as flexible spending/ cafeteria style plans and 401(k) plans. Compensation excluded any amounts contributed by or on behalf of the Company to these plans or any other employee benefit plan sponsored by the Company, any income arising from stock compensation awards, nondeductible moving expenses, disability pay, severance pay and related amounts, taxable group term life insurance benefits, reimbursements, expense allowances, taxable fringe benefits and retention and relocation bonuses. Except in connection with the age 55 enhancement discussed above, no current participant was given any enhanced or extra years of service credit.

The Pension Plan provided for full vesting after five years of service. Benefits were automatically payable for the life of the employee on a single-life annuity basis if the retiree was unmarried or on a 50% joint and survivor basis if the retiree was married. Other benefit payment methods were available at the election of the employee. Benefits were not subject to any deductions for Social Security or other offset amounts. Lump sum conversions were based on the 1994 Group Annuity Reserves Table with rates blended 50% for males and females and an interest rate equal to the 30-year Treasury rate for the month of November in the year preceding the year of payment.

Savings Investment Plan. The Savings Investment Plan is a tax-qualified retirement savings plan in which all employees, including the NEOs, may participate. It allows participants to contribute the lesser of up to 50% of their annual salary, or the limit prescribed by the Internal Revenue Service, on a pre-tax basis. The Company matches 100% of the first six percent of a participant's pre-tax contribution. Participants are 100% vested in the Company's contributions after five years of service, vesting 20% per year.

In July 2010 the Company amended the Savings Investment Plan to allow the Company to make discretionary profit sharing contributions to all eligible employees, including the NEOs. Effective October 1, 2010, the Company commenced contributing 9% of an eligible employee's, including an eligible NEO's, salary and bonus into the Savings Investment Plan to replace the Company's Pension Plan contributions.

Supplemental Employee Retirement Plan ( SERP ). Effective September 30, 2010, the Company terminated the SERP program as it was no longer necessary as a result of the Company's termination of the Pension Plan. Distributions of SERP benefits to certain officers, including the NEOs, will be made 12 to 24 months following termination. Previously, the Company had entered into non-qualified and unfunded supplemental arrangements to supplement the benefits payable to certain officers, including the NEOs, to the extent benefits under the Pension Plan were limited by provisions of the Internal Revenue Code or the Employee Retirement Income Security Act of 1974, as amended. The amount of the SERP was calculated using the same formula as was used for the qualified Pension Plan and was the difference between total compensation as defined in the Pension Plan (as if certain defined benefit limits were not imposed) and the qualified benefit.

Deferred Compensation Plan. The Deferred Compensation Plan provides supplemental retirement income benefits for the officers of the Company, including the NEOs, through voluntary deferrals of salary, bonus and certain long-term incentives. It also allows for the Company to provide its full 6% percent match and 9% Company non-elective contribution when Company contributions of the matching amount cannot be made to the Company 401(k) Plan due to Internal Revenue Code limitations. The plan allows the officers to defer the receipt and taxation on income until retirement from the Company. The Company makes no additional contributions to, nor does it pay in excess of market interest rates on, the Deferred Compensation Plan. Amounts deferred by an officer under the Deferred Compensation Plan are held and invested by the Company in various mutual funds and other investment options selected by the officer at the time of deferral. For additional information about the Deferred Compensation Plan, including the investment options and the manner of distributions, see Non-Qualified Deferred Compensation below.

Retiree Medical Coverage. The Company provides certain health benefits for retired employees, including the NEOs, including their spouses, eligible dependents and surviving spouses. The health care plans are contributory with participants



contributions adjusted annually. Employees become eligible for this benefit if they meet certain age and service requirements at retirement.

#### **Change-in-Control Agreements**

The Company has entered into Change-in-Control Agreements with the NEOs and with certain other senior officers of the Company. This program has been in place since 1995, with some modifications in 2001. At both of these time frames, many industry peers had change-in-control benefits. When approving the plan in 1995 and the modifications in 2001, the Committee reviewed the features of comparable programs offered by the peer group and others in the industry and applied its judgment to determine whether the level of payments and other benefits, and the circumstances that trigger the payment or provision of benefits, under these agreements were necessary to meet the Committee's objectives of encouraging such employees to remain employed and to carry out their duties with the Company in the event of a change-in-control of the Company and during circumstances suggesting a change-in-control might occur. The program was again slightly modified in 2008 primarily to address Section 409A of the Internal Revenue Code. The Committee believes this program is important to maintaining strong leadership and to encourage retention in these situations. For a more detailed discussion of the change-in-control program, see Potential Payments Upon Termination or Change in Control below.

As noted under Pension Plan above, effective September 30, 2010, the Company terminated the Pension Plan in which all of our eligible employees, including the NEOs, participated. In connection with that action and as described above under Supplemental Employee Retirement Plan, the Company also terminated the SERP in which certain officers, including the NEOs, participated. As a result, no further benefits will be accrued under either the Pension Plan or the SERP, and both plans will be liquidated in accordance with applicable law in late 2011 or early 2012 after required filings have been completed. As a result of the termination of these plans, executive officers are no longer entitled to the additional pension benefits under their Change in Control Agreements that had previously applied in the event of some terminations of employment.

The Committee generally views the potential payments and benefits under the Change-in-Control Agreements as a separate compensation element because such payments and benefits are not expected to be paid in a particular year and serve a different purpose for the executive other than elements of compensation. Accordingly, those payments and benefits do not significantly affect decisions regarding other elements of compensation.

#### **Stock Ownership Guidelines**

In February 2006, the Corporate Governance and Nominations Committee of the Board of Directors adopted stock ownership guidelines for the officers and directors of the Company. These stock ownership guidelines were thereafter approved by the Board of Directors. The Chief Executive Officer and the Chief Financial Officer are expected to hold 30% of the after-tax shares received upon the vesting or exercise of an equity award until such time as they have accumulated five times base salary for the officers and five times annual retainer for the directors. All other Vice Presidents are expected to hold 30% of the after-tax shares received upon the vesting or exercise of an equity award until such time as they have accumulated three times base salary. All of the NEOs are in compliance with the stock ownership guidelines, with the exception of Mr. Reid. Mr. Reid recently became an officer of the Company in July 2009 and is expected to hold 30% of the after-tax shares received upon vesting or exercise of an equity award until such time as he has accumulated three times his base salary.

#### **CEO Compensation and Performance-Based Pay**

For the past several years Cabot has been an industry leader in maintaining consistent and disciplined performance-based compensation programs. In 2010 and in prior years, program payouts to executives have reflected the financial and operating results achieved and the total returns delivered to shareholders.

The Committee has not increased the CEO's targeted long-term incentive award value as a percentage of salary over the past three years. With each of these recent awards the eventual payment received will be based on performance achieved after the grant. Specific demonstrations of this performance alignment as shown in the CEO's compensation include:

Since 2004, the Company has awarded 40% of an executive's long-term incentive opportunity through performance shares payable solely on the basis of Cabot's total shareholder return relative to its industry peer group. Only 30% of Cabot's industry peers currently maintain a similar relative returns program, and Cabot was among the first to implement one. Since the program started in 2004, Cabot's frequent top-quartile performance has at times generated above-target payments for executives. Based on the Company's three-year total shareholder return relative to its industry peer group for the most recently completed performance period, Mr. Dinges earned less than the targeted number of performance shares awarded in early 2008. The CEO's awards and the relative performance achieved plus the current ranking for the two remaining unvested awards are as follows:

Performance Periods	Target Value	Peer Rank Achieved		Payment	Percent of Target
	Awarded to the CEO (1)	(Payout Percent)		Earned	Earned (2)
2004-2006	\$ 960,000	5/17	(133%)	\$1,815,251	189.1%
2005-2007	\$1,095,990	4/17	(167%)	\$4,813,638	439.2%
2006-2008	\$ 853,762	4/17	(167%)	\$1,580,488	185.1%
2007-2009	\$1,192,126	6/17	(133%)	\$1,959,545	164.4%
2008-2010	\$1,895,808	9/17	(75%)	\$1,090,080	57.5%
2009-2011 (3)	\$1,626,883	13/17	(25%)	\$ 693,128	42.6%
2010-2012 (3)	\$1,688,775	14/17	(25%)	\$ 390,328	23.1%

- (1) Target value based on number of performance shares awarded multiplied by the stock price at grant
- (2) Percent of Target Earned considers both the payout percent earned and share price appreciation delivered
- (3) These performance periods are in progress; returns, rank and payment based on results through December 31, 2010

The Company awards 20% of an executive's long-term incentive opportunity through SARs that only generate compensation value to the extent the Company's stock price appreciates from the award date. Based on the closing price of the Company's stock on December 31, 2010, recent SAR awards have in-the-money value well below the values targeted at grant. The CEO will only earn targeted compensation to the extent the stock price appreciates in the future remaining exercise period.

Award Years	Target Value	Share Price	Current In-the-Money Value	In-the-Money
	Awarded to the CEO (1)	Appreciation Since Grant		Value as a Percent of Target Value
2006	\$647,576	59.0%	\$1,282,765	198.1%
2007	\$416,620	7.5%	\$ 97,310	23.4%
2008	\$605,287	(21.9)%	\$ 0	0%
2009	\$731,264	67.3%	\$ 392,947	53.7%
2010	\$736,793	(6.6)%	\$ 0	0%

- (1) As disclosed in the Company's financial statements based on a Black Sholes valuation at grant.

The Company awards 40% of an executive's long-term incentive value through hybrid performance shares that require threshold achievement based on a financial metric (see Hybrid Performance Shares above). Cabot is one of the only industry peer companies where all full-value share awards have performance-vesting requirements. To date, all of the CEO's hybrid performance share awards have satisfied the required performance criteria at their scheduled vesting date.

Cabot plans to continue to award compensation opportunities that require meaningful absolute and relative stock performance to deliver targeted pay levels.

### **Conclusion**

The Committee and the Company believe these executive compensation policies and programs effectively serve the interests of the stockholders and the Company. The Committee has worked over the years to devise, manage and provide an executive compensation program that meets its intended objectives and contributes to the Company's overall success.

### **Compensation Consultant**

The Committee employs the services of an executive compensation consultant. In 2010 and in recent prior years, the Committee engaged Hewitt to assist the Committee with executive compensation matters. Beginning in October 2010, the Committee engaged Meridian as its independent consultant, and Meridian has also been retained by the Committee for 2011. Meridian is responsible for preparing and presenting a comprehensive competitive market study of the compensation levels and practices for a group of industry peers. The Committee-approved industry peer group is listed and described in more detail above at Industry Peer Group. Meridian is also responsible for preparing and presenting an outside director compensation study using the same industry peer group. The Committee relies on Meridian for input on pay philosophy, current market trends, legal and regulatory considerations and prevalence of benefit and perquisite programs. A representative of Meridian attends all regular meetings of the Committee and participates in most executive sessions.

The Committee believes Meridian is independent of management. Meridian works exclusively for the Committee and generally performs no services directly for management. Management does not retain the services of a compensation consultant.

### **Role of Executives in Establishing Compensation**

The President and CEO, the Vice President and CFO, the Vice President, Human Resources and the Vice President, Managing Counsel and Corporate Secretary each play a role in the Company's compensation process. With the benefit of Meridian's competitive market study, the CEO makes compensation recommendations to the Committee for the other officers of the Company, but not for his own compensation. The CEO considers internal pay equity issues, individual performance and Company performance in making his recommendations to the Committee. The Vice President and CFO makes recommendations to the CEO for his direct reports. The Vice President, Human Resources provides the Committee survey data from a wider group of companies in the energy sector than the industry peer group described above, which the Committee uses for evaluation of non-executive compensation, and general administrative support implementing the Committee's decisions. The executives listed above, together with the Vice President, Managing Counsel and Corporate Secretary, prepare materials and agenda for the Committee meetings and also prepare the long-term equity plans as directed by the Committee for its review and consideration. Certain of the noted officers attend the Committee meetings; however, the officers are generally excused from the meetings to enable the Committee to meet privately in executive session, both with and without the compensation consultant. The Committee has delegated to management authority to administer the long-term incentive plans in accordance with the terms and conditions of the plans, the specific award agreements and the specific individual awards approved by the Committee.

**Executive Compensation Business Risk Review**

The ownership stake in the Company provided by our equity-based compensation, the extended vesting of these awards and our stock ownership guidelines are designed to align the interests of our NEOs with our shareholders and promote executive retention. At the same time, the Committee believes, with the concurrence of its independent consultant, that, as a result of our focus on long-term incentive compensation, our use of different types of long-term incentives, and our stock ownership guidelines, the Company's executive compensation program does not encourage our management to take unreasonable risks related to the Company's business.

**Compensation Committee Report**

The Compensation Committee of the Board of Directors has reviewed and discussed with management the above Compensation Discussion and Analysis and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

*The Compensation Committee*

William P. Vititoe, Chairman

David M. Carmichael

P. Dexter Peacock

**Summary Compensation Table**

The table below summarizes the total compensation paid to or earned by each of the CEO, the CFO and the next three most highly compensated executive officers ( NEOs ) for the fiscal year ended December 31, 2010.

Cash bonus amounts paid under the Company's 2004 Incentive Plan, which are listed in the column titled Non-Equity Incentive Plan Compensation, were determined by the Committee at its February 17, 2011 meeting for 2010 performance and, to the extent not deferred by the executive, were paid out shortly thereafter. For additional information about Non-Equity Incentive Plan Compensation, see Annual Incentive Bonus above.

**2010 SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Option Awards (\$) (3)	Non-Equity Incentive Plan Compensation (\$) (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (5)	All Other Compensation (\$) (6)	Total (\$)
Dan O. Dinges Chairman, President and Chief Executive Officer	2010	\$595,833 \$575,000 \$567,500	0	\$2,957,072	\$736,793	\$1,200,000	\$1,474,945	\$56,137	\$7,020,780
	2009		0	\$2,896,318	\$731,264	\$948,750	\$369,758	\$30,679	\$5,551,769
	2008		0	\$3,052,561	\$605,287	\$776,250	\$115,442	\$33,657	\$5,150,697
Scott C. Schroeder Vice President, Chief Financial Officer and Treasurer	2010	\$362,500	0	\$1,108,680	\$276,061	\$620,500	\$888,298	\$49,815	\$3,305,854
	2009	\$350,000	0	\$1,089,249	\$274,984	\$462,000	\$177,802	\$32,587	\$2,386,622
	2008	\$343,333	0	\$1,133,683	\$245,910	\$378,000	\$27,155	\$30,433	\$2,158,514
Jeffrey W. Hutton Vice President, Marketing	2010	\$261,166	\$25,000	\$439,486	\$109,400	\$263,000	\$1,108,873	\$37,339	\$2,244,264
	2009	\$252,000	\$22,100	\$431,719	\$109,021	\$207,900	\$214,064	\$29,211	\$1,266,015
	2008	\$248,167	\$1,700	\$448,973	\$97,908	\$170,100	\$70,073	\$26,205	\$1,063,126
Lisa A. Machesney Vice President, Managing Counsel and Corporate Secretary	2010	\$259,500	0	\$379,094	\$94,422	\$261,000	\$981,014	\$44,932	\$2,019,962
James M. Reid Vice President, Regional Manager, South Region	2010	\$248,327	0	\$284,451	\$70,816	\$225,000	\$399,029	\$33,992	\$1,261,615

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- (1) Cash bonuses paid pursuant to the 2004 Incentive Plan for 2010 annual performance are listed under the column Non-Equity Incentive Plan Compensation.
- (2) The amounts in this column reflect the grant date fair value with respect to performance share awards for the relevant fiscal year in accordance with the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) Topic 718. The grant date fair value of these awards was computed by using the average of the Company s high and low stock trading price on the date of grant. The grant date fair values per share used to compute the amounts in this column are as follows:

Grant Date	Grant Date Fair Value per Share	Award Types Included
February 20, 2008	\$ 48.48	Hybrid Performance Shares
February 19, 2009	\$ 22.63	Hybrid Performance Shares
February 18, 2010	\$ 40.53	Hybrid Performance Shares

Traditional performance shares granted on February 20, 2008, February 19, 2009 and February 18, 2010 were valued using a Monte Carlo model and the grant date fair values per share used for financial reporting purposes were \$41.53, \$17.63 and \$32.09 respectively. Assumptions used in the Monte Carlo model for these grants, as well as additional information regarding accounting for performance share awards, are included in Note 12 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 (the "Form 10-K").

The grant date fair values of traditional performance shares granted in 2010, 2009, and 2008, at target value (100% of award) and at maximum value assuming the highest level of performance is achieved (200% of award) are as follows:

	Dinges		Schroeder		Hutton		Machesney		Reid	
	Target	Maximum	Target	Maximum	Target	Maximum	Target	Maximum	Target	Maximum
2010	\$ 1,323,713	\$ 2,647,425	\$ 496,272	\$ 992,544	\$ 196,712	\$ 393,423	\$ 169,756	\$ 339,512	\$ 127,397	\$ 254,795
2009	\$ 1,291,617	\$ 2,583,235	\$ 485,789	\$ 971,578	\$ 192,552	\$ 385,105				
2008	\$ 1,196,006	\$ 2,392,013	\$ 404,898	\$ 809,796	\$ 160,423	\$ 320,845				

- (3) The amounts in this column reflect the grant date fair value with respect to Stock Appreciation Rights ("SARs") for the relevant fiscal year, in accordance with ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 12 of the Notes to the Consolidated Financial Statements included in the Form 10-K. SARs have not been repriced or otherwise materially modified.
- (4) The amounts in this column reflect cash incentive awards to the NEOs under the 2004 Incentive Plan, which is discussed in detail above under "Annual Incentive Bonus."
- (5) The amounts in this column reflect the actuarial increase in the present value of the NEOs benefits under the Company's Pension Plan and the Supplemental Employment Retirement Plan determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements. Both of these plans were terminated in 2010 as discussed above under "Elements of Post-Termination Compensation Pension Plan and Supplemental Employment Retirement Plan," and the amounts for 2010 are as of the termination date. There were no above-market or preferential earnings on deferred compensation.
- (6) The amounts in this column include the Company's matching contribution to the Savings Investment Plan (401(k) Plan), which is discussed above under "Elements of Post-Termination Compensation." For 2010, such contribution totaled \$14,700 for each NEO. The amounts also include (i) the 9% Company retirement contribution to the Savings Investment Plan (or Deferred Compensation Plan, to the extent in excess of the qualified plan limits) beginning October 1, 2010 and (ii) contributions made in 2010 to the Deferred Compensation Plan to replace amounts deducted from the Savings Investment Plan due to administrative errors in prior years. Such contributions for 2010 totaled \$24,700 for Mr. Dinges, \$19,413 for Mr. Schroeder, \$15,318 for Mr. Hutton, \$16,192 for Ms. Machesney and \$12,245 for Mr. Reid. The amounts also include for each NEO some or all of the following:
- Premiums paid on executive term life insurance
  - Club dues
  - Executive physical examination for the NEOs and their spouses
  - A financial and tax planning stipend of up to \$3,000 per year
  - Personal use of an administrative assistant and/or event tickets
  - Spouse travel to certain business meetings

**Grants of Plan-Based Awards**

The table below reports all grants of plan-based awards made during 2010. All grants of awards were made under the Company's 2004 Incentive Plan.

**2010 GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards:		Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Number of Shares of Stock or Units	All Other Awards: Exercise or Base Price of Option Awards (\$/Sh)	
Dan O. Dinges	2/18/10	\$0	\$600,000	\$1,200,000						
	2/18/10				0	41,250	82,500			\$1,323,713
	2/18/10					40,300				\$1,633,359
Scott C. Schroeder	2/18/10	\$0	\$310,250	\$620,500						
	2/18/10				0	15,465	30,930			\$496,272
	2/18/10					15,110				\$612,408
Jeffrey W. Hutton	2/18/10	\$0	\$131,500	\$263,000						
	2/18/10				0	6,130	12,260			\$196,712
	2/18/10					5,990				\$242,775
Lisa A. Machesney	02/18/10	\$0	\$130,500	\$261,000						
	02/18/10				0	5,290	10,580			\$169,756
	02/18/10					5,165				\$209,337
James M. Reid	02/18/10	\$0	\$112,500	\$225,000						
	02/18/10				0	3,970	7,940			\$127,397
	02/18/10					3,875				\$157,054
	02/18/10							3,735	\$40.53	\$70,816

- (1) Amounts in this column represent a bonus payout of 200% of target. See discussion of the bonus factor applicable to the Annual Incentive Bonus above under Annual Incentive Bonus.
- (2) The second amount in this column for each NEO represents 100% of hybrid performance shares which vest one-third on each of the first, second and third anniversaries of the date of grant, provided the Company has \$100 million or more operating cash flow in the fiscal year prior to the vesting date.
- (3) Amounts in this column represent 200% of the targeted traditional performance shares. Amounts earned in excess of 100% are paid in cash based on the average of the high and low trading prices of a share of Common Stock at the end of the performance period. See discussion of the additional terms of the performance shares below.



- (4) Amounts in this column represent SARs that vest one-third on each of the first, second and third anniversaries following the date of grant and have a seven year term. The exercise price of the SARs shown is the average of the high and low trading prices of the Common Stock on the award date, as required by the 2004 Incentive Plan. The closing market price of the Common Stock on the date of grant, February 18, 2010, was \$40.94.

(5) The amounts in this column reflect the grant date fair value of the traditional performance shares, the hybrid performance shares and the SARs granted in 2010, as computed in accordance with ASC Topic 718. The traditional performance share awards were valued using a Monte Carlo model and the grant date fair value per share used for financial reporting purposes was \$32.09. The hybrid performance share awards were valued by using the average of the Company's high and low stock trading price on the date of grant which was \$40.53. SARs were valued using a Black-Scholes model and the grant date fair value per share used for financial reporting purposes was \$18.96. Additional assumptions used in the Monte Carlo model for performance shares and the Black-Scholes model for SARs, as well as other assumptions used in the calculation of these amounts, are included in footnote 12 of the Notes to the Consolidated Financial Statements included in the Form 10-K.

The traditional performance shares awarded in 2010 have a three-year performance period, which commenced January 1, 2010 and ends December 31, 2012. Each performance share represents the right to receive, after the end of the performance period, from 0 to 200% of a share of Common Stock (with amounts over 100% paid in cash), based on the Company's performance. The performance criteria that determines the payout per performance share is the relative total shareholder return on the Company's Common Stock as compared to the total shareholder return on the common equity of each company in a comparator group. For this purpose, total shareholder return is expressed as a percentage equal to common stock price appreciation as averaged for the first and last month of the performance period, plus dividends (on a cumulative reinvested basis). The comparator group consists of the companies listed above under "Industry Peer Group". If any member of the comparator group ceases to have publicly traded common stock or if as a result of other business transactions becomes incomparable, it will be removed from the comparator group and a replacement company will be added by the Compensation Committee.

After the end of the performance period, the Company will issue shares of Common Stock and pay cash in respect of each performance share based on the relative ranking of the Company versus the comparator group for total shareholder return during the performance period using the following scale:

Company Relative Placement	Percent Performance Shares
1-2 (highest)	200%
3-4	167%
5-6	133%
7-8	100%
9-10	75%
11-12	50%
13-14	25%
15-17 (lowest)	0%

As noted above, in the event of a relative ranking of 1 through 6, corresponding to a percentage payout above 100%, a share of performance stock will entitle the participant to receive one full share of Common Stock with respect to the first 100% of the payout and the balance of the payout in cash, in an amount based on the fair market value of a share of Common Stock at the end of the performance period.

If a participant is not an employee on the last day of the performance period due to death, disability or retirement, Common Stock will be issued on the original performance period schedule and the level of payout will be determined as with all other participants, except that (i) if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the receipt of Common Stock, the participant will forfeit the right to receive such Common Stock and (ii) in the case of a retirement, the participant must be an employee on September 30<sup>th</sup> of the year the award is granted in order to continue vesting in the award. If a participant is not an employee on the last day of the performance period due to any other voluntary or involuntary termination, no shares of Common Stock will be issued in respect of the participant's performance share award unless otherwise determined by the Compensation Committee. Prior to the issuance of shares of Common Stock in respect of a performance share award, the participant will have no right to vote or receive dividends on the shares. The performance share award may not be assigned or transferred except by will or the laws of descent and distribution. In the

event of a Change-in-Control (as defined) all unvested performance shares shall vest to the extent of actual performance as of the Change-in-Control. Actual performance as of the Change-in-Control is based on the greater of (i) total shareholder return through the end of the month prior to the Change-in-Control or (ii) total shareholder return through the end of the month prior to the Change-in-Control calculated using the value realized by shareholders in the Change-in-Control event. In the event the Company ceases to have publicly traded Common Stock as a result of a business combination or other extraordinary transaction, the performance period will be terminated effective upon the date of such cessation. The Committee certifies the results of the performance share awards prior to the issuance of Common Stock.

The hybrid performance shares awarded in 2010 vest one-third on each of the first, second and third anniversaries of the date of grant, provided the Company has \$100 million or more operating cash flow in the fiscal year prior to the vesting date. If the performance metric is not met, then the respective tranche of hybrid performance shares will be forfeited. Unvested hybrid performance shares will be forfeited if, during the three-year vesting period, the executive voluntarily leaves the Company. In the event of an involuntary termination by the Company, the Compensation Committee will determine whether the unvested hybrid performance shares will be forfeited. In the event of an employment termination due to death, disability or retirement, all unvested hybrid performance shares will vest except that (i) if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the receipt of hybrid performance shares, the participant will lose the right to receive such hybrid performance shares and (ii) in the case of a retirement, the participant must be an employee on September 30<sup>th</sup> of the year the award is granted in order to continue vesting in the award. Prior to vesting, the participant has no right to vote or receive dividends on such shares. The hybrid performance shares may not be assigned or transferred except by will or the laws of descent and distribution. In the event of a Change-in-Control (as defined), the unvested hybrid performance shares shall vest.

The SARs awarded in 2010 vest one-third on each of the first, second and third anniversaries of the date of grant and have a seven year term. Unvested SARs will be forfeited and vested SARs must be exercised within ninety days if the executive voluntarily leaves the Company. In the event of an involuntary termination by the Company, the Compensation Committee may extend the exercise period for vested SARs from 90 days to 36 months. In the event of an employment termination due to death, disability or retirement, all SARs will vest except that (i) if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the exercise of the SARs, the participant will lose the right to exercise any remaining SARs and the remaining SARs shall be forfeited and (ii) in the case of a retirement, the participant must be an employee on September 30<sup>th</sup> of the year the award is granted in order to continue vesting in the award. The SAR award may not be assigned or transferred except by will or the laws of descent and distribution. In the event of a Change-in-Control (as defined) all unvested SARs shall vest and remain exercisable throughout the term of the SAR.

In the event of any merger, reorganization, recapitalization, separation, liquidation, stock dividend, share combination or other change in the corporate structure of the Company affecting the performance shares or the SARs, the number of performance shares and SARs shall be equitably adjusted by the Compensation Committee to prevent dilution or enlargement of rights.

For additional information about the treatment of certain of Mr. Dinges' awards in the event of an employment termination, see Potential Payments Upon Termination or Change-in-Control below.

**Outstanding Equity Awards at Fiscal Year-End**

The table below reports for each NEO outstanding equity awards at December 31, 2010.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2010**

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (4)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Dan O. Dinges	91,300			\$ 23.80	2/23/2013				
	37,000			\$ 35.22	2/22/2014				
	26,583	13,292		\$ 48.48	2/20/2015				
	26,070	52,140		\$ 22.63	2/19/2016				
		38,860		\$ 40.53	2/18/2017				
								152,900	\$ 5,787,265
								97,605	\$ 3,694,349
Scott C. Schroeder	30,000			\$ 23.80	2/23/2013				
	12,200			\$ 35.22	2/22/2014				
	10,800	5,400		\$ 48.48	2/20/2015				
	9,803	19,607		\$ 22.63	2/19/2016				
		14,560		\$ 40.53	2/18/2017				
								56,015	\$ 2,120,168
								36,974	\$ 1,399,466
Jeffrey W. Hutton	16,600			\$ 23.80	2/23/2013				
	6,600			\$ 35.22	2/22/2014				
	4,300	2,150		\$ 48.48	2/20/2015				
	3,886	7,774		\$ 22.63	2/19/2016				
		5,770		\$ 40.53	2/18/2017				
								22,200	\$ 840,270
								14,654	\$ 554,654
Lisa A. Machesney	16,660			\$ 23.80	2/23/2013				
	6,600			\$ 35.22	2/22/2014				
	4,300	2,150		\$ 48.48	2/20/2015				
	3,886	7,774		\$ 22.63	2/19/2016				
		4,980		\$ 40.53	2/18/2017				
								21,360	\$ 808,476
								13,829	\$ 523,428

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James M. Reid	3,735	\$ 40.53	2/18/2017	10,000	\$ 378,500		
						3,970	\$ 150,265
						3,875	\$ 146,669
						7,500	\$ 283,875
						3,500	\$ 132,475

- (1) The first, second, third and fourth amount in this column for each NEO, with the exception of Mr. Reid, is the exercisable portion of a SAR award granted on February 23, 2006, February 22, 2007, February 20, 2008, and

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February 19, 2009, respectively, all of which vest ratably on the first, second and third anniversaries of the date of grant and have a seven-year term.

- (2) The first, second and third amount in this column for each NEO, is the unexercisable portion of a SAR granted on February 20, 2008, February 19, 2009 and February 18, 2010, respectively, all of which vest ratably on the first, second and third year anniversaries of the date of grant and have a seven year term. Mr. Reid commenced receiving SAR awards in 2010.
- (3) Shares reported in this column are time-vested restricted stock. The shares vest on September 1, 2012.
- (4) The first amount in this column for each NEO, is traditional performance share awards. The terms and conditions of the traditional performance share awards are described above. The performance shares vest, if at all, for each executive as follows (assuming 100% payout):

Date	Dan O. Dinges	Scott C. Schroeder	Jeffrey W. Hutton	Lisa A. Machesney	James M. Reid
12/31/2010	38,400	13,000	5,150	5,150	-
12/31/2011	73,250	27,550	10,920	10,920	-
12/31/2012	41,250	15,465	6,130	5,290	3,970

The second amount in this column for each NEO is hybrid performance shares. The terms and conditions of the hybrid performance share awards are described above. The hybrid performance shares vest, if at all, for each executive as follows:

Date	Dan O. Dinges	Scott C. Schroeder	Jeffrey W. Hutton	Lisa A. Machesney	James M. Reid
2/18/2011	13,433	5,036	1,996	1,721	1,291
2/19/2011	23,640	8,890	3,523	3,523	-
2/20/2011	10,025	4,084	1,617	1,617	-
2/19/2012	23,640	8,890	3,524	3,524	-
2/18/2012	13,433	5,037	1,997	1,722	1,292
2/18/2013	13,434	5,037	1,997	1,722	1,292

- (5) For Mr. Reid, the third amount in this column represents performance shares with a performance period of January 1, 2009 to December 31, 2011. The fourth amount in this column represents performance shares with a performance period of January 1, 2008 to December 31, 2010.

- (6) Market value is based on \$37.85 per share closing price on December 31, 2010.

**Option Exercises and Stock Vested**

The table below reports exercised stock options, vested restricted stock and a performance share payout during 2010.

**2010 OPTION EXERCISES AND STOCK VESTED**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
				(1) (2)
			(1) (2)	

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Dan O. Dinges	-	-	77,999	\$ 3,322,190
Scott C. Schroeder	-	-	27,907	\$ 1,186,312
Jeffrey W. Hutton	-	-	13,008	\$ 555,254
Lisa A. Machesney	-	-	13,008	\$ 555,254
James M. Reid	-	-	4,000	\$ 162,120

- (1) Includes the number of shares and value realized for performance shares, the performance period for which was January 1, 2007 through December 31, 2009 and which paid out upon the Compensation Committee's certification of the results on January 4, 2010. Does not include the cash portion of the performance share award for performance in excess of 100% of \$493,341, \$166,383, \$87,575 and \$87,575, for Mr. Dinges, Mr. Schroeder, Mr. Hutton, and Ms. Machesney, respectively.
- (2) For Mr. Reid, includes the number of shares and value realized for performance shares, the performance period for which was January 1, 2007 through December 31, 2009 and which was paid out upon Compensation Committee certification of results on February 18, 2010.

**Pension Benefits Table**

The table below reports the present values of accumulated benefits payable to each NEO, including the number of years of service credited to each NEO, under the Company's qualified Pension Plan and the non-qualified Supplemental Executive Retirement Plan. Additional information regarding the Pension Plan and the Supplemental Executive Retirement Plan can be found above under Elements of Post-Termination Compensation. The Pension Plan and associated SERP were frozen and terminated on September 30, 2010.

**PENSION BENEFITS**

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Dan O. Dinges	Cabot Oil & Gas Corporation Pension Plan	9.00	\$ 352,183	-
	Cabot Oil & Gas Corporation Non-Qualified Plan (SERP)	9.00	\$ 2,220,105	-
Scott C. Schroeder	Cabot Oil & Gas Corporation Pension Plan	14.92	\$ 375,485	-
	Cabot Oil & Gas Corporation Non-Qualified Plan (SERP)	14.92	\$ 1,032,802	-
Jeffrey W. Hutton	Cabot Oil & Gas Corporation Pension Plan	25.50	\$ 883,467	-
	Cabot Oil & Gas Corporation Non-Qualified Plan (SERP)	25.50	\$ 1,056,682	-
Lisa A. Machesney	Cabot Oil & Gas Corporation Pension Plan	25.33	\$ 848,729	-
	Cabot Oil & Gas Corporation Non-Qualified Plan (SERP)	25.33	\$ 959,963	-
James M. Reid	Cabot Oil & Gas Corporation Pension Plan	9.42	\$ 379,973	-
	Cabot Oil & Gas Corporation Non-Qualified Plan (SERP)	9.42	\$ 211,990	-

- (1) The amounts in this column reflect the same assumptions used for financial statement reporting purposes under generally accepted accounting principles. The assumptions used in the calculation of these amounts are included in footnote 6 to the Notes to the Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Conditions and Results of Operations, under Long-Term Employee Benefit Costs, included in the Company's Form 10-K. The Pension Plan and associated SERP were frozen and terminated on September 30, 2010. Accumulated benefits were calculated as of December 31, 2010.



**Non-Qualified Deferred Compensation**

The table below reports NEO contributions, a Company contribution, earnings, and aggregate balances in the Company's Deferred Compensation Plan for 2010.

**2010 NONQUALIFIED DEFERRED COMPENSATION**

Name	Executive Contributions in Last FY (\$) (1)	Registrant Contributions in Last FY (\$) (2)	Aggregate Earnings in Last FY (\$) (3)	Aggregate Withdrawals/ Distributions (\$) (4)	Aggregate Balance at Last FYE (\$) (4)
Dan O. Dinges	\$ 142,313	\$ 24,700	-\$ 116,209	-	\$ 6,203,103
Scott C. Schroeder	-	\$ 11,200	-\$ 274,938	-	\$ 2,492,400
Jeffrey W. Hutton	\$ 115,000	\$ 9,400	\$ 122	-	\$ 674,103
Lisa A. Machesney	\$ 38,925	\$ 11,200	\$ 27,762	-	\$ 322,388
James M. Reid	\$ 49,665	\$ 7,745	\$ 9	-	\$ 77,421

- (1) Amounts reported in this column are included in the Summary Compensation Table as salary and non-equity incentive plan compensation, as applicable.
- (2) Amounts reported in this column are included in the Summary Compensation Table as all other compensation.
- (3) Amounts reported in this column are not included in the Summary Compensation Table.
- (4) The following amounts in this column were previously reported in prior years' summary compensation tables as salary, stock awards and non-equity incentive plan compensation, as applicable:

Dan O. Dinges	\$ 3,530,199
Scott C. Schroeder	\$ 2,437,354
Jeffrey W. Hutton	\$ 48,341
Lisa A. Machesney	\$ 102,245
James M. Reid	\$ 0

Up to 100% of salary and annual incentive bonus are permitted to be deferred into the Deferred Compensation Plan, subject to payment of Social Security, Medicare, incomes taxes (on compensation not deferred) and employee benefit plan withholding requirements. Prior to June 1, 2008, traditional performance shares were permitted to be deferred into the Deferred Compensation Plan. The Company also makes contributions to make up for certain matching and profit-sharing contributions which, due to IRS limitations, cannot be contributed to the Company's tax-qualified Savings Investment Plan (401(k) Plan). Earnings on the deferred balances are determined by the executive's investment selections at the time of deferral. The Company holds deferred amounts and earnings thereon as corporate assets, which are invested as elected by the executive. For 2010, the investment options and their respective rates of return follow:

Fund Name	Rate of Return	Fund Name	Rate of Return
Fidelity Retirement Money Market	.02%	FID Freedom 2000	7.86%
Fidelity U.S. Bond Index	6.29%	FID Freedom 2005	10.57%

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Oakmark Equity & Income	9.50%	FID Freedom 2010	11.65%
Oakmark Fund I	12.18%	FID Freedom 2015	11.75%
Davis NY Venture	12.11%	FID Freedom 2020	12.93%
Spartan U.S. Equity Index	14.98%	FID Freedom 2025	13.82%
Fidelity Capital Appreciation	18.34%	FID Freedom 2030	14.04%
Lord Abnett Mid Cap Value	25.55%	FID Freedom 2035	14.46%
Calamos Growth A	20.06%	FID Freedom 2040	14.62%
Fidelity Small Cap Stock	22.96%	FID Freedom 2045	14.72%
Fidelity Int'l Discovery	11.00%	FID Freedom 2050	14.90%
Cabot Oil & Gas Common Stock	-12.86%	FID Freedom Income	7.63%

Distributions from the Deferred Compensation Plan are based on the executive's election at the time of deferral. Distribution elections may be modified provided that the modification is made at least one year prior to the original time elected and the new election is moved out at least five years past the original time-based distribution election. Distribution elections can only be delayed not accelerated.

#### **Potential Payments Upon Termination or Change-in-Control**

The tables below reflect the compensation payable to each NEO upon voluntary termination, retirement, involuntary not-for-cause termination, for cause termination, termination following a change-in-control and in the event of disability or death of the executive. The amounts shown assume that such termination was effective as of December 31, 2010, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

#### **Change-in-Control Benefits**

The Company has entered into Change-in-Control Agreements with each NEO and certain other senior officers of the Company. The Committee believes that these agreements encourage these executives to remain employed and to carry out their duties with the Company in the event of a change-in-control of the Company and during circumstances suggesting a change-in-control might occur. The Committee believes this program is important to maintaining strong leadership in those situations.

The agreements provide that, in the event of a change-in-control or in the event deemed to be in anticipation of a change-in-control, the executives will receive certain benefits in the event that their employment is terminated within two years of such event. The executive will receive these benefits unless termination is:

- for cause,
- voluntary on the part of the executive, but not a constructive termination, or
- because of death or disability.

Benefits under the Change-in-Control Agreements generally include:

- a lump-sum cash payment equal to three times the sum of
  - i the executive's base salary in effect immediately prior to the change-in-control or the executive's termination, whichever is greater, and
  - ii the greater of (1) the executive's target bonus for the year during which the change-in-control occurred or, if greater, the year during which the executive's termination occurred or (2) the executive's actual bonus paid in any of the three fiscal years immediately preceding the change-in-control or, if termination of employment occurs prior to a change-in-control, termination of employment,
- payment with respect to traditional performance shares based on performance through the change-in-control event as more fully described above under 2010 Grants of Plan-Based Awards.
- immediate vesting and exercisability of all of the executive's stock options and SAR awards, with exercisability extended for the full term of the award,
- immediate vesting and lapse of restrictions on any outstanding restricted stock grants,
- immediate vesting of any outstanding hybrid performance shares,
- three years of continued medical, dental and life insurance coverage at the premium rate applicable to active executives, and
- outplacement assistance in an amount up to 15% of the executive's base salary.

In the event that excise taxes apply to payments by the Company, the Company will make an additional tax gross up payment to the executive in an amount to leave the executive whole, as if no excise tax had applied. **Commencing in the fourth quarter of 2010, the excise tax gross-up is no longer offered in any new change-in-control agreements.** No payments have been made under these agreements.

In the agreements, a change-in-control is generally defined to include:

any person or group becoming the beneficial owner of 35% or more of either the Company's common stock or the combined voting power of the Company's outstanding voting securities, with certain exceptions, specified changes in a majority of the members of the Board of Directors, a reorganization, merger or consolidation or sale or other disposition of substantially all of the Company's assets is consummated, unless, following the transaction:

- i the persons who were the beneficial owners of the Company prior to the transaction continue to own at least 50% of the common stock or other securities entitled to vote in the election of directors of the resulting entity in substantially the same proportions as prior to the transaction,
  - ii no individual or entity (other than an entity resulting from the transaction) beneficially owns 35% or more of the common equity or voting power of the entity resulting from the transaction, except to the extent that such ownership existed prior to the transaction, and
  - iii at least a majority of the members of the Board of Directors of the entity resulting from the transaction were members of the Company's Board at the time the transaction was approved or entered into, and
- a liquidation or dissolution of the Company.

Each of the award agreements for performance shares, hybrid performance shares and stock appreciation rights have provisions addressing the consequences of a change-in-control as more fully described above under Grants of Plan-Based Awards.

#### **CEO Employment Agreement**

In addition to a Change-in-Control Agreement, the Company has entered into an employment agreement with Mr. Dinges. The employment agreement provides that if Mr. Dinges terminates his employment for good reason (as defined) or if the Company terminates his employment other than for cause (as defined), Mr. Dinges will receive:

- a lump sum cash payment equal to two times his annual base salary plus two times his annual target bonus,
- a 24-month continuation of medical and life insurance programs at the premium rate applicable to active executives,
- full vesting of all of his restricted stock awards,
- full vesting of all of his stock option awards and SAR awards, with exercisability extending for 36 months following termination (or the expiration of the original term, if earlier), and
- full vesting of all of his performance shares, subject to the payout provisions in the underlying award agreements.

Under the terms of Mr. Dinges' Employment Agreement, in the event of a change-in-control, Mr. Dinges will receive the more generous of the benefits and payments, as determined on a benefit-by-benefit basis, under either his Change-in-Control Agreement or his employment agreement, but not both.

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The following table shows the potential payments upon termination for Dan O. Dinges, Chairman, President and Chief Executive Officer.

<b>Dan O. Dinges</b>	Executive Benefit and Payments Upon Separation	Voluntary Termination for Good Reason	Voluntary Termination	Retirement (1)	Involuntary Not For Cause Termination	For Cause Termination	Change-in-Control	Disability	Death
<b>Compensation</b>									
Multiple of Salary (0x, 2x or 3x)	\$ 1,200,000	\$ 0	\$ 0	\$ 0	\$ 1,200,000	\$ 0	\$ 1,800,000	\$ 0	\$ 0
Multiple of Bonus (0x, 2x or 3x)	1,200,000	0	0	0	1,200,000	0	3,446,250	0	0
<b>Long-Term Incentive Compensation</b>									
Performance Share Vesting (2)	9,481,614	0	0	0	9,481,614	0	9,481,614	9,481,614	9,481,614
Stock Appreciation Rights Vesting	794,092	0	0	0	794,092	0	794,092	794,092	794,092
<b>Benefits &amp; Perquisites</b>									
Payout of Deferred Compensation (3)	6,203,103	6,203,103	6,203,103	6,203,103	6,203,103	6,203,103	6,203,103	6,203,103	6,203,103
Health, Life, and Welfare Benefits Continuation	31,030	0	0	0	31,030	0	46,545	0	0
Excise Tax & Gross-Up	0	0	0	0	0	0	0	0	0
Outplacement Services	0	0	0	0	0	0	90,000	0	0
Earned Vacation	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
<b>Total</b>	<b>\$ 18,917,939</b>	<b>\$ 6,211,203</b>	<b>\$ 6,211,203</b>	<b>\$ 6,211,203</b>	<b>\$ 18,917,939</b>	<b>\$ 6,211,203</b>	<b>\$ 21,869,704</b>	<b>\$ 16,486,909</b>	<b>\$ 16,486,909</b>

(1) Mr. Dinges was not retirement eligible on December 31, 2010.

(2) The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. For performance shares, the actual payout will generally occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual Total Shareholder Return ranking for the performance period. However, in the event of a change-in-control, the performance period will be shortened and payout will occur immediately following the change-in-control based on the greater of (i) Total Shareholder Return through the end of the month prior to the change-in-control or (ii) Total Shareholder Return through the end of the month prior to the change-in-control using the value realized by shareholders in the change-in-control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change-in-control, in which case full payout will be made immediately upon the change-in-control.

(3) Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the Deferred Compensation Plan. For more information, see 2010 Nonqualified Deferred Compensation above. For termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

The following table shows the potential payments upon termination for Scott C. Schroeder, Vice President, CFO and Treasurer.

<b>Scott C. Schroeder</b>	Voluntary	Retirement	Involuntary	For Cause	Change-in-Control	Disability	Death
Executive Benefit and	Termination	(1)	Not For	Termination			
Payments Upon Separation			Cause				
			Termination				
<b>Compensation</b>							
Multiple of Salary (0x, 2x or 3x)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,095,000	\$ 0	\$ 0
Multiple of Bonus (0x, 2x or 3x)	0	0	0	0	1,696,250	0	0
<b>Long-Term Incentive Compensation</b>							
Performance Share Vesting (2)	0	0	0	0	3,519,634	3,519,634	3,519,634
Stock Appreciation Rights Vesting	0	0	0	0	298,517	298,517	298,517
<b>Benefits &amp; Perquisites</b>							
Payout of Deferred Compensation (3)	2,492,400	2,492,400	2,492,400	2,492,400	2,492,400	2,492,400	2,492,400
<b>Health, Life, and Welfare Benefits</b>							
Continuation	0	0	0	0	83,816	0	0
Excise Tax & Gross-Up	0	0	0	0	0	0	0
Outplacement Services	0	0	0	0	54,750	0	0
Earned Vacation	42,115	42,115	42,115	42,115	42,115	42,115	42,115
<b>Total</b>	<b>\$ 2,534,515</b>	<b>\$ 2,534,515</b>	<b>\$ 2,534,515</b>	<b>\$ 2,534,515</b>	<b>\$ 9,282,482</b>	<b>\$ 6,352,666</b>	<b>\$ 6,352,666</b>

- (1) Mr. Schroeder was not retirement eligible on December 31, 2010.
- (2) The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. For performance shares, the actual payout will generally occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual Total Shareholder Return ranking for the performance period. However, in the event of a change-in-control, the performance period will be shortened and payout will occur immediately following the change-in-control based on the greater of (i) Total Shareholder Return through the end of the month prior to the change-in-control or (ii) Total Shareholder Return through the end of the month prior to the change-in-control using the value realized by shareholders in the change-in-control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change-in-control, in which case full payout will be made immediately upon the change-in-control.
- (3) Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the Deferred Compensation Plan. For more information, see 2010 Nonqualified Deferred Compensation above. For termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

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The following table shows the potential payments upon termination for Jeffrey W. Hutton, Vice President, Marketing.

<b>Jeffrey W. Hutton</b>	Voluntary Termination	Retirement (1)	Involuntary Not For Cause Termination	For Cause Termination	Change-in-Control	Disability	Death
Executive Benefit and Payments Upon Separation							
<b>Compensation</b>							
Multiple of Salary (0x, 2x or 3x)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 789,000	\$ 0	\$ 0
Multiple of Bonus (0x, 2x or 3x)	0	0	0	0	821,500	0	0
<b>Long-Term Incentive Compensation</b>							
Performance Share Vesting (2)	0	1,394,923	0	0	1,394,923	1,394,923	1,394,923
Stock Appreciation Rights Vesting	0	118,359	0	0	118,359	118,359	118,359
<b>Benefits &amp; Perquisites</b>							
Payout of Deferred Compensation (3)	674,103	674,103	674,103	674,103	674,103	674,103	674,103
Health, Life, and Welfare Benefits Continuation	0	0	0	0	32,716	0	0
Excise Tax & Gross-Up	0	0	0	0	0	0	0
Outplacement Services	0	0	0	0	39,450	0	0
Earned Vacation	20,104	20,104	20,104	20,104	20,104	20,104	20,104
<b>Total</b>	<b>\$ 694,207</b>	<b>\$ 2,207,489</b>	<b>\$ 694,207</b>	<b>\$ 694,207</b>	<b>\$ 3,890,115</b>	<b>\$ 2,207,489</b>	<b>\$ 2,207,489</b>

(1) Mr. Hutton was retirement eligible on December 31, 2010.

(2) The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. For performance shares, the actual payout will generally occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual Total Shareholder Return ranking for the performance period. However, in the event of a change-in-control, the performance period will be shortened and payout will occur immediately following the change-in-control based on the greater of (i) Total Shareholder Return through the end of the month prior to the change-in-control or (ii) Total Shareholder Return through the end of the month prior to the change-in-control using the value realized by shareholders in the change-in-control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change-in-control, in which case full payout will be made immediately upon the change-in-control.

(3) Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the Deferred Compensation Plan. For more information, see 2010 Nonqualified Deferred Compensation above. For termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

The following table shows the potential payments upon termination for Lisa A. Machesney, Vice President, Managing Counsel and Corporate Secretary.

Lisa A. Machesney	Voluntary	Retirement	Involuntary	For Cause	Change-in-Control	Disability	Death
Executive Benefit and	Termination		Not For	Termination			
Payments Upon Separation		(1)	Cause				
			Termination				
<b>Compensation</b>							
Multiple of Salary (0x, 2x or 3x)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 783,000	\$ 0	\$ 0
Multiple of Bonus (0x, 2x or 3x)	0	0	0	0	754,200	0	0
<b>Long-Term Incentive Compensation</b>							
Performance Share Vesting (2)	0	0	0	0	1,331,904	1,331,904	1,331,904
Stock Appreciation Rights Vesting	0	0	0	0	118,359	118,359	118,359
<b>Benefits &amp; Perquisites</b>							
Payout of Deferred Compensation (3)	322,388	322,388	322,388	322,388	322,388	322,388	322,388
Health, Life, and Welfare Benefits Continuation	0	0	0	0	78,222	0	0
Excise Tax & Gross-Up	0	0	0	0	0	0	0
Outplacement Services	0	0	0	0	39,150	0	0
Earned Vacation	2,008	2,008	2,008	2,008	2,008	2,008	2,008
<b>Total</b>	<b>\$ 324,396</b>	<b>\$ 324,396</b>	<b>\$ 324,396</b>	<b>\$ 324,396</b>	<b>\$ 3,429,231</b>	<b>\$ 1,774,659</b>	<b>\$ 1,774,659</b>

- (1) Ms. Machesney was not retirement eligible on December 31, 2010.
- (2) The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. For performance shares, the actual payout will generally occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual Total Shareholder Return ranking for the performance period. However, in the event of a change-in-control, the performance period will be shortened and payout will occur immediately following the change-in-control based on the greater of (i) Total Shareholder Return through the end of the month prior to the change-in-control or (ii) Total Shareholder Return through the end of the month prior to the change-in-control using the value realized by shareholders in the change-in-control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change-in-control, in which case full payout will be made immediately upon the change-in-control.
- (3) Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the Deferred Compensation Plan. For more information, see 2010 Nonqualified Deferred Compensation above. For termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.



The following table shows the potential payments upon termination for James M. Reid, Vice President and Regional Manager, South Region.

James M. Reid	Voluntary Termination	Retirement (1)	Involuntary Not For Cause Termination	For Cause Termination	Change-in-Control	Disability	Death
Executive Benefit and Payments Upon Separation							
<b>Compensation</b>							
Multiple of Salary (0x, 2x or 3x)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750,000	\$ 0	\$ 0
Multiple of Bonus (0x, 2x or 3x)	0	0	0	0	503,034	0	0
<b>Long-Term Incentive Compensation</b>							
Performance Share Vesting (2)	0	0	0	0	713,283	713,283	713,283
Stock Appreciation Rights Vesting	0	0	0	0	0	0	0
Restricted Stock Vesting	0	0	0	0	378,500	378,500	378,500
<b>Benefits &amp; Perquisites</b>							
Payout of Deferred Compensation (3)	77,421	77,421	77,421	77,421	77,421	77,421	77,421
Health, Life, and Welfare Benefits Continuation	0	0	0	0	70,970	0	0
Excise Tax & Gross-Up	0	0	0	0	758,063	0	0
Outplacement Services	0	0	0	0	37,500	0	0
Earned Vacation	11,899	11,899	11,899	11,899	11,899	11,899	11,899
<b>Total</b>	\$ 89,320	\$ 89,320	\$ 89,320	\$ 89,320	\$ 3,300,670	\$ 1,181,103	\$ 1,181,103

(1) Mr. Reid was not retirement eligible on December 31, 2010.

(2) The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. For performance shares, the actual payout will generally occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual Total Shareholder Return ranking for the performance period. However, in the event of a change-in-control, the performance period will be shortened and payout will occur immediately following the change-in-control based on the greater of (i) Total Shareholder Return through the end of the month prior to the change-in-control or (ii) Total Shareholder Return through the end of the month prior to the change-in-control using the value realized by shareholders in the change-in-control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change-in-control, in which case full payout will be made immediately upon the change-in-control.

(3) Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the Deferred Compensation Plan. For more information, see 2010 Nonqualified Deferred Compensation above. For termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2010 regarding the number of shares of Common Stock that may be issued under the Company's equity compensation plans. All of the Company's equity compensation plans have been approved by the Company's stockholders.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	735,650	\$30.54	3,062,681 <sup>(1)</sup>
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	<b>735,650</b>	<b>\$30.54</b>	<b>3,062,681<sup>(1)</sup></b>

- (1) Includes 127,163 shares of restricted stock awarded under the 2004 Incentive Plan, the restrictions on which lapse on various dates in 2011, 2012 and 2013; 618,830 employee performance shares awarded under the 2004 Incentive Plan, the performance periods which end on December 31 in 2010, 2011 and 2012; 353,792 traditional performance shares awarded under the 2004 Incentive Plan, the performance periods which end on December 31 in 2010, 2011 and 2012; 190,894 hybrid performance shares, which vest, if at all, in 2011, 2012, and 2013; 142,126 restricted stock units awarded to the non-employee directors under the 2004 Incentive Plan, the restrictions on which lapse upon a non-employee director's departure from the Board of Directors.

**PROPOSAL III****TO APPROVE, BY NON-BINDING ADVISORY VOTE, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010 (the Dodd-Frank Act), the stockholders of the Company are entitled to vote at the Annual Meeting to approve the compensation of the Company's NEOs, as disclosed in this Proxy Statement. Pursuant to the Dodd-Frank Act, the stockholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors.

Although the vote is non-binding, the Compensation Committee and the Board value the opinions of the stockholders and will consider the outcome of the vote when making future compensation decisions.

As described more fully in the Compensation Discussion and Analysis section of this Proxy Statement, the Company's executive compensation program is designed to:

Align executive compensation design and outcomes with business strategy;

Encourage management to create sustained value for the stockholders while managing inherent business risks;

Attract, retain, and engage talented executives; and

Support a performance-based culture throughout the Company.

The executive compensation program seeks to align executive compensation with stockholder value on an annual and long-term basis through a combination of base pay, annual incentive bonus and long-term equity award incentives. The annual incentive bonus is based on Company-wide performance for year-over-year oil and natural gas reserve and production growth, along with absolute levels for finding costs and net income. The annual incentive bonus is limited to 200% of the target percentage opportunity.

In addition, long-term incentive awards are comprised of (i) SARs, which are designed to link executive compensation with increased stockholder value over a seven year term and (ii) performance shares, one type which is based on operating

cash flow and the other type which is based on total stockholder return relative to an industry peer group over a three-year performance period.

At-risk compensation for the Chief Executive Officer is targeted at 80% and for the other NEOs at 70%. The Company also has several governance programs in place to align executive compensation with stockholder interests. These programs include: stock ownership guidelines, limited perquisites and the use of wealth accumulation spreadsheets. For information on the Company's 2010 accomplishments, see Compensation Discussion and Analysis above.

The advisory vote regarding the compensation of the NEOs described in this Proposal III shall be approved if a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal vote in favor of the proposal. Abstentions will have the same effect as votes against the proposal, but broker non-votes will not effect the outcome of the voting on the proposal.

**The Board of Directors unanimously recommends a vote FOR the approval of the compensation paid to our named executive officers.**

#### PROPOSAL IV

#### TO CONDUCT A NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

The Dodd-Frank Act also enables our stockholders to indicate how frequently the Company should seek an advisory vote on the compensation of our NEOs. By voting on this Proposal IV, stockholders may indicate whether they would prefer an advisory vote on the compensation of our NEOs once every one, two or three years.

After careful consideration, the Board of Directors has determined that an annual advisory vote on executive compensation will allow our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the Proxy Statement every year.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote. The option that receives the highest number of votes cast by the stockholders will be the frequency for the advisory vote on executive compensation that has been selected by the stockholders. However, because this vote is advisory and not binding on the Board of Directors or the Company in any way, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

**The Board of Directors unanimously recommends a vote for an annual (every ONE YEAR) frequency of stockholder advisory voting on executive compensation.**

#### CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

Under the Company's Code of Business Conduct, directors, officers and employees are to avoid situations that present a potential conflict between their personal interests and the interests of the Company. The Code requires that, at all times, directors, officers and employees make a prompt disclosure in writing to the Company's Vice President and Corporate Secretary of any fact or circumstance that may involve an actual or potential conflict of interest as well as any information necessary to determine the existence or likely development of conflicts of interest. This specifically includes any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest. This requirement includes situations that create even the appearance of a conflict of interest.

For executive officers of the Company other than the CEO, the Vice President and Corporate Secretary reviews the written disclosure described above with the CEO, and a determination is made whether to approve the transaction resulting in the conflict of interest or potential conflict of interest. The CEO and the Vice President and Corporate Secretary may refer the matter to the Company's Board of Directors as circumstances require. If the transaction involves the CEO or a member of the

Board of Directors, the matter is referred to the full Board of Directors for review and approval. In each case the standard applied in approving the transaction is the best interests of the Company without regard to the interests of the individual officer or director involved in the transaction. These procedures for reviewing and approving conflict of interest transactions are based on the Company's past practice and are not in writing.

In 2006, the Company implemented its Mineral, Royalty and Overriding Royalty Interest Plan under which the Company may offer to a number of its employees, including its executive officers, the opportunity to purchase a portion of the mineral, participating and non-participating royalty and overriding royalty interests acquired by the Company from time to time for cash at a price determined using the same cost basis as the Company acquired such interests. In 2006, the Company offered to 73 participants, including ten officers, whose participation was approved by the Compensation Committee, the opportunity to purchase \$2.3 million of the mineral, royalty and overriding royalty interests acquired by the Company in the McCampbell Field, located in Aransas Pass, Texas. Interests were offered to the key professional employees in the region in which the interest was located and to management level employees in the other regions and the corporate office. Participants were offered an interest commensurate with their level of responsibility and their income. Each participant was offered an interest in the same property. Each of the officers participating in the plan, including each NEO, purchased interests in the field. No individual officer purchased in excess of \$115,000 of the interests offered.

In 2010, the Company offered to 85 participants, including ten officers, whose participation was approved by the Compensation Committee, the opportunity to purchase \$1.4 million of the mineral, royalty and overriding royalty interests acquired by the Company from Guardian Oil & Gas, Inc. and located in Shelby, San Augustine and Nacogdoches Counties, Texas. Similar to the McCampbell Field, interests were offered to key professional employees in the region in which the interest was located and to management level employees in the other region and the corporate office. Participants were offered an interest commensurate with their level of responsibility and their income. Each participant was offered an interest in the same property. Each of the officers participating in the plan, including each NEO, purchased interests in the field. No individual officer purchased in excess of \$102,000 of the interest offered.

In accordance with the plan, the Company makes all determinations with respect to the acquisition, exploration, development, maintenance and operation of any property subject to an interest under the plan using the same criteria (or criteria less favorable to the property subject to an interest) as it would use were such property not subject to such an interest (that is, the Company will not favor properties subject to interests under the plan over properties not subject to such interests when allocating Company resources in the acquisition, exploration, development, maintenance and operation of its properties).

#### **COMPENSATION COMMITTEE INTERLOCKS**

#### **AND INSIDER PARTICIPATION**

No member of the Compensation Committee was, during 2010, an officer or employee of the Company or any of its subsidiaries, or formerly an officer of the Company or any of its subsidiaries. During 2010 the Company had no compensation committee interlocks.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP**

#### **REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors to file initial reports of ownership and reports of changes in ownership of Company Common Stock with the Securities and Exchange Commission and, pursuant to rules promulgated under Section 16(a), such individuals are required to furnish the Company with copies of Section 16(a) reports they file. Based solely on a review of the copies of such reports furnished to the Company, and written representations that those reports accurately reflect all reportable transactions and holdings, the Company is aware of no failures to comply with the Section 16(a) reporting requirements during 2010.

**BENEFICIAL OWNERSHIP OF OVER FIVE PERCENT OF COMMON STOCK**

The following table reports beneficial ownership of the Common Stock by holders of more than five percent of the Company's Common Stock. Unless otherwise noted, all ownership information is based upon filings made by such persons with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Owned	Percent of Class
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	13,844,062 <sup>(1)</sup>	13.3%
Neuberger Berman Group LLC	6,503,051 <sup>(2)</sup>	6.3%
Neuberger Berman LLC 605 Third Avenue New York, NY 10158		
Vanguard Specialized Funds	6,409,231 <sup>(3)</sup>	6.2%
Vanguard Energy Fund 100 Vanguard Blvd. Malvern, PA 19355		
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	5,647,800 <sup>(4)</sup>	5.4%
Mackenzie Financial Corporation 180 Queen Street West Toronto, Ontario, Canada M5V-3K1	5,550,000 <sup>(5)</sup>	5.3%
State Street Corporation One Lincoln Street Boston, MA 02111	5,342,328 <sup>(6)</sup>	5.1%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	5,314,729 <sup>(7)</sup>	5.1%

- (1) According to Amendment No. 25 to a Schedule 13G, dated February 14, 2011, filed with the Commission by Wellington Management Company, LLP, it has shared voting power over 6,118,823 of these shares, no voting power over the remainder of these shares, and shared dispositive power over all of these shares.
- (2) According to Amendment No. 2 to a Schedule 13G, dated February 14, 2011, filed with the Commission by Neuberger Berman Group LLC and Neuberger Berman LLC, they have shared voting power over 5,174,616 of these shares, no voting power over the remainder of these shares, and shared dispositive power over all of these shares.
- (3) According to a Schedule 13G, dated February 9, 2011, filed with the Commission by Vanguard Specialized Funds Vanguard Energy Fund, it has sole voting power over all of these shares and no dispositive power over any of these shares.
- (4) According to Amendment No. 1 to a Schedule 13G, dated January 21, 2011, filed with the Commission by BlackRock, Inc., it has sole voting power and sole dispositive power over all of these shares.
- (5) According to Schedule 13G, dated February 7, 2011, filed with the Commission by Mackenzie Financial Corporation, it has sole voting and sole dispositive power over all of these shares.

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- (6) According to Schedule 13G, dated February 10, 2011, filed with the Commission by State Street Corporation, it has shared voting power and shared dispositive power over all of these shares.
  
- (7) According to a Schedule 13G, dated February 9, 2011, filed with the Commission by The Vanguard Group, Inc., it has sole voting power and shared dispositive power over 130,326 of these shares and sole dispositive power over 5,184,403 of these shares.

**BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table reports, as of February 1, 2011, beneficial ownership of Common Stock by each director and nominee for director, by each named executive officer listed in the 2010 Summary Compensation Table and by all directors, nominees and executive officers as a group. Unless otherwise indicated, the persons below have sole voting and investment power with respect to the shares of Common Stock shown as beneficially owned by them.

Name of Beneficial Owner	Number of Shares of			Percent Class
	Number of Outstanding Shares of Common Stock Held	Common Stock		
		Beneficially Owned		
Rhys J. Best	2,500	13,120	<u>1/</u>	*
David M. Carmichael	0	20,417	<u>2/</u>	*
James R. Gibbs	0	3,621	<u>3/</u>	*
Robert L. Keiser	25,055	45,472	<u>4/</u>	*
Robert Kelley	76,913	105,930	<u>5/</u>	*
P. Dexter Peacock	77,760	106,777	<u>6/</u>	*
William P. Vititoe	22,844	51,861	<u>7/</u>	*
Dan O. Dinges	538,937	819,304	<u>8/13/14/15/17/</u>	1.0%
Scott C. Schroeder	207,809	308,680	<u>9/13/14/15/17/</u>	*
Jeffrey W. Hutton	95,593	143,748	<u>10/13/14/15/17/</u>	*
Lisa A. Machesney	93,975	141,871	<u>11/13/14/15/17/</u>	*
James M. Reid	4,704	22,938	<u>12/15/16/17/</u>	*
All directors, nominees and executive officers as a group (15 individuals)		1,830,706	<u>17/</u>	2.0%

\* Represents less than 1% of the outstanding Common Stock.

1/ Includes 10,620 restricted stock units, the restrictions on which lapse upon Mr. Best's retirement from the Board of Directors.

2/ Includes 20,417 restricted stock units, the restrictions on which lapse upon Mr. Carmichael's retirement from the Board of Directors.

3/ Includes 3,621 restricted stock units, the restrictions on which lapse upon Mr. Gibbs' retirement from the Board of Directors.

4/ Includes 20,417 restricted stock units, the restrictions on which lapse upon Mr. Keiser's retirement from the Board of Directors.

5/ Includes 4,000 shares over which Mr. Kelley shares investment power, and 29,017 restricted stock units, the restrictions on which lapse upon Mr. Kelley's retirement from the Board of Directors.

6/ Includes 29,017 restricted stock units, the restrictions on which lapse upon Mr. Peacock's retirement from the Board of Directors.

7/ Includes 29,017 restricted stock units, the restrictions on which lapse upon Mr. Vititoe's retirement from the Board of Directors.



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- 8/ Includes 233,269 stock appreciation rights exercisable within 60 days.
- 9/ Includes 82,861 stock appreciation rights exercisable within 60 days.
- 10/ Includes 1,671 shares held in the Company's Savings Investment Plan as to which Mr. Hutton shares voting and investment power and 39,348 stock appreciation rights exercisable within 60 days.
- 11/ Includes 1,951 shares held in the Company's Savings Investment Plan as to which Ms. Machesney shares voting and investment power and 39,084 stock appreciation rights exercisable within 60 days.

- 12/ Includes 2,198 shares held in the Company's Savings Investment Plan as to which Mr. Reid shares voting and investment power, and 1,245 stock appreciation rights exercisable within 60 days.
- 13/ Includes 10,025, 4,084, 1,617 and 1,617 hybrid performance shares, which is one-third of the total hybrid performance share award made to Messrs. Dinges, Schroeder, Hutton and Ms. Machesney, respectively, on February 20, 2008. These shares vested on February 20, 2011 because the Company had positive operating income in 2010. For more information on the hybrid performance shares see Long Term Incentives above.
- 14/ Includes 23,640, 8,890, 3,523 and 3,523 hybrid performance shares, which is one-third of the total hybrid performance share award made to Messrs. Dinges, Schroeder, Hutton and Ms. Machesney, respectively, on February 19, 2009. These shares vested on February 19, 2011 because the Company had more than \$100 million operating cash flow in 2010. For more information on the hybrid performance shares see Long Term Incentives above.
- 15/ Includes 13,433, 5,036, 1,996, 1,721 and 1,291 hybrid performance shares, which is one-third of the total hybrid performance share award made to Messrs. Dinges, Schroeder, Hutton, Ms. Machesney and Mr. Reid, respectively, on February 18, 2010. These shares vested on February 18, 2011 because the Company had more than \$100 million operating cash flow in 2010. For more information on the hybrid performance shares see Long Term Incentives above.
- 16/ Includes 10,000 shares of restricted stock that will vest on September 1, 2012. Mr. Reid has no voting or investment power with respect to these shares during the restricted period. Also includes 3,500 performance shares, which is 100% of the performance share award made to Mr. Reid on February 20, 2008. These shares vested on February 20, 2011 because the Company had 235 MMcf/d or greater production, averaged over the three-year performance period; \$2.90/MMcfe or below finding costs (all sources), averaged over the three year performance period; and 150% or greater reserve replacement, averaged over the three year performance period.
- 17/ Includes 9,887 shares held in the Company's Savings Investment Plan as to which the executive officers share voting and investment power, 397,052 stock appreciation rights exercisable by the executive officers within 60 days, 17,343 hybrid performance shares which vested on February 20, 2011 and 39,576 hybrid performance shares which vested on February 19, 2011, 24,768 hybrid performance shares which vested on February 18, 2011, 7000 employee performance shares which vested on February 20, 2011 and 29,000 shares of restricted stock. Includes 142,126 restricted stock units granted to the directors. See also Notes 1-16 above.

#### **FUTURE STOCKHOLDER PROPOSALS**

Any stockholder proposal intended for inclusion in the proxy statement for the 2012 Annual Meeting of Stockholders of the Company, and otherwise eligible, should be sent to Ms. Lisa A. Machesney, Vice President, Managing Counsel and Corporate Secretary, Cabot Oil & Gas Corporation, 840 Gessner Road, Suite 1400, Houston, Texas 77024 and must be received by November 29, 2011.

The Bylaws of the Company require timely advance written notice of stockholder nominations of director candidates and of any other business to be presented by a stockholder at an annual meeting of stockholders. To be timely, the Bylaws require advance written notice be delivered to the Company's Secretary at the principal executive offices of the Company not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the anniversary of the preceding year's annual meeting (with certain exceptions if the date of the annual meeting is different by more than specified amounts from the anniversary date). The deadline for submission for the 2012 Annual Meeting of Stockholders is currently February 3, 2012. To be valid, a notice must set forth certain information specified in the Bylaws.

#### **SOLICITATION OF PROXIES**

The cost of soliciting proxies in the enclosed form will be borne by the Company. In addition to solicitation by mail, officers, employees or agents of the Company may solicit proxies personally. The Company may request banks and brokers or other similar agents or fiduciaries to transmit the proxy material to the beneficial owners for their voting instructions and will reimburse them for their expenses in so doing. Geogeson Inc. has been retained to assist the Company in the solicitation of proxies at a fee estimated not to exceed \$10,000, plus expenses.

**MISCELLANEOUS**

The Company's management does not know of any matters to be presented at the Annual Meeting other than those set forth in the Notice of Annual Meeting of Stockholders. However, if any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy intend to vote the shares to which the proxy relates on such matters in accordance with their best judgment unless otherwise specified in the proxy.

BY ORDER OF THE BOARD OF DIRECTORS,

LISA A. MACHESNEY

Vice President, Managing Counsel and Corporate  
Secretary

March 28, 2011



**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**CABOT OIL & GAS CORPORATION**

**ATTN: LISA A. MACHESNEY**

**840 GESSNER RD., SUITE 1400**

**HOUSTON, TX 77024**

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M32712-P08508

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**CABOT OIL & GAS CORPORATION**

**The Board of Directors  
recommends you vote FOR  
Proposals I, II, and III and vote 1  
Year on Proposal IV:**

- 1. To elect the following three persons to the Board of Directors of the Company. **For Against Abstain**

**Nominees:**

D a n O . . . . .  
Dingers

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1a.

1b. James R. Gibbs " " "

1c. William P. Vititoe " " "

**For Against Abstain**

II. To ratify the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2011 fiscal year. " " "

III. To approve, by non-binding advisory vote, the compensation of our named executive officers. " " "

**1 Year 2 Years 3 Years Abstain**

IV. To recommend, by non-binding advisory vote, the frequency of future advisory votes on executive compensation. " " " "

V. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

For address changes and/or comments, please check this box and write them on the back where indicated. "

Please indicate if you plan to attend this meeting.  
 Yes No

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]  
 Date

Signature (Joint Owner)

Date

Meeting Time: 8:00 a.m. local time

Meeting Location: Cabot Oil & Gas Corporation,

located at 840 Gessner Road, Suite 1400, Houston, Texas 77024

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of  
Stockholders to be Held on May 3, 2011:**

The Notice and Proxy Statement, 2010 Annual Report and Form 10-K are available free of charge at

[www.cabotog.com/2011AnnualMeeting](http://www.cabotog.com/2011AnnualMeeting).

M32713-P08508

**CABOT OIL & GAS CORPORATION**

The undersigned acknowledges receipt of the notice of Annual Meeting of Stockholders and the Proxy Statement, each dated March 28, 2011, and appoints Lisa A. Machesney, Vice President and Corporate Secretary, and Scott C. Schroeder, Vice President, Chief Financial Officer and Treasurer, or either of them, proxies for the undersigned, with power of substitution, to vote all of the undersigned's shares of common stock of Cabot Oil & Gas Corporation at the Annual Meeting of Stockholders to be held at Cabot Oil & Gas Corporation, located at 840 Gessner Road, Suite 1400, Houston, Texas 77024 at 8:00 a.m., local time, on May 3, 2011, and at any adjournments or postponements thereof.

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournments or postponements thereof.

**This proxy will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR Proposals I, II, and III, and 1 Year on Proposal IV, and will grant discretionary authority pursuant to Proposal V.**

**This proxy will revoke all prior proxies signed by you.**

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)