

CABOT OIL & GAS CORP  
Form DEF 14A  
March 24, 2009

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

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY  
(AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (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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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

March 24, 2009

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cabot Oil & Gas Corporation to be held on Tuesday, April 28, 2009, at 8:00 a.m., local time, in the First Floor Auditorium of our corporate headquarters, located at 1200 Enclave Parkway, Houston, Texas.

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.

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 APRIL 28, 2009**

The Annual Meeting of Stockholders of Cabot Oil & Gas Corporation (the Company), a Delaware corporation, will be held at the Company's corporate headquarters, First Floor Auditorium, 1200 Enclave Parkway, Houston, Texas 77077, on Tuesday, April 28, 2009, 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 approve an amendment to the Company's Certificate of Incorporation to increase the authorized Common Stock of the Company from 120,000,000 shares to 240,000,000 shares.
  - III. To reapprove the material terms of the performance goals under the 2004 Incentive Plan.
  - IV. To ratify the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2009 fiscal year.
  - 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 10, 2009 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.

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

BY ORDER OF THE BOARD OF DIRECTORS,

LISA A. MACHESNEY  
Vice President, Managing Counsel and Corporate  
Secretary

Houston, Texas

March 24, 2009

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on April 28, 2009:**

This proxy statement, along with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and the 2008 Annual Report to Stockholders, are available free of charge at <http://www.cabotog.com/2009AnnualMeeting>.

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**CABOT OIL & GAS CORPORATION**

1200 Enclave Parkway

Houston, Texas 77077

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**To Be Held April 28, 2009**

**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 2009 Annual Meeting of Stockholders, to be held at the Company's corporate headquarters, 1200 Enclave Parkway, Houston, Texas, on Tuesday, April 28, 2009, at 8:00 a.m., 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 **FOR** the election of the candidates named herein and **FOR** Proposals II, III and IV and 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 10, 2009, are entitled to vote at the Annual Meeting. As of that date, the Company had outstanding and entitled to vote 103,637,883 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 24, 2009.

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. Accordingly, because the vote required for amendment of the Certificate of Incorporation is a majority of the outstanding shares, abstentions on Proposal II and broker non-votes will have the same effect as votes against adoption. Because the vote required for reapproval of the material terms of the performance goals under the 2004 Incentive Plan and for approval of Proposal IV 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.

**PROPOSAL I.**

**ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes of directors serving staggered three-year terms. Rhys J. Best, Robert Kelley and P. Dexter Peacock 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 2012 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. Best, Kelley and Peacock 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.

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**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF MESSRS. BEST, KELLEY AND PEACOCK TO THE BOARD OF DIRECTORS.**

*Certain Information Regarding Nominees and Directors*

Set forth below, as of March 1, 2009, 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 currently held. 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: 62

Director Since: July 2008

Committee Memberships: Audit, Safety and Environmental Affairs

Term of Office Expires: 2009 (Nominee for Director)

Business Experience:

Crosstex Energy LP

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 LP

Trinity Industries, Inc.

Austin Industries, Inc.

McJunkin Red Man Corporation

**David M. Carmichael**

Age: 70

Director Since: 2006

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

Term of Office Expires: 2010

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:

EnSCO International Incorporated

Natural Resource Partners L.P.



**Dan O. Dinges**

Age: 55

Director Since: 2001

Committee Memberships: Executive

Position: Chairman, President and Chief Executive Officer

Term of Office Expires: 2011

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:

American Exploration & Production Council

Spitzer Industries, Inc.

Texas Energy Education Partnership

Boy Scouts of America - Sam Houston Area Council

Palmer Drug Abuse Program

**Robert L. Keiser**

Age: 66

Director Since: 2006

Committee Memberships: Safety and Environmental Affairs (Chairman), Audit

Term of Office Expires: 2010

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

**Robert Kelley**

Age: 63

Director Since: 2003

Committee Memberships: Audit (Chairman), Safety and Environmental Affairs

Term of Office Expires: 2009 (Nominee for Director)

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.

**P. Dexter Peacock**

Age: 67

Director Since: 1998

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

Position: Lead Director

Term of Office Expires: 2009 (Nominee for Election)

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: 70

Director Since: 1994

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

Term of Office Expires: 2011

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:

Comerica Inc.

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.

As contemplated by NYSE listing standards, the Board has adopted categorical standards to assist it in making independence determinations, under which relationships that fall within the categorical standard are not required to be disclosed in the proxy statement and their impact on independence need not be separately discussed. The Board, however, considers all material relationships with each director and all facts and circumstances it deems relevant in making its independence determinations. A relationship falls within the categorical standard 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 standard and that all directors, with the exception of Mr. Dinges, are independent. In 2008, the Board of Directors determined that Mr. John G.L. Cabot, who retired from the Board of Directors in 2008, was independent. Further, the Board of Directors has determined that all members of the audit committee, compensation committee and corporate governance and nominations committee are independent.

#### ***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 2008, 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 Relations, and then clicking Corporate Governance, and a copy will be provided, without charge, to any shareholder upon request.

#### ***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 Relations, and then clicking Corporate Governance, and a copy will be provided, without charge, to any shareholder upon request.

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

The Board of Directors 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. P. Dexter 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 or the Non-management Directors in care of:

Vice President, Managing Counsel and Corporate Secretary

Corporate Legal Department

1200 Enclave Parkway

Houston, Texas 77077-1607

(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 2008, with the exception of Mr. Cabot, 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 2008. All directors attended 100% of the meetings of the Board of Directors and of the committees held, with the exception of Messrs. Dinges and Kelly who attended 89% of the meetings of the Board of Directors and committees held.

### ***Director Compensation***

During 2008, 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 receives an additional \$10,000 annual retainer, the remaining committee chairmen receive an additional \$7,500 annual retainer and the Lead Director receives an additional \$7,500 annual retainer, each payable quarterly, for their service. There are no per meeting fees paid.

In addition, in 2008, a discretionary award was made to the non-employee directors of 2,560 restricted stock units each under the 2004 Incentive Plan, the restrictions on which lapse the date the non-employee director leaves the Board of Directors. Mr. Best, upon joining the Board of Directors in July 2008, received a discretionary award of 1,205 restricted stock units under the 2004 Incentive Plan, the restrictions on which lapse the date Mr. Best 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 2008 and travel expenses incurred by the spouses were reimbursed by the Company. For more information on director compensation, see "Director Compensation" below.

### ***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 7<sup>th</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 2008 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 three members: Messrs. Carmichael (Chairman), Peacock and Vitoe. During 2008, the CGN Committee held three 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 Relations," and then clicking "Corporate Governance," and a copy will be provided, without charge, to any shareholder upon request.

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 consider 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, 1200 Enclave Parkway, Houston, Texas 77077.

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. Mr. Best's appointment as a director of the Company in July 2008 was recommended to the CGN Committee by a non-management, incumbent director.



*Audit Committee* - The Audit Committee is composed of three members: Messrs. Kelley (Chairman), Best and Keiser. During 2008, the Audit Committee held five 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 Relations, and then clicking Corporate Governance, and a copy will be provided, without charge, to any shareholder upon request.

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. Vititoe (Chairman), Carmichael and Peacock. During 2008, the Compensation Committee held five 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 Relations, and then clicking Corporate Governance, and a copy will be provided, without charge, to any shareholder upon request.

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 2008, 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.

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*Executive Committee* - The Executive Committee is composed of three members: Messrs. Peacock (Chairman), Carmichael and Dinges. During 2008, there was one Executive Committee meeting 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**

**APPROVAL OF AMENDMENT TO THE COMPANY S CERTIFICATE OF  
INCORPORATION TO INCREASE THE AUTHORIZED COMMON STOCK**

***Description of Proposed Amendment***

The Board of Directors has approved, and is recommending to the stockholders for approval at the Annual Meeting, an amendment to Article IV of the Company s Certificate of Incorporation, as amended, which sets forth the terms of the Company s authorized capital stock. Article IV currently authorizes 120,000,000 shares of Common Stock, as well as 5,000,000 shares of Preferred Stock, par value \$.10 per share.

The proposed amendment would increase the authorized Common Stock from the 120,000,000 shares of Common Stock currently authorized to 240,000,000 shares of Common Stock. The Board of Directors has determined that this amendment is advisable and in the best interests of the Company and directed that the proposed amendment be submitted to the stockholders for their approval at the Annual Meeting. If adopted by the stockholders, this amendment would become effective upon filing of an appropriate certificate of amendment with the Secretary of State of the State of Delaware. The proposed amendment to Article IV of the Certificate of Incorporation would replace the first sentence of the Article with the following:

The aggregate number of shares of all classes of stock which the Company shall have authority to issue is 245,000,000, divided into 5,000,000 shares of Preferred Stock, par value \$.10 per share ( Preferred Stock ), and 240,000,000 shares of Common Stock, par value \$.10 per share (the Common Stock ).

The additional shares of Common Stock authorized by the proposed amendment, if and when issued, would have the same rights and privileges as the shares of Common Stock currently authorized. The Common Stock has no preemptive rights to purchase Common Stock or other securities. In addition, under Delaware law, the Company s stockholders are not entitled to dissenters or appraisal rights in connection with the proposed increase in the number of shares of Common Stock authorized for issuance.

***Purposes and Effects of Proposed Amendment***

The Company issued 48,423,766 shares of Common Stock in connection with its March 2007 two-for-one stock split. At February 1, 2009, 103,649,421 shares of Common Stock were issued and outstanding and 4,414,525 shares of Common Stock were reserved for issuance under the Company s 2004 Incentive Plan. As a result, approximately 12 million shares are available for issuance for future purposes. In this light, the Board of Directors deems it advisable to increase the Company s authorized Common Stock. The additional Common Stock to be authorized would be available for possible stock dividends or splits, future financing and acquisition transactions, employee benefit plans and other corporate purposes. Having such shares available for issuance in the future would give the Company greater flexibility and allow shares of Common Stock to be issued without the expense and delay of a stockholders meeting. The additional shares of Common Stock would be available for issuance without further action by the stockholders unless such action is required by applicable law or the rules of any stock exchange on which the Common Stock may be listed. The New York Stock Exchange, on which the Common Stock is listed, currently requires stockholder approval as a prerequisite to listing shares in certain instances, including in connection with acquisition transactions where the present or potential issuance of shares could result in an increase in the number of shares of common stock outstanding of at least 20%.

Other than for the possibility of issuing new shares of Common Stock under the Company s 2004 Incentive Plan, the Company has no present arrangements, commitments, understandings or pending negotiations for the issuance of additional shares of newly authorized Common Stock.

The Company has not proposed the increase in the authorized number of shares of Common Stock with the intention of using the additional shares for anti-takeover purposes, although the Company could theoretically use the additional shares to make more difficult or to discourage an attempt to acquire control of the Company. The Company is not aware of any pending or threatened efforts to acquire control of the Company.

***Required Vote***

Approval of the proposal to increase the number of authorized shares of Common Stock by amending the Company s Certificate of Incorporation requires the affirmative vote of a majority of the shares outstanding on the record date. Votes may be cast FOR or AGAINST the proposal, and stockholders may also ABSTAIN from voting on the proposal. Because shares represented by abstentions or broker non-votes are considered outstanding, abstentions and broker non-votes will have the same effect as a vote AGAINST the proposal.



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**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE PROPOSED AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION.**

**PROPOSAL III**

**REAPPROVAL OF THE MATERIAL TERMS OF PERFORMANCE GOALS**

**UNDER THE 2004 INCENTIVE PLAN**

On February 17, 2004, the Board of Directors adopted the Cabot Oil & Gas Corporation 2004 Incentive Plan (the "2004 Plan"), which was first approved by stockholders on April 29, 2004. The plan has been amended by the Board from time to time, most recently in October 2008 with changes intended to comply with Section 409A of the Internal Revenue Code. The reapproval of the material terms of the performance goals under the 2004 Plan will not extend the term of or add additional shares to the plan.

***Reapproval of Material Terms***

Section 162(m) of the Internal Revenue Code limits the Company's ability to deduct for federal income tax purposes any compensation in excess of \$1 million paid to the Company's Chief Executive Officer and certain other highly compensated officers, unless the compensation qualifies as performance-based compensation. The Company has made awards to employees and officers that qualify as performance-based compensation deductible under Section 162(m). As required under Section 162(m) and related regulations, stockholders are being asked to reapprove the material terms of the performance goals (including the business criteria on which any qualified performance goals are based) under the 2004 Plan so that awards made by the Compensation Committee to the Company's employees and officers can continue to qualify as performance-based compensation deductible under Section 162(m). The Company is not proposing any amendment to the terms of the 2004 Plan in connection with this reapproval of the material terms of the performance goals under the 2004 Plan.

For purposes of Section 162(m), the material terms of the performance goals include (1) the employees eligible to receive compensation under the 2004 Plan, (2) a description of the business criteria on which the performance goal is based and (3) the maximum amount of compensation that can be paid to a participant if the performance goal is attained. These aspects of the 2004 Plan are included in the following summary of the material terms of the 2004 Plan. This summary is qualified in its entirety by reference to the complete text of the 2004 Plan, which is filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. A copy of the 2004 Plan will be provided, without charge, to any stockholder upon request.

***Types of Awards***

The 2004 Plan provides for the grant of any or all of the following types of awards:

stock options, including incentive stock options and non-qualified stock options;

stock appreciation rights, either independent of, or in connection with, stock options;

restricted stock;

restricted stock units;

performance awards; and

cash awards.

Awards may be granted singly, in combination, or in tandem as determined by the Compensation Committee. To date, awards of non-qualified stock options, restricted stock, performance shares, stock appreciation rights, restricted stock units and cash-based performance awards have

been made under the 2004 Plan.

***Eligibility***

Employees and consultants of the Company and its subsidiaries are eligible to be considered for awards under the 2004 Plan. All nonemployee directors are also eligible to be considered for awards under the 2004 Plan. We currently have approximately 430 employees and six nonemployee directors. Currently, there are approximately 166 active participants in the 2004 Plan.

***Shares Subject to the Plan***

A total of 5,100,000 shares of Common Stock may be issued under the 2004 Plan. As of February 1, 2009, a total of 685,475

shares had been issued under the 2004 Plan and 1,583,360 shares were subject to outstanding awards under the 2004 Plan, leaving 2,831,165 shares available for future grants. Under the 2004 Plan, no more than 1,800,000 shares may be used for stock awards that are not subject to the achievement of performance based goals, and no more than 3,000,000 shares may be issued pursuant to incentive stock options. Shares of Common Stock will be made available either from authorized but unissued shares or from treasury shares that have been issued but reacquired by the Company.

Shares subject to awards under the 2004 Plan that are forfeited, terminated, expire unexercised, settled in cash, withheld to satisfy tax obligations or otherwise lapse will become available for awards under the 2004 Plan. In addition, shares tendered to satisfy the purchase price of an award or satisfy tax withholding obligations under the 2004 Plan will become available for awards under the 2004 Plan. Shares delivered in settlement, assumption, or substitution of awards granted by another entity as a result of an acquisition or under an acquired entity's plan will not reduce the number of shares available under the 2004 Plan to the extent allowed under the rules of the New York Stock Exchange.

The Board of Directors may make appropriate adjustments in the number of shares available under the 2004 Plan to reflect any stock split, stock dividend, recapitalization, reorganization, consolidation, merger, combination or exchange of shares, distribution to stockholders (including cash dividends that the Board of Directors determines are not in ordinary course of business but excluding normal cash dividends) or other similar event. All numbers of shares available and all limits under the 2004 Plan presented herein reflect the 3-for-2 split of the Common Stock in 2005 and the 2-for-1 split of the Common Stock in 2007.

#### ***Administration***

The Board of Directors has designated the Compensation Committee to administer all employee and consultant awards under the 2004 Plan. The Compensation Committee has the discretion to determine the employees and consultants who will be granted awards, the sizes and types of such awards, and the terms and conditions of such awards, subject to the limitations set forth in the 2004 Plan. In addition, the Compensation Committee has full and final authority to interpret the 2004 Plan and may, from time to time, adopt rules and regulations in order to carry out the terms of the 2004 Plan.

Subject to certain restrictions contained in the 2004 Plan, the Compensation Committee has the discretion to extend the exercisability of an award, accelerate the vesting or exercisability of an award, or otherwise amend the award in a manner that is not adverse to, or is consented to by, the recipient of the award.

The Board of Directors administers all director awards under the 2004 Plan and has the same powers, duties, and authority with respect to director awards as the Compensation Committee retains with respect to employee awards.

To the extent allowed by applicable law, the Board of Directors or the Compensation Committee may delegate to another subcommittee of the Board of Directors or to the Company's Chief Executive Officer or another senior officer the authority to grant awards out of a specified pool of cash or shares under the 2004 Plan. The Board of Directors or the Compensation Committee may also delegate to the Chief Executive Officer and other executive officers its administrative duties under the 2004 Plan (excluding its granting authority).

#### ***Employee Awards***

At the discretion of the Compensation Committee, employees may be granted awards under the 2004 Plan in the form of stock options, stock appreciation rights, stock awards, cash awards or performance awards. Such awards may be granted singly, in combination, or in tandem.

#### **Stock Options**

The 2004 Plan provides for the granting to employees of incentive stock options, which are intended to comply with Section 422 of the Internal Revenue Code, and non-qualified stock options.

A stock option is a right to purchase a specified number of shares of Common Stock at a specified grant price. All stock options granted under the 2004 Plan must have an exercise price per share that is not less than the fair market value (as defined in the 2004 Plan) of the Common Stock on the date of grant (and must also be greater than the par value of the Common Stock). All stock options granted under the 2004 Plan must have a term of no more than ten years. The grant price, number of shares, terms and conditions of exercise, whether a stock option is intended to qualify as an incentive stock option under the Internal Revenue Code, and other terms of a stock option grant will be fixed by the Compensation Committee as of the grant date. However, stock options may not include provisions that reload the option upon exercise, and, without stockholder approval, stock options may not be repriced, including by means of a substitute award.



The exercise price of any stock option must be paid in full at or before the time the stock is delivered to the optionee. The price must be paid in cash or, if permitted by the Compensation Committee and elected by the participant, by means of tendering (either by actual delivery or by attestation) previously owned shares of Common Stock or shares issued pursuant to an award under the 2004 Plan.

Stock Appreciation Rights

The 2004 Plan also provides for the granting of stock appreciation rights, or SARs, to employees. A SAR is a right to receive a payment, in cash or Common Stock, equal to the excess of the fair market value of a specified number of shares of the Common Stock over a specified grant price. A SAR may be granted to the holder of a stock option with respect to all or a portion of the shares of Common Stock subject to such stock option (a tandem SAR) or may be granted separately. The holder of a tandem SAR may elect to exercise either the stock option or the SAR, but not both. All stock appreciation rights granted under the 2004 Plan must have a grant price per share that is not less than the fair market value (as defined in the 2004 Plan) of a share of Common Stock on the date of grant and a term of no more than ten years. SARs may not include provisions that reload the SARs upon exercise.

Stock Awards

The 2004 Plan also provides for the granting of stock awards, restricted stock and stock units to employees that consist of grants of Common Stock or units denominated in Common Stock. The terms, conditions and limitations applicable to any stock award will be decided by the Compensation Committee. At the discretion of the Compensation Committee, the terms of a stock award may include rights to receive dividends or dividend equivalents.

Cash Awards

The 2004 Plan also provides for the granting of cash awards to employees. The terms, conditions and limitations applicable to any cash awards granted pursuant to the 2004 Plan will be determined by the Compensation Committee.

Performance Awards

At the discretion of the Compensation Committee, any of the above-described employee awards may be made in the form of a performance award. A performance award is an award that is subject to the attainment of one or more future performance goals. The terms, conditions and limitations applicable to any performance award are decided by the Compensation Committee.

In making awards intended to meet the standards of Section 162(m), the Compensation Committee may base a performance goal on one or more of the following business criteria that may be applied to the employee, one or more business units or geographic regions of the Company, or to the Company as a whole:

- |                         |   |
|-------------------------|---|
| revenue                 | net cash flow before financing activities |
| net income              | other cash flow measures                  |
| stock price             | total shareholder return                  |
| market share            | return on capital                         |
| earnings per share      | return on invested capital                |
| other earnings measures | operating income                          |
| return on equity        | after-tax operating income                |
| return on assets        | reserve additions                         |
| costs                   | proceeds from dispositions                |
| shareholder value       | production volumes                        |
| EBIT                    | reserve replacement measures              |
| EBITDA                  | finding and development costs             |
| funds from operations   | total market value                        |
| cash flow               | petroleum reserve measures                |
| cash from operations    | safety and environmental performance      |
| net cash flow           | measures.                                 |

Performance goals need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses. Performance goals may also be based on performance relative to a peer group of companies.





Employee Award Limitations

Under the 2004 Plan, no employee may be granted during any calendar year:

stock options and/or SARs covering more than 1,500,000 shares of Common Stock;

stock awards covering more than 600,000 shares of Common Stock; or

cash awards (including performance awards) in respect of any calendar year having a value determined on the grant date in excess of \$5,000,000.

**Consultant Award**

The Compensation Committee may make any of the types of awards available under the 2004 Plan to a consultant providing services to the Company or one of its subsidiaries.

**Nonemployee Director Awards**

At the discretion of the Board of Directors, nonemployee directors may be granted awards under the 2004 Plan in the form of stock options or stock awards. These discretionary awards to directors may be granted singly, in combination, or in tandem. No nonemployee director may be granted discretionary awards consisting of stock options or stock awards covering or relating to more than 21,000 shares of Common Stock during any calendar year.

**Deferred Payment**

At the discretion of the Compensation Committee, amounts payable in respect of awards granted under the 2004 Plan may be deferred. Any deferred payment may be forfeited if and to the extent that the terms of the applicable award so provide.

**Amendment, Modification, and Termination**

The Board of Directors may amend, modify, suspend, or terminate the 2004 Plan at any time for the purpose of addressing changes in legal requirements or for other purposes permitted by law. However, no amendment shall be effective prior to approval by stockholders of the Company if such approval is required by law or the requirements of the exchange on which the Common Stock is listed. Furthermore, without the prior approval of stockholders of the Company, stock options issued under the 2004 Plan will not be repriced.

**Term**

No awards may be made under the 2004 Plan after April 29, 2014.

**Federal Income Tax Consequences**

The following is a brief summary of the federal income tax aspects of awards that may be made under the 2004 Plan based on existing U.S. federal income tax laws. This summary is general in nature and does not address issues related to the tax circumstances of any particular participant. This summary is not complete and does not attempt to describe any state, local or non-U.S. tax consequences.

**Stock Options and SARs.** Participants will not realize taxable income upon the grant of a non-qualified stock option or SAR. Upon the exercise of a non-qualified stock option or SAR, the participant will recognize ordinary income (subject, in the case of employees, to withholding) in an amount equal to the excess of: the fair market value on the date of exercise of the Common Stock received (plus the amount of any cash received) over the exercise price paid upon the exercise of the non-qualified stock option or SAR. The participant will generally have a tax basis in any shares of Common Stock received on the exercise of a SAR, or on the cash exercise of a non-qualified stock option, that equals the fair market value of such shares on the date of exercise. Subject to the limitations of Section 162(m), the Company will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant.

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Employees will not have taxable income upon the grant of an incentive stock option. Upon the exercise of an incentive stock option, the employee will not have taxable income, although the excess of the fair market value of the shares of Common Stock received

upon exercise of the incentive stock option over the exercise price will increase the alternative minimum taxable income of the employee, which may cause such employee to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an incentive stock option would be allowed as a credit against the employee's regular tax liability in a later year to the extent the employee's regular tax liability is in excess of the alternative minimum tax for that year.

Upon the disposition of stock received in connection with the exercise of an incentive stock option that has been held for the requisite holding period (generally, at least two years from the date of grant and one year from the date of exercise of the incentive stock option), the employee will generally recognize capital gain or loss equal to the difference between the amount received in the disposition and the exercise price paid by the employee for the stock. However, if an employee disposes of stock that has not been held for the requisite holding period, the employee will recognize ordinary income in the year of the disqualifying disposition to the extent that the fair market value of the stock at the time of exercise of the incentive stock option (or, if less, the amount realized in the case of an arm's-length disqualifying disposition to an unrelated party) exceeds the exercise price paid by the employee for such stock. The employee would also recognize capital gain (or, depending on the holding period, additional ordinary income) to the extent the amount realized in the disqualifying disposition exceeds the fair market value of the stock on the exercise date. If the exercise price paid for the stock exceeds the amount realized in the disqualifying disposition (in the case of an arm's-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

The Company will generally not be entitled to any federal income tax deduction upon the grant or exercise of an incentive stock option, unless the employee makes a disqualifying disposition of the stock. If an employee makes such a disqualifying disposition, the Company will then, subject to the limitations of Section 162(m), be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by the employee under the rules described in the preceding paragraph.

*Cash Awards; Stock Unit Awards; Stock Awards.* An employee will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or performance award or, if earlier, at the time such cash is otherwise made available for the employee to draw upon it. An employee will not have taxable income upon the grant of a stock award in the form of units denominated in Common Stock but rather will generally recognize ordinary compensation income at the time the employee receives Common Stock or cash in satisfaction of such stock unit award in an amount equal to the then fair market value of the Common Stock or cash received. In general, a participant will recognize ordinary compensation income as a result of the receipt of Common Stock pursuant to a stock award or performance award in an amount equal to the fair market value of the Common Stock when such stock is received; provided, however, that if the stock is not transferable and is subject to a substantial risk of forfeiture when received, the participant will recognize ordinary compensation income in an amount equal to the fair market value of the Common Stock when it first becomes transferable or is no longer subject to a substantial risk of forfeiture, unless the participant makes an election to be taxed on the fair market value of the Common Stock when such stock is received.

An employee will be subject to withholding for federal, and generally for state and local, income taxes at the time the employee recognizes income under the rules described above with respect to Common Stock or cash received pursuant to a cash award, performance award, stock award or stock unit award. Dividends that are received by a participant prior to the time that the Common Stock is taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a participant in the Common Stock received will equal the amount recognized by the employee as compensation income under the rules described in the preceding paragraph, and the employee's holding period in such shares will commence on the date income is so recognized.

Subject to the limitations of Section 162(m), the Company will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant under the foregoing rules.

#### ***Plan Benefits***

Because awards under the 2004 Plan are granted at the discretion of the Compensation Committee, it is not possible for the Company to determine the amount of awards that may be granted to the named executive officers or to any of the other plan participants if the performance goals are reapproved by stockholders. No awards or grants have been made under the 2004 Plan that are contingent on stockholder reapproval of the material terms of the performance goals.

#### ***Required Vote and Recommendation of the Board of Directors***

A majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal is required for approval of the material terms of performance goals under the 2004 Plan. Brokers do not have discretion to vote on this proposal without instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this 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.



