

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)

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(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

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

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

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>.

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.

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 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 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 (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 7th 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 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 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 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.

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

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.

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.

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

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.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE REAPPROVAL OF THE MATERIAL TERMS OF PERFORMANCE GOALS UNDER THE 2004 PLAN.

PROPOSAL IV

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 2009. 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 expected to attend the Annual Meeting and to be available to respond to appropriate questions raised during the Annual Meeting. The representative will also have an opportunity to make a statement during the meeting if the representative so desires.

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 2009 FISCAL YEAR.

AUDIT COMMITTEE REPORT

The Audit Committee is composed of three 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 most recently in February 2007 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 the calendar year 2008.

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 2008 for filing with the Securities and Exchange Commission.

Audit Committee

Robert Kelley (Chairman)

Rhys J. Best

Robert L. Keiser

FEES BILLED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**FOR SERVICES IN 2008 AND 2007**

Fee Type*	2008	2007
Audit Fees	\$ 1,297,953	\$ 1,184,430(1)
Audit Related Fees	\$ 73,000(2)	
Tax Fees (3)	\$ 399,357	\$ 414,124
All Other Fees		

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

- (1) Includes \$33,030 for the 2006 audit that was billed and paid by the Company in 2007 after the filing of the Company's proxy statement for the 2007 annual meeting of stockholders.
- (2) Includes assistance with adoption of accounting standards and the prospectus for the Company's June 2008 stock issuance.
- (3) Includes federal, provincial, state and sales tax planning, audit support, compliance, advice, and return preparation for United States and Canadian operations.

EXECUTIVE COMPENSATION***Compensation Discussion and Analysis*****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, (3) to attract, retain, and engage our 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 named executive officer (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.

Compensation Component	Purpose	Competitive Positioning
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.

Compensation Component	Purpose	Competitive Positioning
Annual Incentive Bonus	<p>Reward the achievement of annual business objectives, including:</p> <p style="padding-left: 40px;">Financial Goals (Net Income, Finding Costs)</p> <p style="padding-left: 40px;">Operational Goals (specific objectives tied to Production Growth and Reserve Growth)</p> <p style="padding-left: 40px;">Individual objectives aligned with corporate strategy</p>	<p>Annual bonuses are established as a percentage of base salary and are targeted to match industry bonus percentage levels for comparable executive positions.</p>
Long-term Incentives	<p>Committee evaluation of qualitative performance</p> <p>Prominent part of total compensation to maintain alignment with shareholder value creation:</p> <p style="padding-left: 40px;">Stock Appreciation Rights (time vested)</p> <p style="padding-left: 40px;">Performance Shares (earned and vested based on Total Shareholder Return versus peers)</p> <p style="padding-left: 40px;">Hybrid Performance Shares (time vested and tied to positive operating income)</p>	<p>Long-term incentives are intended to promote long-term value creation for stockholders and to retain executives through extended vesting periods.</p> <p>To place relatively greater emphasis on the importance of shareholder return performance, the value of equity awards is generally targeted for the 2nd highest quartile of the peer group.</p>
Executive Benefits and Perquisites	<p>Stock Ownership Guidelines</p> <p>Comprehensive programs to build financial security, manage personal financial risk and limit Company costs.</p>	<p>Value of benefits and perquisites are generally targeted to be competitive with market levels.</p>
Total Compensation	<p>Designed to attract, retain, align and engage highly qualified executives, while creating a strong connection to financial and</p>	<p>Total compensation is highly correlated with Company and individual performance and is generally targeted slightly above the median</p>

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

operational performance and long-term shareholder value. 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 2008 year-end closing market prices, the industry peer group's market capitalization ranged from approximately \$320 million to \$9.9 billion. The Company's market capitalization at 2008 year-end was approximately \$2.7 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

Cimarex Energy Company

Comstock Resources, Inc.

Denbury Resources Inc.

Encore Acquisition Company

Forest Oil Corporation

Penn Virginia Corporation

Plains Exploration & Production Company

Quicksilver Resources Inc.

Range Resources Corporation

Southwestern Energy Company

St. Mary Land & Exploration Company

Stone Energy Corporation

Swift Energy Company

Unit Corporation

Whiting Petroleum Corporation

2008 Committee Activity

During 2008 the Committee held three regular meetings, one in each of February, July and October. The Committee also held two special meetings during 2008. At the February 2008 meeting, the Committee referenced the Fall 2007 competitive market study of the peer group by Hewitt Associates, the Committee's independent compensation consultant (see Compensation Consultant below). Based on the study and the CEO's recommendations with respect to the other Company officers, the Committee determined 2008 salaries, bonus payouts for 2007 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 2008 meeting and prior to making any compensation decisions, the Committee reviewed a spreadsheet of 2002-2007 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 2008 meeting, the Committee reviewed an analysis of executive compensation reported by the Company's peer group prepared by Hewitt Associates. This data was used by the Committee to evaluate the compensation decisions made by the peer group during 2007.

At the October 2008 meeting, the Committee reviewed an analysis prepared and presented by Hewitt Associates on current compensation issues and trends and a current 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 late April 2008 for the purpose of certifying the results for the performance share awards made in 2005 for the performance period from May 1, 2005 to April 30, 2008.

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. Increases in base salary from 2007 to 2008 averaged 11.2% for the NEOs, ranging from 8.1% to 16.5%, and are as follows:

Name	2007 Base Salary	2008 Base Salary
Mr. Dinges	\$ 530,000	\$ 575,000
Mr. Schroeder	\$ 310,000	\$ 350,000
Mr. Walen	\$ 382,000	\$ 413,000
Mr. Arnold	\$ 236,000	\$ 275,000

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

Mr. Hutton	\$	229,000	\$	252,000
------------	----	---------	----	---------

In 2008, the Committee reviewed two competitive market studies for compensation of the peer group (in July and October). Mr.

Dinges' 2008 base salary of \$575,000 is slightly below the median of the industry peer group for the 2008 competitive data. The base salaries of the other NEOs generally fell slightly above 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 2008 measurement criteria were designed to drive value increases for the Company's stockholders.

During 2008 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%	\$ 575,000
Mr. Schroeder	80%	\$ 280,000
Mr. Walen	85%	\$ 351,050
Mr. Arnold	55%	\$ 151,250
Mr. Hutton	50%	\$ 126,000

The 2008 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, along with acquisition and divestiture activity. 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.

For each of the four metrics, the payout ranges for 2008 are as follows:

	Payout (Percent of Target)		
	0%	100%	200%
Reserve Growth	5%	9%	14%
Production Growth	5%	9%	14%
Finding Costs, per Mcfe	\$ 2.80	\$ 2.20	\$ 1.85
Net Income	\$ 100 million	\$ 137 million	\$ 175 million

For 2008, 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 2008 performance against the pre-established metrics was as follows:

	Target	Actual
Reserve Growth	9%	20.2%
Production Growth	9%	11.3%
Finding Costs, per Mcfe	\$ 2.20	\$ 3.42
Net Income	\$ 137 million	\$ 211.3 million

On the strength of strategic investments made during 2008, the Company exceeded its targets for reserve growth, production growth and net income. The Company fell short of its finding cost goal due to the inflationary market for oil and gas services and the acquisition environment. The out-performance in the reserve growth, production growth and net income metrics more than offset the shortfall in the finding cost metric, resulting in a 106.5% goal achievement before determination by the Committee of the 25% subjective component. Upon discussion and review of how 2008 performance compared to historical results (with record levels achieved in 2008 for net income excluding gains from sales, for cash flow from operations and for absolute reserve and production levels), the Committee determined to set this final component to achieve a total payout of 135% and elected not to use the bonus factor table in 2008. Further assessment by the CEO translated into an additional \$1,700 to one NEO.

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 2008 was 135% of target.

Long-Term Incentives

All long-term incentives awarded in 2008 were made under the 2004 Incentive Plan, approved by the Company's stockholders at the 2004 Annual Meeting of Stockholders. In 2008 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 2008 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 2nd 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 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 "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 2008 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 positive operating income in the fiscal year prior to the vesting date. For additional information about the hybrid performance shares, see Grants of Plan-Based Awards below.

Stock Appreciation Rights (SARs). SARs were granted in 2008 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 tax gross up on the club membership dues, a Company-paid physical examination for the NEO and his 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 2008 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 retirement programs consisting of both qualified and nonqualified defined benefit pension and 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 2008, the Company was not able to deduct approximately \$1.6 million as a result of the application of Section 162(m) to the 2008 vesting of restricted stock awards granted in 2005 and 2006. Restricted stock grants with vesting based solely on the passage of time do not qualify as performance based compensation.

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

Currently, 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. Company employees, including the NEOs, are provided with retirement income by the Company's Pension Plan, a noncontributory defined benefit plan that provides 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 consists of the total taxable income, including base salary, annual, discretionary and sign-on bonuses, and any amounts by which an employee's remuneration is reduced pursuant to voluntary salary reduction plans such as flexible spending/cafeteria style plans and 401(k) plans. Compensation excludes 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. No current participant has been given enhanced or extra years of service credit.

The Pension Plan provides for full vesting after five years of service. Benefits are automatically payable for the life of the employee on a single-life annuity basis if the retiree is unmarried or on a 50% joint and survivor basis if the retiree is married. Other benefit payment methods are available at the election of the employee. Benefits are not subject to any deductions for Social Security or other offset amounts. Lump sum conversions are 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.

Supplemental Employee Retirement Plan (SERP). The Company has 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 are limited by provisions of the Internal Revenue Code or the Employee Retirement Income Security Act of 1974, as amended. The amount of the SERP is calculated using the same formula as is used for the qualified Pension Plan and is 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 six percent match when Company contributions of the matching amount cannot be made to the Company 401(k) Plan up to Internal Revenue Code limitations, due to the executive's deferral of compensation which reduce salary and bonus to less than \$250,000. 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 (retirees). 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.

Section 409A. In October 2008, the Board of Directors of the Company approved amendments to the SERP, the Deferred Compensation Plan, the 2004 Incentive Plan and the Change-in-Control Agreement, as well as Mr. Dinges' employment agreement, to address Section 409A of the Internal Revenue Code and the related guidance and certain other matters. These amendments primarily modify the manner in which certain types of benefits are provided in order to comply with Section 409A. Where applicable, the amendments require that payments due to a specified employee (as such term is defined under Section 409A) upon separation from service must be delayed until the earlier of death or the expiration of a period of six months. In addition, the amendments require the use of a definition of "Change in Control" that complies with the requirements of Section 409A.

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 as discussed above. 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.

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 Board of Directors and the Chief Executive Officer, the Chief Financial Officer and the Chief Operating 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.

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. During 2008, Hewitt Associates assisted the Committee with executive compensation matters and has also been retained by the Committee for 2009. Hewitt Associates has assisted the Committee on executive compensation matters since 1990. Hewitt Associates 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." Hewitt Associates is also responsible for preparing and presenting an outside director compensation study using the same industry peer group. The Committee relies on Hewitt Associates for input on pay philosophy, current market trends, legal and regulatory considerations and prevalence of benefit and perquisite programs. A representative of Hewitt Associates attends all regular meetings of the Committee and participates in most executive sessions.

The Committee believes Hewitt Associates is independent of management. Hewitt Associates 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 Senior Vice President and COO, 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 Hewitt Associates' competitive market study, the CEO makes compensation recommendations to the Committee for the other officers of the Company. The CEO considers internal pay equity issues, individual performance and Company performance in making his recommendations to the Committee. The Senior Vice President and COO and the Vice President and CFO make recommendations to the CEO for their respective 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, 2008.

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 19, 2009 meeting for 2008 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.

2008 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	All Other Compensation (\$) (6)	Total (\$) (7)
							Earnings (\$) (5)		
Dan O. Dinges	2008	\$ 567,500	0	\$ 2,461,390	\$ 542,704	\$ 776,250	\$ 115,442	\$ 33,657	\$ 4,496,943
Chairman, President and Chief Executive Officer	2007	\$ 525,000	0	\$ 1,902,717	\$ 429,261	\$ 662,500	\$ 240,919	\$ 35,610	\$ 3,796,007
Scott C. Schroeder	2008	\$ 343,333	0	\$ 879,348	\$ 203,229	\$ 378,000	\$ 27,155	\$ 30,433	\$ 1,861,498
Vice President and Chief Financial Officer	2007	\$ 305,367	0	\$ 630,262	\$ 141,295	\$ 290,625	\$ 95,856	\$ 27,291	\$ 1,490,696
Michael B. Walen	2008	\$ 407,833	0	\$ 1,036,816	\$ 302,454	\$ 473,918	\$ 246,948	\$ 42,613	\$ 2,510,582
Sr. Vice President and Chief Operating Officer	2007	\$ 378,467	0	\$ 675,187	\$ 294,712	\$ 382,000	\$ 417,128	\$ 42,213	\$ 2,189,707
	2006	\$ 355,333	0	\$ 953,494	\$ 136,623	\$ 505,100	\$ 296,550	\$ 37,184	\$ 2,284,284

Edgar Filing: CABOT OIL & GAS CORP - Form DEF 14A

J. Scott Arnold	2008	\$ 268,500	0	\$ 581,914	\$ 196,784	\$ 204,188	\$ 107,610	\$ 28,411	\$ 1,387,407
Vice President, Land	2007	\$ 233,833	0	\$ 463,756	\$ 135,715	\$ 162,250	\$ 154,680	\$ 28,920	\$ 1,179,154
and General Counsel	2006	\$ 220,833	0	\$ 432,112	\$ 81,233	\$ 223,000	\$ 112,795	\$ 28,370	\$ 1,098,343
Jeffrey W. Hutton	2008	\$ 248,167	\$ 1,700	\$ 403,330	\$ 92,574	\$ 170,100	\$ 70,073	\$ 26,205	\$ 1,012,149
Vice President, Marketing	2007	\$ 226,833	\$ 4,875	\$ 342,634	\$ 77,303	\$ 143,125	\$ 103,885	\$ 31,200	\$ 929,855
	2006	\$ 214,167	0	\$ 349,686	\$ 61,293	\$ 194,400	\$ 78,505	\$ 25,705	