

CABOT OIL & GAS CORP
Form DEF 14A
March 22, 2016
United States

Securities and Exchange Commission

Washington, D.C. 20549

Schedule 14A

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Notice of 2016 Annual Meeting of Stockholders and Proxy Statement

840 Gessner Road, Suite 1400, Houston, Texas 77024 | Wednesday, May 4, 2016, 8:00 a.m. (Central Time)

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cabot Oil & Gas Corporation to be held on Wednesday, May 4, 2016, at 8:00 a.m., Central Time, in our offices, located at 840 Gessner Road, Suite 1400, Houston, Texas 77024.

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

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

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

Sincerely,

Dan O. Dinges

Chairman, President and Chief Executive Officer

March 22, 2016

Notice of Annual Meeting of Stockholders

May 4, 2016

8:00 a.m., Central Time,

840 Gessner Road, Suite 1400, Houston, Texas 77024

Purpose of the Meeting:

1. To elect each of the six persons named in this proxy statement to the Board of Directors of the Company for a one-year term.
2. To ratify the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2016 fiscal year.
3. To approve, by non-binding advisory vote, the compensation of our named executive officers.
4. To consider two shareholder proposals, if properly presented at the meeting.
5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Each of these items is fully described in the attached proxy statement, which is made a part of this Notice.

Record date:

Only holders of record of our common stock on March 7, 2016 will be entitled to notice of and to vote at the Annual Meeting.

Voting Procedures:

Please vote your shares as promptly as possible, even if you plan to attend the Annual Meeting, by one of the following methods:

- By internet, using the instructions on the proxy card or voting instruction form received from your broker or bank;

By telephone, using the instructions on the proxy card or voting instruction form received from your broker or bank (if available); or

By mail, by completing and returning the enclosed proxy card or voting instruction form in the postage-paid envelope provided.

You may also vote in person if you attend the Annual Meeting.

If you plan to attend the Annual Meeting: Registered stockholders will be asked to present a valid government-issued photo identification. If your shares are held in the name of your broker, bank or other nominee, you must bring to the meeting a valid government-issued photo identification and an account statement or letter (and a legal proxy if you wish to vote your shares) from the nominee indicating that you beneficially owned the shares on the record date for voting. For safety and security reasons, cameras, camera phones, recording equipment, electronic devices, large bags, brief cases or packages will not be permitted in the meeting.

March 22, 2016

By Order of the Board of Directors,

Deidre L. Shearer

Corporate Secretary and Managing Counsel

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Compensation
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PROXY SUMMARY

This summary highlights information described in other parts of this proxy statement, and does not contain all of the information you should consider in voting. Please read the entire proxy statement before voting. For more complete information regarding our 2015 financial and operating performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which accompanies this Proxy Statement.

Annual Meeting Information

Date and Time	Place
May 4, 2016	840 Gessner Road, Suite 1400
8:00 a.m. Central Time	Houston, Texas 77024
Record Date	Voting
March 7, 2016	Only holders of record of our common stock will be entitled to notice of
Shares Outstanding: 474,891,615	and to vote at the Annual Meeting.

Voting Methods

Method	Instruction
	log onto www.proxyvote.com and use the instructions on the proxy card or voting instruction form received from your broker or bank;
By internet	dial 1.800.690.6903 and use the instructions on the proxy card or voting instruction form received from your broker or bank (if available); or
By telephone	by completing and returning the enclosed proxy card or voting instruction form in the postage-paid envelope provided.
By mail	

Matters to be Voted on and Recommendation

Proposal	Matter	Board Vote Recommendation	Page Reference
1.	The election of director candidates named herein;	FOR	12
2.	Ratification of the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2016 fiscal year;	FOR	59
3.	The approval on an advisory basis of executive compensation;	FOR	59

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4.	A shareholder proposal to provide a report on the Company's political contributions, if properly presented at the meeting; and	AGAINST	60
5.	A shareholder proposal to amend the Company's "proxy access" bylaw, if properly presented at the meeting.	AGAINST	63

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Director Nominees

Name	Independent Director	Age	Years Served	Primary Occupation	Committee Memberships ⁽¹⁾	Other Public Company Boards
Dan O. Dinges	N	62	14	Chairman, President and CEO of Cabot Oil & Gas Corporation	E	United States Steel Corporation
Dorothy M. Ables	Y	58	*	Chief Administrative Officer of Spectra Energy Corp.	A, C	Spectra Energy Partners, LP Trinity Industries, Inc.
Rhys J. Best	Y	69	7	Non-Executive Chairman of the Board of Austin Industries, Inc. and former Chairman and CEO of Lone Star Technologies, Inc.	A, C, CG	MRC Global Inc. Commercial Metals
Robert S. Boswell	Y	58	*	Chairman and CEO of Laramie Energy II, LLC	A, S	Company Enerflex, Ltd. (Canadian)
Robert Kelley	Y	70	12	Retired Chairman and former President and CEO of Noble Affiliates, Inc. (now Noble Energy Inc.)	A, CG, S, E	OGE Energy Corporation
W. Matt Ralls	Y	66	4	Chairman and former CEO and President of Rowan Companies plc	C, CG, S, E	Rowan Companies plc Superior Energy Services, Inc.

*Board member since 12/01/2015

Average director tenure: 6.2 years

(1) *Bold font indicates Chairman of Committee*

A Audit Committee

C Compensation Committee

CG Corporate Governance & Nominations Committee

S Safety & Environmental Affairs Committee

E Executive Committee

Governance Highlights

• Proxy access for stockholders

• Director orientation and continuing education

• A declassified Board

• Majority voting for director elections

• Average director tenure is 6.2 years

• Our CEO is the only non-independent director

• An independent lead director chairs executive sessions of independent directors at each regular Board meeting

• Separate Board committee devoted entirely to safety and environmental matters

• Political contributions disclosures on our website

• Annual Board and committee self-assessments

• Active Board oversight of Company risks

• Sustainability disclosures on our website

• Stockholders may act by written consent

• No poison pill

⚡Mandatory director retirement at age 73

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2015 Financial and Operational Highlights

In spite of the challenges in the energy industry that began in the second half of 2014 and continued during 2015, our business strategy of delivering value by growing reserves and production in a cost-effective manner continued to deliver solid operational results in 2015. Specifically:

- ▣ Total year-end proved reserves grew to 8.2 Tcfe in 2015, a 10.7% increase over 2014;
- ▲ Absolute production was 602.5 Bcfe, 13.3% higher than 2014 production; and
- The Company's "all sources" finding cost was \$0.57 per Mcfe for 2015 and \$0.62 per Mcfe over the last three year period.

These recent achievements are consistent with the positive trend in these operating metrics experienced over the last several years, as highlighted below.

This substantial growth in reserves and production over the last three years has been accompanied by a 20% decline in our finding costs per unit and a 36% decline in our total operating costs per unit. These achievements translated into top tier operating performance for this period. As indicated below, during a five year period, our TSR outpaced an index of our peer group.

*Antero Resources Corp., Chesapeake Energy Corp., Cimarex Energy Company, Concho Resources Inc., Continental Resources Inc.,
*Devon Energy Corp., Encana Corp., EQT Corp., Marathon Oil Corp., Murphy Oil Corp., Newfield Exploration Company,
Noble Energy Inc, Pioneer Natural Resources Company, QEP Resources Inc., Range Resources Corp., Southwestern Energy Company.*

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Executive Compensation Highlights

What we do:

Emphasis on long-term, performance-based equity compensation (p.30)
Short-term incentive compensation based on disclosed performance metrics (with payout caps) (p.35)
Substantial stock ownership and retention requirements for executive officers and directors (p.40)
Disclose CEO realizable compensation (p. 30)
Provide for “double trigger” payouts in change-of-control agreements (p.39)
Limited terms for SARs (p.37)
Hold annual advisory “say-on-pay” vote (p.59)
Use an independent compensation consultant (p.41)

What we don’t do:

No hedging of company stock by executive officers or directors
No excise tax gross-ups for executive officers appointed after 2010
No vesting of equity awards after retirement if competing with company
No re-pricing or discounting of options or SARS
No performance metrics that would encourage excessive risk-taking
No dividend equivalents paid to executive officers on unvested equity awards until vested

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PROPOSAL 1 ELECTION OF DIRECTORS

The size of the Board of Directors is currently set at seven members, each of whose terms expire in 2016. Effective upon the date of the 2016 Annual Meeting, however, the size of the Board of Directors will be reduced to six to reflect the retirement of Robert L. Keiser, one of our current directors, pursuant to our mandatory director retirement policy. Accordingly, the Board of Directors has nominated six directors to be elected at the 2016 Annual Meeting. The Board is fully declassified and all directors will stand for election for one-year terms.

Each of the nominees are currently directors and have been nominated for election at the 2016 Annual Meeting for terms of one year, each to hold office until the expiration of his or her term in 2017 and until his or her successor shall have been elected and shall have qualified. The business experience of each nominee as well as the qualifications that led our Board to select each nominee for election to the Board is discussed below.

The Board believes that the combination of the various qualifications, skills and experiences of the 2016 director nominees would contribute to an effective and well-functioning Board. Whether nominated by a shareholder or through the activities of the Committee, the Corporate Governance and Nominations Committee seeks to select candidates who have:

- personal and professional integrity;
- a record of achievement, and a position of leadership in his/her field with the interest and intellect to be able to address energy industry challenges and opportunities;
- the ability to think strategically and the insight to assist management in placing the Company in a competitive position within the industry; and
- the time to attend Board meetings and the commitment to devote any reasonable required additional time to deal with Company business.

The Board and the CGN Committee believe that, individually and as a whole, the Board possesses the necessary qualifications, varied tenure and independence to provide effective oversight of the business and quality advice and counsel to the Company's management.

The persons named in the enclosed form of proxy intend to vote such proxies **FOR** the election of each of the nominees for terms of one year. 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 EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS.

Certain Information Regarding Nominees

Set forth below, as of March 1, 2016, for each nominee for election as a director of the Company, is biographical information and information regarding the business experience, qualifications and skills of each director nominee that led the Board to conclude that the director is qualified to serve on our Board. Mr. Dinges, Chairman, President and Chief Executive Officer, is the only employee or former employee of the Company on the Board of Directors.

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Dorothy M. Ables

Age: 58

Director Since: 2015

Committee Memberships: Audit, Compensation

Business Experience:

•Spectra Energy Corp

-Chief Administrative Officer – November 2008 to present

-Vice President, Audit Services and Chief Ethics & Compliance Officer – 2007 to November 2008

• Duke Energy Corporation

- Vice President, Audit Services – 2004 to
- 2006

•Duke Energy Gas Transmission

-(Senior) Vice President and Chief Financial Officer – 1998 to 2004

Other Directorships:

•Spectra Energy

Partners, LP

-2013 to present

Key skills, attributes and qualifications:

Ms. Ables was appointed to our Board of Directors in December 2015 and is being nominated for election by the stockholders for the first time. Ms. Ables brings a depth of experience in the transportation aspects of our industry, having served in positions of leadership with Spectra Energy Corp and its predecessor companies for over 30 years, as well as extensive financial expertise to our Board. The Board considered Ms. Ables' extensive experience in the pipeline, processing and midstream business as adding value to our stockholders at a time in our business when transportation is crucial to our strategy. Ms. Ables' financial expertise acquired through serving as Chief Financial Officer of Duke Energy Gas Transmission and later as Vice President of Audit Services of both Spectra Energy Corp

and Duke Energy was also a key attribute leading to her appointment. Most recently, Ms. Ables has gained executive experience as the Chief Administrative Officer of Spectra Energy Corp, with responsibility for human resources, information technology, community relations and support services. Ms. Ables has prior governance experience gained from service on the Board of Directors for Spectra Energy's publicly traded master limited partnership, Spectra Energy Partners, LP, and is very active in community and charitable endeavors, including serving on the Board of Trustees of United Way of Greater Houston since 2008. This diversity of background and leadership experience makes her a valuable addition to our Board and to the Audit and Compensation Committees of our Board.

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Rhys J. Best

Age: 69

Director Since: 2008

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

Business Experience:

- Austin Industries, Inc.
-Non-Executive Chairman of the Board – 2012 to present
- Crosstex Energy L.P.
-Chairman of the Board (non-executive) – 2009 to March 2014
- Lone Star Technologies, Inc.
-Chairman and Chief Executive Officer – 1999 to 2007

Other Directorships:

- Crosstex Energy L.P. (until 2014)
- Trinity Industries, Inc.
- MRC Global Inc.
- Commercial Metals Company

Key skills, attributes and qualifications:

Mr. Best brings over 30 years of significant management, leadership, transactional and financial experience to our Board. Recently, he served as Non-executive Chairman of the Board of Crosstex Energy L.P., a large publicly traded midstream company, from 2009 through its combination with the midstream assets of Devon Energy Corporation in March 2014 to create EnLink Midstream Partners, LP, one of the largest midstream companies in the United States. This tremendous experience enables him to provide valuable insights into the transportation aspects of our business and enhances the overall strategic oversight capabilities of our Board. Mr. Best's distinguished career includes serving as Chairman and CEO of Lone Star Technologies, Inc., a former publicly traded company servicing the oil and natural gas industry, and holding positions of leadership in the banking industry. In addition to his considerable management and financial expertise, Mr. Best brings to bear an extensive corporate governance background from his current and former service on public company boards. This diverse experience enables Mr. Best to bring unique and valuable perspectives to the Board and make him particularly qualified to serve as the Chairman of the Compensation

Committee and a member of the Audit Committee of the Board. In recognition of his exemplary service on corporate boards, the National Association of Corporate Directors named Mr. Best “2014 Director of the Year.”

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Robert S. Boswell

Age: 66

Director Since: 2015

Committee Memberships: Audit, Safety and Environmental Affairs

Business Experience:

- Laramie Energy LLC
-Chairman of the Board and Chief Executive Officer – 2007 to present
- Laramie Energy I, LLC
-Chairman of the Board and Chief Executive Officer – 2004 to 2007
- Forest Oil Corporation
-Chairman of the Board and Chief Executive Officer – 1989 to 2003

Other Directorships:

- Enerflex, Ltd.
-June 2011 to present

Key skills, attributes and qualifications:

Mr. Boswell is one of the two directors to join our board in December 2015 and is being nominated for election by the stockholders for the first time. Mr. Boswell has management and operating experience as an executive in the upstream industry, and brings an extensive technical understanding of the development of oil and gas reserves, as well as financial expertise to our Board. Mr. Boswell's distinguished career includes serving as Chairman and Chief Executive Officer of exploration and production companies for over 26 years, including overseeing the turnaround of Forest Oil Corporation, a mid-sized public exploration and production company, and the sale of Laramie Energy I, a private company which he founded, for over \$1 billion. Throughout his career, Mr. Boswell has successfully led a number of upstream companies through the life cycle of capital-raising; growing reserves, production and profitability through both acquisitions and development of existing properties, and sale or merger and acquisition transactions. His most recent success with private companies Laramie Energy I and his current venture, Laramie Energy LLC, operating in the Piceance Basin, has provided him with tremendous experience in unconventional resource plays, which is relevant to the Company's operations in both the Marcellus shale and the Eagle Ford shale. He also brings extensive financial expertise gained through both acting as Chief Financial Officer of public and private companies and supervising them

as Chief Executive Officer. Mr. Boswell is currently serving as a director of Enerflex Ltd., a Canadian public company that manufactures and sells natural gas transmission and process equipment worldwide. Mr. Boswell's management, technical and financial expertise makes him an invaluable addition to our Board, as well as to the Audit and Safety and Environmental Committees of the Board.

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Dan O. Dinges

Age: 62

Director Since: 2001

Committee Memberships: Executive

Position: Chairman, President and Chief Executive Officer

Business Experience:

•Cabot Oil & Gas Corporation

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

Other Directorships:

•United States Steel Corporation

Private/Non-profit Directorships:

•Spitzer Industries, Inc. (private company)

•American Exploration & Production Council

•Foundation for Energy Education

Key skills, attributes and qualifications:

Mr. Dinges brings to the Board over 30 years of executive management experience in the oil and gas exploration and production business, and as our Chief Executive Officer for the last 14 years, a deep knowledge of our business, operations, culture and long-term strategy and goals. Mr. Dinges joined the Company in September 2001, after a successful 20 year career in various management positions with the predecessor to Noble Energy, Inc., and has overseen an era of tremendous growth for the Company. His steadfast leadership as Chairman of the Board provides the Board with extensive institutional knowledge and continuity, as well creating a vital link between management and the Board. Mr. Dinges also possesses a diversity of corporate governance experience gained from service on the

Board of United States Steel Corporation and several charitable and industry organizations.

Robert Kelley

Age: 70

Director Since: 2003

Committee Memberships: Audit (Chairman), Executive (Chairman), Corporate Governance and Nominations, Safety and Environmental Affairs

Position: Lead Director

Business Experience:

- Kellco Investments, Inc. (private investment company)

- President – April 2001 to present

- Noble Affiliates, Inc. (now Noble Energy Inc.)

- Chairman of the Board – 1992 to April 2001

- President and CEO – 1986 to October 2000

Other Directorships:

• OGE Energy Corporation

Key skills, attributes and qualifications:

Mr. Kelley's extensive experience in the financial, accounting and executive management of public energy companies, as well as corporate governance experience as a director of several public energy companies, makes him particularly valuable as a member of our Board and as our Audit Committee Chairman for the past seven years. Mr. Kelley's experience as President and CEO and later Chairman of the Board of Noble Energy Inc. provides him with valuable operational, leadership and management experience. Mr. Kelley's accounting and finance background gained while serving industry clients as a CPA for a national public accounting firm and while serving in positions of senior leadership in accounting and finance roles at a predecessor to Noble Energy also brings vital financial expertise to our Audit Committee. Mr. Kelley's 12 years of service to our Board provides a continuity of leadership and an

understanding of our business and strategy that is crucial to the effective functioning of our Board. This depth of experience with Cabot is especially valuable in his role as our Lead Independent Director since 2015.

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W. Matt Ralls

Age: 66

Director Since: 2011

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

Business Experience:

- Rowan Companies plc
 - Executive Chairman – April 2014 to present
 - Chief Executive Officer – 2013 to April 2014
 - President and Chief Executive Officer – 2009 to 2013

Other Directorships:

- Rowan Companies plc
- Superior Energy Services, Inc.

Key skills, attributes and qualifications:

Mr. Ralls' diverse operational, financial and executive management experience in various roles in the oil and gas industry, including most recently within the drilling segment of the industry, provides the Board with a wealth of expertise from which to draw. Mr. Ralls' recent service as President and CEO of Rowan Companies, and his combined fifteen years' executive management experience at Rowan and GlobalSanteFe Corporation, both international contract drilling companies, provides valuable management and financial expertise and insight into an aspect of our business that represents a significant portion of our capital expenditure budget. Prior to his drilling industry experience, Mr. Ralls served as Executive Vice President of a public upstream oil and gas company, which gave him a thorough understanding of our core business. In his service to the Board, Mr. Ralls is also able to draw from his 17 years of experience in various banking management positions with three large Texas-based commercial lenders to the energy industry. Mr. Ralls' extensive public company board experience makes him an invaluable member of the Corporate Governance and Nominations Committee and Chairman since 2015. His effectiveness chairing such committee is enhanced by his positions of leadership on the boards of several industry trade associations, including the International Association of Drilling Contractors and the American Petroleum Institute.

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

Name and Address of Beneficial Owner	Number of Shares of Common Stock Owned	Percent of Class
The Vanguard Group	36,735,278 ⁽¹⁾	8.87 %
Capital Research Global Investors	31,940,528 ⁽²⁾	7.70 %
Viking Global Investors LP		
O. Andreas Halvorsen	30,853,936 ⁽³⁾	7.50 %
David C. Ott		
Daniel S. Sundheim		
BlackRock, Inc.	28,169,844 ⁽⁴⁾	6.80 %
State Street Corporation	25,896,080 ⁽⁵⁾	6.30 %
FMR LLC,		
Mr. Edward C. Johnson 3d and	21,297,498 ⁽⁶⁾	5.15 %
Abigail P. Johnson		
Viking Global Performance LLC	21,118,373 ⁽⁷⁾	5.10 %

According to Amendment No. 5 to a Schedule 13G, dated February 10, 2016, filed with the Commission by The Vanguard Group (100 Vanguard Blvd., Malvern, PA 19355), it has sole voting power over 775,340 of these shares, (1) shared voting power over 40,400 of these shares, shared dispositive power over 821,722 of these shares and sole dispositive power over 35,913,556 of these shares.

According to Amendment No. 2 to a Schedule 13G, dated December 31, 2015, filed with the Commission by (2) Capital Research Global Investors (333 South Hope Street, Los Angeles, CA 90071), it has sole voting power and sole dispositive power over all 31,940,528 of these shares.

According to Schedule 13G, dated January 21, 2016, filed with the Commission by Viking Global Investors LP, or VGI, O. Andreas Halvorsen, David c. Ott and Daniel S. Sundheim (55 Railroad Avenue, Greenwich, CT 06830), they each have shared voting power and shared dispositive power over all 30,853,936 of these shares. VGI does not directly own any shares but has the authority to dispose of and vote the shares of Viking Global Equities LP, or (3) VGE, Viking Global Equities II LP, or VGEII, VGE III Portfolio Ltd., or VGEIII, Viking Long Fund Master Ltd., or VLFM, and Viking Global Opportunities Liquid Portfolio Sub-Master LP, or Opportunities Fund, and may be deemed to beneficially own those shares. The shares reported by VGI include those shares separately reported by VGE, VGEII, VGEIII, VLFM and Opportunities Fund. O. Andreas Halvorsen, David c. Ott and Daniel S. Sundheim do not directly own any shares but have shared authority to dispose of and vote the shares of VGI, and may each be deemed to beneficially own those shares.

(4) According to Amendment No. 6 to a Schedule 13G, dated January 22, 2016, filed with the Commission by BlackRock, Inc. (55 East 52nd Street, New York, NY 10055), it has sole voting power over 24,711,735 shares and

sole dispositive power over all 28,169,844 of these shares.

According to Schedule 13G, dated February 12, 2016, filed with the Commission by State Street Corporation (One (5) Lincoln Street, Boston, MA 02111), it has shared voting power and shared dispositive power over all 25,869,080 of these shares.

According to Amendment No. 4 to a Schedule 13G, dated February 12, 2016, filed with the Commission by FMR LLC, or FMR, Mr. Edward C. Johnson 3d and Abigail P. Johnson (245 Summer Street, Boston, MA 02210), FMR has sole voting power with respect to 1,212,652 of these shares and sole dispositive power over all 21,297,498 shares as a result of being a parent holding company or control person of several other entities in accordance with (6) Rule 13d-1(b)(ii)(G). Mr. Edward C. Johnson 3d and Abigail P. Johnson, together with members of their family, through direct or indirect ownership of voting common shares of FMR, may be deemed to form a controlling group with respect to FMR and may, therefore, be considered to be beneficial owners of the shares beneficially owned by FMR.

According to Schedule 13G, dated January 21, 2016, filed with the Commission by Viking Global Performance LLC, or VGP (55 Railroad Avenue, Greenwich, CT 06830), it has shared voting power and shared dispositive (7) power over all 21,118,373 of these shares. VGP does not directly own any shares but has the authority to dispose of and vote the shares of VGE and VGEII, and may be deemed to beneficially own those shares. The shares reported by VGP include those shares separately reported by VGE and VGEII.

[Back to Contents](#)**Directors and Executive Officers**

The following table reports, as of February 1, 2016, beneficial ownership of Common Stock by each director and nominee for director, by each named executive officer listed in the “Summary Compensation Table” below and by all directors, nominees and executive officers as a group. Unless otherwise indicated, the persons below have sole voting and investment power with respect to the shares of Common Stock showed as beneficially owned by them.

Name of Beneficial Owner	Number of Outstanding Shares of Common Stock Held		Number of Shares of Common Stock Beneficially Owned		Percent of Class
Dorothy M. Ables	5,000	(1)	5,381	(1)(2)	*
Rhys J. Best	15,000		102,649	(2)	*
Robert S. Boswell	0		191	(2)	*
Robert L. Keiser	100,670		236,188	(2)	*
Robert Kelley	337,652		498,889	(2)	*
W. Matt Ralls	0		43,701	(2)	*
Dan O. Dinges	3,464,119	(7)	3,835,167	(3)(4)(7)	*
Scott C. Schroeder	1,359,058	(8)	1,391,750	(4)(8)	*
Jeffrey W. Hutton	598,025		647,689	(3)(4)(5)	*
Phillip L. Stalnaker	217,952		253,983	(3)(4)(5)	*
G. Kevin Cunningham	65,188		109,040	(3)(4)(5)	*
All directors, nominees and executive officers as a group (16 individuals).			7,459,367	(1)(2)(3)(4)(5)(6)(7)	1.8% ⁽⁹⁾

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

(1) Includes 5,000 shares held by immediate family member, with respect to which Ms. Ables has shared voting and investment power.

(2) Includes the following restricted stock units held as of February 1, 2016, as to which the restrictions lapse upon the holders’ retirement from the Board of Directors: Ms. Ables, 381; Mr. Best, 87,649; Mr. Boswell 191; Mr. Keiser, 135,518; Mr. Kelley, 161,237; and Mr. Ralls, 43,701; and all directors, nominees and executive officers as a group, 428,677. No executive officers hold restricted stock units.

(3) Includes the following stock appreciation rights that are exercisable on or before April 1, 2016: Mr. Dinges, 294,804; Mr. Hutton, 39,642; Mr. Stalnaker, 26,720; Mr. Cunningham, 34,978; and all directors, nominees and executive officers as a group, 441,074. No directors or nominees hold stock appreciation rights. The SARs were granted prior to 2013 and vest ratably over a three-year period after grant and have a seven year term. For more information on the SARs, see footnote 1 to the “Outstanding Equity Awards at Fiscal Year-End 2015” table below.

(4) Includes the following shares awarded pursuant to the hybrid performance share awards granted in 2013, 2014 and 2015 that vested in February 2016, as a result of 2015 operating results meeting the performance criteria established on the date of grant: Mr. Dinges, 76,244; Mr. Schroeder, 32,692; Mr. Hutton, 10,022; Mr. Stalnaker, 9,311; Mr. Cunningham, 8,874; and all directors, nominees and executive officers as a group, 156,173. No directors or director nominees hold hybrid performance shares. For more information on the hybrid performance shares see “Long-Term Incentives” in the “Compensation Discussion and Analysis” below.

(5) Includes the following shares held in the Company’s Savings Investment Plan as of December 31, 2015 as to which the reporting person shares voting power with the trustee of the plan: Mr. Hutton, 6,759; Mr. Cunningham, 17,965; Mr. Stalnaker, 16,439; and all directors, nominees and executive officers as a group, 69,976.

- Includes the following shares awarded in 2013 pursuant to employee performance awards that vested in March*
- (6) 2015, as a result of 2015 operating results meeting the performance criteria established on the date of grant: all directors, nominees and executive officers as a group, 2,900.*
 - (7) Includes 902,810 shares held in trust for the benefit of an immediate family member, with respect to which Mr. Dinges has shared voting and investment power.*
 - (8) Includes 15,102 shares held by immediate family members, with respect to which Mr. Schroeder has shared voting and investment power.*
 - (9) There were 414,058,298 shares outstanding on February 1, 2016.*

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors to file initial reports of ownership and reports of changes in ownership of Company Common Stock with the SEC and, pursuant to rules promulgated under Section 16(a), such individuals are required to furnish the Company with copies of Section 16(a) reports they file. Based solely on a review of the copies of such reports furnished to the Company, and written representations that those reports accurately reflect all reportable transactions and holdings, all reports required by Section 16(a) were filed in 2015.

CORPORATE GOVERNANCE MATTERS

Board of Directors Independence

The Company's Corporate Governance Guidelines require that at least a majority of the Company's directors be independent under the New York Stock Exchange ("NYSE") listing standards and all other applicable legal requirements. Additionally, all members of the Audit Committee, Compensation Committee and Corporate Governance and Nominations Committee are required to be independent. The NYSE listing standards include objective tests that can disqualify a director from being treated as independent, as well as a subjective element, under which the Board must affirmatively determine that each independent director has no material relationship with the Company or management. In making its independence determinations, the Board considered all material relationships with each director, and all transactions since the start of 2013 between the Company and each director nominee, members of their immediate families or entities associated with them.

The Board has adopted categorical standards to assist it in making independence determinations. A relationship falls within these categorical standards if it:

- Is a type of relationship addressed in Section 303A.02 (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 which do not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last three years.

The Board of Directors has determined that each director's relationship with the Company, with the exception of Mr. Dinges, the Chairman, President and Chief Executive Officer, falls within the categorical standards and that all

directors, with the exception of Mr. Dinges, are independent. In making its subjective determination that each non-employee director is independent, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and the Company's management. The Board considered the transactions in the context of the NYSE's objective listing standards, the categorical standards noted above, the additional standards established for members of audit committees, and the SEC, U.S. Internal Revenue Service and NYSE standards for compensation committee members. Some members of the Company's Board also serve as directors of other entities with which the Company does business. Each of these relationships is reviewed by the Board, which examines the amount of business done by the Company and the other entities and the gross revenue for each of the other entities. This review is for each of the last three fiscal years for which financial data is available. This review applied

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to Ms. Ables and Messrs. Best and Ralls. Based on all of the foregoing, the Board made a subjective determination that, because of the nature of the transaction, the director's relationship with the other entity and/or the amount involved, no relationships exist that, in the opinion of the Board, would impair the director's independence. Further, the Board of Directors has determined that all members of the Audit Committee, Compensation Committee and Corporate Governance and Nominations Committee are independent.

Director Nominations and Qualifications

Under its charter, the Corporate Governance and Nominations ("CGN") Committee seeks out and evaluates qualified candidates to serve as Board members as necessary to fill vacancies or the additional needs of the Board, and considers candidates recommended by shareholders and management of the Company. The CGN Committee identifies nominees through a number of methods, which may include retention of professional executive search firms, use of publicly available director databases or referral services and recommendations made by incumbent directors. A resume is reviewed and, if merited, an interview follows. Any shareholder 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. Deidre L. Shearer, Corporate Secretary, Cabot Oil & Gas Corporation, 840 Gessner Road, Suite 1400, Houston, Texas 77024. Shareholders who meet certain requirements specified in our by-laws may also nominate candidates for inclusion in our proxy materials for an annual meeting as described in "General Information." 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 the incumbent directors.

Whether nominated by a shareholder or through the activities of the Committee, the CGN Committee seeks to select candidates who have personal and professional integrity, who have demonstrated exceptional ability and judgment and who will be most effective, in conjunction with the other nominees and Board members, in collectively serving the long-term interests of the Company and its shareholders. The CGN Committee's assessment of candidates will include, but not be limited to, considerations of character, judgment, diversity, age, expertise, industry experience, independence, other board commitments and the ability and willingness to devote the time and effort necessary to be an effective board member. The CGN Committee has adopted minimum criteria for Board membership that include (i) a strong commitment to his/her fiduciary responsibilities to the Company's shareholders, with no actual or perceived conflict of interest that would interfere with his/her responsibilities to or relationships with the Company's shareholders, employees, suppliers, and customers; (ii) the ability to think strategically and the insight to assist management in placing the Company in a competitive position within the industry; (iii) a record of achievement, and a position of leadership in his/her field, with the interest and intellect to be able to address energy industry challenges and opportunities; and (iv) the time to attend Board meetings and the commitment to devote any reasonable required additional time to deal with Company business.

Board of Directors Diversity

The Board of Directors encourages a diversity of backgrounds, including with respect to race, gender and national origin, among its members; however, it does not have a formal diversity policy. The Board considers candidates with

significant direct or indirect energy industry experience that will provide the Board as a whole the talents, skills, diversity and expertise to serve the long-term interests of the Company and its shareholders. For more information on specific minimum qualifications that the CGN Committee has established for board candidates, see “Director Nominations and Qualifications” above.

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Board of Directors Orientation and Continuing Education

Each new director appointed to fill a vacancy or elected at the annual meeting of stockholders undergoes an orientation program immediately upon joining the Board. The program adopted by the Company includes in-person meetings with the Chairman and CEO and other key officers to discuss Company business and strategy, review of a comprehensive director handbook that encompasses all Board policies and procedures and corporate documents, access to the Board's portal containing all past board meeting materials and a briefing by the Corporate Secretary as to the legal requirements and obligations of Board membership. New directors will typically attend all Board committee meetings for at least the first year of membership, to familiarize them with the areas of responsibility of each committee. In December 2015, two newly-appointed directors, Ms. Ables and Mr. Boswell, began the director orientation program.

All of our directors are encouraged to pursue continuing education opportunities for directors of public companies, generally, and the Company will reimburse directors for reasonable expenses incurred in connection with one such continuing education program each year.

Board of Directors Leadership Structure

Mr. Dinges serves as the Chairman of the Board, President and Chief Executive Officer of the Company. We believe that our Board of Directors is best served by combining the roles of Chairman and CEO and that Mr. Dinges is highly qualified to serve in this role.

The Chairman and CEO is responsible to the Board for the overall management and functioning of the Company. The Chairman is joined in the leadership of the Board by our Lead Director, who is elected by the non-management directors. In February 2015, the CGN Committee recommended and the non-management directors appointed, Mr. Kelley as the Lead Director, replacing Mr. Peacock who served as Lead Director since 2005 and retired from the Board at the 2015 annual meeting. Mr. Kelley has significant board experience and has served on the Company's Board since 2003 and on other public company boards, as well as serving as the Company's Audit Committee Chairman since 2008. Mr. Kelley performs an important role in the leadership of the Board by presiding at executive sessions of the non-management directors, which are held at each regular Board meeting, and setting the agenda for these sessions. Mr. Kelley also serves as a mentor to Mr. Dinges and as a liaison between Mr. Dinges and the other independent directors. Mr. Kelley's longevity on the Board enhances this leadership role and provides for continuity among the non-employee directors.

In addition to the Lead Director, our Corporate Governance Guidelines also contain strong checks and balances regarding the combined role of CEO and Chairman. Those provisions include the inability of the CEO to serve on any committees of the Board other than the Executive Committee, as only non-management directors may do so, and the requirement that a substantial majority of the directors be independent, as discussed above under "Board of Directors

Independence.” All of our directors, other than Mr. Dinges, are independent.

Our Board of Directors has determined that its current leadership structure is appropriate. The Board believes that Mr. Dinges, acting in his capacity as CEO of the Company, is well positioned to facilitate communications with the Board of Directors about our business. Mr. Dinges has served in this capacity since May 2002, during which time the Company’s business has undergone significant changes. None of the returning independent directors was serving at that time, so Mr. Dinges provides continuity and historical perspective to the Board. Under Mr. Dinges’ leadership, the Company has grown from a market capitalization of approximately \$800 million with operations in onshore Texas and Louisiana Gulf Coast, the Rocky Mountains, the Anadarko Basin and Appalachia to an over \$7.3 billion market capitalization company as of December 31, 2015, with most of its reserves in the Marcellus Shale area in northeast Pennsylvania. Mr. Dinges has the full confidence of the Board. For all these reasons, the Board has determined that the most appropriate form of leadership for the Board of Directors currently is for the CEO, who is responsible for the day-to-day operations of the Company, to serve as Chairman, with strong and independent oversight by the Lead Director and the other non-management directors.

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Board of Directors Oversight of Risk

The Board of Directors considers risk oversight to be an integral part of its role, and discussions regarding risks faced by the Company are part of its meetings and deliberations throughout the year. Our Corporate Governance Guidelines provide that the Board is responsible for assessing major risks facing the Company and reviewing options for their mitigation. At the direction of the Board, management is responsible for implementing an enterprise risk management process and reporting to the Board at least annually regarding its assessment of risks that could have a significant impact on the Company and the strategies for their mitigation. In this way, the Board is engaged in risk oversight at the enterprise level.

The Board is also engaged in risk oversight through regular reports from the Audit Committee. The Audit Committee is charged with reviewing with management and the Company's internal auditors the Company's major financial exposures and the steps management has taken to monitor and control those exposures. The Audit Committee receives periodic reports from management on these areas of potential exposure, including litigation, commodity price hedging, liquidity and capital resources, financial reporting and disclosures and regulatory risks, among others. The Audit Committee also receives reports from management regarding compliance with our Code of Business Conduct. The Audit Committee reviews at least annually the Company's policies and guidelines concerning financial risk assessment and financial risk management, with the assistance of the Company's internal auditors, KPMG LLP. KPMG LLP conducts a process of assessing major risks, including management interviews, and presents and discusses with the Audit Committee its conclusions regarding the Company's major risks. From this process, areas of concern are identified and considered and the internal audit plan is developed. Results of these reviews and audits are presented to the Audit Committee throughout the year. At each regular Board meeting, the Audit Committee Chairman reports to the Board regarding the activities of the Committee.

Corporate Governance Guidelines

Our Corporate Governance 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 annually and revised as appropriate to reflect changing regulatory requirements and best practices. The full text of the Corporate Governance Guidelines can be found on the Company's website at www.cabotog.com by choosing "About Cabot," and then choosing "Governance."

Code of Business Conduct

All employees, officers and directors are required to comply with the Company's 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 are required annually 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 choosing "About Cabot," and then choosing "Governance." The Company will satisfy the requirement to disclose any amendments to or waivers from certain provisions of its Code of Business Conduct by posting such information on the website at that location.

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Attendance at Board Meetings and Annual Meetings

The Board of Directors held six meetings during 2015. All directors attended more than 75% of the meetings of the Board of Directors and of the committees on which they served.

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 2015, all of the continuing members of the Board attended the annual meeting.

Director Compensation

Directors who are employees of the Company receive no additional compensation for their duties as directors. During 2015, non-employee directors' annual compensation included an annual retainer fee of \$75,000 each, payable quarterly, for their service on the Company's Board of Directors and its committees. The Lead Director received an additional \$20,000 annual retainer, the Audit Committee Chairman and Compensation Committee Chairman each received an additional \$15,000 annual retainer, the Executive Committee Chairman received an additional \$5,000 annual retainer and the remaining committee chairmen received an additional \$10,000 annual retainer, each payable quarterly, for this additional service. Additionally, each non-employee director will receive \$2,000 for each Board of Directors meeting attended in excess of six in-person meetings per year. The directors did not receive additional meeting fees in 2015 because they did not attend in excess of six in-person meetings.

In 2015, non-employee directors were also entitled to an annual award of restricted stock units under the 2014 Incentive Plan, the restrictions on which lapse the date the non-employee director leaves the Board of Directors, with a targeted award value at grant date of \$200,000. The restricted stock units are paid cash dividend equivalents in the amount of the cash dividend paid on our outstanding common stock from the date of grant through the date the restrictions lapse. In 2015, these directors each received 7,220 restricted stock units.

Board members may participate in the Director Non-Qualified Deferred Compensation Plan, which provides each non-employee director an opportunity to elect each year to take any, or all, of the director's annual cash retainer and additional fees for serving as lead director or as a committee chairman in restricted stock units, valued at the closing price of the common stock on the date specified in the plan, in lieu of a quarterly cash payment of such amounts. The terms of the restricted stock units are the same as those issued annually. All directors were also reimbursed for travel expenses incurred for attending Board and committee meetings. For more information on director compensation, see "Director Compensation Table" below.

[Back to Contents](#)**Director Compensation Table**

The table below summarizes the total compensation paid to each of the non-employee directors of the Company for the fiscal year ended December 31, 2015.

Name	Fees Earned or Paid in Cash* (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(2)	Total (\$)
Dorothy M. Ables	\$6,250	-	-	-	-	-	\$6,250
Rhys J. Best	\$90,000	\$200,066	-	-	-	\$ 6,868	\$296,934
Robert S. Boswell	\$6,250	-	-	-	-	-	\$6,250
James R. Gibbs ⁽³⁾	\$63,750	\$200,066	-	-	-	\$ 2,459	\$266,275
Robert L. Keiser ⁽⁴⁾	\$85,000	\$200,066	-	-	-	\$ 10,498	\$295,564
Robert Kelley	\$100,000	\$200,066	-	-	-	\$ 12,755	\$312,821
P. Dexter Peacock ⁽⁵⁾	\$47,500	\$200,066	-	-	-	\$ 3,134	\$250,700
W. Matt Ralls	\$80,000	\$200,066	-	-	-	\$ 3,146	\$283,212

Restricted stock units were issued pursuant to the Company's Non-Employee Director Deferred Compensation Plan in lieu of quarterly cash retainer and leadership fees totaling \$63,750 for Mr. Gibbs, \$85,000 for Mr. Keiser and \$80,000 for Mr. Ralls. Ms. Ables and Mr. Boswell were issued 381 and 191 RSUs, respectively, as of January 15, 2016, in lieu of quarterly cash retainer for the period from December 1 through December 31, 2015.

The amounts in this column reflect the grant date fair value with respect to restricted stock units in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 for the fiscal year ended December 31, 2015. Assumptions used in the calculation of these amounts are included in Note 13 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the "Form 10-K"). In February 2015, each non-employee director (other than Ms. Ables and Mr. Boswell) received a grant of 7,220 restricted stock units, with a grant date fair value of \$200,066 based on the closing price of the Common Stock on the February 19, 2015 grant date. The restricted stock units vest on the grant date, but are not payable by the Company in shares of Common Stock until the date the non-employee director ceases to be a director of the Company. The aggregate number of restricted stock units outstanding at December 31, 2015, including those issued in lieu of quarterly cash retainer and fees, were as follows:

Name	Stock Awards
Dorothy M. Ables	0
Rhys J. Best	87,649
Robert S. Boswell	0
James R. Gibbs	0
Robert L. Keiser	134,223
Robert Kelley	161,237

P. Dexter Peacock 0

W. Matt Ralls 42,329

(2) *The amounts in this column for each director include quarterly cash dividend equivalents paid on the restricted stock units.*

(3) *Mr. Gibbs retired from service as a director as of July 22, 2015.*

(4) *Mr. Keiser will retire from service as a director as of the date of annual meeting pursuant to Cabot's director retirement policy.*

(5) *Mr. Peacock retired from service as a director as of April 23, 2015, pursuant to Cabot's director retirement policy.*

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Director Retirement

It is the policy of the Board of Directors that directors of the Company retire at the annual meeting following their 73rd birthday. It is also the policy of the Board of Directors that a retiring CEO of the Company retires from service on the Board, unless a determination is otherwise made by the Board of Directors.

Information on Standing Committees of the Board of Directors

Information on each of the Board's standing committees as of the date hereof is discussed below. The charters of each of the Board committees can be found on the Company's website at www.cabotog.com by choosing "About Cabot," and then choosing "Governance."

Committees	Independent?	2015 Meetings	Dinges	Ables	Best	Boswell	Kelley	Ralls
CGN	Yes	4						C
Audit	Yes	4					C	
Compensation	Yes	4			C			
Safety	Yes	4						C
Executive	No	0					C	
<i>C – Chairman of committee</i>								
<i>– Member of committee</i>								

Corporate Governance and Nominations Committee. The function of the Corporate Governance and Nominations ("CGN") Committee is to assist the Board in fulfilling its responsibility to the stockholders by:

- Identifying qualified individuals to become Board members and assisting the Board in determining the composition of the Board and its committees;
- Assessing Board and committee effectiveness;
- Developing and implementing the Company's corporate governance guidelines; and
- Taking a leadership role in shaping the corporate governance of the Company.

In accordance with its charter, the CGN Committee has adopted minimum criteria for Board membership, which are discussed in more detail at "Director Nominations and Qualifications" above.

Audit Committee. The function of the Audit Committee is to assist the Board in overseeing:

- The integrity of the financial statements of the Company;
- The compliance by the Company with legal and regulatory requirements;
- The 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 Securities and Exchange Commission (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.

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 SEC.

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Compensation Committee. 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;
- Evaluate the independence of, and 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; and
- Review the annual compensation of the directors.

During 2015, no member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries, or formerly an officer of the Company or any of its subsidiaries. During 2015, the Company had no compensation committee interlocks.

Safety and Environmental Affairs Committee. The function of the Safety and Environmental Affairs (Safety) Committee is to assist the Board in providing oversight and support of the Company's safety and environmental policies, programs and initiatives. Among other things, the Safety Committee reviews our compliance with environmental, health and safety laws and regulations, pending legislative and regulatory initiatives, training initiatives and, as needed, consults with outside and internal advisors regarding the management of the Company's safety and environmental policies, programs and initiatives.

Executive Committee. The function of the Executive Committee is to exercise all power and authority of the Board of Directors in the event action is needed between regularly scheduled Board Meetings and a meeting of the full Board is deemed unnecessary, except as limited by the Company's by-laws or applicable law. The Executive Committee did not meet during 2015.

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COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This Compensation Discussion and Analysis (“CD&A”) provides stockholders with an understanding of our compensation philosophy, objectives, policies and practices in place during 2015, as well as the factors considered by our Compensation Committee of the Board of Directors in making compensation decisions for 2015. This CD&A focuses on the compensation of our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated officers for 2015 (the “NEOs”), namely:

Dan O. Dinges	Chairman, President & Chief Executive Officer
Scott C. Schroeder	Executive Vice President & Chief Financial Officer
Jeffrey W. Hutton	Senior Vice President, Marketing
Phillip L. Stalnaker	Vice President & Regional Manager, North Region
G. Kevin Cunningham	Vice President & General Counsel

Our compensation plans and practices are designed to align the financial interests of the above NEOs with the financial interests of our shareholders. To that end, we provide our NEOs with a competitive base salary, an annual cash bonus opportunity based on the achievement of specific goals aligned with shareholder value creation and long-term incentives tied to long-term total shareholder return and annual cash flow attainment. For the NEOs, in 2015 the level of at-risk pay ranged from 72% to 90% of the total annual compensation opportunity, with the CEO having the highest level of at-risk pay.

2015 Performance Highlights

In 2015, we continued to face the difficult commodity pricing and capacity environment in our industry that began in 2014, which impacted our overall performance. Over the last two years, we experienced a sharp decline in commodity prices resulting from an oversupply of both crude oil and natural gas. Adding to this dynamic was suppressed demand for natural gas due to a lack of new pipeline takeaway capacity. As a result of this market imbalance, stock prices across the industry continued to fall in 2015, and Cabot’s stock price was no exception. The Company’s fiscal discipline and strong financial position, however, as well the quality of our asset base, place Cabot in a good position to continue to weather these challenges until market conditions improve.

In spite of the continued challenges in the energy industry that began in the second half of 2014 and continued during 2015, our business strategy of delivering value by growing reserves and production in a cost-effective manner continued to deliver solid operational results in 2015. Specifically:

- Total year-end proved reserves grew to 8.2 Tcfe in 2015, a 10.7% increase over 2014;
- Absolute production was 602.5 Bcfe, 13.3% higher than 2014 production; and
- The Company's "all sources" finding cost was \$0.57 per Mcfe for 2015 and \$0.62 per Mcfe over the last three year period.

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These recent achievements are consistent with the positive trend in these operating metrics experienced over the last several years, as highlighted below.

This substantial growth in reserves and production over the last three years has been accompanied by a 20% decline in our finding costs per unit and a 36% decline in our total operating costs per unit. These achievements translated into top tier operating performance for this period. As indicated below, during a five year period, our TSR outpaced an index of our peer group.

Antero Resources Corp., Chesapeake Energy Corp., Cimarex Energy Company, Concho Resources Inc., Continental Resources Inc.,

**Devon Energy Corp., Encana Corp., EQT Corp., Marathon Oil Corp., Murphy Oil Corp., Newfield Exploration Company, Noble Energy Inc,*

Pioneer Natural Resources Company, QEP Resources Inc., Range Resources Corp., Southwestern Energy Company.

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2015 Compensation Highlights

Compensation outcomes in 2015 rewarded important near-term operating successes while aligning executives with the same stock price performance results experienced by our long-term stockholders:

Due to our sixth-place ranking among our peer group, performance shares granted to our executives in 2013 with vesting contingent upon our relative three-year total shareholder return (“TSR”), vested at 140% of target. The underlying shares depreciated in value approximately 33%, consistent with the Company’s stock price, over that three-year period, while only five of our 13 peers outperformed our TSR for the period.

Two of the four operating and financial performance metrics for the 2015 annual cash incentive awards significantly exceeded the target range and two metrics fell around target ranges. Taking into account the macro environment in our industry, and the resulting negative discretion being applied to the payout amount, the awards were paid out at 110% of target for the NEOs.

Our performance target for our hybrid performance shares of achieving at least \$100 million of operating cash flow in 2015 was met, resulting in the annual vesting of hybrid performance shares granted to executives over the last three years.

Outstanding long-term incentive awards made in February 2015 had declined in value by 36% by the end of the year, consistent with the Company’s stock price performance in 2015.

At our most recent annual meeting in May 2015, over 98% of the votes cast supported our executive compensation practices. Consistent with this strong support, the Compensation Committee of our Board of Directors (“Committee”) determined to continue our 2014 compensation practices substantially unchanged in 2015.

CEO Compensation and Performance-Based Pay

We have maintained consistent and disciplined performance-based compensation programs for all of our executives. For many years, the Committee has awarded compensation opportunities to our CEO and other executives that require meaningful absolute and relative stock price and financial performance to deliver targeted realized compensation levels. The allocation of 2015 compensation among salary, short-term incentives and long-term incentives for our CEO and the other NEOs, on a weighted average basis, reflects this guiding principle, as show below:

In 2015, the Committee awarded 60% of each executive’s long-term incentive opportunity in the form of performance shares payable solely on the basis of our total shareholder return relative to our industry peer group over a three year performance period (“TSR performance shares”). Our TSR performance over the past three years relative to our peers generated above-target payments for executives from the TSR performance shares, although the underlying value of the shares, and therefore, the value of the award, declined over that period, reflecting the strong correlation of pay to

performance of this award. The CEO's awards and the relative performance achieved for the most recently completed performance period, plus the current ranking for the two remaining unvested awards, are as follows:

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[Back to Contents](#)**CEO TSR PERFORMANCE SHARE AWARDS**

Performance Period Achieved ⁽¹⁾	Target Value Awarded	Peer Rank Achieved	Percentage of Target Achieved	Earned Award Value
2013-2015	\$3,000,000	6 th of 14	140%	\$2,741,125

This performance period ended December 31, 2015. Target value awarded is based on the number of performance shares awarded multiplied by the closing stock price on date of grant, which was \$26.62. The earned award value is based on the average of the high and low trading prices of the Company's common stock on December 31, 2015, which was \$17.37.

Performance Periods In Progress ⁽²⁾	Grant Date Target Value Awarded	Target Value of Award at December 31, 2015
2014-2016	\$3,600,000	\$1,615,115
2015-2017	\$3,900,000	\$2,489,744

These performance periods are in progress. Target value awarded is based on the number of performance shares awarded multiplied by the closing stock price on date of grant. The target value at December 31, 2015 is based on the Company's closing stock price on that day, which was \$17.69. The actual value received by the CEO may be higher or lower than this value, depending on Cabot's peer rank achieved during the performance period, which affects the number of shares received and the value of the underlying common stock on the last day of the performance period. Cabot's peer rank for the 2014-2016 award and the 2015-2017 award as of December 31, 2015 was at or near the 50th percentile of its peer groups for each of those award years. Those peer ranks equate with payouts of 120% and 100%, respectively, of the target number of shares. For more information about the TSR performance shares, see "Executive Compensation – TSR Performance Shares" below.

In 2015, we awarded 40% of each executive's long-term incentive value through hybrid performance shares that require threshold achievement based on a financial metric (see "Hybrid Performance Shares" below). The hybrid performance shares vest on a three year graduated schedule, with 25% of the award vesting on each of the first two anniversaries of the date of grant and 50% vesting on the third anniversary. To date, all of the CEO's hybrid performance share awards have satisfied the required performance criteria at their scheduled vesting date.

Philosophy and Objectives of Our Compensation Programs

The Committee oversees an executive compensation program designed to attract, retain, and engage highly qualified executives. The primary objectives of our compensation programs are:

- To align executive compensation with our business strategy;

- To encourage management to create sustained value for the shareholders while managing inherent business risks;
- To attract, retain, and engage talented executives; and
- To support a long-term performance-based culture throughout the Company.

We achieve these objectives by:

- Assigning the vast majority of NEO compensation to at-risk, performance-based incentive opportunities;
- Tying incentive plan metrics and goals to shareholder value principles; and
- 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 our compensation program.

[Back to Contents](#)**Elements of Our Compensation Program**

We use 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 section of the proxy statement.

Compensation Component	Purpose	Competitive Positioning
Base Salary	<p>Compensation for position, experience, expertise and competencies.</p> <p>Reward the achievement of annual business objectives, including:</p> <ul style="list-style-type: none"> Financial goals (unit costs, finding costs) 	<p>Base salaries are targeted to approximate the compensation peer group median, taking into account the competitive environment, as well as the experience and accomplishments of each executive.</p> <p>Annual bonus opportunities are established as a percentage of base salary and are targeted to match industry bonus percentage levels for comparable executive positions.</p>
Annual cash incentive bonus	<ul style="list-style-type: none"> Operational goals (specific objectives tied to production growth and reserve growth) Individual objectives aligned with corporate strategy 	<p>Realizing target bonus opportunities requires achieving key annual financial and operating goals aligned with long-term shareholder value creation.</p>
Long-term Incentives	<ul style="list-style-type: none"> Committee evaluation of qualitative performance <p>Prominent part of total compensation to maintain alignment with shareholder value creation:</p> <ul style="list-style-type: none"> TSR performance shares (earned and vested based on Total Shareholder Return versus peers) 	<p>Long-term incentives are intended to promote long-term value creation for shareholders 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 above the median of the peer group, although other individual and Company circumstances influence the award amounts.</p>

- Hybrid performance shares (time vested and tied to operating cash flow results)

- Stock ownership guidelines

Executive Benefits and Perquisites	Comprehensive programs to build financial security, manage personal financial risk and limit Company costs. Designed to attract, retain, align and engage highly qualified executives, while creating a strong connection to financial and operational performance and long-term shareholder value.	Value of benefits and perquisites is generally targeted to be competitive with market levels and comprises a minor component of total compensation.
Total Compensation		Total compensation is highly correlated with Company and individual performance and is evaluated for its competitiveness when compared to the peer group.

In making compensation decisions, the Committee includes comparisons of each element of total compensation against a peer group of publicly traded exploration and production companies. In that total, a greater weight is placed on long-term equity awards versus salary and annual cash incentive bonus to foster an environment where stock price appreciation over the long-term is a major executive focus. This focus in turn aligns the interests of the executives with those of the shareholders. The competitive market is determined by reference to the compensation practices of an industry peer group as set forth below.

Industry Peer Group

We use one peer group for both compensation competitive analysis and to measure the relative performance of our TSR performance shares. The Committee chose these companies because they represent our direct competitors of similar size and scope in the exploration and production sector of the energy industry, and include several companies that compete in our core areas of operation for both business opportunities and executive talent. The peer group changes from time to time due to organic changes in the Company or its peers, business combinations, asset sales and other types

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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. Based on 2015 year-end closing market prices, the market capitalization of companies in our industry peer group ranged from approximately \$2.3 billion to \$18.7 billion. Our market capitalization at 2015 year-end was approximately \$7.3 billion.

In February 2016, the Committee affirmed the application of the current peer group to the 2016 - 2018 performance cycle. Our peer group is as follows:

Antero Resources Corporation	Marathon Oil Corporation
Chesapeake Energy Company	Murphy Oil Corporation
Cimarex Energy Company	Newfield Exploration Company
Concho Resources Inc.	Noble Energy Inc.
Continental Resources Inc.	Pioneer Natural Resources Company
Devon Energy Corporation	QEP Resources Inc.
Encana Corporation	Range Resources Corporation
EQT Corporation	Southwestern Energy Company

2015 Committee Activity

During 2015, the Committee held three regular meetings, one in each of February, July and October. The Committee held a special meeting in early January 2015 for the purpose of certifying the results for the TSR performance share awards with a performance period of 2012-2014 that vested on December 31, 2014.

At the time the 2015 grants were made and periodically throughout the year, the Committee referenced the Fall 2014 competitive market study of the peer group by Meridian Compensation Partners, LLC (Meridian), the Committee's independent compensation consultant. Based on the study and the CEO's recommendations with respect to the other Company officers, the Committee determined 2015 salaries, bonus payouts for 2014 performance, certified the 2014 results for payouts of one-third of each of the hybrid performance shares granted from 2012 to 2014, and the annual grant of long-term incentive awards for our officers. A detailed discussion of each item of compensation can be found below under "Elements of Compensation."

Also at the February 2015 meeting and prior to making any compensation decisions, the Committee reviewed a detailed analysis of stock ownership and retention levels for each NEO. The Committee does not use tally sheets, but over the course of the year reviews each element of compensation for the NEOs, including elements of total direct compensation and payments upon severance or change of control, as well as other benefits and perquisites. Lastly, at the February 2015 meeting, the Committee and the Board of Directors discussed the 2015 measurement criteria for the 2015 cash bonus plan and, after further analysis and review, approved the measurement criteria by written consent in April, 2015.

During 2015, the Committee reviewed an analysis prepared by Meridian of 2014 executive compensation reported by our peer group. From the available 2014 survey information, the Committee evaluated its compensation decisions relative to our peer group. The Committee also reviewed an analysis prepared and presented by Meridian of current compensation issues and trends, including a 2015 competitive market study of executive compensation among the peer companies. This analysis, along with other data and reports, is utilized in the Committee's review of all components of compensation in the following February meeting.

Elements of Compensation

We believe the following executive compensation policies and programs effectively serve the interests of the shareholders and the Company. The Committee has worked over the years to devise, manage and provide an executive compensation program that designed to meet its intended objectives and contribute to the Company's overall success.

[Back to Contents](#)**Elements of In-Service Compensation**

There are three major elements of the executive in-service compensation program: (1) base salary, (2) annual cash 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 exploration and production industry generally and our selected industry peer group. Our compensation is intentionally weighted toward long-term equity-based compensation. Each element is described below.

Mr. Dinges, our Chairman, President and Chief Executive Officer, has a significantly broader scope of responsibilities than the other named executive officers. The difference in compensation for Mr. Dinges described below primarily reflects these differing responsibilities 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 our established salary policies and our current 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. In February 2015, the Committee also considered the impact of the low commodity price environment on operating results and cash flow in setting base salaries. The Committee determined that base salaries in 2015 would remain at 2014 levels for all but one of the NEOs.

Name	2014 Base Salary	2015 Base Salary
Mr. Dinges	\$900,000	\$900,000
Mr. Schroeder	\$475,000	\$475,000
Mr. Hutton	\$355,000	\$355,000
Mr. Stalnaker	\$320,000	\$350,000
Mr. Cunningham	\$348,000	\$348,000

In 2015, the Committee reviewed two competitive market studies for compensation of the peer group, prepared by our independent consultant. The Committee noted that Mr. Dinges' 2015 base salary of \$900,000 and Mr. Schroeder's 2015 base salary of \$475,000 were both between the 25th and 50th percentile of the industry peer group for the 2015 competitive data. The base salaries of the other NEOs ranged between the 25th and 75th percentile of the peer group, with individual base salaries varying from the median of the peer group by position due to individual experience in each role and differences in peer organization management structures relative to ours. 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 NEO compensation through long-term incentives. The Committee took no additional action to revise base salaries during the year.

In February 2016, in recognition of the continued depressed realized price for oil and natural gas and its current and future anticipated effect on our industry, as well the positioning of our NEOs' salaries relative to available 2015 peer benchmarking data, the Compensation Committee decided not to increase salaries for 2016 for any of our NEOs.

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Annual Cash Incentive Bonus

The annual cash incentive bonus opportunity is based upon our 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 are based on specific goals that are of primary importance to the Company during the coming year and motivate executives to achieve those goals.

During 2015, the bonus opportunity for the NEOs was as follows:

Executive	Target Bonus (as a % of Salary)	Target Bonus Value (100%)
Mr. Dinges	125 %	\$1,125,000
Mr. Schroeder	100 %	\$475,000
Mr. Hutton	75 %	\$266,250
Mr. Stalnaker	75 %	\$262,500
Mr. Cunningham	70 %	\$243,600

The bonus metrics for 2015 were unchanged from 2014, although, in recognition of the continued volatile market conditions, the Committee established a range of values rather than a discreet goal for target performance for each metric in 2015. The bonus plan was designed to emphasize value-generating metrics, to link related metrics together to take into account the interrelated impacts of such metrics on value creation, and to increase the overall payout potential for a breakout year, while reducing overall discretion. Also, the bonus plan places a cap on the payment for performance for each metric at 275% of target payout, which allows for some additional benefit for above-range performance, but removes the potential of one metric creating a disproportionate payout. The bonus plan has a maximum award payout of 250% of target in the aggregate, but individual awards can vary, at the discretion of the Committee. The metrics, their weightings and the performance goals for each level of payout are listed in the table below.

	2015 Bonus Performance Goals (% of Target)			
	Weighting	100%	100%	200%
Reserve Growth	25 %	3%	7%-10%	15%
Finding Costs (per Mcfe)	15 %	\$0.94	\$0.84-\$0.79	\$ 0.69
Production Growth	25 %	8%	13%-15%	20%
Unit Costs (per Mcfe)	15 %	\$2.72	\$2.61-\$2.56	\$ 2.45
Strategic Evaluation (Discretionary)	20 %			
		100%		

At the start of each year the bonus metric performance goals are established with the target level of performance based on the operating budget approved by the Board of Directors. The performance goals for a payout at 200% of target are also created at this time. 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 bonus plan for that year. The Committee references both the CEO's recommendations and the formulaic output in determining the bonuses to be paid to the NEOs other than the CEO. With respect to the strategic evaluation component, the Compensation Committee evaluates key influences on Company performance not otherwise considered through the metrics. These may include the management of capital spending, environmental and safety performance, net income performance, organizational leadership and other factors the Committee deems to have been important in the prior year's performance, and may vary from year to year. The Committee follows no formulaic structure relating to these factors. In general, the Committee expects to award the target 20% of the strategic evaluation component in years when the Company meets internal and external performance expectations with respect to these factors, although the strategic component can range from 0% to 55% in the weighting of the bonus payout calculation. Acquisitions and divestitures are

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not part of establishing the target metrics because the Company does not budget these activities. When acquisition or divestiture activity occurs, the Committee assesses its impact and exercises its discretion to adjust for the impact.

Additional parameters for the 2015 annual cash incentive bonus plan include a payout multiplier of 1.5 times for each of two grouped metrics if the grouped metrics both achieve target, subject to the 275% maximum payout per metric. The grouped metrics are (1) Reserve Growth and Finding Costs, and (2) Production Growth and Unit Costs. The Committee established the incentive on the grouped metrics to encourage a balanced approach to achieving operational goals and to discourage over-achievement of one metric in a manner that adversely affects the grouped metric. For example, undisciplined spending on a development program could help achieve the reserve growth metric at levels above target levels, but cause finding costs to increase to unacceptable levels. By grouping the reserve growth and finding costs metrics together, and using a payout multiplier of 1.5 for achieving target in both metrics, the Committee is rewarding efficiency in operations.

In 2015, actual performance under these metrics compared to established performance goals follows:

	Actual Results	Bonus Plan Target (100%)	Bonus Plan 200%
Reserve Growth	10.7%	7%-10%	15%
Finding Costs (per Mcfe)	\$0.57	\$0.84-\$0.79	\$0.69
Production Growth	13.3%	13%-15%	20%
Unit Costs (per Mcfe)	\$2.37	\$2.61-\$2.56	\$2.45

Our proved reserves at December 31, 2015 were 8.2 Tcfe, representing reserve growth of 10.7% over 2014. These reserves were added at a very efficient \$0.57 per Mcfe. Production growth of 13.3% helped drive down unit costs to the lowest level since 1998. In reaching a conclusion on the strategic evaluation component of the bonus metrics, the Committee considered the Company's level of performance in 2015—recording record levels of production and reserves—however, in light of the challenging macro environment for the oil and gas industry, applied negative discretion to reduce the payout that would have been dictated by the bonus formula. In so doing, the Committee evaluated the strategies utilized by the executive team to maximize the Company's financial and operational results for the year and also to place it in a position for long-term success. The Committee found that the strategies that were employed for long-term value generation for our stockholders remain sound. The result of 2015 performance against all the bonus metrics, including the strategic evaluation component, was that the total allocation for corporate performance was approved at 110% of target, prior to adjustment for regional or individual performance.

Upon completion of each fiscal year, the Committee determines the CEO's annual cash incentive bonus based on Company performance, the results of the bonus plan formula described above and the Board's annual CEO performance evaluation. The independent directors of the Board discuss and ratify the CEO's annual cash incentive bonus payment, considering the factors stated above and any factors relating to performance that were particularly significant in the year in question.

For 2015, the Committee noted in particular:

- the Company's record operational accomplishments, including a 10.7% increase in reserves;
- the financial stability of the Company and its positioning to optimize performance during the macro-economic volatility facing the industry;
- further reduction in overall unit costs and operating expenses;
- conservative management, a relatively small workforce and comparatively low general and administrative costs, resulting in a competitive advantage, especially during the low commodity price cycle; and
- further strengthening of the Company's balance sheet through taking advantage of attractive capital markets, as well as instituting programs to ensure debt covenant compliance.

The Committee evaluated these factors and concluded that they provide Cabot a solid foundation for 2016 and beyond. Based on this evaluation, the Committee approved the CEO's bonus payout for 2015 at 110% of target. The bonus payout for the other NEOs was also 110% of target. See "Executive Compensation—Summary Compensation Table" below for actual bonuses paid to the NEOs.

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Long-Term Incentives

In 2015, the Committee continued its established practice of awarding two types of performance shares—TSR performance shares and hybrid performance shares—to provide long-term incentives to our NEOs. The award allocation to NEOs in 2015 is designed to provide 60% of the targeted grant-date value from TSR performance shares and 40% from hybrid performance shares. This allocation is more heavily weighted toward performance-based awards than our peer group, based on peers' 2015 compensation data, as shown below.

The total size of the long-term incentive awards is based on a number of factors, including peer group and related industry competitive practice, which is used as a point of reference to gauge appropriate total compensation levels for a company of our size, business complexity and growth profile. The Committee does not typically consider prior period 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.

All long-term incentives awarded to our NEOs in 2015 were granted under the 2014 Incentive Plan.

TSR Performance Shares. The Committee believes performance shares based on the Company's total shareholder return relative to that of its peers provides a strong link between the performance of the executive group and their pay, whereas other types of equity awards, such as stock options, may not. The Committee also believes that a relative comparison of performance against peers over a three-year period, as opposed to a single year, provides a better evaluation of how management performed under changing economic conditions. For these reasons, the Committee believes that our TSR performance share awards are a good measure of performance versus the peer group and appropriately link stock performance and compensation. To allow for payouts in excess of target without excessive dilution or the need to reserve shares in excess of target, all payouts in excess of 100% of target are paid in the cash value of the shares, based on the average of the high and low trading prices of our common stock on the last day of the performance period. For additional information about the TSR performance shares, see the table "Grants of Plan-Based Awards" below.

Hybrid Performance Shares. Due to restricted stock share limitations under the 2014 Incentive Plan and Section 162(m) tax considerations, in 2015 the Committee again awarded hybrid performance shares instead of restricted stock. The hybrid performance shares vest over a three year period from the date of grant, with 25% vesting in each of the first two years and 50% vesting in the third year, provided the Company has \$100 million or more operating cash flow in the fiscal year prior to the vesting date. Applying a cash flow threshold on share vesting allows these awards to remain fully tax deductible to the Company upon vesting. Hybrid performance shares also have less underlying volatility than do traditional performance shares, and therefore help manage attrition risk by creating a more sustained forfeitable stake in the Company. For additional information about the hybrid performance shares, see the table "Grants of Plan-Based Awards" below.

Stock Appreciation Rights (SARs). The Committee ceased awarding SARs after 2012, but SARs granted previously to the NEOs remain outstanding. All SARs granted to date vested ratably over a three year period and have a seven-year term.

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Personal Benefits and Perquisites

We provide 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 us 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. In an effort to promote physical and financial health of the NEOs, they are provided with club membership dues, a Company-paid physical examination for the NEO and his or her spouse, a financial and tax planning stipend of up to \$3,000 annually, life insurance, and spouse travel to certain business meetings. The NEOs are reimbursed for these expenses only if they are incurred. The aggregate cost to the Company of the perquisites and personal benefits described above for the NEOs for 2015 are included under “All Other Compensation” in the Summary Compensation Table below.

Other Compensation

We offer all of our employees, including the NEOs, industry competitive benefits including medical and dental reimbursement, short-term and long-term disability plans, basic life and accident insurance and an employee assistance program. We offer a retirement program consisting of both qualified and non-qualified defined contribution savings plans. See “Elements of Post-Termination Compensation” below for further descriptions of these programs.

Impact of Regulatory Requirements

Our performance shares, both TSR and hybrid, are intended to constitute “qualified performance based compensation” as defined under Section 162(m) of the Internal Revenue Code. The effect of that qualification is that compensation paid to covered employees pursuant to the performance shares should remain fully deductible. It is the Committee’s intent that the majority of long-term incentive awards and annual cash incentive bonuses will qualify under Section 162(m) and with respect to 2015 compensation, we believe that to be the case. However, a loss of deductibility may occur from year to year and is not considered a material factor in setting 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), we use 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

We have 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 has deferred taking action on clawbacks until such time as the proposed regulations published by the SEC in July 2015 pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act are finalized, in order to ensure our policy will comply with the final regulations. The Committee will continue to consider the appropriateness of clawback provisions in future compensation decisions. Our 2014 Incentive Plan makes any award pursuant to that plan subject to any future clawback policy we adopt.

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Elements of Post-Termination Compensation

Savings Investment Plan

The savings investment plan is a tax-qualified retirement savings plan, or 401(k) 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. We match 100% of the first six percent of a participant's eligible pre-tax contribution. Participants are 100% vested in the Company's contributions after five years of service, vesting 20% per year.

During 2015, we contributed 9% of salary and bonus of all eligible employees, including all eligible NEOs, into the 401(k) plan (or into the non-qualified deferred compensation plan to the extent in excess of the qualified plan limits). Participants are 100% vested in the Company's contributions after five years of service, vesting 20% per year. The 9% contribution is approved annually by the Board of Directors and in October 2015, the Board approved continuation of the contribution for 2016.

Deferred Compensation Plan

The non-qualified deferred compensation plan provides supplemental retirement income benefits for our NEOs, other officers and other key employees, through voluntary deferrals of salary, bonus and certain long-term incentives. It also allows for the Company to provide its full 6% match and 9% non-elective contribution when contributions of the matching amount cannot be made to our 401(k) plan due to federal income tax limitations. The plan allows the officers to defer the receipt and taxation of income until retirement from the Company. We make no additional contributions to, nor do we 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

NEOs are eligible for certain health benefits for retired employees, including their spouses, eligible dependents and surviving spouses. The health care plans are contributory with participants' contributions adjusted annually. Employees become eligible for this benefit if they meet certain age and service requirements at retirement.

Change in Control Agreements

We have change in control agreements with the NEOs and the other executive officers that provide for cash payments and certain other benefits in the event that the employee is actually or constructively terminated within two years of a change in control event. When approving the plan, the Committee reviewed data regarding similar plans within the peer group and the Company's industry generally and applied its judgment to determine whether triggering events and benefit levels under these agreements were necessary to meet the Committee's objectives of encouraging such employees to remain with the Company in the event of a change in control during circumstances suggesting a change in control might occur. The Committee believes this program is important in recruiting and retaining strong leadership and to encourage retention in these situations and that the "double-trigger" for cash payouts meets the stockholders' expectations that employees not be unjustly enriched upon a change in control.

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The cash payments include three times the sum of base salary and the highest bonus paid in the last three years or targeted to be paid in the year of termination. Benefits include continued eligibility for medical, dental and life insurance for three years, provided the employee pays the premiums, three years service credit in retirement plans, limited outplacement assistance and tax gross-up on excise taxes for agreements that were in place prior to 2010. In 2010, the Committee adopted a policy to exclude excise tax gross-up provisions for change in control agreements adopted after that date. The award agreements for the equity awards also contain accelerated vesting immediately upon a change in control, subject, in the case of the TSR performance shares, to the level of the Company's TSR performance relative to its peers as of the last day of the month immediately preceding the month in which the change in control event occurs.

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

The Corporate Governance and Nominations Committee and the Board of Directors have adopted stock ownership guidelines for our officers and directors. Under those guidelines, the Chief Executive Officer and the Chief Financial Officer are expected to hold 30% of the after-tax shares received upon the vesting or exercise of an equity award until such time as they have accumulated six times their base salary, and to maintain that level of ownership, once achieved. All other executive officers 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 their base salary, likewise maintaining that level of ownership, once achieved. All of the NEOs have reached the required level of shareholdings under the stock ownership guidelines and currently hold the required level of shares. Non-employee directors must hold 100% of their restricted stock units until they cease to be a director.

Anti-hedging Policy

We have a policy prohibiting directors and officers from speculative trading in Company securities, including hedging transactions, short selling, and trading in put options, call options, swaps or collars. To our knowledge, all directors and executive officers are in compliance with the policy. The Company's policy also strongly discourages all other employees from engaging in hedging activities in our stock and any such transaction requires notice and pre-approval, and will only be considered with a valid justification. Since the adoption of the policy in 2013, we are not aware of any hedging activities by our employees.

Effect of Say on Pay Votes and Shareholder Outreach

In setting 2015 executive compensation, the Committee considered the outcome of the say-on-pay vote at the two most recent annual meetings as strongly supportive of our pay practices and programs. Those results were as follows:

- 98.2% in favor at the 2014 annual meeting; and
- 98.4% in favor of the 2015 annual meeting.

Furthermore, our stockholders have supported our compensation programs since the imposition of the say-on-pay vote, with approval rates exceeding 95% since the first vote in 2011. As a result, the Committee concluded that the 2015 compensation paid to our NEOs and our overall pay practices did not require substantial revision to address shareholder concerns. This conclusion was further affirmed by input received from our top institutional shareholders in our regular outreach program during the period after the 2015 annual meeting and preceding the filing of this proxy statement. This continued positive support from both the annual say-on-pay vote and communications with shareholders was considered by the Committee in February 2016 in its decision to continue the elements and design of the 2015 program when setting 2016 executive compensation.

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Compensation Consultant

The Committee employs the services of an executive compensation consultant. In 2015, the Committee engaged Meridian as its independent consultant, and Meridian has also been retained by the Committee for 2016. Meridian is responsible for preparing and presenting a comprehensive competitive market study of the compensation levels and practices for a group of industry peers. The Committee-approved industry peer group is listed and described in more detail above at “Industry Peer Group.” Meridian is also responsible for preparing and presenting an outside director compensation study using the same industry peer group. The Committee relies on Meridian for input on pay philosophy, current market trends, legal and regulatory considerations and prevalence of benefit and perquisite programs. A representative of Meridian attends all regular meetings of the Committee and participates in most executive sessions.

In October 2015, the Committee reviewed the independence of Meridian, and found it to be independent and without conflicts of interest in providing services to the Committee. In making such determination, the Committee considered the six factors established by the NYSE. Fees paid by the Company to Meridian account for less than 1% of Meridian’s total annual revenues. The Committee reviewed Meridian’s policies and procedures designed to prevent conflicts of interest. To the knowledge of Meridian, there are no personal relationships among Meridian partners, consultants or employees and members of the Committee or the Company’s management. To the knowledge of Meridian, none of the Meridian partners, consultants or employees providing services the Committee owns Company stock. Meridian works exclusively for the Committee and 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 Executive Vice President and CFO, and the Corporate Secretary and Managing Counsel each play a role in our compensation process. With the benefit of Meridian’s independent competitive market study, the CEO makes compensation recommendations to the Committee for our other officers, but not for his own compensation. The CEO considers internal pay equity issues, individual performance and Company performance in making his recommendations to the Committee. The Executive Vice President and CFO makes recommendations to the CEO for the officers who are his direct reports. The Human Resources Department 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 trends, and general administrative support implementing the Committee’s decisions. The executives listed above, together with the Corporate Secretary and Managing Counsel, prepare materials and agendas 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 also being present. The Committee has delegated to management authority to administer the long-term incentive plans in accordance with the terms and conditions of the shareholder approved plans, the specific award agreements and the specific individual awards approved by the Committee and, as needed, by the Board of Directors.

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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, maximize performance and promote executive retention. At the same time, the Committee believes, with the concurrence of our independent consultant, that our executive compensation program does not encourage management to take unreasonable risks related to the Company's business. The factors that support this conclusion are our focus on long-term incentive compensation, our use of balanced long-term incentives, the metric diversification and capped opportunities in our annual bonus plan and long-term incentives and our stock ownership guidelines.

Compensation Committee Report

The following report of the Compensation Committee of the Board of Directors shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to the SEC's proxy rules, except for the required disclosure in this Proxy Statement, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (Exchange Act"), and the information shall not be deemed to be incorporated by reference into any filing made by the company under the Securities Act of 1933 or the Exchange Act.

The Compensation Committee of the Board of Directors has reviewed and discussed with management the above Compensation Discussion and Analysis. 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 and incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

The Compensation Committee

Rhys J. Best (Chairman)

Robert L. Keiser

W. Matt Ralls

February 16, 2016

[Back to Contents](#)**EXECUTIVE COMPENSATION****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, 2015. Cash bonus amounts paid under the Company’s 2014 Incentive Plan (2004 Incentive Plan for the 2014 and 2013 bonuses), which are listed in the column titled “Non-Equity Incentive Plan Compensation,” were determined by the Committee at its February 2016 meeting for 2015 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 Cash Incentive Bonus” above.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Dan O. Dinges Chairman, President and Chief Executive Officer	2015	\$900,016	-	\$6,573,177	-	\$ 1,237,500	-	\$ 288,048	\$8,998,741
	2014	\$885,592	-	\$6,831,737	-	\$ 1,800,000	-	\$ 297,484	\$9,814,813
Scott C. Schroeder Executive Vice President and Chief Financial Officer	2013	\$800,962	-	\$6,045,748	-	\$ 2,000,000	-	\$ 266,154	\$9,112,864
Jeffrey W. Hutton Senior Vice President, Marketing	2015	\$475,010	-	\$3,033,773	-	\$ 522,500	-	\$ 174,646	\$4,205,929
	2014	\$470,202	-	\$2,561,903	-	\$ 760,000	-	\$ 174,881	\$3,966,986
Phillip L. Stalnaker Vice President and Regional Manager, North Region	2013	\$444,231	-	\$2,599,587	-	\$ 1,112,500	-	\$ 173,144	\$4,329,462
G. Kevin Cunningham Vice President and General Counsel	2015	\$355,014	-	\$783,720	-	\$ 292,875	-	\$ 121,624	\$1,553,233
	2014	\$352,130	-	\$882,431	-	\$ 397,000	-	\$ 120,400	\$1,751,961
	2013	\$336,154	-	\$846,386	-	\$ 595,000	-	\$ 114,134	\$1,891,674
	2015	\$344,234	-	\$758,443	-	\$ 288,750	-	\$ 101,197	\$1,492,624
	2014	\$316,164	-	\$774,231	-	\$ 350,000	-	\$ 106,131	\$1,546,526
	2013	\$295,192	-	\$785,958	-	\$ 575,000	-	\$ 89,540	\$1,745,690
	2015	\$348,005	-	\$657,312	-	\$ 267,960	-	\$ 83,115	\$1,356,392
	2014	\$345,505	-	\$740,110	-	\$ 150,000	-	\$ 104,372	\$1,339,987
	2013	\$332,115	-	\$785,958	-	\$ 527,630	-	\$ 101,170	\$1,746,873

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(1) *Cash bonuses paid pursuant to the 2014 Incentive Plan for 2015 annual performance (2004 Incentive Plan for the 2014 and 2013 bonuses) are listed under the column “Non-Equity Incentive Plan Compensation.”*

The amounts in this column reflect the grant date fair value with respect to both the TSR and the hybrid performance share awards for the relevant fiscal year in accordance with the FASB ASC Topic 718. The grant date fair value of the hybrid performance share awards for 2015 awards was the closing stock trading price on the date of grant and for 2013 and 2014 awards was the average of the Company’s high and low stock trading price on the date of grant. The grant date fair values per share used to compute the amounts in this column for the hybrid performance shares are as follows:

Grant Date	Grant Date Fair Value per Share	Award Types Included
February 21, 2013	\$26.62	Hybrid Performance Shares
February 20, 2014	\$39.43	Hybrid Performance Shares
February 19, 2015	\$27.71	Hybrid Performance Shares

TSR performance shares granted on February 21, 2013, February 20, 2014 and February 19, 2015 were valued using a Monte Carlo model and the grant date fair values per share used for financial reporting purposes, including the liability component for cash payments over 100% of target, were \$35.89, \$48.54 and \$28.23, respectively. Assumptions used in the Monte Carlo model for these grants, as well as additional information regarding accounting for performance share awards, are included in Note 13 of the Notes to the Consolidated Financial Statements included in the Company’s Form 10-K for the years shown.

The amounts in this column reflect cash incentive awards to the NEOs under the 2014 Incentive Plan (2004 Incentive Plan for the 2014 and 2013 bonuses), which is discussed in detail above under “Annual Cash Incentive Bonus.”

The amounts in this column include the Company’s matching contribution to the Savings Investment Plan (401(k) Plan), which is discussed above under “Elements of Post-Termination Compensation-Savings Investment Plan.” For 2015, such contribution totaled \$15,900 for each NEO. The amounts also include the 9% Company retirement contribution to the 401(k) plan or to the deferred compensation plan, to the extent in excess of the 401(k) plan limits. Such contribution for 2015 totaled \$249,640 for Mr. Dinges; \$128,971 for Mr. Schroeder; \$85,822 for Mr. Hutton; \$45,551 for Mr. Cunningham and \$76,062 for Mr. Stalnaker. The amounts also include for each NEO some or all of the following:

- Premiums paid on executive term life insurance;*
- Club dues;*
- Executive physical examination for the NEOs and their spouses;*
- A financial and tax planning stipend of up to \$3,000 per year; and*
- Accrued dividends on unvested awards paid on stock awards that vested during the year.*

[Back to Contents](#)**2015 Grants of Plan-Based Awards**

The table below reports all grants of plan-based awards made during 2015. All grants of awards were made under the Company's 2014 Incentive Plan.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares (#)	All Other Awards: Securities Underlying Options (#)	Exercise or Base Price of Option Award (\$/Sh)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Dan O. Dinges	02/19/2015	\$0	\$1,125,000	\$2,812,500						
	02/19/2015				0	140,743	281,486			
	02/19/2015					93,829				
Scott C. Schroeder	02/19/2015	\$0	\$475,000	\$1,187,500						
	02/19/2015				0	64,958	129,916			
	02/19/2015					43,306				
Jeffrey W. Hutton	02/19/2015	\$0	\$266,250	\$665,625						
	02/19/2015				0	16,781	33,562			
	02/19/2015					11,187				
Phillip L. Stalnaker	02/19/2015	\$0	\$262,500	\$656,250						
	02/19/2015				0	16,240	32,480			
	02/19/2015					10,826				
G. Kevin Cunningham	02/19/2015	\$0	\$243,600	\$609,000						
	02/19/2015				0	14,074	28,148			
	02/19/2015					9,383				

Amounts in this column represent a bonus payout of 250% of target. See discussion of the bonus factor applicable to the 2015 annual cash incentive bonus in the "Compensation Discussion and Analysis" above under "Annual Cash Incentive Bonus." See also the actual bonus awards for 2015 in the "Non-Equity Incentive Plan Compensation" column of the "2015 Summary Compensation Table" above.

The first amount in this column for each NEO represents 100% of TSR performance shares, which will be paid out based on the relative total shareholder return on the Company's stock over the three year period from January 1, 2015 to December 31, 2017, if the Company's total shareholder return ranks 9th or higher out of its peer group of seventeen companies, including the Company. The second amount in this column for each NEO represents 100% of hybrid performance shares, which vest 25% on each of the first and second anniversaries of the date of grant and 50% on the third anniversary of the date of grant, provided the Company has \$100 million or more operating cash flow in the fiscal year prior to the vesting date.

Amounts in this column represent 200% of the targeted TSR performance shares, although amounts earned in excess of 100% up to 200% are paid in cash, rather than shares, based on the closing trading prices of a share of Common Stock on the last day of the performance period. See discussion of the additional terms of the TSR

performance shares below.

The amounts in this column reflect the grant date fair value of the TSR performance shares and the hybrid performance shares granted in 2015, as computed in accordance with ASC Topic 718. The TSR performance share awards were valued using a Monte Carlo model and the grant date fair value per share used for financial reporting purposes was \$28.23. The hybrid performance share awards were valued using the Company's closing stock trading price on the date of grant, which was \$27.71. Additional assumptions used in the Monte Carlo model for TSR performance shares and other assumptions used in the calculation of these amounts, are included in Note 13 of the Notes to the Consolidated Financial Statements included in the Form 10-K for the period ended December 31, 2015.

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TSR performance shares

The TSR performance shares awarded in 2015 have a three-year performance period, which commenced January 1, 2015 and ends December 31, 2017. Each TSR performance share represents the right to receive, after the end of the performance period, from 0% to 200% of a share of Common Stock (with amounts over 100% paid in cash), based on the Company's performance. The performance criteria that determines the payout per performance share is the relative total shareholder return on the Company's Common Stock as compared to the total shareholder return on the common equity of each company in a comparator group. For this purpose, total shareholder return is expressed as a percentage equal to common stock price appreciation as averaged for the first and last month of the performance period, plus dividends (on a cumulative reinvested basis). The comparator group consists of the companies listed above under "Industry Peer Group." If any member of the comparator group ceases to have publicly traded common stock or if as a result of other business transactions becomes incomparable, it may be removed from the comparator group and a replacement company added by the Compensation Committee, or the Committee may decide to reduce the peer group to the remaining companies.

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

Company Relative Placement	Percent Performance Shares	Value Consideration
1-2 (highest)	200%	100% stock / 100% cash
3	185%	100% stock / 85% cash
4	170%	100% stock / 70% cash
5	155%	100% stock / 55% cash
6	140%	100% stock / 40% cash
7	125%	100% stock / 25% cash
8	110%	100% stock / 10% cash
9	100%	Stock
10	90%	Stock
11	75%	Stock
12	60%	Stock
13	45%	Stock
14	30%	Stock
15	15%	Stock
16-17 (lowest)	0%	

As noted above, in the event of a relative ranking of 1 through 8, corresponding to a percentage payout above 100%, a share of TSR performance stock will entitle the participant to receive one full share of Common Stock with respect to the first 100% of the payout and the balance of the payout in cash, in an amount based on the fair market value of a share of Common Stock at the end of the performance period. The Committee certifies the Company's relative placement and the resulting level of achievement of the performance share awards prior to the issuance of Common Stock and cash, if any.

If a participant is not an employee on the last day of the performance period due to death, disability or retirement, Common Stock will be issued on the original performance period schedule and the level of payout will be determined as with all other participants, except that (i) if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the receipt of Common Stock, the participant will forfeit the right to receive such Common Stock and (ii) in the case of a retirement, the participant must be an employee on September 30th of the year the award is granted in order to continue vesting in the award. If a participa