

CABOT OIL & GAS CORP  
Form DEF 14A  
March 21, 2017  
**United States**

**Securities and Exchange Commission**

Washington, D.C. 20549

**Schedule 14A**

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

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

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

**Check the appropriate box:**

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

**Fee paid previously with preliminary materials.**

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**(1) Amount Previously Paid:**

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

**(3) Filing Party:**

**(4) Date Filed:**

**Cabot Oil & Gas Corporation**

A **decade** of  
progress and perseverance in the Mercellus Shale.

**Notice of 2017 Annual Meeting of Stockholders and Proxy Statement**

840 Gessner Road, Suite 1400, Houston, Texas 77024 | Wednesday, May 3, 2017, 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 3, 2017, 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 21, 2017

**Notice of Annual Meeting of Stockholders**

**May 3, 2017**

**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 2017 fiscal year.
3. To approve, by non-binding advisory vote, the compensation of our named executive officers.
4. To conduct a non-binding advisory vote on the frequency of future advisory votes on executive compensation.
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 13, 2017 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, photography and audio or video recordings are prohibited and large bags, briefcases and packages may be subject to search.**

**March 21, 2017**

**By Order of the Board of Directors,**

**Deidre L. Shearer**

*Vice President and Corporate Secretary*

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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 2016 financial and operating performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which accompanies this Proxy Statement.

Annual Meeting Information

|                                 |  |
|---------------------------------|--|
| <b>Date and Time</b>            | <b>Place</b>   |
| May 3, 2017                     | 840 Gessner Road, Suite 1400   |
| 8:00 a.m. Central Time          | Houston, Texas 77024   |
| <b>Record Date</b>              | <b>Voting</b>  |
| March 13, 2017                  | Only holders of record of our common stock will be entitled to notice of |
| Shares Outstanding: 465,521,772 | and to vote at the Annual Meeting.                                       |

Voting Methods

|              |  |
|--------------|--|
| Method       | Instruction  |
|              | log onto <a href="http://www.proxyvote.com">www.proxyvote.com</a> 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 | complete and return 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 the six 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 2017 fiscal year. | FOR                       | 60             |
| 3.       | The approval on an advisory basis of executive compensation.  | FOR                       | 60             |

4. The frequency of future advisory votes on executive compensation. 1 YEAR 61

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## Director Nominees

| Name                                    | Independent Director | Age | Years Served | Primary Occupation  | Committee Memberships <sup>(1)</sup> | Other Public Company Boards                             |
|---|----------------------|-----|--------------|---|--------------------------------------|---|
| Dan O. Dinges                           | N                    | 63  | 15           | Chairman, President and CEO of Cabot Oil & Gas Corporation                                      | E                                    | United States Steel Corporation                         |
| Dorothy M. Ables                        | Y                    | 59  | 1            | Former Chief Administrative Officer of Spectra Energy Corp.                                     | A, C                                 | Spectra Energy Partners, LP<br>Trinity Industries, Inc. |
| Rhys J. Best                            | Y                    | 70  | 8            | Non-Executive Chairman of the Board of MRC Global Inc.  | A, C, CG                             | MRC Global Inc.<br>Commercial Metals Company            |
| Robert S. Boswell                       | Y                    | 67  | 1            | Chairman and CEO of Laramie Energy, LLC   | A, S                                 | Enerflex Ltd. (Canadian)                                |
| Robert Kelley                           | Y                    | 71  | 13           | 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                    | 67  | 5            | Former Chairman, CEO and President of Rowan Companies plc                                       | C, CG, S, E                          | Superior Energy Services, Inc.                          |
| <b>Average director tenure: 7 years</b> |                      |     |              |   |                                      |   |

(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
- Rigorous stock ownership guidelines for all executive officers and directors
- Annual election of directors
- Majority voting for director elections
- Average director tenure is 7 years
- Separate Board committee devoted entirely to safety and environmental matters
- Board oversight of all political contributions
- Political contributions disclosures on our website
- Annual Board and committee self-assessments
- Active Board oversight of Company risks

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- Our CEO is the only non-independent director
- An independent lead director chairs executive sessions of independent directors at each regular Board meeting
- Mandatory director retirement at age 73
- Director orientation and continuing education
- Stockholders may act by written consent
- No poison pill

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2016 Financial and Operational Highlights

With the macro commodity price environment for natural gas remaining challenged for much of 2016, we continued our focus on returns, while also growing production and reserves. This translated into a significantly reduced capital investment program during the year, which was approximately half the size of 2015 and less than one-quarter the size of 2014. Even with this capital discipline, we experienced improved operating results over 2015. Specifically:

- Total year-end proved reserves grew to 8.6 Tcfe in 2016, a 4.7% increase over 2015;
- Absolute production was 627 Bcfe, 4.1% higher than 2015 production; and
- The Company's "all sources" finding cost was only \$0.37 per Mcfe for 2016, a 32% reduction from 2015.

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

## RESERVES PRODUCTION

This substantial growth in reserves and production over the last three years has been accompanied by a 15% decline in our total operating costs per unit. These achievements translated into top tier operating performance for this period.

[Link to our Short-term incentive program](#)

- Reserves growth and production growth are two of the four performance metrics for the 2016 annual cash incentive awards, and actual results were slightly above target. The two related financial metrics significantly exceeded target. 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 165% of target for the NEOs.

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As indicated below, during a five year period, our total shareholder return (“TSR”) outpaced both an index of our compensation peer group and an index of our gas-focused peers within our compensation peer group.

## 5-YEAR TSR

**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.** (Gas-focused peers shown in bold.)

[Link to our long-term incentive program](#)

- Due to our ninth-place ranking among our peer group over the period from 2014 through 2016, performance shares granted to our executives in 2014 with vesting contingent upon our relative three-year TSR, vested at 85% of target.

## Executive Compensation Highlights

### What we do:

Emphasis on long-term, performance-based equity compensation (p.29)  
Short-term incentive compensation based on disclosed performance metrics (with payout caps) (p.36)  
Substantial stock ownership and retention requirements for executive officers and directors (p.42)  
Disclose CEO realizable compensation (p.30)  
Provide for “double trigger” cash payouts in change-of-control agreements (p.52)  
Limited terms for SARs (p.39)  
Hold annual advisory “say-on-pay” vote (p.61)  
Use an independent compensation consultant (p.34)

### 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 our Board of Directors (the “Board of Directors” or “Board”) is currently set at six members, each of whose term expires in 2017. The Board of Directors has nominated six directors to be elected at the 2017 Annual Meeting. Each of the nominees is currently a director and has been nominated to hold office until the expiration of his or her term in 2018 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 2017 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 (“CGN”) 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.

### **Director Tenure**

### **Director Independence**

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, 2017, 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 nominee 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: 59

Director Since: 2015

Committee Memberships: Audit, Compensation

Business Experience:

- Spectra Energy Corp
  - Chief Administrative Officer – November 2008 to February 2017
  - 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 GP, LLC
  - 2013 to February 2017

Key Skills, Attributes and Qualifications:

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, from 2008 until her February 2017 retirement effective upon Spectra's merger with Enbridge Inc. While serving in that role, Ms. Ables had 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 from 2008 to April 2016. 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: 70

Director Since: 2008

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

Business Experience:

- MRC Global Inc.
  
- Non-Executive Chairman of the Board – April 2016 to present

- 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

Other Directorships:

- Crosstex Energy L.P.

– 2004 to March 2014

- Trinity Industries, Inc.

– 2005 to present

- MRC Global Inc.

– 2008 to present

- Commercial Metals Company

– 2010 to present

Key Skills, Attributes and Qualifications:

Mr. Best brings decades 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 makes him particularly qualified to serve as the Chairman of the Compensation Committee and a member of the Audit Committee of the Board.

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**Robert S. Boswell**

Age: 67

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 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 27 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 Affairs Committees of the Board.

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**Dan O. Dinges**

Age: 63

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 33 years of executive management experience in the oil and gas exploration and production business, and as our Chief Executive Officer for the last 15 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: 71

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 – 1996-July 2016

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 eight 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 Inc. also brings vital financial expertise to our Audit Committee. Mr. Kelley's 13 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 Director.

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**W. Matt Ralls**

Age: 67

Director Since: 2011

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

Business Experience:

- Rowan Companies plc
  - Executive Chairman – 2014 to April 2016
  - Chief Executive Officer – 2013 to April 2014
  - President and Chief Executive Officer – 2009 to 2013

Other Directorships:

- Rowan Companies plc
  - 2009 to April 2016
- Superior Energy Services, Inc.
  - 2012 to present

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 Chief Executive Officer of Rowan Companies plc, 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 Securities and Exchange Commission ("SEC").

| Name and Address of Beneficial Owner | Number of Shares of Common Stock Owned | Percent of Class |
|--------------------------------------|--|------------------|
| The Vanguard Group                   | 44,842,246 <sup>(1)</sup>              | 9.64%            |
| BlackRock, Inc.                      | 32,459,966 <sup>(2)</sup>              | 7.00%            |
| State Street Corporation             | 31,024,291 <sup>(3)</sup>              | 6.67%            |
| Viking Global Investors LP           |  |                  |
| O. Andreas Halvorsen                 | 27,013,169 <sup>(4)</sup>              | 5.80%            |
| David C. Ott                         |  |                  |
| Daniel S. Sundheim                   |  |                  |

*According to Amendment No. 6 to a Schedule 13G, dated February 10, 2017, filed with the Commission by The Vanguard Group (100 Vanguard Blvd., Malvern, PA 19355), it has sole voting power over 727,331 of these shares, (1) shared voting power over 92,977 of these shares, shared dispositive power over 806,090 of these shares and sole dispositive power over 44,036,156 of these shares.*

*According to Amendment No. 7 to a Schedule 13G, dated December 31, 2016, filed with the Commission by (2)BlackRock, Inc. (55 East 52nd Street, New York, NY 10055), it has sole voting power over 28,385,615 shares and sole dispositive power over all 32,459,966 of these shares.*

*According to Schedule 13G, dated February 6, 2017, filed with the Commission by State Street Corporation (One (3)Lincoln Street, Boston, MA 02111), it has shared voting power and shared dispositive power over all 31,024,291 of these shares.*

*According to Amendment No. 1 to a Schedule 13G, dated February 14, 2017, 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 27,013,169 of these shares. VGI does not directly own any shares but has the authority to dispose of and vote the shares of Viking (4)Global Equities LP, or 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.*



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

The following table reports, as of February 1, 2017, 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 <sup>(1)</sup>                              | 18,394 <sup>(1)(2)</sup>                            | *                   |
| Rhys J. Best   | 15,000  | 112,410 <sup>(2)</sup>                              | *                   |
| Robert S. Boswell  | 5,000   | 16,579 <sup>(2)</sup>                               | *                   |
| Robert Kelley  | 337,652   | 508,650 <sup>(2)</sup>                              | *                   |
| W. Matt Ralls  | 0   | 57,525 <sup>(2)</sup>                               | *                   |
| Dan O. Dinges  | 3,553,163 <sup>(7)</sup>                          | 3,933,580 <sup>(3)(4)(7)</sup>                      | *                   |
| Scott C. Schroeder   | 1,370,803 <sup>(8)</sup>                          | 1,407,683 <sup>(4)(8)</sup>                         | *                   |
| Jeffrey W. Hutton  | 610,884   | 660,986 <sup>(3)(4)(5)</sup>                        | *                   |
| Phillip L. Stalnaker   | 228,924   | 265,459 <sup>(3)(4)(5)</sup>                        | *                   |
| Steven W. Lindeman   | 140,734   | 168,222 <sup>(3)(4)(5)</sup>                        | *                   |
| All directors, nominees and executive officers as a group (15 individuals) |   | 7,454,351 <sup>(1)(2)(3)(4)(5)(6)(7)</sup>          | 1.6% <sup>(9)</sup> |

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

(1) Includes 5,000 shares held by an 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, 2017, as to which the restrictions lapse upon the holders’ retirement from the Board of Directors: Ms. Ables, 13,394; Mr. Best, 97,410; Mr. Boswell, 11,579; Mr. Kelley, 170,998; and Mr. Ralls, 57,525; and all directors, nominees and executive officers as a group, 355,906. No executive officers hold restricted stock units.

(3) Includes the following stock appreciation rights that are exercisable on or before April 1, 2017: Mr. Dinges, 294,804; Mr. Hutton, 39,642; Mr. Stalnaker, 26,720; Mr. Lindeman, 19,434; 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 2014 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 2016” table below.

(4) Includes the following shares awarded pursuant to the hybrid performance share awards granted in 2014, 2015 and 2016 that vested in February 2017, as a result of 2016 operating results meeting the performance criteria established on the date of grant: Mr. Dinges, 85,613; Mr. Schroeder, 36,880; Mr. Hutton, 10,460; Mr. Stalnaker, 9,815; Mr. Lindeman, 8,054; and all directors, nominees and executive officers as a group, 176,568. 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, 2016 as to which the reporting person shares voting power with the trustee of the plan: Mr. Hutton, 6,783; Mr. Lindeman, 23,970; Mr. Stalnaker, 16,497; and all directors, nominees and executive officers as a group, 75,090.

(6)

*Includes the following shares awarded in 2014 pursuant to employee performance awards that vested in February 2017, as a result of 2014–2016 operating results meeting the performance criteria established on the date of grant: all directors, nominees and executive officers as a group, 2,500.*

*(7) Includes 896,389 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 6,259 shares held by an immediate family member, with respect to which Mr. Schroeder has shared voting and investment power.*

*(9) There were 465,241,059 shares outstanding on February 1, 2017.*

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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 2016, except that a Form 4 for G. Kevin Cunningham, Vice President and General Counsel, was filed late due to an administrative error.

## **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 2014 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 ("CEO"), falls within the categorical standards and that all directors, with the exception of Mr. Dinges, are independent. In making its subjective determination that each nonemployee 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.

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This review applied to 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 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: Corporate Secretary, Cabot Oil & Gas Corporation, 840 Gessner Road, Suite 1400, Houston, Texas 77024. Shareholders who meet certain requirements specified in our bylaws 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. 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.

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 nominated by the CGN Committee and elected by the non-management directors. Mr. Kelley has served as the Lead Director since February 2015. 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. In 2016, Mr. Kelley served as the representative of the Board of Directors for direct shareholder engagement. 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 nonemployee 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 \$800.0 million with operations in onshore Texas and Louisiana Gulf Coast, the Rocky Mountains, the Anadarko Basin and Appalachia to a \$10.8 billion market capitalization company as of December 31, 2016, 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.

## **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. 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 2016. All directors attended 100% 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 2016, 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 2016, nonemployee 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 nonemployee 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 2016.

In 2016, nonemployee 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 nonemployee 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 2016, these directors each received 9,761 restricted stock units.

Board members may participate in the Nonemployee Director Deferred Compensation Plan, which provides each nonemployee 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 nonemployee directors of the Company for the fiscal year ended December 31, 2016.

| 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                | \$62,500                          | \$200,003            | -                  | -   | -  | \$ 712                         | \$263,215  |
| Rhys J. Best                    | \$90,000                          | \$200,003            | -                  | -   | -  | \$ 7,598                       | \$297,601  |
| Robert S. Boswell               | \$62,500                          | \$200,003            | -                  | -   | -  | \$ 648                         | \$263,151  |
| Robert L. Keiser <sup>(3)</sup> | \$42,500                          | \$200,003            | -                  | -   | -  | \$ 5,634                       | \$248,137  |
| Robert Kelley                   | \$112,500                         | \$200,003            | -                  | -   | -  | \$ 13,485                      | \$325,988  |
| W. Matt Ralls                   | \$92,500                          | \$200,003            | -                  | -   | -  | \$ 4,199                       | \$296,702  |

*Restricted stock units were issued pursuant to the Company's Nonemployee Director Deferred Compensation Plan in lieu of quarterly cash retainer and leadership fees totaling \$62,500 for Ms. Ables, \$31,250 for Mr. Boswell, \$42,500 for Mr. Keiser and \$92,500 for Mr. Ralls.*

*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, 2016. 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, 2016 (the "Form 10-K"). In February 2016, each nonemployee director received a grant of 9,761 restricted stock units, with a grant date fair value of \$200,003 based on the closing price of the Common Stock on the February 17, 2016 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 nonemployee director ceases to be a director of the Company. The aggregate number of restricted stock units outstanding at December 31, 2016, including those issued in lieu of quarterly cash retainer and fees, were as follows:*

| Name              | Stock Awards |
|-------------------|--------------|
| Dorothy M. Ables  | 12,538       |
| Rhys J. Best      | 97,410       |
| Robert S. Boswell | 11,151       |
| Robert L. Keiser  | 0            |
| Robert Kelley     | 170,998      |
| W. Matt Ralls     | 56,441       |

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

*(3)Mr. Keiser retired from service as a director as of May 4, 2016, 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 73<sup>rd</sup> 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.

| Committees   | Independent? | 2016 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      |       |

*C – Chairman of committee*

*– Member of committee*

**Corporate Governance and Nominations Committee.** The function of the 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 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 2016, 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 2016, 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 bylaws or applicable law. The Executive Committee did not meet during 2016.



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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 2016, as well as the factors considered by our Compensation Committee of the Board of Directors (“the Committee”) in making compensation decisions for 2016. 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 2016 (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 | Senior Vice President, North Region                 |
| Steven W. Lindeman   | Senior Vice President, South Region and Engineering |

Our compensation plans and practices are designed to align the financial interests of our 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 2016 the level of at-risk pay ranged from 74% to 90% of the total annual compensation opportunity, with the CEO having the highest level of at-risk pay.

### 2016 Performance Highlights

With the macro commodity price environment for natural gas remaining challenged for much of 2016, we continued our focus on returns, while also growing production and reserves. This translated into a significantly reduced capital investment program during the year, which was approximately half the size of 2015 and less than one-quarter the size of 2014. Even with this capital discipline, we experienced improved operating results over 2015. Specifically:

- Total year-end proved reserves grew to 8.6 Tcfe in 2016, a 4.7% increase over 2015;
- Absolute production was 627 Bcfe, 4.1% higher than 2015 production;
- Our “all sources” finding cost was only \$0.37 per Mcfe for 2016, a 32% reduction from 2015, and our total operating costs per unit declined 15% to \$2.17 per Mcfe; and

• Our TSR over the three-year period that ended December 31, 2016, was second highest in a peer group of five of our primarily gas-producing peers and slightly below the median of our fifteen member compensation peer group.

### **2016 Compensation Highlights**

The following compensation outcomes in 2016 rewarded important near-term operating successes while aligning executives with the same stock price performance results experienced by our long-term stockholders:

**TSR Awards vested at 85% of target.** Due to our ninth-place ranking among our peer group, performance shares granted to our executives in 2014 with vesting contingent upon our relative three-year total shareholder return (“TSR”) vested at 85% of target. This is only the second time in this program’s 10-year history that the TSR awards have paid out below target levels. The vast majority of the peer companies performing better than Cabot over the performance period produce primarily oil, which has experienced a faster commodity price recovery recently than natural gas, whereas Cabot produces primarily natural gas.

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**Annual cash bonus paid out at 165% of target.** The Company's operating performance metrics for the 2016 annual cash incentive awards were slightly above target expectations, while the related financial metrics significantly exceeded the target range. 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 165% of target for the NEOs.

**Performance awards based on operating cash flow meet target.** Our performance target for our hybrid performance shares of achieving at least \$100 million of operating cash flow in 2016 was met, resulting in the annual vesting of hybrid performance shares granted to executives over the last three years.

**2016 TSR awards realizable value increased 14%.** Outstanding long-term incentive awards based on our TSR granted in February 2016 had increased in value by 14% by the end of the year, assuming a target level of achievement, consistent with the Company's stock price performance in 2016.

**95% of shares voted approved executive compensation.** At our most recent annual meeting in May 2016, over 95% of the votes cast supported our executive compensation practices. Consistent with this strong support, and considering that our 2016 program was consistent with 2015, the Committee determined to continue our 2016 compensation practices substantially unchanged in 2017.

## **Our Pay for Performance Alignment**

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 relative stock price and absolute financial performance to deliver targeted realized compensation levels. The allocation of 2016 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:

### Long-Term Incentives

In 2016, 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"). This metric directly aligns our management team with shareholders. Our TSR performance over the past three years relative to our peers generated slightly below-target payments for executives from the TSR performance shares. This reduction in the number of shares received, along with a decrease in value of the underlying shares over the period since grant, reflects 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 value of the two remaining unvested awards, are as follows:



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

| Performance Period Achieved <sup>(1)</sup> | Target Value Awarded | Peer Rank Achieved    | Percentage of Target Achieved | Earned Award Value |
|--|----------------------|-----------------------|-------------------------------|--------------------|
| 2014–2016                                  | \$3,600,000          | 9 <sup>th</sup> of 15 | 85%                           | \$1,793,471        |

*This performance period ended December 31, 2016. Target value awarded is based on the number of performance shares awarded multiplied by the average of the high and the low trading prices of the Company's common stock on the date of grant, which was \$39.43. The earned award value is based on the average of the high and low trading prices of the Company's common stock on December 30, 2016, which was \$23.11.*

| Performance Periods In Progress <sup>(2)</sup> | Grant Date Target Value Awarded | Target Value of Award at December 31, 2016 |
|--|---------------------------------|--|
| 2015–2017                                      | \$3,899,988                     | \$3,287,756                                |
| 2016–2018                                      | \$3,900,005                     | \$4,446,272                                |

*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 30, 2016 is based on the Company's closing stock price on December 30, 2016, which was \$23.36. 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.*

In 2016, 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.

**Short-Term Incentive**

For several years, we have utilized performance metrics for our annual cash bonus that we believe align with the primary value drivers for an exploration and production company and that can be most directly impacted by executives. The performance metrics are reserve growth, finding costs, production growth and unit costs. These metrics have been chosen by the Committee because we believe that reserve and production growth targets, along with goals for lowering finding and unit costs, have a high correlation to increases in stock prices over the long-term, even with volatility in the commodity prices in the short-term. The combination of operating metrics and financial

metrics is designed to produce a focus on economic growth. By linking the underlying costs with the related growth metrics, the Company promotes a focus on returns on investment and disincentives growth without regard to costs. In this way, executives are rewarded in the short-term for creating long-term value for shareholders.

### **Effects of Say on Pay and Shareholder Outreach**

In setting 2016 executive compensation, the Committee considered the outcome of the say-on-pay vote at the three most recent annual meetings as strongly supportive of our pay practices and programs. Those results were as follows:

- 98% in favor at the 2014 annual meeting;
- 98% in favor of the 2015 annual meeting; and
- 95% in favor of the 2016 annual meeting.

Furthermore, our stockholders have supported our compensation programs since the imposition of the say-on-pay vote, with approval rates of 95% or above since the first vote in 2011. As a result, the Committee concluded that the 2016 compensation paid to our NEOs and our overall pay practices did not require substantial revision. This conclusion was further affirmed by input received from our top institutional shareholders in our regular outreach program during the period after the 2016 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 2017 in its decision to continue the elements and design of the 2016 program when setting 2017 executive compensation.

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## Overview of Our Compensation Program

### Philosophy and Objectives of Our Compensation Program

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

### Our Compensation Practices

The following practices and policies ensure that our executives' compensation is designed with shareholders' interests.

#### What we do:

Emphasis on long-term, performance-based equity compensation

#### What we don't do:

No hedging of company stock by executive officers or directors

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|   |   |
|---|---|
| Short-term incentive compensation based on disclosed performance metrics (with payout caps) | No excise tax gross-ups for executive officers appointed after 2010                       |
| Substantial stock ownership and retention requirements for executive officers and directors | No vesting of equity awards after retirement if competing with company                    |
| Disclose CEO realizable compensation  | No re-pricing or discounting of options or SARs   |
| Provide for “double trigger” cash payouts in change-of-control agreements                   | No performance metrics that would encourage excessive risk-taking                         |
| Limited terms for SARs  | No dividend equivalents paid to executive officers on unvested equity awards until vested |
| Hold annual advisory “say-on-pay” vote  |   |
| Use an independent compensation consultant  |   |

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[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      | Form/Timing of Payout  | Purpose  | How We Determine Amount  |
|-----------------------------|--|--|--|
| Base Salary                 | Paid in cash throughout the year   | <p>Compensate fairly for position, experience, expertise and competencies.</p> <p>Motivates and rewards performance achievement against a set of business and individual goals:</p> <ul style="list-style-type: none"> <li>• Financial goals (unit costs, finding costs)</li> </ul>  | <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 | Paid in cash after the year has ended and performance has been measured            | <ul style="list-style-type: none"> <li>• Operational goals (specific objectives tied to production growth and reserve growth)</li> <li>• Individual objectives aligned with corporate strategy</li> </ul>  | <p>Annual payout is determined by comparing actual performance during prior year to established thresholds and a strategic component. The Committee retains authority to exercise negative discretion in determining the total bonus pool.</p>   |
| Long-term Incentives        | 60% TSR performance shares payable in stock (and cash for achievement over target) | <ul style="list-style-type: none"> <li>• Committee evaluation of qualitative performance</li> </ul> <p>Promote alignment of executive decisions with shareholder interests through performance awards where value varies with Company stock performance relative to a peer group over a three-year performance period.</p> | <p>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. Payout at target levels for TSRs at median of peer group and up to 200% for top performance.</p>  |

Cliff vest three years  
from the grant date

40% hybrid  
performance shares  
payable in stock

Vest over three  
years (25% / 25% /  
50%)

Encourage executives to achieve  
multi-year strategic and financial  
objectives. Annual vesting  
contingent upon operating cash  
flow exceeding \$100 million.

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. Annual vesting at target  
level for achievement of performance goal  
in prior year and no vesting if not achieved.

## 2016 Executive 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 is designed to meet its intended objectives and contribute to the Company's overall success.

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## **2016 Committee Activity**

During 2016, the Committee held three regular meetings, one in each of February, July and October. In addition, the Committee held a meeting in early January 2016 solely for the purpose of certifying the results for the TSR performance share awards with a performance period of 2013–2015 that vested on December 31, 2015.

At the time the 2016 grants were made and periodically throughout the year, the Committee referenced the Fall 2015 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 2016 salaries, bonus payouts for 2015 performance, certified the 2015 results for payouts of a portion of each of the hybrid performance shares granted from 2013 to 2015, 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 “2016 Compensation Decisions.”

Also at the February 2016 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 2016 meeting, the Committee and the Board of Directors discussed and approved the 2016 performance criteria for the 2016 cash bonus plan.

During 2016, the Committee reviewed an analysis prepared by Meridian of 2015 executive compensation reported by our peer group. From the available 2015 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 2016 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.

## **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 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 2016 year-end closing market prices, the market capitalization of companies in our industry peer group ranged from approximately \$4.4 billion to \$30.6 billion. Our market

capitalization at 2016 year-end was approximately \$10.8 billion.

In February 2017, the Committee affirmed the application of the current peer group to the 2017–2019 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       |

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## **Role of the Compensation Consultant**

The Committee employs the services of an executive compensation consultant. In 2016, the Committee engaged Meridian as its independent consultant, and Meridian has also been retained by the Committee for 2017. 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 2016, 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**

Our Chairman, President and CEO makes recommendations annually, and as new officers are hired, to the Committee with respect to salary, bonus and long-term incentive awards for all other executive officers. In making recommendations, our CEO considers input from Meridian’s independent competitive market study, internal pay equity issues, individual performance and Company performance. The CEO’s recommendations are just one of the factors considered by the Committee, in conjunction with the other factors discussed in this CD&A, in setting compensation for all executive officers. The Executive Vice President and Chief Financial Officer (“CFO”), who is ultimately responsible for human resources administration, provides the Committee with 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 CEO and CFO also provide recommendations to the Committee regarding appropriate bonus metrics, taking into account current industry drivers and company strategic objectives, as well as appropriate performance targets for each year. The CFO and his staff assist the Committee in determining bonus payouts by providing the calculations of bonus metric achievement, which the Committee takes into account in determining the ultimate bonus payout pool each year. The CEO and CFO, along with the Corporate Secretary, attend the Committee meetings; however, the officers are 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 executives listed above prepare materials and agendas for the Committee meetings and also prepare the long-term equity plans and award agreements, as directed by the Committee, for approval. The terms of all award agreements and the specific individual awards for

executives, however, are all approved by the Committee and, as needed, by the Board of Directors.

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[Back to Contents](#)**2016 Compensation Decisions**

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 CEO, 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 and approved 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 pay equity issues. In February 2016, 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 2016 would remain at 2015 levels for all but one of the NEOs.

| Name          | 2015 Base Salary | 2016 Base Salary |
|---------------|------------------|------------------|
| Mr. Dinges    | \$900,000        | \$900,000        |
| Mr. Schroeder | \$475,000        | \$475,000        |
| Mr. Hutton    | \$355,000        | \$355,000        |
| Mr. Stalnaker | \$350,000        | \$350,000        |
| Mr. Lindeman  | \$310,000        | \$350,000        |

In 2016, the Committee reviewed two competitive market studies for compensation of the peer group, prepared by our independent consultant. The Committee noted that Mr. Dinges' 2016 base salary of \$900,000 and Mr. Schroeder's 2016 base salary of \$475,000 were both between the 25<sup>th</sup> and 50<sup>th</sup> percentile of the industry peer group for the 2016 competitive data. The base salaries of a majority of the other NEOs ranged between the 25<sup>th</sup> and 75<sup>th</sup> 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, other than Mr. Lindeman. The increase in base salary for Mr. Lindeman was primarily due to increased responsibility and performance in 2015 and 2016.



[Back to Contents](#)**Annual Cash Incentive Bonus**

The annual cash incentive bonus 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 metrics and performance goals that are of primary importance to the Company during the coming year and motivate executives to achieve those goals.

**Performance Metrics and Goals**

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. The 2016 bonus opportunity metrics and weighting is as follows:

|                         | Performance Achievement Range | Conditional Multiplier of 1.5x             | Weighting Factor | Bonus Achievement Range (% of Target) |
|-------------------------|-------------------------------|--|------------------|---------------------------------------|
| Reserve Growth          |                               | Applies if both metrics greater than       | 25%              | 0-68.75%                              |
| Finding Cost            |                               | 100% achievement (subject to 275% maximum) | 15%              | 0-41.25%                              |
| Production Growth       | 0-275%                        | Applies if both metrics greater than       | 25%              | 0-68.75%                              |
| Unit Cost               |                               | 100% achievement (subject to 275% maximum) | 15%              | 0-41.25%                              |
| Strategic Evaluation    |                               | No multiplier                              | 20%              | 0-55%                                 |
| Total Bonus Achievement |                               |  |                  | 0-275%                                |
|                         |                               |  |                  | <b>Maximum Bonus Payout 250%</b>      |

At the start of each year the bonus metrics and performance goals are established with the target level of performance (100%) based on the operating budget approved by the Board of Directors. The performance goals for no payout (0%) and a payout at 200% of target for each metric are also created at this time. The bonus plan places a cap on the performance achievement for each metric at 275% of target, which allows for some additional benefit for above-range performance, but removes the potential of one metric creating a disproportionate payout. Additional parameters for the 2016 annual cash incentive bonus plan include a weighting multiplier of 1.5 times for each of two grouped metrics if actual performance on each of the grouped metrics is at target (100%) or above, up to the 275% maximum performance achievement per metric. The grouped metrics are (1) reserve growth and finding costs, and (2) production growth and unit costs. The Committee established the weighting multiplier 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, excessive 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 weighting multiplier of 1.5 for achieving target or above on both metrics, the Committee is rewarding not only growth, but also efficiency in operations, which we believe creates long-term shareholder value.

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With respect to the strategic evaluation metric, the Committee evaluates key influences on Company performance not taken into account in the other metrics. These may include the management of capital spending, rates of return on our capital program, 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 set performance targets relating to these factors. In general, the Committee expects to award the target (100%) level of performance of the strategic evaluation metric in years when the Company meets internal and external performance expectations with respect to these factors, but could assign no achievement to this metric (0%) up to the maximum level of 275% of achievement of this metric. The strategic evaluation metric is not a grouped metric so there is no additional weighting multiplier of 1.5 times on this metric.

The bonus plan has a maximum award payout of 250% of target in the aggregate.

Determination of Bonus Payout

Upon completion of each fiscal year, the bonus formula established for the bonus plan for that year, as described above, is calculated using the actual achievement for each of the bonus metrics from the prior year. The formula yields a potential overall bonus pool payout, stated as a percentage of target. The CEO makes recommendations to the Committee for annual bonuses to be paid to each executive officer (other than the CEO), based on the formulaic output for the total bonus pool, with individual performance adjustments recommended by the CEO. The Committee references both the CEO's recommendations and the formula output in determining the bonuses to be paid to the NEOs other than the CEO. The Committee also retains discretion to take into account factors, such as acquisitions and divestitures, which are not part of establishing the target metrics because the Company cannot budget these activities, when arriving at the approved total bonus pool. When acquisition or divestiture activity occurs, for example, the Committee assesses its impact and exercises its discretion to adjust for the impact on the overall bonus pool. The Committee will determine the total bonus pool payout, but individual awards can vary from the payout, at the discretion of the Committee. The Committee will also take into account the formulaic output in determining the CEO's bonus payout, along with Company and individual performance, as discussed further below.

2016 Bonus Opportunity

As with base salaries, in 2016 the Committee determined that target bonus opportunities for our NEOs would remain at 2015 levels for all NEOS, except that Mr. Lindeman received an increase from 65% to 75% to reflect his increased responsibility and performance from 2015 to 2016. During 2016, the bonus opportunity for the NEOs was as follows:

| Executive | Target Bonus (% of Salary) | Target Bonus Value |
|-----------|----------------------------|--------------------|
|-----------|----------------------------|--------------------|

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|               |       |             |
|---------------|-------|-------------|
| Mr. Dinges    | 125 % | \$1,125,000 |
| Mr. Schroeder | 100 % | \$475,000   |
| Mr. Hutton    | 75 %  | \$266,250   |
| Mr. Stalnaker | 75 %  | \$262,500   |
| Mr. Lindeman  | 75 %  | \$262,500   |

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In 2016, actual performance under the bonus metrics compared to the performance goals was as follows:

Our proved reserves at December 31, 2016 were 8.6 Tcfe, representing reserve growth of 4.7% over 2015. These reserves were added at a very efficient \$0.37 per Mcfe. Production growth of 4.1% 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 2016—recording record levels of production and reserves at a record low “all-in” finding cost—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 2016 performance against all the bonus metrics, including the strategic evaluation component, was that the total allocation for corporate performance was approved at 165% of target, prior to adjustment for regional or individual performance.

#### 2016 CEO Payout

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 2016, the Committee noted in particular:

- the Company's record operational achievements, including increases in reserves and production, with the lowest capital investment program in over a decade;
- the generation of free cash flow for the year, even in the face of the lowest natural gas price realizations in the Company's history;
- the continued financial stability of the Company due to the strategic capital management actions taken in early 2016 to strengthen the Company's balance sheet; and
- further reduction in overall unit costs and operating expenses, positioning the Company to optimize performance during the macro-economic volatility facing the industry.

The Committee evaluated these factors and concluded that they provide Cabot a solid foundation for 2017 and beyond. Based on this evaluation, the Committee approved the CEO's bonus payout for 2016 at 165% of target. The bonus payout for the other NEOs was also 165% of target. See "Executive Compensation—Summary Compensation Table" below for actual bonuses paid to the NEOs.

### **Long-Term Incentive Awards**

In 2016, 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.

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The award allocation to NEOs in 2016 is designed to provide 60% of the targeted grant-date value from TSR performance shares and 40% from hybrid performance shares, which are time-vested, subject to a performance condition. This allocation is more heavily weighted toward performance-based awards than our peer group, based on peers' 2016 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 2016 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 executives 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 closing trading price 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 2016 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 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. All outstanding SARs are fully vested and exercisable by the NEOs.



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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 2016 are included under “All Other Compensation” in the Summary Compensation Table below.

## **Other Compensation Policies**

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 nonqualified 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 2016 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 2016, we contributed 9% of salary and bonus of all eligible employees, including all eligible NEOs, into the 401(k) plan (or into the nonqualified 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 2016, the Board approved continuation of the contribution for 2017.

### Deferred Compensation Plan

The nonqualified 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 "Nonqualified 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. The agreements also provide for accelerated vesting of all equity awards 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. 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 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 CGN Committee and the Board of Directors have adopted stock ownership guidelines for our officers and directors. Under those guidelines, nonemployee directors must hold 100% of their restricted stock units until they cease to be a director. The Chief Executive Officer and the Chief Financial Officer and Executive Vice President are expected to hold shares of Cabot common stock with a market value equal to a minimum of eight times their annual base salary. All Senior Vice Presidents and Vice Presidents are expected to hold shares of Cabot common stock with a market value equal to a minimum of five times their annual base salary. All other executive officers are expected to hold shares of Cabot common stock with a market value equal to a minimum of three times their annual base salary.

No sales will be approved if such sale would cause the officer's holdings to go below the minimum required shares and the required minimum level of ownership is expected to be maintained at all times. For newly-appointed or promoted executive officers, there is a five year phase-in period, during which time they are expected to hold 50% of value, in shares, of the after-tax shares received upon the vesting of the TSR awards until such time as they have accumulated the required multiple of their base salaries for their respective positions, likewise maintaining that level of ownership, once achieved.

Each of our NEOs exceeds the stock ownership required by the guidelines, as illustrated by the following graph:

(1) Based on the closing price of our common stock on January 10, 2017 of \$22.17



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## **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. We are not aware of any hedging activities by our employees in 2016.

## **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, 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, 2016 for filing with the SEC.

*The Compensation Committee*

Rhys J. Best (Chairman)

Dorothy M. Ables

W. Matt Ralls

February 21, 2017

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[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, 2016. Cash bonus amounts paid under the Company’s 2014 Incentive Plan (2004 Incentive Plan for the 2014 bonuses), which are listed in the column titled “Non-Equity Incentive Plan Compensation,” were determined by the Committee at its February 2017 meeting for 2016 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 Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$)(4) | Total (\$) |
|--|------|-------------|---------------|----------------------|--------------------|--|--|--------------------------------|------------|
| Dan O. Dinges  | 2016 | 900,016     | -             | 8,327,237            | -                  | 1,856,250                                      | -  | 228,334                        | 11,311,837 |
| Chairman, President and Chief Executive Officer      | 2015 | 900,016     | -             | 6,573,177            | -                  | 1,237,500                                      | -  | 288,048                        | 8,998,741  |
| Scott C. Schroeder                                   | 2014 | 885,592     | -             | 6,831,737            | -                  | 1,800,000                                      | -  | 297,484                        | 9,814,813  |
| Executive Vice President and Chief Financial Officer | 2016 | 475,010     | -             | 3,843,343            | -                  | 783,750  | -  | 129,845                        | 5,231,948  |
| Jeffrey W. Hutton                                    | 2015 | 475,010     | -             | 3,033,773            | -                  | 522,500  | -  | 174,646                        | 4,205,929  |
| Senior Vice President, Marketing                     | 2014 | 470,202     | -             | 2,561,903            | -                  | 760,000  | -  | 174,881                        | 3,966,986  |
| Phillip L. Stalnaker                                 | 2016 | 355,014     | -             | 980,044              | -                  | 439,310  | -  | 92,130                         | 1,866,498  |
| Vice President and Regional                          | 2015 | 355,014     | -             | 783,720              | -                  | 292,875  | -  | 121,624                        | 1,553,233  |
|  | 2014 | 352,130     | -             | 882,431              | -                  | 397,000  | -  | 120,400                        | 1,751,961  |
|  | 2016 | 350,002     | -             | 960,831              | -                  | 433,130  | -  | 79,275                         | 1,823,238  |
|  | 2015 | 344,234     | -             | 758,443              | -                  | 288,750  | -  | 101,197                        | 1,492,624  |
|  | 2014 | 316,164     | -             | 774,231              | -                  | 350,000  | -  | 106,131                        | 1,546,526  |

|  |      |           |           |           |  |        |           |  |
|--|------|-----------|-----------|-----------|--|--------|-----------|--|
| Manager,<br>North Region                               |      |           |           |           |  |        |           |  |
| Steven W.  | 2016 | 342,310   | 960,831   | 433,130   |  | 71,675 | 1,807,946 |  |
| Lindeman   | 2015 | 304,811 - | 556,181 - | 221,650 - |  | 90,671 | 1,173,313 |  |
| Vice<br>President,<br>Engineering<br>and<br>Technology | 2014 | 280,505 - | 540,860 - | 275,000 - |  | 95,140 | 1,191,505 |  |

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- (1) *Cash bonuses paid pursuant to the 2014 Incentive Plan for 2016 and 2015 annual performance (2004 Incentive Plan for the 2014 bonuses) are listed under the column “Non-Equity Incentive Plan Compensation.”*

- (2) *The amounts in this column reflect the grant date fair value with respect to 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 and 2016 awards was the closing stock trading price on the date of grant and for 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 20, 2014 | \$39.43                         | Hybrid Performance Shares |
| February 19, 2015 | \$27.71                         | Hybrid Performance Shares |
| February 17, 2016 | \$20.49                         | Hybrid Performance Shares |

*TSR performance shares granted on February 20, 2014, February 19, 2015 and February 17, 2016 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 \$48.54, \$28.23 and \$30.09, respectively. Assumptions used in the Monte Carlo model for these grants, as well as additional information regarding accounting for performance share awards, are included in Note 13 of the Notes to the Consolidated Financial Statements included in the Company’s Form 10-K for the years shown. The Monte Carlo model values for these grants are used solely for financial reporting purposes and are not used by the Compensation Committee of our Board when determining grants. The Committee used closing stock price on the date of grant to set the target awards for each of the NEOs for 2016, as follows: Mr. Dinges, \$6,500,000; Mr. Schroeder, \$3,000,000; Mr. Hutton, \$765,000; Mr. Stalnaker, \$750,000; and Mr. Lindeman, \$750,000.*

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

- (4) *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 2016, 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 2016 totaled \$192,376 for Mr. Dinges; \$89,776 for Mr. Schroeder; \$58,310 for Mr. Hutton; \$53,833 for Mr. Stalnaker and \$50,756 for Mr. Lindeman. 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.*

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[Back to Contents](#)**2016 Grants of Plan-Based Awards**

The table below reports all grants of plan-based awards made during 2016. 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 Awards: Stock Awards: Number of Shares | All Other Option: Securities Underlying Options | Exercise Price Of Option Awards | Grant Date Fair Value of Stock and Option Awards |
|----------------------|------------|---|-----------|---------|---|---------|---------|--|---|---------------------------------|--|
|                      |            | Threshold   | Target    | Maximum | Threshold   | Target  | Maximum |  |   |                                 |  |
|                      |            | (\$)  | (\$)      | (\$)(1) | (#)   | (#)(2)  | (#)(3)  | (#)  | (#)   | (\$/Sh)                         | (\$)(4)  |
| Dan O. Dinges        | 02/17/2016 | 1,125,000   | 2,812,500 |         | 0   | 190,337 | 380,674 |  |   |                                 | 5,727,240  |
|                      | 02/17/2016 |   |           |         |   | 126,891 |         |  |   |                                 | 2,599,997  |
| Scott C. Schroeder   | 02/17/2016 | 475,000   | 1,187,500 |         | 0   | 87,848  | 175,696 |  |   |                                 | 2,643,346  |
|                      | 02/17/2016 |   |           |         |   | 58,565  |         |  |   |                                 | 1,199,997  |
| Jeffrey W. Hutton    | 02/17/2016 | 266,250   | 665,625   |         | 0   | 22,401  | 44,802  |  |   |                                 | 674,046  |
|                      | 02/17/2016 |   |           |         |   | 14,934  |         |  |   |                                 | 305,998  |
| Phillip L. Stalnaker | 02/17/2016 | 262,500   | 656,250   |         | 0   | 21,962  | 43,924  |  |   |                                 | 660,837  |
|                      | 02/17/2016 |   |           |         |   | 14,641  |         |  |   |                                 | 299,994  |
| Steven W. Lindeman   | 02/17/2016 | 262,500   | 656,250   |         | 0   | 21,962  | 43,924  |  |   |                                 | 660,837  |
|                      | 02/17/2016 |   |           |         |   | 14,641  |         |  |   |                                 | 299,994  |

Amounts in this column represent a bonus payout of 250% of target. See discussion of the bonus factor applicable to the 2016 annual cash incentive bonus in the "Compensation Discussion and Analysis" above under "Annual Cash Incentive Bonus." See also the actual bonus awards for 2016 in the "Non-Equity Incentive Plan Compensation" column of the "2016 Summary Compensation Table" above.

(2) 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,

2016 to December 31, 2018, if the Company's total shareholder return ranks 9<sup>th</sup> 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.

(3) 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.

(4) The amounts in this column reflect the grant date fair value of the TSR performance shares and the hybrid performance shares granted in 2016, 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 \$30.09. The hybrid performance share awards were valued using the Company's closing stock trading price on the date of grant, which was \$20.49. 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, 2016.

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## TSR performance shares

The TSR performance shares awarded in 2016 have a three-year performance period, which commenced January 1, 2016 and ends December 31, 2018. 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 December 31<sup>st</sup> of the year the award is granted in order to continue vesting in the award. If a participant is not an employee on the date the Compensation Committee certifies the Company's achievement level with respect to the TSR performance shares due to any other voluntary or involuntary termination, no Common Stock or



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cash will be issued in respect of the participant's TSR performance share award unless otherwise determined by the Compensation Committee. Prior to the issuance of shares of Common Stock in respect of a TSR performance share award, the participant will have no right to vote or receive dividends on the shares. The TSR performance share award may not be assigned or transferred except by will or the laws of descent and distribution. In the event of a Change In Control (as defined) all unvested TSR performance shares shall vest to the extent of actual performance as of the Change In Control.

Actual performance as of the Change In Control is based on the greater of (i) total shareholder return through the end of the month prior to the Change In Control or (ii) total shareholder return through the end of the month prior to the Change In Control calculated using the value realized by shareholders in the Change In Control event. In the event the Company ceases to have publicly traded Common Stock as a result of a business combination or other extraordinary transaction, the performance period will be terminated effective upon the date of such cessation.

Hybrid performance shares

The hybrid performance shares awarded in 2016 vest 25% on each of the first two 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. If the performance metric is not met in any given year, then the respective tranche of hybrid performance shares will be forfeited. Unvested hybrid performance shares will be forfeited if, during the three-year vesting period, the executive voluntarily leaves the Company. In the event of an involuntary termination by the Company, the Compensation Committee will determine whether the unvested hybrid performance shares will be forfeited. In the event of an employment termination due to death, disability or retirement, all unvested hybrid performance shares will vest in accordance with the original vesting schedule except that (i) if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the receipt of hybrid performance shares, the participant will lose the right to receive such hybrid performance shares and (ii) in the case of a retirement, the participant must be an employee on December 31<sup>st</sup> of the year the award is granted in order to continue vesting in the award. Prior to vesting, the participant has no right to vote or receive dividends on such shares but the unvested shares accrue dividends that are paid in cash upon vesting. Accrued dividends are forfeited if the shares never vest. The hybrid performance shares may not be assigned or transferred except by will or the laws of descent and distribution. In the event of a Change In Control (as defined), the unvested hybrid performance shares will vest.

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

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

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[Back to Contents](#)**Outstanding Equity Awards at Fiscal Year-End 2016**

The table below reports for each NEO outstanding equity awards at December 31, 2016.

| Name                 | Option Awards   |   |   |   | Stock Awards   |  |   |   |
|----------------------|---|---|---|---|--|--|---|---|
|                      | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)(2) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(3) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(3) |
| Dan O. Dinges        | 180,548   | -   | -   | 10.19   | 2/17/2018  |  |   |   |
|                      | 114,256   | -   | -   | 17.59   | 2/16/2019  |  |   |   |
|                      |   |   |   |   |  |  | 331,080   | 7,734,029   |
|                      |   |   |   |   |  |  | 227,697   | 5,319,002   |
| Scott C. Schroeder   |   |   |   |   |  |  | 152,806   | 3,569,548   |
| Jeffrey W. Hutton    | 24,952  | -   | -   | 10.19   | 2/17/2018  |  |   |   |
|                      | 14,690  | -   | -   | 17.59   | 2/16/2019  |  |   |   |
|                      |   |   |   |   |  |  | 39,182  | 915,292   |
|                      |   |   |   |   |  |  | 27,256  | 636,700   |
| Phillip L. Stalnaker | 16,228  | -   | -   | 10.19   | 2/17/2018  |  |   |   |
|                      | 10,492  | -   | -   | 17.59   | 2/16/2019  |  |   |   |
|                      |   |   |   |   |  |  | 38,202  | 892,399   |
|                      |   |   |   |   |  |  | 26,210  | 612,266   |
| Steven W. Lindeman   | 11,156  | -   | -   | 10.19   | 2/17/2018  |  |   |   |
|                      | 8,278   | -   | -   | 17.59   | 2/16/2019  |  |   |   |
|                      |   |   |   |   |  |  | 33,871  | 791,227   |
|                      |   |   |   |   |  |  | 23,006  | 537,420   |

(1) Amounts in this column represent the exercisable portion of SARs granted in various years, all of which were fully vested as of December 31, 2014 and have a seven-year term. SARs must be exercised within 90 days if the executive voluntarily leaves the Company. In the event of an involuntary termination by the Company, the Compensation Committee may extend the exercise period for vested SARs to the earlier of 36 months or the

*expiration of the term of the SAR. In the event of death, retirement or disability, the exercise period will be the earlier of 36 months or the expiration of the term of the SAR, except that if the participant retires and thereafter accepts an offer of employment from a competitor at any time prior to the exercise of the SARs, the participant will lose the right to exercise any remaining SARs and the remaining SARs shall be forfeited. The SAR awards may not be assigned or transferred except by will or the laws of descent and distribution. In the event of a Change In Control, all vested SARs will remain exercisable throughout the term of the SAR, provided the Company's common stock is still trading on a national stock exchange.*

*The first amount in this column for each NEO is TSR performance share awards. The terms and conditions of the (2) TSR performance share awards are described in the narrative following the "2016 Grants of Plan-Based Awards" table above. The TSR performance shares vest, if at all, for each executive as follows (assuming 100% payout):*

| Date       | Dan O. Dinges | Scott C. Schroeder | Jeffrey W. Hutton | Phillip L. Stalnaker | Steven W. Lindeman |
|------------|---------------|--------------------|-------------------|----------------------|--------------------|
| 12/31/2017 | 140,743       | 64,958             | 16,781            | 16,240               | 11,909             |
| 12/31/2018 | 190,337       | 87,848             | 22,401            | 21,962               | 21,962             |

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The second amount in this column for each NEO is hybrid performance shares. The terms and conditions of the hybrid performance share awards are described in the narrative following the “2016 Grants of Plan-Based Awards” table above. The hybrid performance shares vest, if at all, for each executive as follows:

| Date      | Dan O. Dinges | Scott C. Schroeder | Jeffrey W. Hutton | Phillip L. Stalnaker | Steven W. Lindeman |
|-----------|---------------|--------------------|-------------------|----------------------|--------------------|
| 2/17/2017 | 31,722        | 14,641             | 3,733             | 3,660                | 3,660              |
| 2/17/2018 | 31,723        | 14,641             | 3,734             | 3,660                | 3,660              |
| 2/17/2019 | 63,446        | 29,283             | 7,467             | 7,321                | 7,321              |
| 2/19/2017 | 23,457        | 10,827             | 2,797             | 2,707                | 1,985              |
| 2/19/2018 | 46,915        | 21,653             | 5,594             | 5,413                | 3,970              |
| 2/20/2017 | 30,434        | 11,413             | 3,931             | 3,449                | 2,410              |

(3) Market value is based on the \$23.36 per share closing price of the Company’s common stock on December 30, 2016.

**2016 Option Exercises and Stock Vested**

The table below reports stock options that were exercised and performance shares that vested during 2016.

| Name                 | Option Awards                                   |  | Stock Awards                                   |   |
|----------------------|---|--|--|---|
|                      | Number of Shares<br>Acquired on Exercise<br>(#) | Value Realized<br>on Exercise<br>(\$)(1) | Number of Shares<br>Acquired on Vesting<br>(#) | Value<br>Realized<br>on Vesting<br>(\$) |
| Dan O. Dinges        | -   | -  | 153,849 <sup>(1)</sup>                         | 3,772,678 <sup>(1)(2)</sup>             |
| Scott C. Schroeder   | -   | -  | 61,794 <sup>(1)</sup>                          | 1,456,737 <sup>(1)(2)</sup>             |
| Jeffrey W. Hutton    | -   | -  | 20,046 <sup>(1)</sup>                          | 492,356 <sup>(1)(2)</sup>               |
| Phillip L. Stalnaker | -   | -  | 18,105 <sup>(1)</sup>                          | 413,994 <sup>(1)(2)</sup>               |
| Steven W. Lindeman   | -   | -  | 12,342 <sup>(1)</sup>                          | 292,248 <sup>(1)(2)</sup>               |

Represents the number of shares and value realized for: (a) TSR performance shares, the performance period for which was January 1, 2014 through December 31, 2016 and which paid out at 85% of target upon the

(1) Compensation Committee’s certification of the results on January 5, 2017, and (b) hybrid performance shares that vested in February 2016, upon the Compensation Committee’s certification of the performance metric of achieving at least \$100 million of operating cash flow in 2015.

(2) These amounts represent the closing price of the Company’s common stock on the vesting dates times the number of shares acquired and do not indicate that there was a sale of these shares by the NEO.

[Back to Contents](#)**2016 Nonqualified Deferred Compensation**

The table below reports NEO contributions, Company contributions, earnings, and aggregate balances in the Company's deferred compensation plan for 2016.

| Name                 | Executive Contributions in Last FY (\$)(1) | Registrant Contributions in Last FY (\$)(2) | Aggregate Earnings in Last FY (\$)(3) | Aggregate Withdrawals/ Distributions (\$)(4) | Aggregate Balance at Last FYE (\$)(5) |
|----------------------|--|---|---------------------------------------|--|---------------------------------------|
| Dan O. Dinges        | 0  | 173,277                                     | 1,841,073                             | 0  | 10,973,613                            |
| Scott C. Schroeder   | 0  | 70,676                                      | 1,392,973                             | 0  | 6,666,572                             |
| Jeffrey W. Hutton    | 0  | 39,210                                      | 467                                   | 0  | 987,627                               |
| Phillip L. Stalnaker | 40,600                                     | 34,734                                      | 59,502                                | 0  | 575,693                               |
| Steven W. Lindeman   | 0  | 31,659                                      | 30,296                                | 0  | 296,991                               |

(1) Amounts reported in this column are included in the Summary Compensation Table as salary and non-equity incentive plan compensation, as applicable.

(2) Amounts reported in this column are included in the Summary Compensation Table as all other compensation.

(3) Amounts reported in this column are not included in the Summary Compensation Table.

(4) Distribution pursuant to election by the NEO.

Of the aggregate deferred compensation balances in this column, the following amounts represent cumulative (5) executive contributions for all years: Mr. Dinges, \$4,833,437; Mr. Schroeder, \$2,592,540; Mr. Hutton, \$553,350; Mr. Stalnaker, \$221,127; and Mr. Lindeman, \$2,875.

Up to 100% of salary and annual cash incentive bonus are permitted to be deferred into the deferred compensation plan, subject to payment of social security, medicare, incomes taxes (on compensation not deferred) and employee benefit plan withholding requirements. Prior to June 1, 2008, TSR performance shares were permitted to be deferred into the deferred compensation plan. The Company also makes contributions to make up for certain matching and profit-sharing contributions which, due to U.S. Internal Revenue Service limitations, cannot be contributed to the Company's tax-qualified 401(k) plan. Earnings on the deferred balances are determined by the executive's investment selections at the time of deferral. The Company holds deferred amounts and earnings thereon as corporate assets, which are invested as elected by the executive. For 2016, the investment options and their respective rates of return follow:

| Fund Name                           | Rate of Return | Fund Name  | Rate of Return |
|-------------------------------------|----------------|--|----------------|
| Cabot Oil and Gas Stock             | 32.53%         | Fidelity Freedom K® Income Fund                      | 5.18 %         |
| Davis New York Venture Fund Class Y | 12.57%         | Fidelity® 500 Index Fund - Premium Class             | 11.92%         |
| Fidelity Freedom K® 2005 Fund       | 5.94 %         | Fidelity® Capital Appreciation Fund - Class K        | 3.29 %         |
| Fidelity Freedom K® 2010 Fund       | 6.57 %         | Fidelity® International Discovery Fund - Class K     | -5.62 %        |
| Fidelity Freedom K® 2015 Fund       | 7.10 %         | Fidelity® Extended Market Index Fund - Premium Class | 16.10%         |
| Fidelity Freedom K® 2020 Fund       | 7.40 %         | Fidelity® Global ex U.S. Index Fund - Premium Class  | 4.64 %         |
| Fidelity Freedom K® 2025 Fund       | 7.59 %         |  | 0.05 %         |

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|                               |        |   |         |
|-------------------------------|--------|---|---------|
|                               |        | Fidelity® Money Market Trust Retirement Government Money<br>Market II Portfolio |         |
| Fidelity Freedom K® 2030 Fund | 8.25 % | Fidelity® Real Estate Index Fund - Premium Class                                | 6.58 %  |
| Fidelity Freedom K® 2035 Fund | 8.72 % | Fidelity® U.S. Bond Index Fund - Premium Class                                  | 2.49 %  |
| Fidelity Freedom K® 2040 Fund | 8.72 % | Glenmede Small Cap Equity Portfolio Institutional Class                         | 18.33 % |
| Fidelity Freedom K® 2045 Fund | 8.79 % | John Hancock Funds Disciplined Value Fund Class R6                              | 14.07 % |
| Fidelity Freedom K® 2050 Fund | 8.71 % | Lord Abbett Mid Cap Stock Fund Class I  | 16.90 % |
| Fidelity Freedom K® 2055 Fund | 8.77 % | Oakmark Equity And Income Fund Investor Class                                   | 10.97 % |
| Fidelity Freedom K® 2060 Fund | 8.74 % | Oakmark Fund Investor Class   | 18.35 % |

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

## **Potential Payments Upon Termination or Change In Control**

### Change In Control Benefits

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

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

- any person or group becoming the beneficial owner of 35% or more of either the Company's common stock or the combined voting power of the Company's outstanding voting securities, with certain exceptions;
- specified changes in a majority of the members of the Board of Directors;
- a reorganization, merger or consolidation or sale or other disposition of substantially all of the Company's assets being consummated, unless, following the transaction:
  - the persons who were the beneficial owners of the Company prior to the transaction continue to own at least 50% of the common stock or other securities entitled to vote in the election of directors of the resulting entity in
  - substantially the same proportions as prior to the transaction,
  - no individual or entity (other than an entity resulting from the transaction) beneficially owns 35% or more of the
  - common equity or voting power of the entity resulting from the transaction, except to the extent that such ownership existed prior to the transaction, and
  - at least a majority of the members of the Board of Directors of the entity resulting from the transaction were
  - members of the Company's Board at the time the transaction was approved or entered into; and
- a liquidation or dissolution of the Company.



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

- for cause;
- voluntary on the part of the executive (but not a constructive termination without cause); or
- due to death or disability.

Benefits under the change in control agreements generally include:

- a lump-sum cash payment equal to three times the sum of:
  - the executive's base salary in effect immediately prior to the change in control or the executive's termination, whichever is greater, and
  - the greater of (1) the executive's target bonus for the year during which the change in control occurred or, if greater, the year during which the executive's termination occurred, or (2) the executive's actual bonus paid in any of the three fiscal years immediately preceding the change in control or, if termination of employment occurs prior to a change in control, termination of employment;
- three years of continued medical, dental and life insurance coverage at the premium rate applicable to active executives; and
- outplacement assistance in an amount up to 15% of the executive's base salary.

Beginning in 2010, the Company ceased entering into agreements containing tax gross-up payments on payments to executives by the Company upon a change in control. The agreements in place prior to that time with all of the NEOs provide that in the event that excise taxes apply to payments to the executives by the Company upon a change in control, the Company will make an additional tax

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gross-up payment to the executive in an amount necessary to leave the executive “whole,” as if no excise tax had applied. No payments have been made to any of the NEOs under these agreements.

The award agreements for all of the NEOs’ long-term equity awards also include provisions for the immediate vesting of all unvested awards upon the change in control event, as follows:

- payment with respect to traditional performance shares based on performance through the change in control event as more fully described above under “Grants of Plan-Based Awards;”
- immediate vesting and exercisability of all of the executive’s stock options and SAR awards, with exercisability extended for the full term of the award;
- immediate vesting and lapse of restrictions on any outstanding restricted stock grants; and
- immediate vesting of any outstanding hybrid performance shares.

For a more detailed discussion of the terms of these awards, see above under “Grants of Plan-Based Awards.”

#### CEO Employment Agreement

In addition to a change in control agreement, we have entered into an employment agreement with Mr. Dinges. Under the terms of Mr. Dinges’ employment agreement, in the event of a change in control, Mr. Dinges will receive the more generous of the benefits and payments, as determined on a benefit-by-benefit basis, under either his change in control agreement or his employment agreement, but not both. The employment agreement provides that if Mr. Dinges terminates his employment for good reason (as defined) or if the Company terminates his employment other than for cause (as defined), Mr. Dinges will receive:

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

Potential Payments to NEOs

The tables below reflect the compensation payable to each NEO upon voluntary termination, retirement, involuntary not-for-cause termination, for cause termination, termination following a change in control and in the event of disability or death of the executive. The table reflects the amounts that would have been paid to each NEO assuming the event occurred on December 31, 2016. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

[Back to Contents](#)**DAN O. DINGES, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

| Executive<br>Benefit and<br>Payments<br>Upon Separation<br><b>Compensation</b> | Voluntary<br>Termination<br>for Good<br>Reason | Voluntary<br>Termination | Retirement<br>(1)   | Involuntary<br>Not For<br>Cause<br>Termination | For Cause<br>Termination | Change In<br>Control<br>(2) | Disability          | Death         |
|--|--|--------------------------|---------------------|--|--------------------------|-----------------------------|---------------------|---------------|
| Multiple of<br>Salary (0x, 2x or<br>3x)  | \$1,800,000                                    | -                        | -                   | \$1,800,000                                    | -                        | \$2,700,000                 | -                   | -             |
| Multiple of<br>Bonus (-x, 2x or<br>3x)   | \$4,000,000                                    | -                        | -                   | \$4,000,000                                    | -                        | \$6,000,000                 | -                   | -             |
| <b>Long-Term Incentive<br/>Compensation</b>                                    |  |                          |                     |  |                          |                             |                     |               |
| Performance<br>Share Vesting <sup>(3)</sup>                                    | \$13,053,031                                   | -                        | \$13,053,031        | \$13,053,031                                   | -                        | \$13,053,031                | \$13,053,031        | \$13,0        |
| <b>Benefits &amp;<br/>Perquisites</b>  |  |                          |                     |  |                          |                             |                     |               |
| Payout of<br>Deferred<br>Compensation <sup>(4)</sup>                           | \$10,973,613                                   | \$10,973,613             | \$10,973,613        | \$10,973,613                                   | \$10,973,613             | \$10,973,613                | \$10,973,613        | \$10,9        |
| Health, Life, and<br>Welfare Benefits  | \$31,694                                       | -                        | -                   | \$31,694                                       | -                        | \$47,540                    | -                   | -             |
| Continuation<br>Excise Tax &<br>Gross-Up                                       | -  | -                        | -                   | -  | -                        | -                           | -                   | -             |
| Outplacement<br>Services   | -  | -                        | -                   | -  | -                        | \$135,000                   | -                   | -             |
| Earned Vacation  | -  | -                        | -                   | -  | -                        | -                           | -                   | -             |
| <b>Total</b>   | <b>\$29,858,338</b>                            | <b>\$10,973,613</b>      | <b>\$24,026,644</b> | <b>\$29,858,338</b>                            | <b>\$10,973,613</b>      | <b>\$32,909,184</b>         | <b>\$24,026,644</b> | <b>\$24,0</b> |

(1) Mr. Dinges was retirement eligible on December 31, 2016.

(2) Amounts in this column representing accelerated vestings of long-term incentive compensation will occur immediately upon the change in control event, pursuant to the terms of the awards.

The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. Under normal conditions, the actual payout of the TSR performance awards will occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual TSR ranking for the performance period. However, in the event of a change in control, the performance period will be shortened and payout will occur immediately following the change in control based on

(3) the greater of (i) TSR through the end of the month prior to the change in control, or (ii) TSR through the end of the month prior to the change in control using the value realized by shareholders in the change in control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change in control, in which case full payout will be made immediately upon the change in control. These values were computed using the closing price of the Company's common stock on December 30, 2016 of \$23.36.

Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the deferred compensation plan. For more information, see "2016 Nonqualified Deferred Compensation" above. For (4) termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.



[Back to Contents](#)**SCOTT C. SCHROEDER, EXECUTIVE VICE PRESIDENT AND CFO**

| Executive Benefit and Payments Upon Separation | Voluntary Termination | Retirement (1)      | Involuntary Not For Cause Termination | For Cause Termination | Change In Control (2) | Disability          | Death               |
|--|-----------------------|---------------------|---------------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| <b>Compensation</b>                            |                       |                     |                                       |                       |                       |                     |                     |
| Multiple of Salary (0x or 3x)                  | -                     | -                   | -                                     | -                     | \$1,425,000           | -                   | -                   |
| Multiple of Bonus (0x or 3x)                   | -                     | -                   | -                                     | -                     | \$3,337,500           | -                   | -                   |
| <b>Long-Term Incentive Compensation</b>        |                       |                     |                                       |                       |                       |                     |                     |
| Performance Share Vesting <sup>(3)</sup>       | -                     | \$5,962,967         | -                                     | -                     | \$5,962,967           | \$5,962,967         | \$5,962,967         |
| <b>Benefits &amp; Perquisites</b>              |                       |                     |                                       |                       |                       |                     |                     |
| Payout of Deferred Compensation <sup>(4)</sup> | \$6,666,572           | \$6,666,572         | \$6,666,572                           | \$6,666,572           | \$6,666,572           | \$6,666,572         | \$6,666,572         |
| Health, Life, and Welfare Benefits             | -                     | -                   | -                                     | -                     | \$72,383              | -                   | -                   |
| Continuation Excise Tax & Gross-Up             | -                     | -                   | -                                     | -                     | -                     | -                   | -                   |
| Outplacement Services                          | -                     | -                   | -                                     | -                     | \$71,250              | -                   | -                   |
| Earned Vacation                                | \$10,733              | \$10,733            | \$10,733                              | \$10,733              | \$10,733              | \$10,733            | \$10,733            |
| <b>Total</b>                                   | <b>\$6,677,305</b>    | <b>\$12,640,272</b> | <b>\$6,677,305</b>                    | <b>\$6,677,305</b>    | <b>\$17,546,405</b>   | <b>\$12,640,272</b> | <b>\$12,640,272</b> |

(1) Mr. Schroeder was retirement eligible on December 31, 2016.

(2) Amounts in this column representing accelerated vestings of long-term incentive compensation will occur immediately upon the change in control event, pursuant to the terms of the awards.

The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. Under normal conditions, the actual payout of the TSR performance awards will occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual TSR ranking for the performance period. However, in the event of a change in control, the performance period will be shortened and payout will occur immediately following the change in control based on

(3) the greater of (i) TSR through the end of the month prior to the change in control, or (ii) TSR through the end of the month prior to the change in control using the value realized by shareholders in the change in control event.

For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change in control, in which case full payout will be made immediately upon the change in control. These values were computed using the closing price of the Company's common stock on December 30, 2016 of \$23.36.

Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the deferred compensation plan. For more information, see "2016 Nonqualified Deferred Compensation" above. For (4) termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.



[Back to Contents](#)**JEFFREY W. HUTTON, SENIOR VICE PRESIDENT, MARKETING**

| Executive Benefit and Payments Upon Separation | Voluntary Termination | Retirement (1)     | Involuntary Not For Cause Termination | For Cause Termination | Change In Control (2) | Disability         | Death              |
|--|-----------------------|--------------------|---------------------------------------|-----------------------|-----------------------|--------------------|--------------------|
| Compensation                                   |                       |                    |                                       |                       |                       |                    |                    |
| Multiple of Salary (0x or 3x)                  | -                     | -                  | -                                     | -                     | \$1,065,000           | -                  | -                  |
| Multiple of Bonus (0x or 3x)                   | -                     | -                  | -                                     | -                     | \$1,785,000           | -                  | -                  |
| Long-Term Incentive Compensation               |                       |                    |                                       |                       |                       |                    |                    |
| Performance Share Vesting <sup>(3)</sup>       | -                     | \$1,551,992        | -                                     | -                     | \$1,551,992           | \$1,551,992        | \$1,551,992        |
| Benefits & Perquisites                         |                       |                    |                                       |                       |                       |                    |                    |
| Payout of Deferred Compensation <sup>(4)</sup> | \$987,627             | \$987,627          | \$987,627                             | \$987,627             | \$987,627             | \$987,627          | \$987,627          |
| Health, Life, and Welfare Benefits             | -                     | -                  | -                                     | -                     | \$36,166              | -                  | -                  |
| Continuation                                   |                       |                    |                                       |                       |                       |                    |                    |
| Excise Tax & Gross-Up                          | -                     | -                  | -                                     | -                     | -                     | -                  | -                  |
| Outplacement Services                          | -                     | -                  | -                                     | -                     | \$53,250              | -                  | -                  |
| Earned Vacation                                | \$13,995              | \$13,995           | \$13,995                              | \$13,995              | \$13,995              | \$13,995           | \$13,995           |
| <b>Total</b>                                   | <b>\$1,001,622</b>    | <b>\$2,553,614</b> | <b>\$1,001,622</b>                    | <b>\$1,001,622</b>    | <b>\$5,493,030</b>    | <b>\$2,553,614</b> | <b>\$2,553,614</b> |

(1) Mr. Hutton was retirement eligible on December 31, 2016.

(2) Amounts in this column representing accelerated vestings of long-term incentive compensation will occur immediately upon the change in control event, pursuant to the terms of the awards.

The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. Under normal conditions, the actual payout of the TSR performance awards will occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual TSR ranking for the performance period. However, in the event of a change in control, the performance period will be shortened and payout will occur immediately following the change in control based on

(3) the greater of (i) TSR through the end of the month prior to the change in control, or (ii) TSR through the end of the month prior to the change in control using the value realized by shareholders in the change in control event.

For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change in control, in which case full payout will be made immediately upon the change in control. These values were computed using the closing price of the Company's common stock on December 30, 2016 of \$23.36.

Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the deferred compensation plan. For more information, see "2016 Nonqualified Deferred Compensation" above. For (4) termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.



[Back to Contents](#)**PHILLIP L. STALNAKER, SENIOR VICE PRESIDENT, NORTH REGION**

| Executive Benefit and Payments Upon Separation  | Voluntary Termination | Retirement (1)     | Involuntary Not For Cause Termination | For Cause Termination | Change In Control (2) | Disability         | Death              |
|---|-----------------------|--------------------|---------------------------------------|-----------------------|-----------------------|--------------------|--------------------|
| <b>Compensation</b>                             |                       |                    |                                       |                       |                       |                    |                    |
| Multiple of Salary (0x or 3x)                   | -                     | -                  | -                                     | -                     | \$1,050,000           | -                  | -                  |
| Multiple of Bonus (0x or 3x)                    | -                     | -                  | -                                     | -                     | \$1,725,000           | -                  | -                  |
| <b>Long-Term Incentive Compensation</b>         |                       |                    |                                       |                       |                       |                    |                    |
| Performance Share Vesting <sup>(3)</sup>        | -                     | \$1,504,665        | -                                     | -                     | \$1,504,665           | \$1,504,665        | \$1,504,665        |
| <b>Benefits &amp; Perquisites</b>               |                       |                    |                                       |                       |                       |                    |                    |
| Payout of Deferred Compensation <sup>(4)</sup>  | \$575,693             | \$575,693          | \$575,693                             | \$575,693             | \$575,693             | \$575,693          | \$575,693          |
| Health, Life, and Welfare Benefits Continuation | -                     | -                  | -                                     | -                     | \$72,296              | -                  | -                  |
| Excise Tax & Gross-Up                           | -                     | -                  | -                                     | -                     | -                     | -                  | -                  |
| Outplacement Services                           | -                     | -                  | -                                     | -                     | \$52,500              | -                  | -                  |
| Earned Vacation                                 | \$2,608               | \$2,608            | \$2,608                               | \$2,608               | \$2,608               | \$2,608            | \$2,608            |
| <b>Total</b>                                    | <b>\$578,301</b>      | <b>\$2,082,966</b> | <b>\$578,301</b>                      | <b>\$578,301</b>      | <b>\$4,982,762</b>    | <b>\$2,082,966</b> | <b>\$2,082,966</b> |

(1) Mr. Stalnakar was retirement eligible on December 31, 2016.

(2) Amounts in this column representing accelerated vestings of long-term incentive compensation will occur immediately upon the change in control event, pursuant to the terms of the awards.

The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. Under normal conditions, the actual payout of the TSR performance awards will occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual TSR ranking for the performance period. However, in the event of a change in control, the performance period will be shortened and payout will occur immediately following the change in control based on

(3) the greater of (i) TSR through the end of the month prior to the change in control, or (ii) TSR through the end of the month prior to the change in control using the value realized by shareholders in the change in control event. For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change in control, in which case full payout will be made immediately upon the change in control. These values were computed using the closing price of the Company's common stock on December 30, 2016 of \$23.36.

Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the deferred compensation plan. For more information, see "2016 Nonqualified Deferred Compensation" above. For (4) termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

[Back to Contents](#)**STEVEN W. LINDEMAN, SENIOR VICE PRESIDENT, SOUTH REGION AND ENGINEERING**

| Executive Benefit and Payments Upon Separation | Voluntary Termination | Retirement (1)     | Involuntary Not For Cause Termination | For Cause Termination | Change In Control (2) | Disability         | Death              |
|--|-----------------------|--------------------|---------------------------------------|-----------------------|-----------------------|--------------------|--------------------|
| Compensation                                   |                       |                    |                                       |                       |                       |                    |                    |
| Multiple of Salary (0x or 3x)                  | -                     | -                  | -                                     | -                     | \$1,050,000           | -                  | -                  |
| Multiple of Bonus (0x or 3x)                   | -                     | -                  | -                                     | -                     | \$1,107,390           | -                  | -                  |
| Long-Term Incentive Compensation               |                       |                    |                                       |                       |                       |                    |                    |
| Performance Share Vesting <sup>(3)</sup>       | -                     | \$1,328,647        | -                                     | -                     | \$1,328,647           | \$1,328,647        | \$1,328,647        |
| Benefits & Perquisites                         |                       |                    |                                       |                       |                       |                    |                    |
| Payout of Deferred Compensation <sup>(4)</sup> | \$296,991             | \$296,991          | \$296,991                             | \$296,991             | \$296,991             | \$296,991          | \$296,991          |
| Health, Life, and Welfare Benefits             | -                     | -                  | -                                     | -                     | \$49,490              | -                  | -                  |
| Continuation                                   |                       |                    |                                       |                       |                       |                    |                    |
| Excise Tax & Gross-Up <sup>(5)</sup>           | -                     | -                  | -                                     | -                     | -                     | -                  | -                  |
| Outplacement Services                          | -                     | -                  | -                                     | -                     | \$52,500              | -                  | -                  |
| Earned Vacation                                | \$4,880               | \$4,880            | \$4,880                               | \$4,880               | \$4,880               | \$4,880            | \$4,880            |
| <b>Total</b>                                   | <b>\$301,871</b>      | <b>\$1,630,518</b> | <b>\$301,871</b>                      | <b>\$301,871</b>      | <b>\$3,889,898</b>    | <b>\$1,630,518</b> | <b>\$1,630,518</b> |

(1) Mr. Lindeman was retirement eligible on December 31, 2016.

(2) Amounts in this column representing accelerated vestings of long-term incentive compensation will occur immediately upon the change in control event, pursuant to the terms of the awards.

The amounts set forth in this row represent a payout at achievement of 100% of pre-established performance objectives. Under normal conditions, the actual payout of the TSR performance awards will occur at the end of the relevant performance period, and may be higher or lower than 100% (up to a maximum of 200%) depending on the Company's actual TSR ranking for the performance period. However, in the event of a change in control, the performance period will be shortened and payout will occur immediately following the change in control based on

(3) the greater of (i) TSR through the end of the month prior to the change in control, or (ii) TSR through the end of the month prior to the change in control using the value realized by shareholders in the change in control event.

For hybrid performance shares, receipt of the full payout will occur at the original vesting dates set forth in the award agreements only if the relevant operating income targets are achieved, except in the case of a change in control, in which case full payout will be made immediately upon the change in control. These values were computed using the closing price of the Company's common stock on December 30, 2016 of \$23.36.

Amounts in this row represent earned compensation voluntarily deferred by the NEO under the terms of the deferred compensation plan. For more information, see "2016 Nonqualified Deferred Compensation" above. For

(4) termination of employment due to retirement, payment of the deferred compensation is based upon the NEO's election at the time of deferral. For all other terminations of employment, payment of the deferred compensation is in a lump sum six months from the date of termination.

(5) Mr. Lindeman became an officer in 2011, after we eliminated excise tax gross-ups for new officers, so this benefit does not apply to him.



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## **AUDIT COMMITTEE REPORT**

The Audit Committee is composed of four independent, nonemployee directors. The Board of Directors has made a determination that the members of the Audit Committee satisfy the requirements of the NYSE listing standards as to independence, financial literacy and experience. The Board determined that one of the members of the Audit Committee, Mr. Kelley, is an “audit committee financial expert” as defined by rules of the SEC. The responsibilities of the Audit Committee are set forth in the Audit Committee Charter, as amended from time to time by the Board of Directors, which is included on the Company’s website. The function of the Audit Committee is to review and report to the Board of Directors with respect to various auditing and accounting matters, including overseeing the integrity of the financial statements of the Company, the compliance by the Company with legal and regulatory requirements, the selection, independence, qualifications, performance and compensation of the Company’s independent registered public accounting firm and the performance of the Company’s internal audit function. The Audit Committee also reviews its charter annually. This is a report on the Audit Committee’s activities relating to 2016.

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

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

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

The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed as described in Statement on Auditing Standards (“SAS”) No. 16 - Communication with Audit Committees. The Audit Committee has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP (“PWC”), the Company’s independent registered public accounting firm, required by applicable Public Company Accounting Oversight Board requirements regarding the firm’s communications with the Audit Committee concerning independence and has discussed with PWC the independent registered public accounting firm’s independence. These discussions included a review of all audit and non-audit services (including tax services) provided by PWC to the Company.

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

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and filed with the SEC.

*Audit Committee*

Robert Kelley (Chairman)

Dorothy M. Ables

Rhys J. Best

Robert S. Boswell

February 21, 2017

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**FEES BILLED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR SERVICES IN 2016 AND 2015**

| Fee Type*                     | 2016        | 2015        |
|-------------------------------|-------------|-------------|
| Audit Fees <sup>(1)</sup>     | \$1,703,500 | \$1,700,000 |
| Audit Related Fees            | \$-         | -           |
| Tax Fees <sup>(2)</sup>       | \$388,424   | \$346,912   |
| All Other Fees <sup>(3)</sup> | \$1,919     | \$1,919     |

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

*Consists of fees associated with the audits of our consolidated financial statements and reviews of our quarterly (1) condensed consolidated financial statements within such years. These fees also include fees related to the issuance of comfort letters and consents associated with various documents filed with the SEC in 2016.*

*(2) Consists of federal and state tax compliance and tax planning advice.*

*(3) Consists of an accounting research software license.*

**PROPOSAL 2 APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has approved and recommended the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine the Company's financial statements for 2017. The persons named in the accompanying proxy will vote in accordance with the choice specified thereon, or, if no choice is properly indicated, in favor of the ratification of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company. A representative of PricewaterhouseCoopers LLP is not expected to be in attendance at the Annual Meeting.

See "Audit Committee Report" above for further information.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT OF THE FIRM OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR ITS 2017 FISCAL YEAR.**

**PROPOSAL 3 TO APPROVE, BY NON-BINDING ADVISORY VOTE, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The shareholders of the Company are entitled to vote at the Annual Meeting to approve the compensation of the Company's NEOs, as disclosed in this Proxy Statement. The shareholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors. Although the vote is non-binding, the Compensation Committee and the Board value the opinions of the shareholders and will consider the outcome of the vote when making future compensation decisions.

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

• Align executive compensation with our business strategy;

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

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• Attract, retain, and engage talented executives; and

• Support a long-term performance-based culture throughout the Company.

The executive compensation program seeks to align executive compensation with shareholder value on an annual and long-term basis through a combination of base pay, annual cash incentive bonus and long-term equity award incentives. The annual cash incentive bonus is based on Company-wide performance for year-over-year oil and natural gas reserve and production growth, along with absolute levels for finding costs and unit costs. For 2016, the aggregate bonus award pool for the annual cash incentive bonus was 165% of the target bonus.

In addition, in 2016 long-term incentive awards were comprised of (i) TSR performance shares, which are based on total shareholder return relative to an industry peer group over a three-year performance period, and (ii) hybrid performance shares, which are based on annual operating cash flow and vest over a three year period.

At-risk compensation for the Chief Executive Officer in 2016 was targeted at 90% and for the other NEOs was targeted at an average of 74%. The Company also has several governance programs in place to align executive compensation with shareholder interests. These programs include: an annual advisory vote on executive compensation, stock ownership guidelines, an anti-hedging policy, limited perquisites and the use of wealth accumulation spreadsheets. For information on the Company's 2016 operational and financial accomplishments, see "Compensation Discussion and Analysis" above.

The advisory vote regarding the compensation of the NEOs described in this Proposal 3 will be approved if a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal vote in favor of the proposal. Abstentions will have the same effect as votes against the proposal, but broker non-votes will not affect the outcome of the voting on the proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS.**

**PROPOSAL 4 TO CONDUCT A NON-BINDING ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010 (the "Dodd-Frank Act"), requires us to provide our stockholders an opportunity to cast an advisory vote on whether the Company should seek an advisory vote on the compensation of our NEOs ("Say-on-Pay" vote) every one, two or three years. At our annual meeting in 2011, our stockholders overwhelmingly approved our Board of Directors' recommendation that the Say-on-Pay vote be held every year. Our Board of Directors adopted this policy in 2011, and we have provided our



stockholders an opportunity to cast a Say-on-Pay vote each year since then.

The Dodd-Frank Act also required that our stockholders be given the opportunity at least once every six years to cast another advisory vote on the frequency of the Say-on-Pay vote. By voting on this Proposal 4, stockholders may advise us once again whether they would prefer a Say-on-Pay vote once every one, two or three years.

Our Board of Directors has carefully considered the relative merits of the three Say-on-Pay frequency options and is recommending that we continue holding a Say-on-Pay vote each year. In so doing, our Board of Directors considered our experience with the annual Say-on-Pay vote since inception, preferences of stockholders holding a majority of our shares, the practices of our peers and general trends in corporate governance. Most importantly, the Board of Directors believes that having an annual Say-on-Pay vote allows for more informed and responsive compensation decisions that are more reflective of stockholders' current interests and concerns.

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You may cast your advisory vote on your preferred Say-on-Pay frequency by choosing the option of one year, two years or three years or you may abstain from voting. The option that receives the highest number of votes cast by the stockholders will be the frequency for the Say-on-Pay vote that has been selected by the stockholders. The Board of Directors will take into account the outcome of this advisory vote in setting the frequency of our Say-on-Pay vote going forward.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR AN ANNUAL (EVERY ONE YEAR) FREQUENCY OF STOCKHOLDER ADVISORY VOTE ON EXECUTIVE COMPENSATION.**

**CONFLICT OF INTEREST AND RELATED PERSON POLICIES**

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

For executive officers of the Company other than the CEO, the Corporate Secretary reviews the written disclosure described above with the CEO, and a determination is made whether to approve the transaction resulting in the conflict of interest or potential conflict of interest. The CEO and the Corporate Secretary may refer the matter to our Board of Directors as circumstances require. If the transaction involves the CEO or a member of the Board of Directors, the matter is referred to the full Board of Directors for review and approval. In each case the standard applied in approving the transaction is the best interests of the Company without regard to the interests of the individual officer or director involved in the transaction. These procedures for reviewing and approving conflict of interest transactions are based on the Company's past practice and are not contained in any written policy.

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## GENERAL INFORMATION

### Why did I receive these proxy materials?

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Cabot Oil & Gas Corporation (the “Company”) of proxies for use at its 2017 Annual Meeting of Stockholders, to be held at the Company’s offices, 840 Gessner Road, Suite 1400, Houston, Texas 77024 on Wednesday, May 3, 2017, at 8:00 a.m. Central Time, or any adjournment or postponement thereof (the “Annual Meeting”). The purposes of the meeting, and information about the Company’s governance and executive compensation, are set forth in the accompanying Notice of Annual Meeting of Stockholders. Please review these materials carefully before casting your vote. We are asking that you vote on four proposals.

### Who is entitled to vote?

Only holders of record of the Company’s Common Stock as of the close of business on March 13, 2017, are entitled to vote at the Annual Meeting. As of that date, the Company had outstanding and entitled to vote 465,521,772 shares of Common Stock. Each share of Common Stock is entitled to one vote per share. There is no provision for cumulative voting.

### What am I being asked to vote on, and what are the recommendations of the Board?

At the Annual Meeting, stockholders will be asked to consider and act upon the following matters discussed in the attached proxy statement. Proxies delivered by record stockholders without voting instructions marked will be voted in accordance with the recommendations of the Board. Proxies will be voted in the best judgment of the proxy holders on any other matters that may properly come before the meeting.

| <b>Proposal</b>   | <b>Board Recommendation</b> |
|---|-----------------------------|
| <b>PROPOSAL 1</b> The election of director candidates named herein. | <b>FOR</b>                  |

|                             |   |               |
|-----------------------------|---|---------------|
| <b>PROPOSAL</b><br><b>2</b> | Ratification of the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2017 fiscal year. | <b>FOR</b>    |
| <b>PROPOSAL</b><br><b>3</b> | The approval on an advisory basis of executive compensation.  | <b>FOR</b>    |
| <b>PROPOSAL</b><br><b>4</b> | The frequency of future advisory votes on executive compensation.   | <b>1 YEAR</b> |

**How do I vote?**

On or about March 21, 2017, we mailed a notice to our stockholders who have not elected otherwise advising them that our materials for this meeting are available on the internet. Certain other stockholders who elected to receive paper copies have received these materials by U.S. mail. In either case, you may vote your shares:

**In person:** you may vote in person at the Annual Meeting;

**By internet:** log onto [www.proxyvote.com](http://www.proxyvote.com) and use the instructions on the proxy card or voting instruction form received from your broker or bank;

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**By telephone:** 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 mail:** by completing and returning the enclosed proxy card or voting instruction form in the postage-paid envelope provided, (for those receiving paper copies only).

**What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

If your shares are registered directly in your name with Cabot's registrar and transfer agent, Wells Fargo Bank, N.A., you are a stockholder of record with respect to these shares. If, as is more typical, your shares are held in a brokerage account or by your bank, broker or other third party, you are the beneficial owner of these shares. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

**What if I hold my shares through a broker and do not give voting instructions to my broker?**

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. However, the New York Stock Exchange (the "NYSE") precludes brokers from exercising voting discretion on certain proposals without specific instructions from the beneficial owner. Under NYSE rules, at our Annual Meeting brokers will have discretion to vote only on Proposal 2 (ratification of appointment of auditor). Brokers cannot vote on any of the other proposals to be presented at our Annual Meeting without instructions from the beneficial owners. **If you do not instruct your broker how to vote on each of the other proposals, your broker will not vote for you.** Your shares will be considered "broker non-votes."

**What constitutes a quorum of shareholders?**

We must have a quorum to conduct the meeting. A quorum is the presence at the Annual Meeting in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast as of the record date. Because there were 465,521,772 shares of common stock outstanding on March 13, 2017, the record date, the quorum for the Annual

Meeting requires the presence at the meeting in person or by proxy of stockholders entitled to vote at least 232,760,887 shares. Broker non-votes, abstentions and withhold-authority votes COUNT for purposes of determining a quorum.

**What are my voting options and what is the voting requirement for each of the proposals?**

For each matter to be presented at the Annual Meeting, you may choose to vote “for,” “against” or “abstain.”

***Proposal No. 1 – Election of Directors:*** You will be allowed to vote “for,” “against” or “abstain” on each director nominee. Any nominee who receives a greater number of votes cast “for” his or her election than votes cast “against” his or her election will be elected to the Board. Shares not represented in person or by proxy at the Annual Meeting, abstentions and broker non-votes will have no effect on the election of directors.

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**Proposal No. 2 – Ratification of Independent Registered Public Accounting Firm:** The affirmative vote of holders of a majority of the shares properly represented at the meeting, either in person or by proxy, on Proposal No. 2 is required to ratify the appointment of PwC as our independent registered public accounting firm. Therefore, abstentions will have the same effect as a vote “against.” Brokers generally have discretionary authority to vote on the ratification of our independent registered public accounting firm. Therefore, we do not expect any broker non-votes on this proposal.

**Proposal No. 3 – An Advisory Vote to Approve Our Executive Compensation:** Because Proposal No. 3 is an advisory vote, there is no minimum vote that constitutes approval of this proposal. We will consider this proposal approved if a majority of the votes properly cast are “for” this proposal. Therefore, abstentions will have the same effect as a vote “against” this proposal. Broker non-votes will have no effect on the outcome of this proposal.

**Proposal No. 4 – An Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation:** You will be allowed to vote for “one,” “two” or “three” years, or to abstain from voting on Proposal No. 4. The alternative receiving the most votes, whether or not a majority, of the shares voted in person or by proxy at the meeting, will be considered the shareholders’ preference on the frequency of future advisory votes on executive compensation. Shares not represented in person or by proxy at the Annual Meeting, abstentions and broker non-votes will have no effect on the outcome of this proposal.

**How will my shares be voted on other matters raised at the meeting?**

We do not know of any matters to be presented at the Annual Meeting other than those listed above. However, if any other matters properly come before the Annual Meeting, the persons named on your proxy card or voting instruction form from your broker will vote in accordance with their best judgment. The persons named on the Company’s form of proxy are members of Cabot’s management.

**What can I do if I change my mind after I vote my shares?**

Stockholders attending the Annual Meeting may vote their shares in person even though they have already executed a proxy. Properly executed proxies not revoked will be voted in accordance with the specifications thereon at the Annual Meeting and at any adjournment or postponement thereof. You may revoke your proxy at any time prior to the Annual Meeting by a written communication to the Corporate Secretary of the Company, or by a duly executed proxy bearing a later date.

**When will Cabot announce the voting results?**

We will announce the preliminary voting results at the Annual Meeting of Stockholders. We will report the final results in a Current Report on Form 8-K filed with the SEC within a few days of the meeting.

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**How are proxies solicited, and what is the cost?**

The cost of soliciting proxies in the enclosed form will be borne by the Company. In addition to solicitation by mail, officers, employees or agents of the Company may solicit proxies personally. The Company may request banks and brokers or other similar agents or fiduciaries to transmit the proxy material to the beneficial owners for their voting instructions and will reimburse them for their expenses in so doing. Okapi Partners LLC has been retained to assist the Company in the solicitation of proxies at a fee estimated not to exceed \$7,000, plus expenses.

**What is householding?**

As permitted by the SEC rules, only one copy of this Proxy Statement is being delivered to stockholders residing at the same address, unless the stockholders have notified Cabot of their desires to receive multiple copies of the Proxy Statement. This is known as “householding.” Upon oral or written request, we will promptly deliver a separate copy of the Proxy Statement to any stockholder residing at an address to which only one copy was mailed. You may direct requests for additional copies for the current year or future years to our Corporate Secretary or our Investor Relations team. Stockholders of record residing at the same address and currently receiving multiple copies of the Proxy Statement may contact our registrar and transfer agent, Wells Fargo Bank, N.A., to request a single copy be mailed in the future. Beneficial owners should contact their broker or bank.

**How can I communicate with Cabot’s Board of Directors or individual directors?**

You can address communications to the “Board of Directors,” a specified committee of the Board, an individual director (including the Lead Director) or the “Non-management Directors” in care of:

Corporate Secretary

Corporate Legal Department

840 Gessner Road, Suite 1400

Houston, Texas 77024

OR

(281)589-4600

(281)589-4808 (fax)

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

OR

Deidre.Shearer@cabotog.com (email)

All communications received as described above will be relayed to the appropriate directors.

**How do I submit a stockholder proposal for action at the 2018 Annual Meeting of Stockholders?**

You may send any stockholder proposal intended for inclusion in the proxy statement for the 2018 Annual Meeting of Stockholders of the Company and otherwise eligible, to: Corporate Secretary, Cabot Oil & Gas Corporation, 840 Gessner Road, Suite 1400, Houston, Texas 77024. A notice of stockholder proposal to be presented at the 2018 Annual Meeting of Stockholders must be received by November 21, 2017.

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**How do I nominate a director or present other items for action at the 2018 Annual Meeting of Stockholders?**

The bylaws of the Company require timely advance written notice of stockholder nominations of director candidates (other than proxy access nominations, which are discussed below) and of any other business to be presented by a stockholder at an annual meeting of stockholders. To be timely, the bylaws require advance written notice be delivered to the Company's Secretary at the principal executive offices of the Company not later than the close of business on the 90<sup>th</sup> day, nor earlier than the close of business on the 120<sup>th</sup> day, prior to the anniversary of the preceding year's annual meeting (with certain exceptions if the date of the annual meeting is different by more than specified amounts from the anniversary date). The deadline for submission for the 2018 Annual Meeting of Stockholders is currently February 2, 2018. To be valid, a notice must set forth certain information specified in the bylaws. You also must attend the meeting and present the nomination or other item of business.

**How do I nominate a director for inclusion in the Company's proxy statement for the 2018 Annual Meeting of Stockholders?**

The bylaws of the Company currently permit any stockholder or group of not more than 20 stockholders that have continuously held at least 3% of our outstanding Common Stock for at least three years to nominate candidates for up to 20% of the available Board seats and have such candidates included in the proxy statement for the 2018 Annual Meeting of Stockholders of the Company. To be timely, the bylaws require advance written notice to be delivered to the Company's Secretary at the principal executive offices of the Company not later than the close of business on the 120<sup>th</sup> day, nor earlier than the close of business on the 150<sup>th</sup> day, prior to the anniversary of the date on which the Company first mailed proxy materials for the preceding year's annual meeting. The deadline for submission for the 2018 Annual Meeting of Stockholders is currently November 21, 2017. To be valid, a notice must set forth certain information specified in the bylaws and the stockholder or group of stockholders providing such a notice must comply with the eligibility and other requirements specified in the bylaws.

**By Order of the Board of Directors,**

**Deidre L. Shearer**

*Vice President and Corporate Secretary*

March 21, 2017



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