

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

Securities and Exchange Commission

Washington, D.C. 20549

Schedule 14A

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

Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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Notice of 2016 Annual Meeting of Stockholders and Proxy Statement

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

Dear Stockholder:

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

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

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

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

Sincerely,

Dan O. Dinges

Chairman, President and Chief Executive Officer

March 22, 2016

Notice of Annual Meeting of Stockholders

May 4, 2016

8:00 a.m., Central Time,

840 Gessner Road, Suite 1400, Houston, Texas 77024

Purpose of the Meeting:

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

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

Record date:

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

Voting Procedures:

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

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

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

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

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

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

March 22, 2016

By Order of the Board of Directors,

Deidre L. Shearer

Corporate Secretary and Managing Counsel

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Compensation
Committee Report

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PROXY SUMMARY

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

Annual Meeting Information

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

Voting Methods

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

Matters to be Voted on and Recommendation

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

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

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Director Nominees

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

*Board member since 12/01/2015

Average director tenure: 6.2 years

(1) *Bold font indicates Chairman of Committee*

A Audit Committee

C Compensation Committee

CG Corporate Governance & Nominations Committee

S Safety & Environmental Affairs Committee

E Executive Committee

Governance Highlights

• Proxy access for stockholders

• Director orientation and continuing education

• A declassified Board

• Majority voting for director elections

• Average director tenure is 6.2 years

• Our CEO is the only non-independent director

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

• Separate Board committee devoted entirely to safety and environmental matters

• Political contributions disclosures on our website

• Annual Board and committee self-assessments

• Active Board oversight of Company risks

• Sustainability disclosures on our website

• Stockholders may act by written consent

• No poison pill

⚡Mandatory director retirement at age 73

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2015 Financial and Operational Highlights

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

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

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

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

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

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Executive Compensation Highlights

What we do:

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

What we don’t do:

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

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PROPOSAL 1 ELECTION OF DIRECTORS

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

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

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

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

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

The persons named in the enclosed form of proxy intend to vote such proxies **FOR** the election of each of the nominees for terms of one year. If any one of the nominees is not available at the time of the Annual Meeting to serve, proxies received will be voted for substitute nominees to be designated by the Board of Directors or, in the event no

such designation is made by the Board, proxies will be voted for a lesser number of nominees. In no event will the proxies be voted for more than the number of nominees set forth above.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS.

Certain Information Regarding Nominees

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

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Dorothy M. Ables

Age: 58

Director Since: 2015

Committee Memberships: Audit, Compensation

Business Experience:

•Spectra Energy Corp

-Chief Administrative Officer – November 2008 to present

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

• Duke Energy Corporation

- Vice President, Audit Services – 2004 to
- 2006

•Duke Energy Gas Transmission

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

Other Directorships:

•Spectra Energy

Partners, LP

-2013 to present

Key skills, attributes and qualifications:

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

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

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Rhys J. Best

Age: 69

Director Since: 2008

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

Business Experience:

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

Other Directorships:

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

Key skills, attributes and qualifications:

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

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

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