Cabot Oil & Gas Corporation

Meeting Type: Annual
Meeting Date: 23 April 2015
Record Date: 2 March 2015
Meeting ID: 951014

New York Stock Exchange: COG
Index: S&P 500
Sector: Oil & Gas Exploration & Production
GICS: 10102020

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Key Takeaways

Notwithstanding the company's recent bylaw amendment to adopt proxy access, the shareholder proposal to provide proxy access warrants support as implementation of proxy access under the terms recommended by the shareholder proposal would serve to more greatly enhance shareholder rights.

Support for the shareholder resolution on political contributions is warranted, as increased disclosure of the company's board-level oversight would aid investors in assessing the company's management of related risks and benefits.

The company is involved in moderate to severe ESG controversies. Cabot Oil & Gas' operations in Dimock, Pennsylvania have been the center of multiple lawsuits and investigations by government officials due to the alleged ill effects of hydraulic fracturing on community water sources. *Source: MSCI ESG Research Impact Monitor report dated Dec. 10, 2014.*

Agenda & Recommendations

Policy: Sustainability

Incorporated: Delaware, USA

Item	Code	Proposal	Board Rec.	Sust. Rec.
MANAGEMENT PROPOSALS				
1.1a	M0201	Elect Director Rhys J. Best	FOR	FOR
1.1b	M0201	Elect Director Dan O. Dinges	FOR	FOR
1.1c	M0201	Elect Director James R. Gibbs	FOR	FOR
1.1d	M0201	Elect Director Robert L. Keiser	FOR	FOR
1.1e	M0201	Elect Director Robert Kelley	FOR	FOR
1.1f	M0201	Elect Director W. Matt Ralls	FOR	FOR
2	M0101	Ratify PricewaterhouseCoopers LLP as Auditors	FOR	FOR
3	M0550	Advisory Vote to Ratify Named Executive Officers' Compensation	FOR	FOR
SHAREHOLDER PROPOSALS				
4	S0807	Report on Political Contributions Disclosure	AGAINST	FOR
5	S0221	Proxy Access	AGAINST	FOR

Shading indicates that Sustainability Advisory Services recommendation differs from Board recommendation
▶ Items deserving attention due to contentious issues or controversy

Report Contents

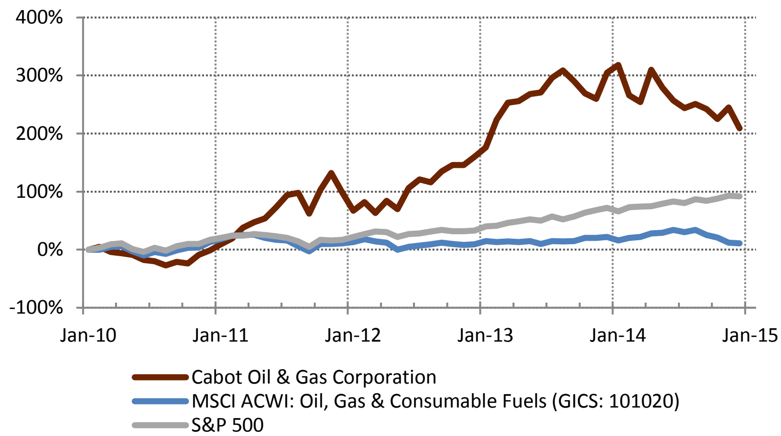
Material Company Updates

Item	Summary
Bylaw Amendment – Proxy Access	On March 11, 2015, the company amended its Amended and Restated Bylaws ("Bylaws") to implement proxy access. Proxy access process under the Bylaws will first be available to stockholders in connection with the Company's 2016 annual meeting of stockholders. Under these amendments, a stockholder, or group of not more than ten stockholders, may include director nominees in the company's proxy materials if the following requirements are met. Eligible stockholder(s) must: • Have owned 5% or more of the company's outstanding common stock continuously for at least 3 years; and • Provide notice not less than 120 days or more than 150 days prior to the anniversary of the date of the proxy statement of the prior year's annual meeting. Bylaws also provide for all director nominees to be independent and meet specified additional criteria, and no stockholder nominees will be included in the company's proxy materials for any annual meeting if the company receives notice pursuant to the advance notice provisions of the Bylaws that a stockholder intends to nominate one or more directors at such meeting. The maximum number of stockholder nominees that may be included in the proxy statement pursuant to these proxy access provisions may not exceed 20% of the number of directors in office on the date of the annual meeting. In addition, an eligible stockholder may include a written statement, not to exceed 500 words, in support of the candidacy of the stockholder nominees proposed by the eligible stockholder. The foregoing proxy access provisions are subject to additional eligibility, procedural and disclosure requirements set forth in Article V, Section E of the Bylaws.
Director Updates	In February 2015, the Corporate Governance and Nominations Committee recommended, and the non-management directors appointed, Robert Kelley as the Lead Director, replacing P. Dexter Peacock who has served as Lead Director since 2005 and is retiring from the board this year.

Financial Highlights

Company Description: Cabot Oil & Gas Corporation, an independent oil and gas company, develops, exploits, explores for, produces, and markets natural gas, oil, and natural gas liquids in the United States.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS

	1 Yr	3 Yr	5 Yr
Company TSR (%)	-23.43	16.23	22.42
GICS 1010 TSR (%)	-26.17	-4.18	1.54
S&P500 TSR (%)	13.69	20.41	15.45

Source: Compustat. As of last day of company FY end month: 12/31/2014

COMPANY SNAPSHOT

Market Cap (M)	12,229.6
Closing Price	29.61
Annual Dividend	0.08
52-Week High	39.46
52-Week Low	26.01
Shares Outstanding (M)	413.0
Average daily trading volume (prior mo)*	7,075.81

As of March 2, 2015 (All currency in USD)
* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

	Historical Performance (FY ending)					Compared to Peers (Compustat FY*) – **2014**				
All currency in USD	**12/2010**	**12/2011**	**12/2012**	**12/2013**	**12/2014**	**CXO**	**SWN**	**EQT**	**RRC**	**XEC**
Earnings						Concho Resources Inc.	Southwestern Energy Company	EQT Corporation	Range Resources Corporation	Cimarex Energy Co.
Revenue (M)	844	980	1,205	1,746	2,173	2,660	4,038	2,470	2,419	2,681
Net Income (M)	103	122	132	280	104	538	924	387	634	507
EBITDA (M)	505	601	721	1,180	1,490	1,403	2,315	1,766	1,547	1,626
EPS (USD)	0.25	0.30	0.32	0.67	0.25	4.89	2.63	2.54	3.81	5.79
EPS Y/Y Growth (%)	-31	19	7	113	-63	115	31	28	437	-11
Profitability										
Net Margin (%)	24	24	20	28	2	32	36	29	43	30
EBITDA Margin (%)	60	61	60	68	69	53	57	72	64	61
Return on Equity (%)	6	6	6	13	5	10	20	8	18	11
Return on Assets (%)	3	3	3	6	2	5	6	3	7	6
ROIC (%)	4	4	4	8	3	6	13	4	10	9
Leverage										
Debt/Assets	24	22	24	23	32	31	47	25	35	17
Debt/Equity	52	45	51	52	82	68	149	65	89	33
Cash Flows										
Operating (M)	485	502	652	1,025	1,236	1,674	2,335	1,415	954	1,619
Investing (M)	-614	-488	-766	-918	-1,665	-2,546	-7,288	-2,444	-1,245	-1,740
Financing (M)	145	-40	114	-114	426	872	4,983	1,261	291	522
Net Change (M)	16	-26	1	-7	-2	0	30	232	0	401
Valuation & Performance										
Price/Earnings	38.20	64.30	79.00	57.90	118.40	20.40	10.40	29.80	14.00	18.30
Annual TSR (%)	-12.86	100.92	31.35	56.12	-23.43	-7.64	-30.61	-15.58	-36.46	1.55

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for accurate comparison across companies and industries. Compustat data may differ from companies' disclosed financials. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information. Peers used in Financial Highlights represent closest industry peers drawn from those peers used in ISS' pay-for-performance analysis.

Corporate Governance Profile

BOARD & COMMITTEE SUMMARY

	Independence	Members	Meetings
Full Board	83%	6	7
Audit	100%	3	4
Compensation	100%	2	4
Nominating	100%	2	4

Chairman classification	Insider
Separate chair/CEO	No
Independent lead director	Yes
Voting standard	Majority
Plurality carveout for contested elections	Yes
Resignation policy	Yes
Total director ownership (000 shares)	4,619
Total director ownership (%)	N/A
Percentage of directors owning stock	100%
Number of directors attending < 75% of meetings	0
Number of directors on excessive number of outside boards	0
Average director age	68 years
Average director tenure	8 years
Percentage of women on board	0%

SHAREHOLDER RIGHTS SUMMARY

Controlled company	No
Classified board	No
Dual-class stock	No
Vote standard for mergers/acquisitions	Majority
Vote standard for charter/bylaw amendment	Majority
Shareholder right to call special meetings	No
Material restrictions on right to call special meetings	N/A
Shareholder right to act by written consent	Yes
Cumulative voting	No
Board authorized to issue blank-check preferred stock	Yes
Poison pill	No

Board Profile

Director Independence & Affiliations

EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees			
			Company	Sustainability Advisory Services						Boards	CEO	Audit	Comp	Nom	Gov
✓	**Dan O. Dinges**	CEO/Chair	Non-Independent	Insider		M	61	13	2016	1					

NON-EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees			
			Company	Sustainability Advisory Services						Boards	CEO	Audit	Comp	Nom	Gov
✓	**Robert Kelley**	Lead Director	Independent	Independent Outsider		M	69	12	2016	1		**C F**			
✓	**Rhys J. Best**		Independent	Independent Outsider		M	68	7	2016	3		**M**	**C**		
✓	**James R. Gibbs**		Independent	Independent Outsider		M	70	5	2016	0			**M**	**C**	**C**
✓	**Robert L. Keiser**		Independent	Independent Outsider		M	72	9	2016	0		**M**			
✓	**W. Matt Ralls**		Independent	Independent Outsider		M	65	3	2016	2				**M**	**M**

M = Member | C = Chair | F = Financial Expert

*Indicates director not previously submitted to shareholders for election.

Director Notes

Rhys J. Best	The company has a business relationship with an entity where Rhys J. Best serves as a director. The payments made or received by the company did not exceed the greater of $1 million or 2 percent of the recipient's consolidated gross revenues during fiscal years 2012, 2013, and 2014. (Source: DEF14A, 3/12/15, p. 20.)
W. Matt Ralls	The company has a business relationship with an entity where W. Matt Ralls serves as a director. The payments made or received by the company did not exceed the greater of $1 million or 2 percent of the recipient's consolidated gross revenues during fiscal years 2012, 2013, and 2014. (Source: DEF14A, 3/12/15, p. 20.)

Director Employment, Compensation & Ownership

Name	Primary Employment	Outside Boards	Total Compensation*	Shares Held	60-day Options	Total	Voting Power (%)
Dan O. Dinges	CEO, Chairman, President - Cabot Oil & Gas Corporation	United States Steel Corporation	**	3,426,710	294,804	3,721,514	<1
Robert Kelley	Financial Services	OGE Energy Corp.	302,761	491,669	0	491,669	<1
Rhys J. Best	Retired	Commercial Metals Company, Trinity Industries, Inc., MRC Global Inc.	296,361	90,429	0	90,429	<1
James R. Gibbs	Retired		290,496	57,551	0	57,551	<1
Robert L. Keiser	Retired		294,766	224,955	0	224,955	<1
W. Matt Ralls	Chairman - Rowan Companies plc	Rowan Companies plc, Superior Energy	278,541	32,907	0	32,907	<1

Services, Inc.

*Local market currency
**For executive director data, please refer to Executive Pay Overview.

Compensation Profile

EXECUTIVE PAY OVERVIEW

Executive	Title	Base Salary	Change in Pension, Deferred Comp, All Other Comp	Bonus & Non-equity Incentives	Restricted Stock	Option Grant	Total
D. Dinges	Chairman, President and Chief Executive Officer	886	297	1,800	5,977	0	8,960
S. Schroeder	Executive Vice President and Chief Financial Officer	470	175	760	2,241	0	3,647
J. Hutton	Senior Vice President, Marketing	352	120	397	772	0	1,642
P. Stalnaker	Vice President and Regional Manager, North Region	316	106	350	677	0	1,450
G. Cunningham	Vice President and General Counsel	346	104	150	648	0	1,247
Median CEO Pay	ISS Selected Peer Group	850	152	1,554	4,341	777	8,236
	Company Defined Peers	831	145	1,273	3,466	500	**6,801**

Source: ISS. Pay in $thousands. Total pay is sum of all reported pay elements, using ISS' Black-Scholes estimate for option grant-date values. Note: Median total pay will not equal sum of pay elements medians. Company Defined Peers are as disclosed. More information on ISS' peer group methodology at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/.

OPTION VALUATION ASSUMPTIONS

For CEO's last FY Grant	Company	ISS
Volatility (%)*	N/A	N/A
Dividend Yield (%)*	N/A	N/A
Term (yrs)*	N/A	N/A
Risk-free Rate (%)*	N/A	N/A
Grant date fair value per option*	N/A	N/A
Grant Date Fair Value ($ in 000)**	N/A	N/A

*Source: Standard & Poor's Xpressfeed;**Source DEF14A (company value); ISS (ISS value); Difference between ISS and company grant date fair value %

CEO TALLY SHEET

CEO	D. Dinges
CEO tenure at FYE:	12.6 years
Present value of all accumulated pension:	N/A
Value of CEO stock owned (excluding options):	$101,464,885
Potential Termination Payments	
Involuntary termination without cause:	$29,170,194
Termination after a change in control:	$32,220,519

Source: DEF14A

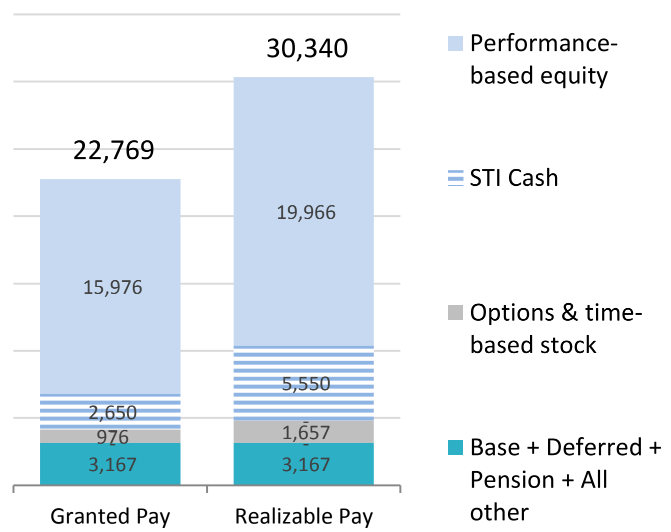
CEO PAY MULTIPLES

Compared to	Multiple
2nd highest active executive	2.46
Average active NEO	4.49
ISS peer median	1.09
Company peer median	1.32

Source: ISS

3-YEAR GRANTED VS. REALIZABLE CEO PAY

3 year TSR: 16.23%



Source: DEF14A and ISS ($ in thousands)

Granted pay equals the sum of, for all of the three prior fiscal years: (1) Salary, Change in Pension Value/Deferred Compensation and All Other Compensation as reported in the Summary Compensation Table (SCT), (2) paid Bonus, (3) target short-term cash incentives, (4) the target value of long-term cash incentives granted, and (5) the grant-date fair value of equity awards granted.

Realizable pay equals the sum of (1) and (2) above, (3) the sum of short-term cash incentives earned, (4) the earned (or target if not yet earned) value of any long-term cash awarded during the period, and (5) the fair value of all equity awarded (or earned, for performance shares where the performance period has ended) during the prior three fiscal years, all valued as of the most recent FY end date (end of the measurement period).

With the exception of exercised options, which are valued at intrinsic value at the date of exercise, all options are valued with the Black-Scholes model using assumptions as of the valuation date (grant date for grant pay, and most recent FY end date for realizable pay). More information at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/

Dilution & Burn Rate

DILUTION

	Dilution (%)
Cabot Oil & Gas Corporation	5.19
Peer group median	6.89
Peer group weighted average	4.31
Peer group 75th percentile	10.72

Dilution is the sum of the total amount of shares available for grant and outstanding under options and other equity awards (vested and unvested) expressed as a percentage of total basic common shares outstanding as of the record date. The dilution figure typically excludes employee stock purchase plans (ESPPs) and 401(k) shares. The underlying information for the company is based on the company's equity compensation table in the most recent proxy statement or 10-K.

BURN RATE

	Non-Adjusted (%)	Adjusted (%)
1-year	0.35	0.87
3-year average	0.44	1.06

Burn rate equals the number of shares granted in each fiscal year, including stock options, restricted stock (units), actual performance shares delivered under the long-term incentive plan or earned deferred shares, to employees and directors divided by weighted average common shares outstanding. The adjusted burn rate places a premium on grants of full-value awards using a multiplier based on the company's annual volatility.

Vote Results

ANNUAL MEETING 1 MAY 2014

Proposal	Board Rec	Sust. Rec	Disclosed Result	Support Including Abstains (%)[1]	Support Excluding Abstains (%)[2]
1a Elect Director Dan O. Dinges	For	For	Majority	96.8	97.5
1b Elect Director James R. Gibbs	For	For	Majority	98.1	98.6
1c Elect Director Robert L. Keiser	For	For	Majority	98.8	99.3
1d Elect Director W. Matt Ralls	For	For	Majority	97.9	98.4
2 Ratify Auditors	For	For	Pass	97.3	97.8
3 Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Pass	98.2	99.2
4 Increase Authorized Common Stock	For	For	Pass	83.9	83.9
5 Approve Omnibus Stock Plan	For	For	Pass	90.9	91.4
6 Report on Political Contributions	Against	For	Fail	33.0	44.7

Shaded results reflect a majority of votes cast FOR shareholder proposal or AGAINST management proposal or director election
[1]Support Including Abstains is defined as %FOR/(For + Against + Abstain), as expressed as a percentage.
[2]Support Excluding Abstains is defined as %FOR/(For + Against), as expressed as a percentage, provided if different from For + Against + Abstain.

Meeting Agenda & Proposals

Items 1.1a, 1.1b, 1.1c, 1.1d, 1.1e and 1.1f. Elect Directors — FOR

VOTE RECOMMENDATION

A vote FOR the director nominees is warranted.

BACKGROUND INFORMATION

Policies: Board Accountability | Board Responsiveness | Director Competence | Director Independence | Election of Directors | Sustainability Advisory Services Categorization of Directors | Vote No campaigns

Vote Requirement: The company has adopted a majority vote standard (of shares cast) for the election of directors with a plurality carve-out for contested elections, and has a director resignation policy in its governance guidelines.

Discussion

PLEDGING OF SHARES

Anti-pledging policy	Company permits
Anti-hedging policy	Company has robust policy
Pledging of at least 1,000 shares of company stock by NEOs or directors?	Yes
Aggregate shares pledged/value*	48,000 valued at $1,421,280
% of common shares outstanding or market value**	0.01
# of days to unwind pledged shares based on average daily trading volume***	0.01
Name and position****	P. Dexter Peacock, Director
Pledged shares as % of total stock ownership	18.6%

**Based on fiscal year end stock price of $29.61; **Based on common shares outstanding as of fiscal year end; ***Based on average daily trading volume over the past 30 days at 7,075,808 shares. ****P. Dexter Peacock, who has served as Lead Director since 2005, is retiring from the board this year.*

Pledging of company stock by directors or executive officers can pose a risk to the investments of outside shareholders. Directors and executives with a pledged position may be forced to sell company stock (for example, to meet a margin call). The forced sale of a significant amount of company stock may negatively impact the company's stock price and may violate insider trading policies. In addition, share pledging may be utilized as part of hedging or monetization strategies that would potentially immunize an executive against economic exposure to the company's stock, even while maintaining voting rights.

In determining whether a pledged position represents a significant risk to shareholders, Sustainability Advisory Services analyzes the following:

- The number and value of the pledged shares;
- The pledged position as a percentage of market value; and
- The number of days it would take to unwind the pledged position.

In addition, Sustainability Advisory Services will consider any rationale that the company has disclosed for the pledging activity, the historical trend in pledging activity, and the absence or presence of an anti-pledging policy.

Based on the above evaluation, the size of this pledged position does not raise significant concerns at this time. Moreover, Mr. Peacock plans to retire from the board. However, the company's current policy permits share pledging, which could lead to further instances of pledged shares in the future. Shareholders should continue to monitor the pledging activity at the company and Sustainability Advisory Services may issue adverse vote recommendations if pledging activity increases without a compelling rationale.

MANAGEMENT AND OVERSIGHT OF ESG RISKS

The MSCI ESG Research Impact Monitor report dated Dec. 10, 2014, has identified the following controversies:

Environment Controversies

Cabot Oil & Gas' operations in Dimock, Pennsylvania have been the center of debate and activism regarding the alleged ill effects of hydraulic fracturing, or fracking, to community water sources. Since 2008, Dimock homeowners have claimed Cabot's operations have tainted their wells with chemicals, particularly methane.

In January 2014, natural gas was released for a span of 27 hours from the company's Huston J1 gas well located in Brooklyn Township, Susquehanna County. Pennsylvania's Department of Environmental Protection ordered the company to pay a penalty due to the incident.

Human Rights Controversies

Cabot Oil & Gas' hydraulic fracturing operations have allegedly caused toxic contamination to water wells of in Dimock, Pennsylvania. While the company claims that the contamination has existed prior to its operations, it took legal responsibility for the methane contamination in the area. The company has been banned from drilling within 9 square miles around the village.

CONCLUSION

Sustainability Advisory Services will continue to monitor Cabot Oil & Gas' performance on the management and oversight of ESG risks, and may recommend voting against members of the board in the future if additional significant controversies occur and it is determined that the company has failed to adequately guard against or manage exposure to ESG risks.

Item 2. Ratify PricewaterhouseCoopers LLP as Auditors — FOR

VOTE RECOMMENDATION

A vote FOR this proposal to ratify the company's auditor is warranted.

BACKGROUND INFORMATION

Policies: Auditor Ratification

Vote Requirement: Majority of votes cast (abstentions count as votes against)

Discussion

The board recommends that PricewaterhouseCoopers LLP be approved as the company's independent accounting firm for the coming year.

Accountants	PricewaterhouseCoopers LLP
Auditor Tenure	25 years
Audit Fees	$1,635,100
Audit-Related Fees	$0
Tax Compliance/Preparation*	$0
Other Fees	$581,376

Percentage of total fees attributable to non-audit ("other") fees	26.23 %

*Only includes tax compliance/tax return preparation fees. If the proxy disclosure does not indicate the nature of the tax services and provides the fees associated with tax compliance/preparation, those fees will be categorized as "Other Fees."

The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Analysis

This request to ratify the auditor does not raise any exceptional issues, as the auditor is independent, non-audit fees are reasonable relative to audit and audit-related fees, and there is no reason to believe the auditor has rendered an inaccurate opinion or engaged in poor accounting practices.

Item 3. Advisory Vote to Ratify Named Executive Officers' Compensation

FOR

VOTE RECOMMENDATION

A vote FOR this proposal is warranted, as no significant concerns were found in reviewing the company's executive compensation practices at this time.

BACKGROUND INFORMATION

Policies: Advisory Votes on Executive Compensation

Vote Requirement: Majority of votes cast (abstentions count as votes against, broker non-votes have no effect)

Executive Compensation Analysis

COMPONENTS OF PAY

($ in thousands)	CEO				CEO Peer Median	Other NEOS
	D. Dinges		D. Dinges	D. Dinges		
	2014	**Change**	**2013**	**2012**	**2014**	**2014**
Base salary	886	10.6%	801	678	850	1,484
Deferred comp & pension	0		0	0	0	0
All other comp	297	11.8%	266	239	140	506
Bonus	0		0	0	0	0
Non-equity incentives	1,800	-10.0%	2,000	1,750	1,464	1,657
Restricted stock	5,977	-1.1%	6,046	3,953	4,341	4,338
Option grant	0		0	976	777	0
Total	**8,960**	**-1.7%**	**9,113**	**7,596**	**8,236**	**7,985**
% of Net Income	8.6%					7.6%
% of Revenue	0.4%					0.4%

Non-Performance-Based Pay Elements (CEO)

Key perquisites ($)	CEO Aggregate Perks: 22,181
Key tax gross-ups on perks ($)	None
Value of accumulated NQDC ($)*	12,269,939
Present value of all pensions ($)	N/A
Years of actual plan service	N/A

Additional years credited service	N/A

*Non-qualified Deferred Compensation

Disclosed Benchmarking Targets

Base salary	50th Percentile
Target short-term incentive	None Disclosed
Target long-term incentive (equity)	At least the 50th percentile
Target total compensation	None Disclosed

Severance/Change-in-Control Arrangements (CEO unless noted)

Contractual severance arrangement	Individual Contract
Non-CIC estimated severance ($)	29,170,194

Change-in-Control Severance Arrangement

*Cash severance trigger**	Double trigger
Cash severance multiple	3 times
Cash severance basis	Base Salary + Target Bonus
Treatment of equity	Auto-accelerated equity vesting
*Excise tax gross-up**	Yes, committed to no longer provide excise tax gross-ups going forward
Estimated CIC severance($)	32,220,519

*All NEOs considered

Compensation Committee Communication & Responsiveness

Disclosure of Metrics/Goals

Annual incentives	Yes
Long-term incentives	Yes

Pay Riskiness Discussion

Process discussed?	Yes
Material risks found?	No

Risk Mitigators

*Clawback policy**	No
CEO stock ownership guideline	6X
Stock holding period requirements	Stock options / Restricted Stock: Until stock ownership guidelines are met

*Must apply to cash incentives and at least all NEOs.

Pledging/Hedging of Shares

Anti-hedging policy	Company has a robust policy
Anti-pledging policy	The proxy statement does not disclose a robust policy

Compensation Committee Responsiveness

MSOP vote results (F/F+A)	2014: 99.2%; 2013: 96.5%

Frequency approved by shareholders	Annual with 90.8% support
Frequency adopted by company	Annual (year of adoption: 2011)

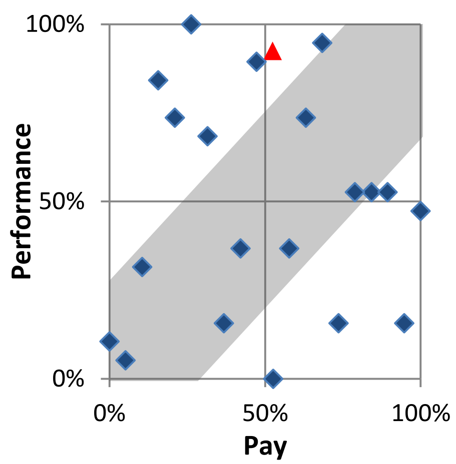
Repricing History

Repriced/exchanged underwater options last FY?	No

Pay for Performance Evaluation

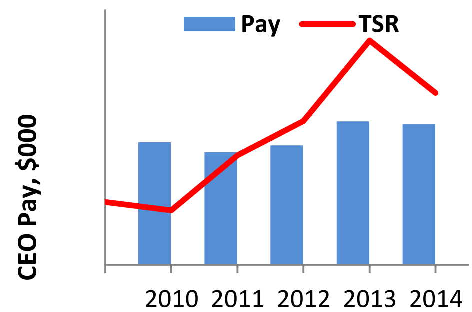
RELATIVE ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray bar indicates pay and performance alignment.



ABSOLUTE ALIGNMENT

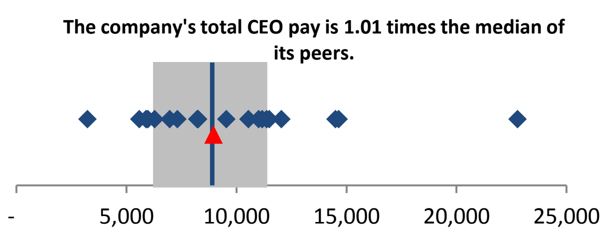
CEO granted pay trends versus value of a $100 investment made on the first day of the five-year period.



	2010	2011	2012	2013	2014
Pay($000)	7,784	7,166	7,596	9,113	8,960
Indexed TSR	87.14	175.08	229.97	359.04	274.90
CEO	Dinges	Dinges	Dinges	Dinges	Dinges

MAGNITUDE OF PAY

Pay in $thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' selected peer group with the blue line representing the 50thpercentile.



PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

Measure	Result	Level
Relative degree of alignment	**40**	Better than **83**% of Companies*
Multiple of peer group median	**1.01**	Better than **52**% of Companies
Absolute alignment	**16**	Better than **70**% of Companies
Initial Quantitative Screen	Low Concern	

*Constituents of Russell 3000 index.

For more information on ISS' quantitative pay-for-performance measures, visit http://issgovernance.com/policy/USCompensation

Peer Groups

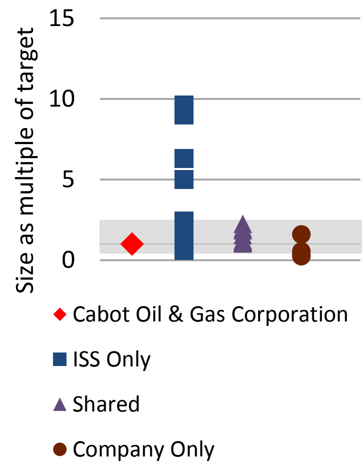
ISS AND COMPANY DISCLOSED PEER GROUPS

ISS-Selected Peers (10)	Apache Corporation Continental Resources, Inc. Devon Energy Corporation Linn Energy, LLC MURPHY OIL CORPORATION	Chesapeake Energy Corporation Denbury Resources Inc. Energen Corporation Marathon Oil Corporation Whiting Petroleum Corporation
Shared Peers (10)	Cimarex Energy Co. EQT Corporation NOBLE ENERGY, INC. QEP Resources, Inc. SM Energy Company	Concho Resources Inc. Newfield Exploration Company Pioneer Natural Resources Company Range Resources Corporation Southwestern Energy Company
Company-Disclosed Peers (4)	EXCO Resources, Inc. Ultra Petroleum Corp.	Quicksilver Resources Inc. WPX Energy, Inc.

The shaded area represents the overlap group of companies that are in both ISS' comparison group and the company's disclosed CEO compensation benchmarking peer group. Excludes company peers for which financial data is not available. More information on the ISS peer group methodology at www.issgovernance.com/policy/USCompensation

PEER GROUP SIZE ANALYSIS

Size (by revenue) of the ISS, company and overlap peer groups. Gray indicates 0.4- 2.5 times the company's revenue.



Short-Term Cash Incentives

STI performance metrics/goals

Metric	Form	Weight	Threshold	Target	Maximum	Actual
Production growth	Absolute	25%	above 25%	34%	43%	28.6%
Reserve growth	Absolute	25%	Above 15%	21%	27%	35.7%
Strategic evaluation (discretionary)	Absolute	20%	ND	ND	ND	Above target
Unit Costs (per Mcfe)	Absolute	15%	below $2.85	$2.55	$2.25	$2.56
Finding Costs (per Mcfe)	Absolute	15%	below $0.99	$0.82	$ 0.65	$ 0.71

Other Short-Term Incentive Factors

Performance results adjusted?	Committee has discretion to adjust for the impact of acquisitions/divestitures
Discretionary component?	Yes; through the strategic evaluation, the committee "evaluates key influences on company performance not otherwise considered through the metrics." The strategic component can range from 0 to 55% in the weighting of the annual incentive award, with a target of 20%.
*Discretionary bonus?**	No
CEO's last FY award ($)	1,800,000 (203% of base salary)

CEO's last FY award target	125% of base salary
Future performance metrics	Not disclosed

*Based on the Bonus column in the SCT; per SEC rules, amounts disclosed in this column were not based on pre-set goals.

Long-Term Incentives

CEO's last FY LTI target (%)	None disclosed			
NEOs' last FY award type(s)	Performance-based stock			
Current performance cycle	FY 2014 – 2016			
Most recent performance metrics/goals	**Metric**	**Threshold**	**Target**	**Maximum**
	3-year TSR vs. Industry Peer Group	14	8	1-2 (highest)
	Operating cash flow	ND	$100 million or more	ND
CEO's last FY long-term cash earned award($)	0			
CEO's last FY options granted (#)	None			
CEO's last FY stock granted(#)*	152,168			
Option/restricted stock vesting	TSR Performance Shares: Vest after 3 year performance period depending on performance / Hybrid Performance Shares: Vest 25% on each of the first two anniversaries of grant date and 50% on third anniversary, provided company has at least $100 million operating cash flow in the FY prior to the vesting date.			
*CEO equity pay mix (by value)**	Performance-conditioned: 100%; Time-based: 0%			

*Performance shares, if any, are counted and valued at target.

Other Long-Term Incentive Factors

Performance results adjusted?	No
Discretionary component?	No

*Performance shares, if any, are counted and valued at target.

Executive Summary

Evaluation Component	Level of Concern	Key Reason(s)
Non-Performance-Based Pay Elements	**Low**	
Peer Group Benchmarking	**Low**	
Severance/CIC Arrangements	**Medium**	Auto-Accelerated Equity Vesting; Excise Tax Gross-Up (Legacy)
Comp Committee Communication/Responsiveness	**Low**	
Pay for Performance Evaluation	**Low**	
***Sustainability Recommendation:* FOR**		

Analysis

Annual Incentive Plan

The bonus measurement criteria and plan structure for 2014 were unchanged from 2013. Cabot's annual incentive plan (AIP) has a maximum award of 250 percent of target in the aggregate, but individual awards can be as high as 275 percent of target payouts for each metric. There is a payout multiplier of 1.5 times for each of two grouped metrics if the grouped metrics both achieve target, subject to the 275 percent maximum payout per metric. The grouped metrics are (1) reserve growth and finding costs, and (2) production growth and unit costs. There is also a strategic evaluation component.

In 2014, the company faced a difficult commodity pricing and capacity environment in the industry that impacted performance. Specifically, there was a sharp decline in commodity prices during the second half of 2014 resulting from an oversupply of both crude oil and natural gas. Adding to this dynamic was suppressed demand for natural gas due to a lack of new pipeline takeaway capacity. In light of performance (record levels of production, reserves and cash flow), despite the macro challenges, the CEO's bonus payment for 2014 was at 160% of target, or $1.8 million. This was a reduction of 10 percent in comparison to the 2013 payout.

Long-Term Incentive Plan

For 2014, the long-term incentive plan (LTIP) plan remained unchanged and awarded two types of performance shares, TSR performance shares and hybrid performance shares. The award allocation was designed to provide NEOs with 60 percent of targeted grant-date value from TSR performance shares, and 40 percent from hybrid performance shares. The TSR performance shares pay out based on the company's three-year TSR rank within its peer group. Payouts in excess of 100 percent of target (for relative TSR ranks of eighth place or above) are paid in the cash value of the shares. The hybrid performance shares are essentially shares of restricted stock, which vest over a three-year period from the grant date, but only if the company has $100 million or more in operating cash flow in the fiscal year prior to the vesting date. Shareholders may not view this as a challenging hurdle, given that the company's actual operating cash flow, as reported by Compustat, has not been less than $485 million in any of the past five years, and was over $1.2 billion in 2014. In practice, the main impact of the performance hurdle is to allow the awards to be fully tax deductible to the company upon vesting. Long-term restricted stock awarded to the CEO was valued at just under $6.0 million for the current year, down 1 percent from the prior year.

Other Notable Factors

Single-trigger equity vesting acceleration

Equity award arrangements provide for automatic accelerated vesting of outstanding equity awards upon a change-in-control event. Such single-trigger vesting may result in an economic windfall to the executive without an accompanying termination of employment.

Excise tax gross-ups in existing agreement

Excise tax gross-up provisions may lead to substantial increases in potential termination payments and may encourage executives to negotiate transactions that may not be in the best interests of shareholders. Such arrangements are increasingly uncommon and generally opposed by shareholders, and this remains an ongoing concern.

While the company has legacy arrangements with one or more executives that provide for excise tax gross-up payments, it has committed to no longer provide these in new or materially amended contracts.

Conclusion

Upon review of the company's compensation programs and practices, Sustainability Advisory Services finds a reasonable alignment of pay and performance at this time, and no other significant concerns. Accordingly, a vote FOR this proposal is warranted.

Item 4. Report on Political Contributions Disclosure — FOR

VOTE RECOMMENDATION

A vote FOR this resolution is warranted, as increased disclosure of the company's board-level oversight mechanisms over direct political contributions would help shareholders assess the company's management of associated risks and benefits.

BACKGROUND INFORMATION

Policies: Political Spending & Lobbying Activities

Vote Requirement: Majority of votes cast (abstentions count against; broker non-votes not counted)

Discussion

PROPOSAL

The Office of the Comptroller of New York City has submitted a precatory proposal requesting that the company provide a semi-annual report on its direct and indirect political contributions and expenditures.

The resolution specifically reads:

"RESOLVED: that the shareholders of Cabot Oil & Gas ('Cabot' or the 'Company') hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:
   a. The identity of the recipient as well as the amount paid to each; and
   b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months from the date of the annual meeting."

PROPONENTS' STATEMENT

In its statement supporting the proposal, the proponent encourages transparency and accountability in political spending by corporations. The filer would like the company to go further than its current disclosure of aggregate political spending and trade association memberships by disclosing specific candidates, parties, committees, and social welfare organizations that receive corporate funds. The proponent claims that publicly available information is not sufficient for complete analysis of the company's political spending and that additional reporting would conform the company's disclosure to that of its peers. Finally, the filer asserts that greater transparency and accountability are necessary to mitigate business and reputational risks and for shareholders to evaluate the company's political activities.

BOARD'S STATEMENT

The board argues in its opposition statement that additional disclosure of political contributions and expenditures would not be in the best interest of shareholders, given the current level of disclosure and minimal amount of contributions. In order to further business goals and initiatives, the company belongs to trade associations that are listed on its website, along with the total nondeductible portion of its membership dues that are used for lobbying. The company states that it provides oversight of political activities through its Policy on Political Contributions contained in the Code of Business Conduct, an annual report reviewed by the board that includes details of direct political contributions, and also through mandatory approval of trade association participation by the CEO and chairman of the board.

BACKGROUND AND RECENT SHAREHOLDER ACTIVISM

For more information on political contributions, see the Sustainability Advisory Services' Environmental and Social Background Report. For an update on the most recent shareholder activism around this issue, refer to the 2015 Proxy Season Preview - U.S. Environmental and Social Issues Report.

Cabot received a substantially similar proposal in 2014 that garnered 33 percent shareholder support.

Analysis

CABOT AND POLITICAL SPENDING

Cabot discloses information about its political contribution policies and activities on its Political Contributions webpage and Political Contributions and Activities section of its Business Code of Conduct.

The company says that it operates in a heavily regulated industry and is thus affected by the political and legislative process. Therefore, the company believes that its long-term value is "enhanced by a business environment that protects and supports the oil and gas industry." In addition, the company states that, when it does participate in the political process, "Cabot supports organizations that are active in the public policy and political engagement processes as they affect the exploration, production and transportation of natural gas and oil." Cabot discloses that its total corporate political contributions for 2014 were $50,000.

In the Business Code of Conduct, the company says that it will only contribute funds or assets to a political organization or individual who holds, or is a candidate for, public office when allowed by law and authorized by the CEO.

In the board response to this proposal, the company says that the board receives an annual report that includes the details of its direct political contributions, including a list of recipients by name and amount. However, the company does not provide this information through its website or committee charters.

Trade Associations

Cabot says that it is a member of business and industry trade associations that engage in educational initiatives regarding issues that affect its industry. Cabot lists fifteen such groups to which it belongs, including America's Natural Gas Alliance, American Petroleum Institute, and the Society of Petroleum Engineers.

Cabot also provides the total non-deductible portion of the dues paid to all associations in which it participated in 2014, as reported to the company by those associations. For 2014, the total was "less than $250,000." However, Cabot does not specify which portion of the funds was used for lobbying purposes and which was used for political expenditures.

The company says that the chairman of the board and CEO "approves the Company's participation in, and levels of contributions to, all business and trade associations." In the Business Code of Conduct, the company says, "other than as permitted by applicable law and authorized by the Chief Executive Officer, the Company will not support any organization that raises funds for political purposes, except for Company approved business groups, trade associations or similar organizations."

CONCLUSION

The proponent requests that Cabot semi-annually report policies and procedures for all political contributions and expenditures, amounts and recipients thereof, and the title(s) of the company employee(s) responsible for such disbursements. Cabot argues that the amount of political contributions and expenditures is minimal and that exerting corporate funds to provide additional disclosure would not benefit shareholders.

Cabot discloses information about its political contributions on its website and in its Business Code of Conduct. The company states its rationale for participating in the political process, publishes an annual disclosure of its total corporate political contributions, and requires that the CEO approve contributions. Cabot similarly provides a rationale for its trade association memberships, discloses the portion of dues used for non-deductible purposes (both lobbying and political expenditures), and says that the chairman of the board and CEO approve the company's participation in trade associations. According to its statement opposing this proposal, the board receives an annual report that includes the details of its direct political contributions. However, the company does not provide this information through its website or committee charters, nor does it explain what degree of control the board may exert over direct political contributions or expenditures. Disclosing additional information on the board oversight mechanisms for political contributions could help shareholders assess the risks and benefits associated with a company's political activities, as well as its management of those risks and benefits. This proposal therefore merits shareholder support.

Item 5. Proxy Access — FOR

VOTE RECOMMENDATION

A vote FOR this proposal is warranted. While the company amended its bylaws in March 2015 to allow for proxy access beginning at the 2016 annual meeting, the adoption of the terms in the shareholder proposal would provide for a more robust proxy access right and would serve to further enhance shareholder rights beyond the recent bylaw amendments.

BACKGROUND INFORMATION

Policies: Proxy Access

Vote Requirement: Majority of votes cast (broker non-votes and abstentions not counted)

Discussion

PROPOSAL

The Comptroller of the City of New York, Scott M. Stringer, as custodian and trustee of the New York City Employees' Retirement System, the New York City Police Pension Fund and custodian of the New York City Board of Education Retirement System, and owner of at least $2,000 in market value of the company's common stock, has filed the following a shareholder proposal on proxy access. The proposal reads:

"RESOLVED: Shareholders of Cabot Oil & Gas Corporation (the "Company") ask the board of directors (the "Board") to adopt, and present for shareholder approval, a "proxy access" bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the "Nominator") that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company's proxy card."

The shareholder proposal stipulates that the number of shareholder-nominated candidates appearing in proxy materials should not exceed one quarter of the directors then serving and that the Nominator must:

- have beneficially owned 3% or more of the Company's outstanding common stock continuously for at least three years before submitting the nomination:
- give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent of being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and
- certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

Additionally, the proposal indicates that the Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement") and that the Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

PROPONENT'S STATEMENT

The proponent believes proxy access is a fundamental shareholder right that will make directors more accountable and contribute to increased shareholder value. The proponent cites the CFA Institute's 2014 assessment of pertinent academic studies and the use of proxy access in other markets similarly concluded that proxy access (i) would "benefit both the markets and corporate boardrooms, with little cost or disruption" and (ii) has the potential to raise overall US market capitalization by up to $140.3 billion of adopted market-wide.

The proponent cites that the proposed bylaw terms enjoy strong investor support, stating that votes for similar shareholder proposals averaged 55 percent from 2012 through September 2014.

BOARD'S STATEMENT

The board sets forth that it has already implemented proxy access for its shareholders under terms it believes are beneficial to all shareholders. The company highlights that discussions with its shareholders provided information that the shareholders do not have uniform views on ownership levels and holding periods that should be required for proxy access. The board believes that it has adopted a form of proxy access that is in the best interest of the company and its shareholders and that, in contrast, the terms of this proposal could be detrimental to shareholders as a whole.

The statement details that in March 2015, the company amended its bylaws to allow any shareholder, or group of up to 10 shareholders, that beneficially own at least 5 percent of outstanding common stock continuously for three years to nominate candidates for election to the board and to require the company to list such nominees along with the board's nominees in the company's proxy statement. The bylaws allow for the qualifying shareholder (or group of shareholders) to nominate up to 20 percent of the board (rounding down).

The board further explains that it believes the 5 percent threshold provides for greater balance in providing for meaningful rights to long-term shareholders against the harm that may be caused by shareholder groups pursuing narrow interests. The explanation further notes that its proposal allows for up to 10 shareholders to aggregate holdings to reach the 5 percent ownership level.

Last, the company indicates it has an established record of governance best practices, exceptional performance and strong support from its shareholders.

BACKGROUND ON PROXY ACCESS

Proxy access has been a topic of discussion for decades among the investor and issuer communities as well as the Securities and Exchange Commission, which has made several attempts to craft a market-wide proxy access rule. In 2010, the SEC proposed a measure which would have required an investor or group of investors to meet an ownership threshold of at least 3 percent of the company's shares continuously for at least the prior three years in order to nominate directors (up to 25 percent of the company's board) at public companies. Although this rule was ultimately struck down by the D.C. Circuit Court, the SEC lifted its stay on access proposals under Rule 14a-8, thereby allowing shareholders to submit proposals for proxy access procedures in company proxy materials.

Absent a uniform standard, shareholder proposals aimed at providing access have sometimes varied widely from the SEC-adopted standard, though resolutions mirroring the Commission's rule have generally received the highest levels of support. In 2014, ten such shareholder proposals went to a vote and averaged support of 53.7 percent of votes cast.

In line with institutional investor feedback, Sustainability Advisory Services generally recommends a vote for management and shareholder proposals with the following provisions:

- **Ownership threshold**: maximum requirement not more than three percent (3%) of the voting power;

- Ownership duration: maximum requirement not longer than three (3) years of continuous ownership for each member of the nominating group;

- Aggregation: minimal or no limits on the number of shareholders permitted to form a nominating group;

- Cap: cap on nominees of generally twenty-five percent (25%) of the board.

Sustainability Advisory Services will consider the reasonableness of any other restrictions on the right of proxy access, but will generally recommend a vote against proposals that are more restrictive than these guidelines.

Analysis

Form of proposal	Non-binding
Ownership threshold	3 percent of shares outstanding
Duration threshold	3 years
Cap on shareholder nominees	25 percent of the board, or 1 director based on the current board size of 6
Current market capitalization	$12 billion as of March 2, 2015
Implied ownership threshold	$360 million
Investors currently meeting ownership threshold	Capital Research & Management Co., The Vanguard Group, Inc., Fidelity Management & Research Co., Neuberger Berman LLC, SSgA Funds Management, Inc., Columbia Management Investment Advisers LLC, BlackRock Fund Advisors, Welling Management Co. LLP
Other provisions	Nominating shareholder(s) must certify that the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

ANALYSIS OF PROPOSED ACCESS RIGHT

As the company amended its bylaws in March 2015 to allow for proxy access beginning at the 2016 shareholder meeting, a review of this proposal entails a comparison of the terms of proxy access and an assessment of whether the terms presented in the shareholder proposal can more greatly enhance the rights of all shareholders, while providing necessary safeguards against abuse.

The first key point of difference relates to eligibility for a shareholder or group of shareholders to nominate candidates through proxy access. The shareholder proposal provides that a shareholder (or group of shareholders) must own 3 percent for a 3-year period and places no limitations on the number of shareholders which can be aggregated to reach the 3 percent level. In contrast, the bylaw adopted by the company provides that a shareholder or group of shareholders must own 5 percent for a 3-year period and places a 10-shareholder limit on the number of shareholders who can aggregate their holdings to reach the 5 percent level.

Based on the company's recent market capitalization of approximately $12 billion, a 3 percent ownership stake represents an investment of approximately $360 million; whereas a 5 percent interest is approximately $600 million. Currently, eight large institutional investors meet the 3 percent ownership threshold and five large institutional shareholders meet the 5 percent threshold. In the event that one or more of these investors were to use the access right to nominate director candidates, shareholders could expect that the nominees would be viable candidates with strong credentials and qualifications to serve on the board.

Additionally, the proposal calls for a limit of the number of shareholder-nominated candidates appearing in the proxy materials to no more than 25 percent of the company's directors, to safeguard against a change in board control via proxy access. Following the 2015 annual meeting, there will be 6 directors. Therefore, if the proposal were adopted, no more than one shareholder-nominated candidate could appear on the ballot. In comparison, the board has adopted a bylaw allowing for nominations to not exceed a 20 percent limit. The 20 percent threshold has the effect of limiting a shareholder nomination to one candidate, until the board size reaches 10 members. The shareholder proposal threshold of 25 percent of board candidates has the effect of limiting shareholder nominations to one candidate until the board size reaches eight members.

Also of note is that the company's bylaw requires a nominating shareholder to provide notice not less than 120 days or more than 150 days prior to the anniversary of the date of the proxy statement of the prior year's annual meeting.

GOVERNANCE STRUCTURE

For investors who may choose to give higher weighting to the company's corporate governance structure and practices in determining a vote on this proposal, it is noted that the company does not have a classified board, has a majority vote standard of shares cast for director elections with a plurality carve-out in contested elections, and gives shareholders the right to act by written consent. However, shareholders do not have the right to call special meetings.

COMPANY SOUGHT NO-ACTION RELIEF

The company sought no-action relief from the SEC under Rule under Rule 14a-8(i)(9), on the basis that the shareholder proposal conflicts with a proposal to be submitted by the company. However, on Jan. 16, 2015, the SEC's Division of Corporate Finance announced that it would not be expressing any views under rule 14a-8(i)(9) for the current proxy season. The company subsequently amended its bylaws to implement a proxy access right on the terms noted above, rather than putting such an amendment to a vote as a management proposal. As noted above, the board urges shareholders to vote against the shareholder proposal, because it believes that the proxy access right adopted by the board "is in the best interests of the stockholders and that the proponent's approach is not appropriate for Cabot." However, the board does not indicate what actions it might take in the event that the shareholder proposal receives majority support.

CONCLUSION

As the company recently amended its bylaws to allow for proxy access beginning in 2016, the consideration is not whether proxy access is a valuable shareholder right, but whether the company's adopted bylaw or this shareholder proposal provides for the better balance of shareholder rights with appropriate safeguards. In this case, the shareholder proposal which includes a right to nominate up to 25 percent of the board with eligibility set at 3 percent of shares held for 3 years (with no limitations on aggregation) is superior to the company's bylaw including a right to nominate up to 20 percent of the board with eligibility set at 5 percent of shares held for 3 years (with a 10 shareholder limit on aggregation). For a company of this size, a 3 percent ownership interest reflects a significant investment of approximately $360 million.

The company expresses concern that allowing more than 10 shareholders to aggregate their shares to reach the ownership threshold could "undermine the principle . . . that the right to nominate a director using the company's proxy statement should be available only for those who have a sufficient financial stake in the company to cause their interests to be aligned with the interests of the stockholders as a whole." However, proxy access merely allows shareholders to more easily nominate director candidates. In order to win a board seat, any such nominee would have to gain wide support from shareholders. Hence, this requirement best serves to protect against the election of directors whose interests are not representative of shareholders as a whole. Finally, for this company with a current board size of six members, limiting nominations to one candidate until the board size is expanded to ten members may be considered unnecessarily restrictive. Accordingly, a vote FOR this shareholder proposal is warranted.

Equity Ownership Profile

Type	Votes per share	Issued
Common Stock	1.00	413,601,343

Ownership - Common Stock	Number of Shares	% of Class
Capital Research & Management Co. (Global Investors)	33,918,472	8.21
The Vanguard Group, Inc.	31,911,218	7.72
Fidelity Management & Research Co.	25,022,243	6.06
Neuberger Berman LLC	24,862,859	6.02
SSgA Funds Management, Inc.	22,962,625	5.56
Columbia Management Investment Advisers LLC	20,534,034	4.97
BlackRock Fund Advisors	17,723,593	4.29
Wellington Management Co. LLP	12,947,688	3.13
Waddell & Reed Investment Management Co.	10,987,875	2.66
SailingStone Capital Partners LLC	10,308,043	2.50
JPMorgan Investment Management, Inc.	9,026,199	2.19
Pioneer Investment Management, Inc.	6,064,179	1.47
Northern Trust Investments, Inc.	4,859,978	1.18
Manulife Asset Management (US) LLC	4,592,960	1.11
Artisan Partners LP	4,263,944	1.03
Luther King Capital Management Corp.	4,167,733	1.01
Putnam Investment Management LLC	4,061,475	0.98
Goldman Sachs & Co. (Private Banking)	3,777,133	0.91
BlackRock Advisors LLC	3,457,596	0.84
DINGES DAN O	3,396,863	0.82

Additional Information

Meeting Location	840 Gessner Road, Suite 1400, Houston, Texas 77024
Meeting Time	08:00
Shareholder Proposal Deadline	November 13, 2015
Solicitor	Okapi Partners
Security IDs	127097103(CUSIP)

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