

# **Cabot Oil & Gas Corporation**

## **Governance Guidelines**

### Role of the Board of Directors and Management

1. The primary responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors are entitled to reasonably rely on the honesty and integrity of the Company's executives and its outside advisors and auditors. The directors are also entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf and to indemnification to the fullest extent permitted by law and the Company's charter, bylaws and any indemnification agreements and to exculpation as provided by Delaware law and the Company's charter.

### Functions of the Board

2. The board currently has five regularly scheduled meetings a year at which it reviews and discusses reports by management on the performance of the Company, management's plans and the Company's future prospects, as well as immediate issues facing the Company. Directors are expected to attend all scheduled board meetings and committee meetings on which they are a member and to have reviewed in advance meeting materials provided by the Company. In addition to its general oversight of management, the board (or its committees) also performs a number of specific functions, including:
  - a. selecting and evaluating the CEO of the Company and overseeing CEO and other executive officer succession planning;
  - b. reviewing and approving the compensation of the CEO and other executive officers of the Company;
  - c. reviewing, approving and monitoring financial plans, business strategies and major corporate actions;
  - d. assessing major risks facing the Company and reviewing options for their mitigation; and
  - e. overseeing compliance with the Company's Code of Business Conduct, a statement of expected ethical conduct.

### Committees

3. The board has established the following committees to assist the board in discharging its responsibilities: (i) Audit, (ii) Compensation, (iii) Governance and Social Responsibility, (iv) Environment, Health & Safety and (v) Executive. All members of the Audit, Compensation and Governance and Social Responsibility Committees are intended to meet the definition of independent, as defined in applicable statutes, regulations and New York Stock Exchange Listing Standards. The committee chairs provide summary reports of their meetings to the board following each meeting of the respective committees.

## Director Qualifications and Independence

4. Directors are expected to possess the highest personal and professional integrity, with demonstrated exceptional ability and judgment and to be effective, together with the other directors, in collectively serving the long-term interest of the Company's stockholders. In this regard, a substantial majority of the Company's directors are intended to meet the definition of independent, as defined in applicable statutes, regulations and New York Stock Exchange Governance Standards.
5. The invitation to join the board should be extended by the Lead Director or the Chairman of the Governance and Social Responsibility Committee, on behalf of the board. The Chairman of the Board may participate in the invitation if determined appropriate by the Lead Director and the Chairman of the Governance and Social Responsibility Committee.

## Term Limits

6. The board does not believe that term limits on directors' service are appropriate. The board's self-evaluation process described below will assist in the determination of board tenure.

## Other Board Service

7. Unless the board determines otherwise, no member of the board of directors may simultaneously serve on the board of more than three other public companies. In no event, however, may a member of the board of directors serve simultaneously on the board of more than four other public companies. In addition, no member of the board of directors who is also currently serving as the CEO of a public company may serve on the board of directors of more than two public companies besides the CEO's own company.

## Advance Resignation – Majority Voting

8. In accordance with the Company's bylaws, each director shall be elected by the affirmative vote of the holders of a majority of the votes cast at a meeting for the election of directors; provided, however, that the directors shall be elected by a plurality of the voting power of the stock of the Company present at any meeting for which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination of such to be made by the Secretary of the Company as of the tenth day preceding the date the Company first mails or delivers its notice of meeting for such meeting to stockholders. As a condition to being nominated to continue to serve as a director, an incumbent director nominee will submit an irrevocable letter of resignation which would be effective upon and only in the event that (i) such nominee fails to receive the required vote for election to the board at the next meeting of the stockholders of the Company at which such nominee faces re-election and (ii) the board accepts such resignation. As a condition to being nominated, each nominee who is not an incumbent director will agree to submit such an irrevocable letter of resignation upon his or her election as a director. In addition, the board will fill vacancies (including new directorships created by expansion of the board) only with

candidates who agree to submit such an irrevocable letter of resignation upon appointment as a director.

9. If an incumbent director nominee does not receive the required vote, the Governance and Social Responsibility Committee shall promptly consider whether to accept the resignation of such nominee and make a recommendation to the board concerning the acceptance or rejection of such resignation. The board will consider the Governance and Social Responsibility Committee's recommendation in determining whether to accept or reject the resignation and will publicly disclose, on the Company's website or through other broadly disseminated means of communication, its decision and the reasons therefore within 90 days from the date of the certification of the election results by the inspector of election. The Governance and Social Responsibility Committee and the board will consider what they understand to be the reason or reasons, or the reason or reasons stated by stockholders, for the nominee's not receiving the required vote, whether the underlying cause or causes are accurate or curable, the overall composition of the board and the effect acceptance of this or other resignations could have under any applicable rule, regulation or contract (including New York Stock Exchange Governance Standards and federal securities laws), as well as any other factors that they believe to be relevant. The resignation, if accepted by the board, will be effective at the time specified by the board when it determines to accept the resignation, which effective time may be deferred until a replacement director is identified and appointed to the board.
10. Any director whose resignation is being considered as described in this section will abstain from participation in both the Governance and Social Responsibility Committee's consideration of the director's resignation, if the director is a member of that committee, and the board's decision regarding the resignation. Any such director also will abstain from participation in consideration of any other director's resignation at the same meeting unless there would be fewer than three directors eligible to participate in the board's consideration of the resignation.

#### Board Meetings

11. The Chairman will preside at all meetings of the board and will establish the agenda for each board meeting. However, each board member is free to suggest the inclusion of items on the agenda. Each board member is also free to raise at any board meeting subjects that are not on the agenda for that meeting.

#### Meetings of Non-Employee Directors and Lead Director

12. Currently, the Chief Executive Officer is also the Chairman of the Board. Accordingly, a Lead Director shall be elected by and from the independent directors. The Lead Director shall preside at each executive session of the independent or the non-management directors and, in his absence; the directors participating in the session shall select one of their number to preside. The Lead Director will serve as a liaison between the Chairman of the Board and the independent directors and perform various other duties as may be appropriate, including advising the Chairman of the Board.

13. The board will hold an executive session of non-management directors during each of the five regularly scheduled meetings per year. In addition, if the group of non-management directors includes a director who is not independent under New York Stock Exchange Governance Standards, the independent directors will meet in executive session at least annually.

#### Committee Meetings

14. The chairman of each committee, in consultation with the appropriate members of management and staff, will develop the committee's agenda. Each committee (other than the Executive Committee) will establish an annual schedule of agenda subjects to be discussed during the year. Each committee member is free to suggest the inclusion of items on the agenda. At any committee meeting, each committee member is free to raise subjects that are not on the agenda for that meeting. Each committee meets in executive session when advisable during the course of a meeting. The chairman of each committee reports to the board regarding any meeting held since the most recent board meeting. Any director may attend meetings of any board committee with the concurrence of the committee chairman.

#### Minimum Stock Ownership Guidelines

15. The board believes that meaningful stock ownership in the Company by the directors and officers is appropriate. All directors and officers are expected to own and hold Company stock during their tenure. In this regard, the board has adopted minimum stock ownership guidelines for the directors and officers of the Company. The directors are to hold shares of Company common stock with a value at least equal to 6 times their annual retainer, the CEO and CFO are to hold 8 times their annual salary, the Senior Vice Presidents are to hold 5 times their annual salary and all other executive officers are to hold 2 times their annual salary.

#### Reporting of Concerns to Non-Employee Directors

16. Anyone who has a concern about the Company's business conduct, including its accounting, internal accounting controls or auditing matters, may communicate that concern directly to the Audit Committee or the non-employee directors. Such communication may be confidential or anonymous, and may be e-mailed or submitted in writing, or reported by phone following the procedures contained in the Company's Code of Business Conduct, published on the Company's website at [www.cabotog.com](http://www.cabotog.com). All such concerns will be forwarded to the appropriate non-employee directors for their review. The status of all outstanding concerns addressed to the Audit Committee or the non-employee directors will be reported to the directors periodically. The Company's Code of Business Conduct prohibits the Company from retaliating or taking any adverse action against anyone for raising a business conduct concern.

#### Access to Management and Independent Advisors

17. The board and its committees shall have unrestricted access to management of the Company and all other employees. The board and its committees shall have the

right at any time to retain, at Company expense, independent outside financial, legal or other advisors.

#### External Communications

18. The board believes that Company management should speak for the Company. Individual board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

#### Board Compensation

19. The Compensation Committee of the board, with the input of a compensation consultant, shall have the responsibility for recommending to the board compensation for non-employee directors. Director compensation will be reviewed by the Compensation Committee periodically as deemed appropriate. The form of compensation currently in use is a combination of cash fees and stock in the form of restricted stock units. Other forms of stock may be used in the future. Directors, as well as all employees, are eligible to participate in the Company's matching grants program in which the Company matches, dollar for dollar, contributions to eligible charitable organizations, up to a maximum of \$5,000 per person annually.
20. In approving director compensation and reviewing director independence, the board will consider that directors' independence as defined by the New York Stock Exchange Governance Standards may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director, or if the Company engages in a transaction with an organization with which the director is affiliated that is material to such organization. The board will critically evaluate each of these matters when approving the form and amount of any director compensation and the independence of the directors.

#### Director Orientation and Continuing Education

21. Each new director shall, prior to election to the board, become familiar with the Company's strategy, its financial statements, and its key policies and practices. Upon request of the director or the CEO, a new director may spend a day at corporate headquarters for a personal briefing by senior management. Senior management is responsible for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. The board encourages, but does not require, directors periodically to pursue continuing education opportunities with respect to the responsibilities of directors of public companies and the Company will reimburse directors for reasonable expenses incurred in connection with one such continuing education program each year.

### Self Evaluation

22. The board and each of its committees will perform an annual self-evaluation to determine whether it and each of its committees are functioning effectively. The individual assessments will be organized and summarized by the chairman of the Governance and Social Responsibility Committee and be discussed with the full board.

### Management Succession Planning

23. The Governance and Social Responsibility Committee shall periodically review succession planning with the CEO, and the CEO shall make an annual report to the board on succession planning with respect to the CEO and other executive officers of the Company. Such report shall set forth policies regarding succession in the event of unexpected death, disability or departure of the CEO, it being understood that the scope and detail of the report will vary depending on the age, tenure and other circumstances relating to the incumbent CEO. The board will work with the Governance and Social Responsibility Committee and the incumbent CEO to identify potential successors to the CEO. The designation of the CEO, as in the case of other officers, is a decision for the board.

### Disclosure

24. These Governance Guidelines, together with the Charters of the Audit, Compensation and Governance and Social Responsibility Committees and the Company's Code of Business Conduct will be posted on the Company's website and also will be available in print to any person who makes a request. Such availability on the Company's website and in print will be noted in the Company's annual report to stockholders.

### Amendments to these Guidelines

25. Pursuant to its charter, the Governance and Social Responsibility Committee shall, at least annually, review and assess the adequacy of these guidelines and recommend any proposed changes to the board for approval. In addition, these guidelines may be amended or modified at any time and from time to time by resolution of the board.