CABOT OIL & GAS CORP
Form DEF 14A
March 20, 2013

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 x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY
(AS PERMITTED BY RULE 14A-6(E)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

CABOT OIL & GAS CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

March 20, 2013

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cabot Oil & Gas Corporation to be held on Thursday, May 2, 2013, at 8:00 a.m., local 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 and each director continuing in office. 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

CABOT OIL & GAS CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 2, 2013

The Annual Meeting of Stockholders of Cabot Oil & Gas Corporation (the Company), a Delaware corporation, will be held at the Company s offices, 840 Gessner Road, Suite 1400, Houston, Texas 77024 on Thursday, May 2, 2013, at 8:00 a.m., local time, for the following purposes:

I. To elect the two persons named in this proxy statement to the Board of Directors of the Company.

II. To ratify the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2013 fiscal year.

III. To approve, by non-binding advisory vote, the compensation of our named executive officers.

IV. To consider a shareholder proposal, if properly presented at the meeting.

V. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only holders of record of our Common Stock at the close of business on March 8, 2013 are entitled to receive notice of and to vote at the Annual Meeting. The transfer books of the Company will not be closed.

It is important that your shares be represented and voted at the Annual Meeting. Stockholders are urged to vote their shares by one of the following methods whether or not they plan to attend the Annual Meeting:

- vote via the Internet or by telephone using the instructions on the proxy card, if this option is available to you (please refer to your proxy card to determine if this option is available to you); or

- complete, sign, date and return the accompanying proxy card in the enclosed self-addressed envelope (the self-addressed envelope requires no postage if mailed in the United States).

You may vote in person if you attend the Annual Meeting. **To attend the Annual Meeting, you must show proof of stock ownership. 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 March 8, 2013, 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.

Please exercise your right to vote at your earliest convenient time.

By Order of the Board of Directors,

Deidre L. Shearer

Corporate Secretary and Managing Counsel

Houston, Texas

March 20, 2013

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 2, 2013:

This proxy statement, along with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and the 2012 Annual Report to Stockholders, are available free of charge at http://www.cabotog.com/2013AnnualMeeting.

CABOT OIL & GAS CORPORATION

840 Gessner Road, Suite 1400

Houston, Texas 77024

PROXY STATEMENT

Annual Meeting of Stockholders

To Be Held May 2, 2013

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Cabot Oil & Gas Corporation (the Company) of proxies for use at its 2013 Annual Meeting of Stockholders, to be held at the Company s offices, 840 Gessner Road, Suite 1400, Houston, Texas 77024 on Thursday, May 2, 2013, at 8:00 a.m. (local time), or any adjournment or postponement thereof (the Annual Meeting), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. You may revoke your proxy at any time prior to its use by a written communication to Ms. Deidre L. Shearer, Corporate Secretary of the Company, or by a duly executed proxy bearing a later date.

Stockholders attending the Annual Meeting may vote their shares in person even though they have already executed a proxy. Properly executed proxies not revoked will be voted in accordance with the specifications thereon at the Annual Meeting and at any adjournment or postponement thereof. At the meeting, shareholders will be asked to consider and act upon the following matters discussed in the attached proxy statement. Proxies delivered by record shareholders without voting instructions marked will be voted:

FOR	Proposal I	the election of director candidates named herein;
FOR	Proposal II	ratification of the appointment of the firm PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for its 2013 fiscal year;
FOR	Proposal III	the approval on an advisory basis of executive compensation; and
AGAINST	Proposal IV	the shareholder proposal, if properly presented at the meeting.

Proxies will be voted in the best judgment of the proxy holders on any other matters that may properly come before the meeting.

Only holders of record of the Company s Common Stock, par value $.10 per share (Common Stock), as of the close of business on March 8, 2013, are entitled to vote at the Annual Meeting. As of that date, the Company had outstanding and entitled to vote 210,345,018 shares of Common Stock.

Each share of Common Stock is entitled to one vote per share. There is no provision for cumulative voting. A quorum for the consideration of business at the Annual Meeting consists of a majority of all outstanding shares of stock entitled to vote at the Annual Meeting. The Proxy Statement and form of Proxy are being first sent or given to shareholders on or about March 20, 2013.

In accordance with Delaware law, a stockholder entitled to vote for the election of directors can vote against all nominees for director or can vote against certain nominees for director. Abstentions and broker non-votes (proxies submitted by brokers that do not indicate a vote for a proposal because they do not have discretionary voting authority and have not received instructions from the beneficial owners of the shares as to how to vote on that proposal) are counted as present in determining whether the quorum requirement is satisfied. For purposes of determining the outcome of any question as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, these shares will be treated as not present and not entitled to vote with respect to that question, even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other questions.

Brokers holding shares must vote according to specific instructions they receive from the beneficial owners of those shares. If brokers do not receive specific instructions, brokers may in some cases vote the shares in their discretion. However, the New York Stock Exchange (the NYSE) precludes brokers from exercising voting discretion on certain proposals without specific instructions from the beneficial owner. Importantly, NYSE rules prohibit brokers holding shares in street name for their beneficial holder clients from voting in uncontested director elections or on advisory votes regarding executive compensation on behalf of the clients without receiving specific voting instructions from those clients. Under NYSE rules, brokers will have discretion to vote only on Proposal II (ratification of appointment of auditor). Brokers cannot vote on any of the other proposals without instructions from the beneficial owners. **If you do not instruct your broker how to vote on each of the other proposals, your broker will not vote for you.**

Because the vote required for Proposal I (election of directors) is a majority of the votes present in person or by proxy at the meeting and entitled to vote on the proposal, with majority meaning that the number of shares voted for a director s election exceeds the number of shares voted against such director s election, abstentions and broker non-votes will have no effect on the outcome of the voting on the proposal. Because the vote required for approval of Proposal II (ratification of auditors), Proposal III (executive compensation) and Proposal IV (shareholder proposal), is a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposal, abstentions will have the same effect as votes against the proposal, but broker non-votes will not affect the outcome of the voting on the proposal.

PROPOSAL I

ELECTION OF DIRECTORS

The Board of Directors is currently divided into three classes of directors serving staggered three-year terms. Beginning with the Annual Meeting, however, all directors with a term expiring at the Annual Meeting will be elected for one year terms, as a result of a management proposal to declassify the Board approved by the shareholders in 2012. The size of the Board of Directors is currently set at seven members, with two members each in the classes whose terms expire in 2013 and 2014 and three members in the class whose term expires in 2015. At the 2015 annual meeting, all directors will be elected for one-year terms. Robert L. Keiser and W. Matt Ralls are currently directors and have been nominated for election at the Annual Meeting for terms of one year, each to hold office until the expiration of his term in 2014 and until his successor shall have been elected and shall have qualified.

It is the intention of the persons named in the enclosed form of proxy to vote such proxies **FOR** the election of Messrs. Keiser and Ralls 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 <u>FOR</u> THE ELECTION OF MESSRS. KEISER AND RALLS TO THE BOARD OF DIRECTORS.

Certain Information Regarding Nominees and Directors

Set forth below, as of March 1, 2013, for each continuing director and for each nominee for election as a director of the Company, is information regarding age, position(s) with the Company, membership on committees of the Board of Directors, the period served as a director and term of office, business experience during at least the past five years, and other directorships held at any time during the past five years. Mr. Dinges, Chairman, President and Chief Executive Officer, is the only employee or former employee of the Company on the Board of Directors.

Rhys J. Best
Age: 66
Director Since: 2008
Committee Memberships: Audit and Compensation (Chairman)
Term of Office Expires: 2015
Business Experience:
Crosstex Energy L.P.
Non-Executive Chairman of the Board February 2009 to present
Lone Star Technologies, Inc.
Chairman and Chief Executive Officer 1999 to 2007
Other Directorships:
Crosstex Energy L.P.
Trinity Industries, Inc.
MRC Global Inc., (formerly McJunkin Red Man Corporation)
Commercial Metals Company

Dan O. Dinges
Age: 59
Director Since: 2001
Committee Memberships: Executive
Position: Chairman, President and Chief Executive Officer
Term of Office Expires: 2014
Business Experience:
Cabot Oil & Gas Corporation
Chairman, President and Chief Executive Officer May 2002 to present
President and Chief Operating Officer September 2001 to May 2002
Samedan Oil Corporation (a subsidiary of Noble Affiliates, Inc., now Noble Energy Inc.)
Senior Vice President and Division General Manager, Offshore Division 1998 to September 2001
Other Directorships:
United States Steel Corporation
American Exploration & Production Council
American Natural Gas Alliance
Spitzer Industries, Inc. (private company)
Foundation for Energy Education
Boy Scouts of America Sam Houston Area Council
Palmer Drug Abuse Program

James R. Gibbs
Age: 68
Director Since: 2010
Committee Memberships: Compensation, Corporate Governance and Nominations (Chairman) and Executive
Term of Office Expires: 2014
Business Experience:
Frontier Oil Corporation (now HollyFrontier Corporation)
Chairman 2009 to 2010
Chairman, President, Chief Executive Officer 1999 to 2009
Other Directorships/Trusteeships:
Frost National Bank Houston (Advisory Director)
Southern Methodist University
Smith International, Inc. until 2010

Robert L. Keiser
Age: 70
Director Since: 2006
Committee Memberships: Safety and Environmental Affairs (Chairman) and Audit
Term of Office Expires: 2013 (Nominee for Director)
Business Experience:
Retired June 1999
Kerr-McGee Corporation
Chairman of the Board February 1999 to June 1999
Oryx Energy Company (merged with Kerr-McGee Corporation)
Chairman and Chief Executive Officer 1995 to February 1999

Robert Kelley
Age: 67
Director Since: 2003
Committee Memberships: Audit (Chairman) and Safety and Environmental Affairs
Term of Office Expires: 2015
Business Experience:
Kellco Investments, Inc. (private investment company)
President April 2001 to present
Noble Affiliates, Inc. (now Noble Energy Inc.)
Chairman of the Board 1992 to April 2001
President and CEO 1986 to October 2000
Other Directorships:
OGE Energy Corporation
Smith International, Inc. until 2010

P. Dexter Peacock
Age: 71
Director Since: 1998
Committee Memberships: Executive (Chairman), Compensation and Corporate Governance and Nominations
Position: Lead Director
Term of Office Expires: 2015
Business Experience:
Andrews Kurth L.L.P., Houston, Texas
Of Counsel 1998 to present
Partner 1975 to 1997
Managing Partner 1986 to 1991
Other Directorships:
Rowan Companies plc

W. Matt Ralls
Age: 63
Director Since: 2011
Committee Memberships: Corporate Governance and Nominations and Safety and Environmental Affairs
Term of Office Expires: 2013 (Nominee for Director)
Business Experience:
Rowan Companies plc
President and Chief Executive Officer 2009 to present
GlobalSante Fe Corporation (merged with Transocean in 2007)
Executive Vice President and Chief Operating Officer 2005 to 2007
Other Directorships:
Rowan Companies plc
Superior Energy Services, Inc. (formerly Complete Production Services)
El Paso Pipeline Partners L.P. until 2009

CORPORATE GOVERNANCE MATTERS

Board of Directors Independence

The Company s Corporate Governance Guidelines require that at least a majority of the Company s directors be independent under the New York Stock Exchange (NYSE) listing standards and all other applicable legal requirements. Additionally, all members of the audit committee, compensation committee and corporate governance and nominations committee are required to be independent. The NYSE listing standards include objective tests that can disqualify a director from being treated as independent, as well as a subjective element, under which the Board must affirmatively determine that each independent director has no material relationship with the Company or management. In making its independence determinations, the Board considered all material relationships with each director, and all transactions since the start of 2010 between the Company and each director nominee, members of their immediate families or entities associated with them.

As contemplated by NYSE rules then in effect, the Board adopted categorical standards in 2004 to assist it in making independence determinations. A relationship falls within these categorical standards if it:

- Is a type of relationship addressed in Section 303A.02(b) of the NYSE Listed Company Manual, but under those rules does not preclude a determination of independence;
- Is a type of relationship or transaction addressed in Item 404 of Regulation S-K, but under that regulation does not require disclosure; or
- Consists of charitable contributions by the Company to an organization where a director is an executive officer and does not exceed the greater of $1 million or 2% of the organization s gross revenue in any of the last three years.

The Board of Directors has determined that each director s relationship with the Company, with the exception of Mr. Dinges, the Chairman, President and Chief Executive Officer, falls within the categorical standards and that all directors, with the exception of Mr. Dinges, are independent. In making its subjective determination that each non-employee director is independent, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each director s business and personal activities as they may relate to the Company and the Company s management. The Board considered the transactions in the context of the NYSE s objective listing standards, the categorical standards noted above, the additional standards established for members of audit committees, and the SEC, U.S. Internal Revenue Service and NYSE standards for compensation committee members. Some members of the Company s Board also serve as directors of other entities with which the Company does business. Each of these relationships is reviewed by the Board, which examines the amount of business done by the Company and the other entities and the gross revenue for each of the other entities. This review is for each of the last three fiscal years for which financial data is available**.** This review applied to Messrs. Best, Gibbs, Kelley, Peacock and Ralls. None of these relationships involved payments in excess of the greater of $1 million or 2% of the relevant entity s consolidated gross revenue for 2010, 2011 or 2012.

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

Board of Directors Qualifications

Mr. Dinges was chosen to serve on the Board of Directors, and to lead the Company as Chairman of the Board, President and CEO, for his executive management experience at the Company and while at Noble Energy Inc., a publicly traded company involved in the oil and natural gas business. Mr. Best was chosen to serve on the Board of Directors for his executive management experience at Lone Star Technologies, Inc., a former publicly traded company servicing the oil and natural gas industry, and for his banking and finance experience. Mr. Gibbs was selected to serve on the Board of Directors for his executive management experience at Frontier Oil Corporation, a publicly traded oil refining company. Mr. Keiser was selected to serve on the Board of Directors for his executive management experience at Kerr-McGee Corporation and Oryx Energy Company, both former publicly traded companies involved in the energy industry, and for his engineering background. Mr. Kelley was selected to serve on the Board of Directors for his executive management experience at Noble Energy Inc., and for his financial background as a Certified Public Accountant. Mr. Peacock was selected to serve on the Board of Directors for his business experience managing a large professional organization and for his legal experience at Andrews Kurth L.L.P representing energy companies in corporate law, securities matters and mergers and acquisitions. Mr. Ralls was selected to serve on the Board of Directors for his executive management and industry experience as the CEO and a director of Rowan Companies plc, a publicly traded provider of global offshore contract drilling services.

Board of Directors Diversity

The Board of Directors encourages a diversity of backgrounds among its members; however, it does not have a formal diversity policy. The Board considers candidates that will provide the Board as a whole the talents, skills, diversity and expertise to serve the long-term interests of the Company and its shareholders.

Board of Directors Leadership Structure

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

The Chairman and CEO is responsible to the Board for the overall management and functioning of the Company. The Chairman is joined in the leadership of the Board by our Lead Director, Mr. Peacock, who was elected by the non-management directors. Mr. Peacock has significant board experience and has served on the Company s Board since 1998 and as Lead Director since 2005. Mr. Peacock performs an important role in the leadership of the Board by presiding at executive sessions of the non-management directors at each regular Board meeting and setting the agenda for these sessions. Mr. Peacock also serves as a mentor to Mr. Dinges and as a liaison between Mr. Dinges and the other independent directors.

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

Our Board of Directors has determined that its current leadership structure is appropriate. The Board believes that Mr. Dinges, acting in his capacity as CEO of the Company, is well positioned to facilitate communications with the Board of Directors about our business. Mr. Dinges has served in this capacity since May 2002, during which time the Company s business has undergone signification changes. Only one of the current independent directors, Mr. Peacock, the Lead Director, was serving at that time, so Mr. Dinges provides continuity and historical perspective to the Board. Under Mr. Dinges leadership, the Company has grown from a market capitalization of approximately $800 million with operations in onshore Texas and Louisiana Gulf Coast, the Rocky Mountains, the Anadarko Basin and Appalachia to an over $12 billion market capitalization company with most of its reserves in the Marcellus Shale area in northeast Pennsylvania. In addition, Mr. Dinges has the full confidence of the Board. For all these reasons, the Board has determined that the most appropriate form of leadership for the Board of Directors currently is for the CEO, who is responsible for the day-to-day operations of the Company, to serve as Chairman, with strong and independent oversight by the Lead Director and the other non-management directors.

Board of Directors Oversight of Risk

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

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

Corporate Governance Guidelines

The Cabot Oil & Gas Corporation Corporate Governance Guidelines outline the functions and responsibilities of the Board, director qualifications, and various processes and procedures designed to ensure effective and responsive governance. The guidelines are reviewed from time to time in response to changing regulatory requirements and best practices and are revised accordingly. The full text of the Corporate Governance Guidelines can be found on the Company s website at *www.cabotog.com* by clicking About Cabot, and then clicking Governance.

Code of Business Conduct

All employees, officers and directors are required to comply with the Company s Code of Business Conduct to help ensure that the Company s business is conducted in accordance with the highest standards of moral and ethical behavior. The Code of Business Conduct covers all areas of professional conduct, including conflicts of interest, customer relationships, insider trading, financial disclosure, intellectual property and confidential information, as well as requiring strict adherence to all laws and regulations applicable to the Company s business. Employees, officers and directors are required annually to reply to a Code of Conduct Questionnaire, which is designed to elicit information related to any known or possible violation of the Code. The full text of the Code of Business Conduct can be found on the Company s website at *www.cabotog.com* by clicking About Cabot, and then clicking Governance. The Company will satisfy the requirement to disclose any amendments to or waivers from certain provisions of its Code of Business Conduct by posting such information on the website at the location in the preceding sentence.

Executive Sessions of the Board of Directors

The Board of Directors generally holds an executive session of the non-management and independent directors during each of its regularly scheduled meetings. The executive sessions are presided over by the Lead Director, Mr. Peacock.

Communications with the Board of Directors

The Company s Board of Directors has a process for shareholders and other interested parties to send communications to the Board. Communications should be addressed to the Board of Directors, a specified committee of the Board, an individual director (including the Lead Director) or the Non-management Directors in care of:

Corporate Secretary and Managing Counsel

Corporate Legal Department

840 Gessner Road, Suite 1400

Houston, Texas 77024

(281)589-4890

(281)589-4808 (fax)

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

Deidre.Shearer@cabotog.com (email)

All communications received as described above and intended for the Board of Directors, a committee of the Board of Directors, an individual director, or the non-management directors as a group will be relayed to the appropriate directors.

Annual Meeting Attendance

The Company s policy is that it expects all members of the Board of Directors to attend the Company s annual meeting of stockholders. In 2012 all of the members of the Board attended the annual meeting.

Board of Directors and Committee Meeting Attendance

The Board of Directors held seven meetings during 2012. All directors attended more than 75% of the meetings of the Board of Directors and of the committees on which they served.

Director Compensation

During 2012, non-employee directors annual compensation included an annual cash retainer fee of $65,000, payable quarterly, for their services on the Company s Board of Directors and its committees. The Lead Director, Audit Committee Chairman and Compensation Committee Chairman received an additional $12,500 annual retainer and the remaining committee chairmen received an additional $7,500 annual retainer, each payable quarterly, for their service. The directors received no meeting fees.

In 2012, non-employee directors were also entitled to an annual award of restricted stock units under the 2004 Incentive Plan, the restrictions on which lapse the date the non-employee director leaves the Board of Directors, with a targeted award value at grant date of $175,000. In 2012, these directors each received 4,788 restricted stock units.

In December 2012, the Board approved a Director Non-Qualified Deferred Compensation Plan, which provides each non-employee director an opportunity to elect each year to take any, or all, of the director s annual cash retainer in restricted stock units, valued at the closing price of the common stock on the date specified in the Plan, for the quarterly retainer payment. The terms of the restricted stock units are the same as those issued annually. The election will apply for the first time to the quarterly retainer for the first quarter of 2013.

Based on the results of a competitive study prepared by the Board s independent compensation consultant, effective January 1, 2013, the Board of Directors approved an increase in non-employee directors annual compensation to include an annual cash retainer of $75,000 and an annual award of restricted stock units with a grant date value of $200,000. Annual retainers for leadership roles were also increased to $20,000 for the Lead Director, $15,000 for each of the Audit and Compensation Committee Chairmen, and $10,000 for each of the Corporate Governance & Nominations and Safety & Environmental Affairs Committee Chairmen. The retainer for the Executive Committee Chairman was discontinued. Additionally, each non-employee director will receive $2,000 for each Board of Directors meeting attended in excess of six meetings per year.

Directors who are employees of the Company receive no additional compensation for their duties as directors. All directors were reimbursed for travel expenses incurred for attending Board and committee meetings. Spouses of the directors were invited to attend the retirement dinner for our former directors and the Board of Director strategy meeting during 2012 and travel expenses incurred by the spouses were reimbursed by the Company. For more information on director compensation, see Director Compensation Table below.

The table below summarizes the total compensation paid to each of the non-employee directors of the Company for the fiscal year ended December 31, 2012.

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1), (2)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
Rhys J. Best	$ 67,708	$ 175,001	-	-	-	$ 2,618	$ 245,327
David M. Carmichael*	$ 39,792	$ 175,001	-	-	-	$ 974	$ 215,767
James R. Gibbs	$ 65,625	$ 175,001	-	-	-	$ 1,498	$ 242,124
Robert L. Keiser	$ 70,000	$ 175,001	-	-	-	$ 4,185	$ 249,186
Robert Kelley	$ 75,000	$ 175,001	-	-	-	$ 5,561	$ 255,562
P. Dexter Peacock	$ 82,500	$ 175,001	-	-	-	$ 6,489	$ 263,990
W. Matt Ralls	$ 62,500	$ 175,001	-	-	-	$ 621	$ 238,122
William P. Vititoe*	$ 42,708	$ 175,001	-	-	-	$ 2,584	$ 220,293

* Retired effective May 1, 2012.

(1) The amounts in this column reflect the grant date fair value with respect to restricted stock units in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 for the fiscal year ended December 31, 2012. Assumptions used in the calculation of these amounts are included in Note 12 of the Notes to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2012 (the Form 10-K). In February 2012, each non-employee director received a grant of 4,788 restricted stock units, with a grant date fair value of $175,001 based on the average of the high and low trading price of the Common Stock on the February 17, 2012 grant date. The restricted stock units vest on the grant date, but are not payable by the Company in shares of Common Stock until the date the non-employee director ceases to be a director of the Company.

(2) The aggregate number of stock awards and the aggregate number of option awards outstanding at December 31, 2012 were as follows:

Name	Stock Awards	Stock Options
Rhys J. Best	33,918	-