We focus our attention on decisions that benefit decades, not just near-term results.
CABOT OIL & GAS CORPORATION, headquartered in Houston, Texas is a leading independent natural gas and oil producer, with its entire resource base located in the continental United States. The Company’s North region is based in Pittsburgh, Pennsylvania and is responsible for the Pennsylvania, West Virginia, and Rocky Mountain assets. The South region office, located in Houston, Texas, is responsible for the Texas and Mid-Continent assets.
TO OUR SHAREHOLDERS
During 2010, our country, the stock market, the exploration and production sector, and Cabot Oil & Gas Corporation experienced another year of rapid change and constant volatility. With change and volatility becoming the norm, it is imperative for us to be proactive and not reactive to this dynamic.

To be successful in this environment, we have to have a “Clear Sense of Direction” for our future and “Focus our Attention on Decisions That Benefit Decades, Not Just Near-term Results.”

The theme for last year was that clear sense of direction following our 2009 internal corporate streamlining in both our investment focus and reporting structure. In 2010, we stood firm on that investment focus, though at times, that decision may not have been apparent. We continued our efforts to develop the Marcellus and Haynesville shales, believing both of these horizons offered significant resource growth to you – the shareholder. This potential in Marcellus is obvious and near-term, while Haynesville is somewhat longer term due to the underlying required commodity price levels for investment.
Cabot’s portfolio is abundant with a significant level of best in class drilling opportunities across both regions and has a stable of initiatives yet to be rolled out publicly.

With the balancing of near-term profitability and future value creation, we made the following decisions during 2010 that will benefit all of us for an extended period of time.

1. We sold our Marcellus infrastructure to a mid-stream industry expert and at the same time signed a 25-year gathering agreement which requires the construction of a 1.2 Bcf per day system expansion. This decision provided immediate cash and allows the required future capital investment for infrastructure to be directed towards our highly productive Marcellus wells.

2. We initiated joint venture arrangements for our Haynesville acreage, again creating a solution to maintain the upside in the acreage while balancing the need to manage our investment with anticipated cash flow near-term.

3. In an effort to expand our oil investments, we established a 60,000 net acre position in the Eagle Ford shale oil window and have had initial drilling success.

4. We reloaded our balance sheet capacity with the sale of non-strategic assets and a new five-year Revolving Credit facility.

Our near-term decisions of continuing an investment program that outpaced cash flow was mitigated by our internal knowledge that our balance sheet would be strengthened with pending asset sales. Though this decision allowed our stock to come under pressure in the near-term, it was the right decision to preserve our position and provide future, long-term growth opportunities for our shareholders.
The balancing of our decision process and the appropriate allocation of capital towards value-creating projects have rewarded our shareholders with a record year for 2010.

- A new high for total proved reserves of 2.7 Tcfe
- 31% year-over-year growth, while maintaining a 36% PUD ratio
- 130.6 Bcfe of production, a record 27% increase (100% organic growth)
- All-in finding cost of $1.05 per Mcfe, a level not seen since 2002
- Net income of $103.4 million and Discretionary Cash Flow of $457.5 million
- Net debt to adjusted capitalization of 32.9%, providing financial flexibility in 2011

With unprecedented growth in reserves and production, all at a best in class finding cost, this past year was our very best from an operating metric standpoint. The price of natural gas clearly impacted our financial results. However, our strategic long-term decisions during the year positioned us with a strong balance sheet at year-end, sufficient financial capacity, and a portfolio of high return projects.

LOOKING AHEAD

Cabot’s portfolio is abundant with a significant level of best in class drilling opportunities across both regions and has a stable of initiatives yet to be rolled out publicly. With that said, we fully appreciate the dynamic of the uncertainty around natural gas pricing and the resulting apprehension by gas company investors to
continue to invest. For that reason, our 2011 South region program is focused solely on the oil window of the Eagle Ford shale. We will continue to focus our gas-oriented program on our Marcellus acreage, Cabot’s most prolific area discovered to date. Our goal for 2011 is for our overall investment program to approximate our anticipated cash flow. We are managing to a set $600 million total expenditure level for 2011. This program is expected to provide another year of significant growth in both reserves and production, including doubling the Company’s oil production.

With the slow economic recovery and the industry’s success in finding natural gas, the outlook for natural gas commodity prices remains cautious. However, the inroads our industry has made in highlighting the opportunities for natural gas to power our nation and provide transportation in a cleaner burning, more fuel efficient way are beginning to resonate. Again thinking about decision making for the long-term, this domestic, eco-friendly fuel source offers significant opportunities and upside for companies that have the expertise and ability to consistently deliver this resource, at a value-added cost. Cabot is well positioned to accomplish this.

I would like to thank our Board of Directors for their commitment to the Company, along with their guidance and support during these last couple of years that have seen significant positive change in Cabot. Additionally, I would be remiss
if I did not extend my gratitude to my management team and all the employees of the Company, who together make Cabot what it is and what it has become – a Company on the leading edge with a core position in three exciting shale plays.

As a shareholder, I would like to share with you that I firmly believe in Cabot’s portfolio and our employees’ skill sets. I also believe that with each passing year our story continues to improve. We will continue a period of strong organic growth that will add to production and increase reserves with exceptional economic returns. At the same time, this will be done with financial discipline while maintaining a level of capacity for opportunities as they arise. All of this translates into the creation of value for our shareholders.

Sincerely,

Dan O. Dinges
Chairman, President and Chief Executive Officer
Our priority is to conduct our operations in a safe, compliant manner rather than being concerned about meeting one quarter’s production target.

With the Company streamlined and focused in only two regions – North and South – the complexity of the organization is more straightforward. For the North region, the focus is in Pennsylvania, West Virginia, and the Rocky Mountains. Strategic initiatives take into account not only the underlying fundamentals for the natural gas market, but also the economic returns in each area and the goal to develop acreage. Cabot’s entire North region effort for 2011 is in the most prolific area of the Marcellus shale of Pennsylvania. In 2010, with the exception of one wildcat well that tested an oil concept in the Rocky Mountains, the North region was focused entirely in the Marcellus.

**THE MARCELLUS SHALE**

Cabot’s acreage in this play beyond a doubt lies in the most prolific area and is the most economic gas play in North America. Based on results to date, these wells can generate in excess of 100 percent rates of return below the current strip and still remain highly economic in a much lower price range.

Production from Marcellus has been a game-changer for the Company. When 2008 came to a close, Cabot was producing 14 Mmcf per day from one horizontal and 13 vertical wells. At the end of 2009, that number had increased to 71 Mmcf per day from 17 horizontal and 28 vertical wells. This past year was a breakout year with the exit rate at 236 Mmcf per day from 47 horizontal and 36 vertical wells. What is impressive is the overall level of production from a very small population of wells. Cabot believes this productivity is unmatched by any play in recent times.
Top: Lathrop Compressor Station
Bottom: Water truck delivering water for frac job
In 2010, the Company drilled 56 horizontal wells in the play, completing a total of 42 horizontal wells from the carryover 2009 and 2010 programs. When 2011 commenced, there were 29 horizontal wells waiting to be completed. When this backlog is combined with the 54 well program that is planned in 2011, the production increment from these wells is significant.

Going forward, the program will have 10 to 20 plus frac stages per well with lateral lengths of 2,500 to 6,000 feet depending on the geographic layout of the units. These wells have consistently delivered initial 30-day flow rates from eight to 19 plus Mmcf per day. When these types of results are taken with the current backlog of completions, 2011 has tremendous production potential from the Marcellus shale.

The level of actual production will depend on take away capacity. History shows that these wells continue to exceed expectations and maintain production at higher levels longer than initially anticipated. Because of this,
Cabot’s ability to stay ahead in the infrastructure game was short lived. Consequently, Cabot sold its infrastructure to the premier provider in the area in exchange for a long-term gathering arrangement and the requirement for significant additional take away expansion within two to three years.

The positive impact to the Company from this expansion is scheduled to occur during the second half of 2011. Even with the initial investment by the third party in 2011, Cabot still expects to have some level of backlog waiting on infrastructure at the end of 2011. However, the exit level for the year will be another exciting step change from 2010.

To better manage this increased production, Cabot will have firm takeaway capacity on three main interstate pipelines traversing the play from west to east by the end of this year. The level of capacity will approximate 700 Mmcf per day moving from Cabot’s acreage to market.

DEVELOPING THE RESOURCE AND THE COMMUNITY

Cabot considers itself a member of Pennsylvania’s Susquehanna County community. Since commencing operations there in 2006, Cabot has drilled more than 100 wells and has now invested more than $1 billion. To date, we have created more than 400 full-time jobs in the county, including direct employees of Cabot as well as employees of contractor and vendor firms working on Cabot projects.

We believe being a member of a community takes more than conducting operations in the area. Cabot is committed to being a good neighbor in the communities in which we operate and a responsible corporate citizen. We believe there is real value in providing opportunities to community residents to meet members of the Cabot family, realize our commitment to the community, and understand how we conduct our business with care.

As part of our community outreach program, Cabot was pleased to contribute to various local organizations, provide briefings and equipment to local police, fire and emergency personnel, and support the Susquehanna Free Library along with a variety of other social welfare initiatives. This year we also hosted the first Cabot Community Picnic, where approximately 4,000 local residents joined us and had the opportunity to see equipment used in our operations and meet our employees and contractors.

Cabot will continue these efforts and will strive to enhance and expand our relations with Susquehanna County residents and residents of surrounding communities. These efforts reflect the Company’s commitment to being a good corporate citizen, a good neighbor, and an outstanding environmental steward.
SOUTH REGION
The South region consists of the Company’s holdings primarily in Texas, Louisiana, and Oklahoma. Cabot has three distinct areas of operation in Texas, including East Texas (County Line and Minden), South Texas (Eagle Ford and legacy Cody properties), and West Texas (legacy Cody properties). Operations in Oklahoma are concentrated in the Anadarko Basin. The focus for 2010 in the South region was the development and primary lease capture at County Line, drilling in Haynesville and Bossier shales, and evaluation of Pettet oil opportunities.

For the year, the Company drilled 50 wells in the region dominated by activity around the Haynesville and Bossier initiatives in East Texas. Much of this activity was non-operated as management elected to hold off drilling operated wells to manage capital. Cabot drilled very few Pettet wells as the Company reallocated capital to fund the expansion of activity by partners in Haynesville and Bossier. In the end, Cabot participated in 30 Haynesville and Bossier wells.

These two formations conservatively provide for 60 to 100 Bcfe of potential per 700 acre section, making the long-term potential for this area exceptionally prospective. It is because of this fact that the Company elected to participate in many of the wells rather than opt out and lose future value of acreage in a unit.
Since this dynamic is expected to continue in 2011 and with Cabot’s announced financial discipline in its investment program, the Company has entered into a series of joint ventures for a portion of this acreage. Through these agreements, Cabot is reducing its working interest in exchange for a carried interest in the first well in 25 units. This captures the acreage while Cabot maintains much of the upside with no investment necessary in the immediate term.

THE EAGLE FORD SHALE

One of the objectives mentioned last year in the annual report was to initiate more investments directed at oil plays. The Eagle Ford shale in Texas has various windows that range from gas to oil. Cabot’s focus is only on the oil window. As such, the Company was successful in establishing four different concentrations of acreage in this selected horizon. These positions range from just over 2,000 acres to more than 32,000 adjacent acres. In one of these areas,
Cabot has formed an area of mutual interest (AMI) with one of the most successful players in the trend that provides for both parties to have a 50 percent working interest in the project.

Cabot drilled four Eagle Ford shale wells during 2010. All four were successful. The equivalent barrels of oil production ranged from 330 to 1,042 for a 24-hour flow test. Based on these results, the initial estimates for recoverable reserves have been affirmed, and Cabot’s technical team believes these wells ultimately will provide 350,000 to 500,000 barrels of oil equivalent on average.

For 2011, the Company plans to drill 13 (100 percent working interest wells) and participate in 14 gross wells in the AMI area. This drilling activity is centered in Cabot’s Presidio and Buckhorn acreage in South Texas. With continued success in the Eagle Ford, the Company’s oil production will double in 2011.
# Financial Highlights

## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td>$945.8</td>
<td>$879.3</td>
<td>$844.0</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>626.8</td>
<td>593.7</td>
<td>683.9</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>372.0</td>
<td>282.3</td>
<td>266.4</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>211.3</td>
<td>148.3</td>
<td>103.4</td>
</tr>
<tr>
<td><strong>Per Share</strong></td>
<td>2.10</td>
<td>1.43</td>
<td>0.99</td>
</tr>
<tr>
<td><strong>Common Dividend Per Share</strong></td>
<td>$0.12</td>
<td>$0.12</td>
<td>$0.12</td>
</tr>
</tbody>
</table>

Average Common Shares Outstanding (in thousands): 100,737, 103,616, 103,911

## Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discretionary Cash Flow</strong></td>
<td>$608.7</td>
<td>$604.6</td>
<td>$457.6</td>
</tr>
<tr>
<td><strong>Per Share</strong></td>
<td>6.04</td>
<td>5.83</td>
<td>4.40</td>
</tr>
<tr>
<td><strong>Cash from Operations</strong></td>
<td>634.4</td>
<td>614.1</td>
<td>484.9</td>
</tr>
<tr>
<td><strong>Cash from Investing</strong></td>
<td>(1,452.3)</td>
<td>(531.0)</td>
<td>(613.7)</td>
</tr>
<tr>
<td><strong>Cash from Financing</strong></td>
<td>827.4</td>
<td>(71.0)</td>
<td>144.6</td>
</tr>
<tr>
<td><strong>Net Cash</strong></td>
<td>$9.6</td>
<td>$12.1</td>
<td>$15.8</td>
</tr>
</tbody>
</table>

## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>$460.6</td>
<td>$281.5</td>
<td>$203.0</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>378.9</td>
<td>308.7</td>
<td>303.8</td>
</tr>
<tr>
<td><strong>Short-Term Debt</strong></td>
<td>35.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>831.1</td>
<td>805.0</td>
<td>975.0</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>$1,790.6</td>
<td>$1,812.5</td>
<td>$1,872.7</td>
</tr>
</tbody>
</table>

(Successful Efforts Method)

## Debt Maturity Schedule

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt Payable (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$0</td>
</tr>
<tr>
<td>2013</td>
<td>$75</td>
</tr>
<tr>
<td>2015</td>
<td>$213 (1)</td>
</tr>
<tr>
<td>2016</td>
<td>$20</td>
</tr>
<tr>
<td>2018</td>
<td>$312</td>
</tr>
<tr>
<td>2020</td>
<td>$100</td>
</tr>
<tr>
<td>2021</td>
<td>$88</td>
</tr>
<tr>
<td>2022</td>
<td>$105</td>
</tr>
<tr>
<td>2023</td>
<td>$62</td>
</tr>
</tbody>
</table>

(1) Debt associated with Revolving Credit Facility.
### Operational Highlights

#### Wells Drilled

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL GROSS</td>
<td>432</td>
<td>143</td>
<td>113</td>
</tr>
<tr>
<td>TOTAL NET</td>
<td>355</td>
<td>119</td>
<td>87</td>
</tr>
<tr>
<td>GROSS SUCCESS RATE</td>
<td>97%</td>
<td>95%</td>
<td>98%</td>
</tr>
</tbody>
</table>

#### Proved Reserves

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATURAL GAS (Bcf)</td>
<td>1,886.0</td>
<td>2,013.2</td>
<td>2,644.2</td>
</tr>
<tr>
<td>OIL, CONDENSATE &amp; NATURAL GAS LIQUIDS (Mmbbl)</td>
<td>9.3</td>
<td>7.8</td>
<td>9.5</td>
</tr>
<tr>
<td>TOTAL PROVED (Bcf)</td>
<td>1,942.0</td>
<td>2,059.9</td>
<td>2,701.1</td>
</tr>
<tr>
<td>TOTAL DEVELOPED (Bcf)</td>
<td>1,348.5</td>
<td>1,324.7</td>
<td>1,724.2</td>
</tr>
<tr>
<td>% GAS</td>
<td>97%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>% DEVELOPED</td>
<td>69%</td>
<td>64%</td>
<td>64%</td>
</tr>
</tbody>
</table>

#### Reserve Additions (Bcf)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDITIONS</td>
<td>303.9</td>
<td>462.9</td>
<td>650.6</td>
</tr>
<tr>
<td>ADDITIONS, REVISIONS &amp; PURCHASES</td>
<td>421.5</td>
<td>262.7</td>
<td>788.0</td>
</tr>
<tr>
<td>% RESERVE REPLACEMENT</td>
<td>442.8%</td>
<td>255.2%</td>
<td>603.3%</td>
</tr>
</tbody>
</table>

#### Finding & Development Costs ($/Mcf)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDITIONS</td>
<td>$ 2.75</td>
<td>$ 1.28</td>
<td>$ 1.27</td>
</tr>
<tr>
<td>ADDITIONS &amp; REVISIONS</td>
<td>3.39</td>
<td>2.26</td>
<td>1.05</td>
</tr>
<tr>
<td>ALL SOURCES</td>
<td>3.42</td>
<td>2.26</td>
<td>1.05</td>
</tr>
<tr>
<td>ALL SOURCES (Excluding lease acquisition)</td>
<td>$ 3.06</td>
<td>$ 1.70</td>
<td>$ 0.89</td>
</tr>
</tbody>
</table>

#### Total Production (Bcf)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>130.6</td>
</tr>
<tr>
<td>2009</td>
<td>103.0</td>
</tr>
<tr>
<td>2008</td>
<td>95.2</td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS

DIRECTORS
Dan O. Dinges
Chairman, President and
Chief Executive Officer

Rhys J. Best
Former Chairman of the Board
and Chief Executive Officer,
Lone Star Technologies, Inc.

David M. Carmichael
Former Vice Chairman and
Chairman of the Management
Committee, KN Energy, Inc.

James R. Gibbs
Former Chairman, President
and Chief Executive Officer,
Frontier Oil Corporation

Robert L. Keiser
Former Chairman of the Board,
Oryx Energy Company

Robert Kelley
Former Chairman of the Board,
President and Chief Executive
Officer, Noble Affiliates, Inc.
(Subsequently renamed
Noble Energy Inc.)

P. Dexter Peacock
Of Counsel, Andrews &
Kurth L.L.P.
Former Managing Partner,
Andrews & Kurth L.L.P.

William P. Vititoe
Former Chairman of the Board,
Chief Executive Officer
and President,
Washington Energy Company

COMMITTEES
Audit Committee
Robert Kelley – Chairman
Rhys J. Best
James R. Gibbs
Robert L. Keiser

Compensation Committee
William P. Vititoe – Chairman
David M. Carmichael
P. Dexter Peacock

Executive Committee
P. Dexter Peacock – Chairman
Dan O. Dinges
David M. Carmichael

Corporate Governance and
Nominations Committee
David M. Carmichael – Chairman
James R. Gibbs
P. Dexter Peacock
William P. Vititoe

Safety and Environmental
Affairs Committee
Robert L. Keiser – Chairman
Rhys J. Best
Robert Kelley

CORPORATE INFORMATION

OFFICERS
Dan O. Dinges
Chairman, President and
Chief Executive Officer

Scott C. Schroeder
Vice President,
Chief Financial Officer
and Treasurer

G. Kevin Cunningham
Vice President,
General Counsel

Robert G. Drake
Vice President, Information
Services and Operational
Accounting

Abraham D. Garza
Vice President,
Human Resources

Jeffrey W. Hutton
Vice President, Marketing

Steven W. Lindeman
Vice President, Engineering
and Technology

Lisa A. Machesney
Vice President, Managing
Counsel and Corporate Secretary

James M. Reid
Vice President and
Regional Manager, South

Phillip L. Stalnaker
Vice President and
Regional Manager, North

Todd M. Roemer
Controller

ANNUAL MEETING
The annual meeting of the
shareholders will be held Tuesday,
May 3, 2011, at 8:00 a.m. (Central)
at the corporate office in
Houston, Texas.

CORPORATE OFFICE
Cabot Oil & Gas Corporation
Three Memorial City Plaza
840 Gessner, Suite 1400
Houston, TX 77024
P.O. Box 4544
Houston, Texas 77210-4544
(281) 589-4600
www.cabotog.com

INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP
1201 Louisiana, Suite 2900
Houston, Texas 77002

RESERVE ENGINEERS
Miller & Lents, Ltd
Oil & Gas Consultants
909 Fannin, Suite 1300
Houston, Texas 77010

INVESTOR RELATIONS
Additional copies of the Form 10-K
are available without charge.
Shareholders, securities analysts,
portfolio managers and others who
have questions or need additional
information concerning the
Company may contact:
Scott C. Schroeder
Vice President,
Chief Financial Officer
and Treasurer
(281) 589-4993
scott.schroeder@cabotog.com

TRANSFER AGENT/REGISTRAR
Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55106
(800) 468-9716
www.wellsfargo.com/
shareownerservices

General Inquiries:
Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0856
(800) 468-9716

Certified/Overnight Mail:
Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55106

TDD for Hearing Impaired:
(651) 450-4144

Telephone Number for
Foreign Shareowners:
(877) 602-7599

CORPORATE
GOVERNANCE MATTERS
On May 20, 2010, the Company’s
CEO, Dan O. Dinges, certified to
the NYSE that he was not aware of
any violation by the Company of
NYSE corporate governance listing
standards. Further, Mr. Dinges and
the CFO, Scott C. Schroeder,
made the requisite Section 302
certifications in the 2010 quarterly
reports on Form 10-Q and the
2010 annual report on Form 10-K
as mandated by the Sarbanes-