EQT Corp
Form PRE 14A
February 22, 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**

| | |
|---|---|
| Filed by the Registrant | [ X] |
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Check the appropriate box:
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[ ] Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Proxy Statement
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EQT Corporation

(Name of Registrant as Specified In Its Charter)

N/A

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

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2) Form, Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

625 Liberty Avenue, Suite 1700

Pittsburgh, PA 15222-3111

# Notice of Annual Meeting of Shareholders

# To Be Held April 17, 2013

The annual meeting of shareholders of EQT Corporation will be held on Wednesday, April 17, 2013, at 9:30 a.m. (Eastern Time). We will be in EQT Plaza located at 625 Liberty Avenue in Pittsburgh, Pennsylvania. If you owned common stock of EQT Corporation at the close of business on February 14, 2013, you may vote at this meeting.

At the meeting, we plan to ask you to:

1) Elect the four directors nominated by the Board of Directors to serve for new terms;

2) Approve an amendment and restatement of the company s Restated Articles of Incorporation to declassify the Board of Directors;

3) Approve a non-binding resolution regarding the compensation of the company s named executive officers for 2012 ( say-on-pay );

4) Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2013;

5) Vote on a shareholder proposal, if properly presented at the meeting; and

6) Transact such other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

Please consider the issues presented in this proxy statement, and vote your shares as promptly as possible by following the voting instructions included in this proxy statement.

On behalf of the Board of Directors

Nicole H. King
Corporate Secretary

March 4, 2013

**Important Notice Regarding the Availability of Proxy Materials**

**for the Shareholder Meeting to Be Held on April 17, 2013:**

This notice and proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2012 are also available at http://www.proxyvote.com.

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# EQT CORPORATION

625 Liberty Avenue, Suite 1700

Pittsburgh, PA 15222-3111

# PROXY STATEMENT

We have elected to furnish our proxy statement and annual report to certain of our shareholders over the Internet pursuant to United States Securities and Exchange Commission ( SEC ) rules, which should allow us to reduce costs associated with the 2013 annual meeting of shareholders. On or about March 8, 2013, we will mail to certain of our shareholders a notice of Internet availability of proxy materials containing instructions regarding how to access our proxy statement and annual report online (the eProxy Notice ). The eProxy Notice contains instructions on how you can elect to receive printed copies of the proxy statement and annual report. All other shareholders will receive printed copies of the proxy statement and annual report, which will also be mailed to such shareholders on or about March 8, 2013.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

EQT Corporation is soliciting proxies for its 2013 annual meeting of shareholders. This booklet and proxy card contain information about the items you will vote on at the annual meeting and about the voting process. We sometimes refer to EQT Corporation in this proxy statement as EQT, EQT Corporation, the company, we or us.

### What items will be voted on at the annual meeting?

Shareholders will vote on the following items at the annual meeting if each is properly presented at the meeting:

- the election to the company s Board of Directors of the four directors nominated by the Board to serve for new terms (Item No. 1);
- the approval of an amendment and restatement of the company s Restated Articles of Incorporation to declassify the Board of Directors (Item No. 2);
- the approval of a non-binding resolution regarding the compensation of the company s named executive officers for 2012 (Item No. 3);

- the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2013 (Item No. 4);
- a shareholder proposal regarding a feasibility study for the adoption of a policy prohibiting the use of treasury funds for direct or indirect political contributions (Item No. 5); and
- such other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

## What are the Board s voting recommendations on each item?

Your Board of Directors recommends that you vote **FOR** Item Nos. 1 through 4. Your Board of Directors recommends that you vote **AGAINST** Item No. 5.

## How do I contact EQT s Corporate Secretary?

You may contact the company s Corporate Secretary by sending correspondence to: 625 Liberty Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222, Attn: Corporate Secretary.

**Who is entitled to vote, and how many votes do I have?**

You may vote if you held common stock of EQT Corporation at the close of business on February 14, 2013. For each item presented for vote, you have one vote for each share you own.

**What if I received an eProxy Notice of Internet Availability of Proxy Materials?**

The SEC permits us to electronically distribute proxy materials to shareholders. We have elected to provide access to our proxy materials and annual report to certain of our shareholders on the Internet, instead of mailing the full set of printed proxy materials. On or about March 8, 2013, we will mail to certain of our shareholders an eProxy Notice containing instructions regarding how to access our proxy statement and annual report and how to vote online. If you received an eProxy Notice by mail, you will not receive printed copies of the proxy materials and annual report in the mail unless you request them. Instead, the eProxy Notice instructs you how to access and review all of the important information contained in the proxy statement and annual report. The eProxy Notice also instructs you how you may submit your proxy over the Internet. If you received an eProxy Notice by mail and would like to receive a printed copy of our proxy materials and annual report, you should follow the instructions for requesting such materials included in the eProxy Notice.

**What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

If your shares are registered directly in your name with EQT s transfer agent, Computershare, you are considered the shareholder of record of those shares. The notice of annual meeting, proxy statement and accompanying materials have been sent directly to you by Computershare.

If your shares are held in a stock brokerage account or by a bank or other holder of record (including shares held through employee benefit and/or compensation plans), you are considered the beneficial owner of shares held in street name. The eProxy Notice or notice of annual meeting, proxy statement and accompanying materials have been forwarded to you by your broker, bank or other holder of record who is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your broker, bank or other holder of record in voting your shares by using the voting direction card or vote instruction form included in the mailing or by following their instructions for voting by telephone or on the Internet. If your shares are held through the Employee Savings Plan or the 2009 Long-Term Incentive Plan (the 2009 LTIP ), see How do I vote shares held through the Employee Savings Plan? and How do I vote restricted shares held through the 2009 LTIP? below for instructions regarding how to vote your shares and the right of the holders of record to vote your shares on matters for which they have not received voting instructions.

**How do I vote if I am a shareholder of record?**

If you are a shareholder of record, you may vote your shares:

- in person by attending the annual meeting;

- by completing the proxy card as outlined in the instructions on the card and mailing the card in the prepaid envelope provided;
- by following the instructions at the Internet site http://www.envisionreports.com/EQT; or
- by following the instructions for telephone voting after calling 1-800-652-VOTE (8683).

If the name on the accounts is the same, the shares on your proxy card may represent: (i) shares for which you have a certificate; (ii) shares that you hold in book-entry form; and (iii) shares that you have in a dividend reinvestment account of the company s Dividend Reinvestment and Stock Purchase Plan.

If you vote by proxy, your shares will be voted as indicated in your properly completed unrevoked proxy. If you do not indicate how your shares should be voted on an item, the shares represented by your properly completed unrevoked proxy card will be voted as recommended by the Board of Directors. If you do not return a proxy card or do not vote in person, by telephone or on the Internet, your shares will not be voted.

In the case of Internet or telephone voting, you should have your proxy card in hand and retain the card until you have completed the voting process. If you vote by Internet or telephone, you do not need to mail back the proxy card. Even if you plan to attend the meeting, we encourage you to vote by proxy as soon as possible.

See What if I received an eProxy Notice of Internet Availability of Proxy Materials? above if you received an eProxy Notice.

## How do I vote if I am a beneficial holder of shares held in street name ?

If your shares are held by a broker, a bank or other holder of record in street name (including shares purchased through the 2008 Employee Stock Purchase Plan and its predecessor), you should receive (i) an eProxy Notice or (ii) a vote instruction form together with copies of the proxy statement and annual report.

If you receive a vote instruction form, your broker, bank or other holder of record (or designee thereof) will vote your shares in accordance with the instructions on your returned vote instruction form. You may instruct the holder of record to vote your shares:

- by completing the vote instruction form as outlined in the instructions on the form and mailing the form in the prepaid envelope provided;
- by following the instructions at the Internet site http://www.proxyvote.com; or
- by following the instructions for telephone voting after calling [1-800-579-1639].

See Is my vote important and how are the votes counted? below for the right of brokers, banks and other holders of record to vote on routine matters for which they have not received voting instructions.

Please review your vote instruction form for the date by which your instructions must be received in order for your shares to be voted. You may also vote in person at the meeting if you obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot. In the case of Internet or telephone voting, you should have your vote instruction form in hand and retain the form until you have completed the voting process. If you vote by Internet or telephone, you do not need to mail back the vote instruction form.

See What if I received an eProxy Notice of Internet Availability of Proxy Materials? above if you received an eProxy Notice.

### How do I vote shares held through the Employee Savings Plan?

If you hold shares through the Employee Savings Plan, you will receive a separate voting direction card, proxy statement and annual report. The trustee of the Employee Savings Plan will vote your shares in accordance with the instructions on your returned direction card. You may instruct the trustee to vote your shares:

- by completing the direction card as outlined in the instructions on the card and mailing the card in the prepaid envelope provided;
- by following the instructions at the Internet site http://www.envisionreports.com/EQT; or
- by following the instructions for telephone voting after calling 1-800-652-VOTE (8683).

If you do not return a direction card or if you return a direction card with no instructions, the trustee will vote your shares in proportion to the way other plan participants voted their shares. Please note that the direction cards have an earlier return date and different mailing instructions than the proxy cards. Please review your direction card for the date by which your instructions must be received in order for your shares to be voted.

In the case of Internet or telephone voting, you should have your direction card in hand and retain the card until you have completed the voting process. If you vote by Internet or telephone, you do not need to mail back the direction card.

## How do I vote restricted shares held through the 2009 LTIP?

Employees holding restricted shares through the 2009 LTIP will receive a separate voting direction card, proxy statement and annual report. The administrator of the 2009 LTIP or its designee will vote your restricted shares in accordance with the instructions on your returned direction card. You may instruct the administrator to vote your shares:

- by completing the direction card as outlined in the instructions on the card and mailing the card in the prepaid envelope provided;
- by following the instructions at the Internet site http://www.envisionreports.com/EQT; or
- by following the instructions for telephone voting after calling 1-800-652-VOTE (8683).

If you return a direction card with no instructions, the administrator or its designee will vote your shares as recommended by the Board of Directors. If you do not return a direction card, your shares will not be voted. Please note that the direction cards have an earlier return date and different mailing instructions than the proxy cards. Please review your direction card for the date by which your instructions must be received in order for your shares to be voted.

In the case of Internet or telephone voting, you should have your direction card in hand and retain the card until you have completed the voting process. If you vote by Internet or telephone, you do not need to mail back the direction card.

**May I change my vote?**

If you are a shareholder of record, you may revoke your proxy before the time of voting at the meeting by:

- voting again by submitting a revised proxy card or voting by Internet or telephone, as applicable, on a date later than the prior proxy;
- voting in person at the meeting; or
- notifying the company s Corporate Secretary in writing that you are revoking your proxy.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or other holder of record. Except in the case of shares held through the Employee Savings Plan or the 2009 LTIP, you may also vote in person at the meeting if you obtain a legal proxy from your broker, bank or other holder of record.

### What if I receive more than one proxy card and/or vote instruction form?

If you receive more than one proxy card as a shareholder of record, you have shares registered differently in more than one account. We encourage you to have all accounts registered in the same name and address whenever possible. You can do this by contacting our transfer agent, Computershare, at 250 Royall Street, Canton, MA 02021, at its toll free number (1-800-589-9026) or on its website at http://www.cpushareownerservices.com. If you receive more than one vote instruction form, please contact the bank, broker or other holder of record holding your shares to determine whether you can consolidate your accounts.

### What is householding?

We have adopted a procedure approved by the SEC called householding, which reduces our printing costs and postage fees. Under this procedure, shareholders of record who have the same address and last name will receive only one copy of our 2012 Annual Report on Form 10-K and proxy statement (or one eProxy Notice, if applicable) unless one or more of these shareholders notify us that they wish to continue receiving individual copies. Shareholders who participate in householding will continue to receive separate proxy cards.

If a shareholder of record residing at a household to which we sent only one copy of our 2012 Annual Report on Form 10-K and proxy statement (or one eProxy notice, if applicable) wishes to receive separate documents in the future, he or she may discontinue householding by contacting our transfer agent, Computershare, at 250 Royall Street, Canton, MA 02021, at its toll free number (1-800-589-9026) or on its website at http://www.cpushareownerservices.com. If you are an eligible shareholder of record receiving multiple copies of our 2012 Annual Report on Form 10-K and proxy statement, you can request householding by contacting the company s Corporate Secretary. If you own your shares through a bank, broker or other holder of record, you can request householding by contacting the applicable holder of record.

If a shareholder of record residing at a household to which we sent only one copy of our 2012 Annual Report on Form 10-K and proxy statement wishes to receive an additional copy for this meeting, he or she may contact the Corporate Secretary of EQT Corporation at 625 Liberty Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222 or by phone at 412-553-5891. The company will promptly deliver, upon written or oral request, a separate 2012 Annual Report on Form 10-K and proxy statement to a shareholder at a shared address to which a single copy of the documents was delivered.

### What is a broker non-vote?

If you are a beneficial owner whose shares are held of record by a bank, broker or other holder of record, you have the right to direct your broker, bank or other holder of record in voting your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the bank, broker or other holder of record does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the bank, broker or other holder of record can register your shares as being present at the annual meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange ( NYSE ).

### Is my vote important and how are the votes counted?

Your vote is very important. Each share of EQT stock that you own represents one vote. If you do not vote your shares, you will not have a say in the important issues to be voted on at the annual meeting. Many of our shareholders do not vote, so the shareholders who do vote influence the outcome of the proposals in greater proportion than their percentage ownership of the company. The following are the voting requirements to elect the four nominees to the Board and approve the other proposals presented in this proxy statement and the discretionary authority of brokers, banks or other holders of record with respect to each proposal:

| PROPOSAL | VOTE REQUIRED | BROKER DISCRETIONARY VOTING ALLOWED |
|---|---|---|
| Election of Directors<br><br>(**Item No. 1**) | Majority of votes cast. If a nominee receives a greater number of votes against than votes for election, the Board will consider whether to accept the nominee s previously submitted conditional resignation. | No |
| Approval of an amendment and restatement of the company s Restated Articles of Incorporation to declassify the Board of Directors<br><br>(**Item No. 2**) | Majority of votes cast. | No |
| Approval of a non-binding resolution regarding the compensation of the company s named executive officers for 2012<br><br>(**Item No. 3**) | Majority of votes cast. | No |
| Ratification of Ernst & Young LLP<br><br>(**Item No. 4**) | Majority of votes cast. | Yes |
| Shareholder proposal regarding a feasibility study for the adoption of a policy prohibiting the use of treasury funds for direct or indirect political contributions<br><br>(**Item No. 5**) | Majority of votes cast. | No |

For purposes of the approval of Item Nos. 1 through 5, abstentions, broker non-votes and the failure to vote are not votes cast, and, accordingly, have no effect on the outcome of such proposals.

## What constitutes a quorum for the meeting?

A majority of the outstanding shares, present or represented by proxy, constitutes a quorum. A quorum is necessary to conduct business at the annual meeting. You are part of the quorum if you have returned a proxy. Abstentions and broker non-votes also are counted in determining whether a quorum is present.

**How will my shares be voted on other matters not included in this proxy statement that may be presented to the annual meeting?**

Since no shareholder has indicated an intention to present any matter not included in this proxy statement to the 2013 annual meeting in accordance with the advance notice provision in the company s by-laws, the Board is not aware of any other proposals for the meeting. If another proposal is properly presented, the persons named as proxies will vote your returned proxy in their discretion.

**Who can attend the annual meeting, and how do I obtain an admission ticket?**

You may attend the meeting if you were a shareholder on February 14, 2013. Seating is limited and will be offered on a first come, first served basis. If you plan to attend the meeting, you will need an admission ticket, which you can obtain by checking the appropriate box on your proxy or direction card or by writing to the Corporate Secretary of EQT Corporation. See How do I contact EQT s Corporate Secretary? above. If a broker holds your shares, you must include proof of your ownership of EQT stock as of February 14, 2013, such as a copy of your brokerage account statement or an omnibus proxy, which you can get from your broker, and we will send you an admission ticket.

Shareholders must present a form of photo identification, such as a driver s license, in order to be admitted to the annual meeting. No cameras, computers, recording equipment, other similar electronic devices, large bags or packages will be permitted in the annual meeting. The use of cell phones, smart phones, camera phones, tablets and other personal communication devices during the annual meeting is prohibited. All mobile phones, tablets and similar electronic devices must be turned off and put away before entering the meeting room. By attending the annual meeting, shareholders agree to abide by the agenda and procedures for the annual meeting, copies of which will be distributed to attendees at the meeting.

**What happens if the meeting is postponed or adjourned?**

If the meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

**What is the total number of outstanding shares?**

At the close of business on February 14, 2013, the record date for the meeting, EQT Corporation had 150,550,593 shares of common stock outstanding.

**Who pays for the solicitation of proxies?**

We do. We are soliciting proxies primarily by use of the mails. However, we may also solicit proxies in person, by telephone, by facsimile, by courier or by electronic means. To the extent that our directors and officers participate in this solicitation, they will not receive any compensation for their participation, other than their normal compensation. D.F. King & Co., Inc. assists EQT with the solicitation for a fee of $7,500 plus reasonable out-of-pocket expenses. EQT also reimburses brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their proxies.

## May I nominate someone to be a director of EQT?

Shareholders may either nominate individuals to serve as directors at the annual meeting of the shareholders or recommend individuals as possible director-nominees to the Corporate Governance Committee of the Board of Directors to consider in its normal course.

If you are a shareholder entitled to vote at an annual meeting, you may present at the meeting the nomination of one or more persons for election as a director of EQT Corporation. To do this, you must send advance written notice to the Corporate Secretary. See How do I contact EQT s Corporate Secretary? above. According to the company s by-laws, we must receive notice of nominations for the 2014 annual meeting not earlier than the close of business on the 120th day, and not later than the close of business on the 90th day, prior to April 17, 2014, the one-year anniversary of this year s annual meeting.

In addition, the Board s Corporate Governance Committee will consider candidates recommended by the company s shareholders. If the Corporate Governance Committee determines to nominate as a director an individual recommended by a shareholder, then the recommended individual will be included on the company s slate for the next annual proxy statement. Shareholders should send their recommendations to the Corporate Governance Committee Chair by addressing the recommendation to EQT s Corporate Secretary. The Corporate Secretary must receive any recommendations as far in advance of the annual meeting of shareholders as possible in order to provide sufficient time for the Committee to consider the recommendation.

Any notice or recommendation provided by the nominating shareholder must include an original irrevocable conditional resignation signed by each proposed nominee, as well as certain information about the person or persons nominated and about the nominating shareholder (see Director Nominations under the caption Corporate Governance and Board Matters below for details). For additional information, contact the Corporate Secretary.

## When are shareholder proposals due?

Under the rules of the SEC, eligible shareholders may submit proposals for inclusion in the proxy statement for our 2014 annual meeting. Shareholder proposals must be submitted in writing and must be received by the Corporate Secretary at the address provided previously in this proxy statement on or before November 3, 2013 for them to be considered for inclusion in the 2014 proxy statement.

Under the company s by-laws, you may present proposals in person at the 2014 annual meeting if you are a shareholder entitled to vote. The Corporate Secretary must receive any proposals to be presented, which will not be included in next year s proxy statement, not earlier than the close of business on the 120th day, and not later than the close of business on the 90th day, prior to April 17, 2014, the one-year anniversary of this year s annual meeting. Proposals received outside that time period, including any proposal nominating a person as a director, may not be presented at the 2014 annual meeting. All proposals must be accompanied by the information required by Section 1.09 of the company s by-laws (a copy of which will be provided to any shareholder upon written request to the Corporate Secretary).

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# ITEM NO. 1 ELECTION OF DIRECTORS

**(Item No. 1 on the proxy card)**

**The Board of Directors recommends a vote FOR all nominees for the Board of Directors.**

The Board of Directors of EQT Corporation currently has eleven members, who are divided into three classes. The classes are as equal in number as is possible depending on the total number of directors at any time. Generally, directors are elected for three-year terms. Each director s term expires upon the earlier of the end of such term or the annual meeting following such director s seventy-fourth birthday. The classes are arranged so that the terms of the directors in each class expire at successive annual meetings. This means that the shareholders elect approximately one-third of the members of the Board of Directors annually. Directors elected by the Board hold office for a term expiring at the next annual meeting of shareholders. Notwithstanding the expiration date of his or her term, each director holds office until his or her successor is elected and qualified. The terms of four directors expire at this annual meeting. Each of the four directors, Ms. Vicky A. Bailey and Messrs. Kenneth M. Burke, George L. Miles, Jr. and Stephen A. Thorington, have been nominated to serve for a term of three years to expire at the 2016 annual meeting of shareholders.

At this meeting, the shareholders are being asked to approve an amendment and restatement of our Restated Articles of Incorporation to declassify the Board of Directors and provide for annual elections of directors commencing with those directors up for election at our 2014 annual meeting of shareholders. For additional information related to this proposal, see Item No. 2 Approval of an Amendment and Restatement of the Company s Restated Articles of Incorporation to Declassify the Board of Directors below.

The persons named as proxies will vote for the nominees named, unless you vote against one or more of them. The four nominees for election have agreed to serve if elected, and the Board has no reason to believe that such nominees will be unavailable to serve. In the event that any of the nominees is unable or declines to serve as a director at the time of the annual meeting, then the persons named as proxies intend to vote for substitute nominees proposed by the Board, unless the Board decides to reduce the number of directors. Each nominee must be elected by a majority of the votes cast for election. Votes may not be cumulated.

In addition, under the company s by-laws, each nominee has submitted an irrevocable conditional resignation to be effective if the nominee receives a greater number of votes against than votes for his or her election in an uncontested election. If this occurs, the Board of Directors will decide whether to accept the tendered resignation not later than 90 days after the certification of the election. Any determination by the Board shall be made without the participation of any nominee whose resignation is under consideration with respect to the election. The Board s explanation of its decision will be promptly disclosed on a Form 8-K furnished to the SEC.

**The Board of Directors recommends a vote FOR all nominees for the Board of Directors.**

## NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2016

**VICKY A. BAILEY** **Age 60** **Director since June 2004**

President, Anderson Stratton International, LLC (strategic consulting and government relations), since November 2005; Vice President, BHMM Energy Services, LLC (utility and facilities management services), since January 2006. Also a director of Cheniere Energy, Inc. (energy company primarily engaged in liquefied natural gas related businesses), since March 2006 (serving as the chairman of the compensation committee and the section 162(m) subcommittee and also a member of the audit committee).

Chair of the Public Policy and Corporate Responsibility Committee and member of the Executive Committee.

*Qualifications.* Ms. Bailey has substantial regulatory and senior management experience in the company s industry, having previously served as a commissioner of the Federal Energy Regulatory Commission, President of PSI Energy, Inc. (a regulated utility) and commissioner of the Indiana Utility Regulatory Commission. These experiences enable her to provide valuable insights into issues facing the company s regulated natural gas distribution and transmission businesses, particularly with respect to interacting with regulatory agencies. In addition, Ms. Bailey provides leadership to the Board with respect to energy policy issues, owing to her previous experience as Assistant Secretary for the Office of Policy and International Affairs at the Department of Energy. Ms. Bailey also draws upon public company board experience in supporting the company s strategic efforts.

**KENNETH M. BURKE** **Age 63** **Director since January 2012**

Retired Partner, Ernst & Young LLP (E&Y) (Big Four accounting firm), October 1982 through June 2004. Former director of Trico Marine Services, Inc. (provider of subsea trenching and marine support vessels and services), March 2005 through August 2011 (served as chairman of the audit committee and a member of the nominating and governance committee). Also, a former director of Pride International, Inc. (offshore drilling contractor), from December 2006 through May 2011 (served as chairman of the nominating and governance committee and a member of the audit and compensation committees).

Member of the Audit Committee and the Public Policy and Corporate Responsibility Committee.

*Qualifications.* Mr. Burke brings over three decades of experience focused on the energy industry, primarily oil and gas. Mr. Burke retired from E&Y in 2004, where he held a number of leadership positions, including National Energy Director and Partner-in-Charge of the Houston Energy Services Group. He also co-authored the book Oil and Gas Limited Partnerships: Accounting, Reporting and Taxation. During his years at E&Y, Mr. Burke also served as audit partner for numerous companies in the oil and gas industry. Mr. Burke also has substantial experience as a director of both public and private companies, where he has served on and chaired a number of committees.

**GEORGE L. MILES, JR.** **Age 71** **Director since July 2000**

Chairman Emeritus, Chester Engineers, Inc. (engineering services firm), since May 2012. Executive Chairman, Chester Engineers, Inc., October 2010 through April 2012. Retired President and Chief Executive Officer, WQED Multimedia (multimedia company), September 1994 through October 2010. Also a director of WESCO International, Inc. (distributor of electrical construction products supplies) since 2000 (serving as a member of the nominating and governance committee), Harley-Davidson, Inc. (manufacturer of heavyweight cruising and touring motorcycles) since 2002 (serving as a member of the nominating and corporate governance committee and the audit committee), American International Group, Inc. (international insurance organization) since 2005 (serving as a member of the audit committee and the nominating and corporate governance committee) and HFF, Inc. (provider of commercial real estate and capital markets services to the U.S. commercial real estate industry) since January 2007 (serving as chairman of the audit committee and a member of the compensation committee).

Chair of the Corporate Governance Committee and member of the Executive Committee.

*Qualifications.* Mr. Miles has significant senior management, leadership and financial experience, having served as President and Chief Executive Officer of a multimedia company for more than fifteen years. Prior to that, Mr. Miles gained valuable financial experience through his work as an auditor. Mr. Miles also has substantial public company board of director experience, having served as a member of the board of directors of a number of public companies throughout his career. These diverse experiences have enabled Mr. Miles to bring unique perspectives to the Board, particularly with respect to business management and corporate governance issues. The Board believes that, notwithstanding his service on four other public company boards, Mr. Miles (who has retired from full-time employment) has sufficient time and focus to devote attention to company-related matters.

**STEPHEN A. THORINGTON** **Age 57** **Director since September 2010**

Retired Executive Vice President and Chief Financial Officer, Plains Exploration & Production Company (energy company engaged in the upstream oil and gas business), September 2002 through April 2006. Also a director of KMG Chemicals Inc. (diversified chemical company) since May 2007 (serving as a member of the audit committee and the nominating and governance committee) and QRE GP, LLC, the general partner of QR Energy, LP (oil and natural gas production master limited partnership), since January 2011 (serving as chairman of the audit committee and a member of the compensation and conflicts committees).

Chair of the Audit Committee and member of the Executive Committee.

*Qualifications.* Mr. Thorington has significant experience in energy company management, finance and corporate development, as well as natural gas exploration and production. Mr. Thorington has served in a number of senior management positions with energy industry companies and, earlier in his career, held various senior positions within the investment banking industry. Finally, Mr. Thorington currently serves as a member of the audit, conflicts and nominating and corporate governance committees at other public companies. Mr. Thorington is able to draw upon these diverse experiences to provide guidance with respect to accounting matters, financial markets and financing transactions, exploration and production operations and investor relations.

## DIRECTORS WHOSE TERMS EXPIRE IN 2014

**MARGARET K. DORMAN** **Age 49** **Director since January 2012**

Retired Executive Vice President, Chief Financial Officer and Treasurer, Smith International, Inc. (supplier of products and services to the global oil and gas industry), August 2008 through October 2009, and Senior Vice President, Chief Financial Officer and Treasurer, May 1999 through August 2008. Former director of Hanover Compressor Company (full service natural gas compression business), 2004 to 2007 (served as chairman of the audit committee).

Member of the Audit Committee.

*Qualifications.* Ms. Dorman brings to the company a wealth of financial expertise and experience in the natural gas industry, having served in numerous financial positions with Smith International, Inc., including as the chief financial officer for more than a decade, during a period of expansive growth. Prior to her time at Smith International, Inc., Ms. Dorman worked as an auditor, ultimately progressing to the role of senior audit manager. In addition to her financial controls experience, she has had extensive experience building banking relationships, structuring debt financings, integrating acquisitions and as the lead investor relations executive, dealing with significant shareholder matters. Ms. Dorman also has prior board and audit committee experience, having served as a member (and ultimately chairman) of the audit committee of Hanover Compressor Company.

**DAVID L. PORGES** **Age 55** **Director since May 2002**

Chairman, President and Chief Executive Officer, EQT Corporation, since May 2011; President, Chief Executive Officer and Director, EQT Corporation, April 2010 through May 2011; President, Chief Operating Officer and Director, EQT Corporation, February 2007 through April 2010. Also Chairman, President and Chief Executive Officer of EQT Midstream Services, LLC, the general partner of EQT Corporation s publicly-traded master limited partnership, EQT Midstream Partners, LP ( EQM ), since January 2012.

Member of the Public Policy and Corporate Responsibility Committee and the Executive Committee.

*Qualifications.* Mr. Porges brings extensive business, leadership, management and financial experience, and tremendous knowledge of the company s operations, culture and industry, to the Board. Mr. Porges has served in a number of senior management positions with the company since joining the company as Senior Vice President and Chief Financial Officer in 1998. He has also served as a member of the company s Board since May 2002. Prior to joining the company, Mr. Porges held various senior positions within the investment banking industry and also held several managerial positions with Exxon Corporation (now, Exxon Mobil Corporation, an international oil and gas company). Mr. Porges served on the board of directors of Westport Resources Corp. (oil and natural gas production company) from April 2000 through 2004. Mr. Porges strong financial and industry experience, along with his understanding of the company s business operations and culture, enable Mr. Porges to provide unique and valuable perspectives on most issues facing the company. Moreover, Mr. Porges service on the Board creates a vital link between management and the Board and provides the company with decisive and effective leadership.

**JAMES E. ROHR** **Age 64** **Director since May 1996**

Chairman and Chief Executive Officer, The PNC Financial Services Group, Inc. ( PNC ) (financial services), since May 2001. PNC has announced that Mr. Rohr will retire as PNC s Chief Executive Officer effective at its annual meeting of shareholders in April 2013. He is expected to continue as Executive Chairman for one year. Mr. Rohr is also a director of Allegheny Technologies, Inc. (specialty metal producer) since 1996 (serving as chairman of the personnel and compensation committee) and BlackRock, Inc. (provider of investment, advisory and risk management solutions) since 1999 (serving as a member of the executive committee).

Lead Independent Director, Chair of the Executive Committee and member of the Management Development and Compensation Committee.

*Qualifications.* Mr. Rohr s experience as Chairman and Chief Executive Officer of one of the country s largest financial services companies provides him with valuable business, leadership and management experience, with particular emphasis on capital markets and corporate finance transactions. Mr. Rohr s experience enables him to provide cutting edge insights into the capital markets and corporate finance issues facing the company. Mr. Rohr is also able to draw on his experience as the chief executive officer of a major public company, along with his service as a director of three other public companies.

**DAVID S. SHAPIRA** **Age 71** **Director since May 1987**

Executive Chairman, Giant Eagle, Inc. (retail grocery store chain), since January 2012; Chairman, Chief Executive Officer and President, Giant Eagle, Inc., July 2005 through January 2012.

Member of the Corporate Governance Committee and the Public Policy and Corporate Responsibility Committee.

*Qualifications.* Mr. Shapira s service as Chief Executive Officer of a major private company provides extensive senior management, leadership and financial experience, including expertise leading a large organization with multistate operations. Mr. Shapira also has an in-depth knowledge of the company s business operations, culture and industry, having served as a director since 1987. Finally, Mr. Shapira s current and prior service on the boards of public companies, such as Mellon Financial Corporation (financial services), and large not-for-profit organizations, such as Carnegie Mellon University, enables him to bring to the Board extensive board experience and knowledge from alternative perspectives.

## DIRECTORS WHOSE TERMS EXPIRE IN 2015

**PHILIP G. BEHRMAN, Ph.D.** **Age 62** **Director since July 2008**

Retired Senior Vice President, Worldwide Exploration, Marathon Oil Corporation (integrated energy company), October 2000 through July 2008.

Member of the Audit Committee.

*Qualifications.* Dr. Behrman brings extensive business, senior management and technical industry experience to the Board, having served in various senior management and technical positions with numerous major energy companies throughout his career. In particular, Dr. Behrman has substantial expertise in energy exploration and production business operations, making him uniquely positioned to provide valuable perspectives with respect to the operations of the company s production business.

**A. BRAY CARY, JR.** **Age 64** **Director since July 2008**

President, Chief Executive Officer and Director, West Virginia Media Holdings, LLC (television and print media company), since 2001.

Member of the Corporate Governance Committee and the Management Development and Compensation Committee.

*Qualifications.* Mr. Cary has extensive public affairs, media relations and senior management experience, having founded and led various media and marketing businesses throughout his career. Mr. Cary utilizes his broad business experience to provide valuable insights with respect to general business and management issues facing the company. Most importantly, Mr. Cary is uniquely positioned to provide leadership to the Board in public affairs and media relations.

**LEE T. TODD, JR., Ph.D.** **Age 66** **Director since November 2003**

Professor of electrical engineering at the University of Kentucky (major public research university), since July 2011. Retired President, University of Kentucky, July 2001 through June 2011.

Chair of the Management Development and Compensation Committee and member of the Executive Committee.

*Qualifications.* Dr. Todd s service as President of the University of Kentucky provided valuable leadership and management experience, including experience leading a large organization. Prior to joining the University of Kentucky, Dr. Todd developed a strong reputation as an innovator of cutting edge technology, having founded and led numerous successful technology companies. Dr. Todd also has experience serving on boards of a variety of public companies, private companies and foundations. These strong leadership and business experiences, along with Dr. Todd s appreciation for the importance of innovation, enable him to offer a unique perspective with respect to business and technology issues facing the company.

# CORPORATE GOVERNANCE AND BOARD MATTERS

**Meetings of the Board of Directors and Committee Membership**

The Board of Directors held 6 regular meetings and 2 special meetings during 2012. The independent directors met 9 times in executive session without any officer of the company present. During 2012, attendance at all Board meetings averaged 97.8%. The company encourages its directors to attend the annual meeting of the shareholders, and it has been their practice to do so. Except for Barbara S. Jeremiah whose term expired at the company s 2012 annual meeting of shareholders, all directors then in office attended the 2012 annual meeting.

The five standing Committees of the Board are the Audit, Management Development and Compensation, Corporate Governance, Public Policy and Corporate Responsibility and Executive Committees. The Corporate Governance Committee serves as the nominating committee for the company. The Board may from time to time form new Committees, disband an existing Committee and delegate additional responsibilities to a Committee. In 2012, each director attended at least 96.4% of all meetings of the Board and of the Committees on which the director served.

The table below sets forth membership at February 1, 2013 and meeting information for the 2012 fiscal year for each Board Committee:

| NAME OF DIRECTOR | AUDIT | MANAGEMENT DEVELOPMENT AND COMPENSATION | CORPORATE GOVERNANCE | PUBLIC POLICY AND CORPORATE RESPONSIBILITY | EXECUTIVE |
|---|---|---|---|---|---|
| Ms. Bailey | | | | x* | x |
| Dr. Behrman | x | | | | |
| Mr. Burke | x | | | x | |
| Mr. Cary | | x | x | | |
| Ms. Dorman | x | | | | |
| Mr. Miles | | | x* | | x |
| Mr. Porges | | | | x | x |
| Mr. Rohr (LID) | | x | | | x* |
| Mr. Shapira | | | x | x | |
| Mr. Thorington | x* | | | | x |
| Dr. Todd | | x* | | | x |
| Total meetings in fiscal year 2012 | 11 | 8 | 5 | 4 | 0 |

| | | |
|---|---|---|
| x | = | Committee Member |
| * | = | Chair |
| LID | = | Lead Independent Director |

The responsibilities of the Committees are set forth in written charters, which are reviewed periodically by the Committees and, where appropriate, the Corporate Governance Committee and the Board.  All of the charters are available on the company s website at http://www.eqt.com.  The members and main responsibilities of each Committee are as follows:

Audit Committee

• Comprised of Ms. Dorman, Dr. Behrman and Messrs. Burke and Thorington (Chair), who are all non-employee, independent directors.

• Each member of the Committee is financially literate.  Additionally, the Board of Directors has determined that each of Ms. Dorman and Messrs. Burke and Thorington qualifies as an  audit committee financial expert  as such term is defined under the SEC s regulations.  Shareholders should understand that this designation is a disclosure requirement of the SEC related to the experience and understanding of Ms. Dorman and Messrs. Burke and Thorington with respect to certain accounting and auditing matters.  The designation does not impose upon them any duties, obligations or liabilities that are greater than are generally imposed on them as members of the Audit Committee and the Board.  As audit committee financial experts, Ms. Dorman and Messrs. Burke and Thorington also have accounting or related financial management expertise under the NYSE rules.

• Assists the Board by overseeing:

the accounting and financial reporting processes of the company and related disclosure matters;

the audits of the financial statements of the company;

the integrity of the company s financial statements;

the qualifications, independence and performance of the company s registered public accountants;

the qualifications and performance of the company s internal audit function; and

the compliance by the company with legal and regulatory requirements, including the company s code of business conduct and ethics.

- Responsible for reviewing and discussing with management (i) guidelines and policies with respect to risk assessment and risk management and (ii) the company s major risk exposures and the actions management has taken to monitor and control such exposures.

- Responsible for hiring, overseeing, evaluating and compensating the company s independent auditors.

Management Development and Compensation Committee

- Comprised of Messrs. Cary and Rohr and Dr. Todd (Chair), who are all non-employee, independent directors.

- Discharges the Board s responsibilities relating to compensation of the company s executive officers by, among other things:

determining and approving, based on the Corporate Governance Committee s evaluation of the Chief Executive Officer s performance for the prior year and in light of the goals and objectives established by the Corporate Governance Committee for the upcoming year, the Chief Executive Officer s compensation level;

reviewing and approving the performance of, and compensation structure for, all executive officers (other than the Chief Executive Officer) of the company;

reviewing and approving employment or severance agreements for executive officers; and

reviewing and approving compensation plans for executive officers.

- Provides oversight and, as required, administration of the company s benefit plans, incentive-based compensation plans and equity-based plans.

- Reviews the company s succession plan for all executive officers other than the Chief Executive Officer. The succession plan for the Chief Executive Officer is reviewed by the Board.

- Reviews the risk assessment of the company s compensation policies and practices.

Corporate Governance Committee

- Comprised of Messrs. Cary, Miles (Chair) and Shapira, who are all non-employee, independent directors.

- Identifies and recommends to the Board the requisite skills and characteristics to be found in individuals qualified to serve as members of the Board consistent with criteria approved by the Board and recommends to the Board the director-nominees for each annual meeting of shareholders.

- Recommends to the Board independence determinations for each director.

- Develops and recommends to the Board a set of corporate governance guidelines.

- Recommends Committee membership, including a Chair, for each Committee.

- Recommends to the Board nominees to serve as the Lead Independent Director.

- Identifies and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer of the company and annually reviews the Chief Executive Officer s performance against such goals and objectives, after receiving input from the Lead Independent Director.

- Provides oversight for the evaluation process of the Board and its Committees.

- Recommends an appropriate compensation structure for the directors, including administration of stock-based plans for the directors.

- Reviews related person transactions under the company s related person transaction approval policy (the related person policy ).

Public Policy and Corporate Responsibility Committee

- Comprised of Ms. Bailey (Chair) and Messrs. Burke and Shapira, who are all non-employee, independent directors, and Mr. Porges, Chairman, President and Chief Executive Officer.

- Reviews and provides input and direction to management and the Board about the company s approach to the company s activities regarding industry, legislative and regulatory activities that pertain to:

  environmental, health and safety matters;

  government affairs, including participation in industry and other organizations that express views about legislative and regulatory affairs; and

  other matters likely to influence the company s reputation.

Executive Committee

- Comprised of Ms. Bailey, Messrs. Miles, Rohr (Chair) and Thorington, and Dr. Todd, who are all non-employee, independent directors, and Mr. Porges, Chairman, President and Chief Executive Officer.

- Has the authority to act in all matters that the full Board may act upon when the Board is not in session, unless limited by a resolution of the Board and except to the extent limited by law.

## Compensation Process

Establishing Target Total Direct Compensation

In discharging the Board s responsibilities relating to compensation of the company s executive officers, the Management Development and Compensation Committee establishes the target total direct compensation (base salary plus annual and long-term incentive targets) for executive officers by establishing base salaries and setting long-term and annual incentive targets. When appropriate, the Committee also reviews and modifies perquisites.

Establishing Annual and Long-Term Incentive Programs

The Management Development and Compensation Committee annually approves plan design, including performance measures and target payout, for annual and long-term incentive programs. These deliberations, which usually start with recommendations from management and involve discussions among management, the Committee s independent compensation consultant and the Committee, usually span several meetings before a design is approved.

After the end of the performance period for any performance award, the Committee certifies the level at which the performance measures were satisfied and approves the amount of incentive award payable to each executive officer.

Equity Grants

The Management Development and Compensation Committee may make equity grants to executive officers at any time during the year. The Committee generally does not grant equity awards when in possession of material non-public information. If in possession of such information, the Committee does not take such information into account when determining whether or in what amounts to make such grants.

The Committee has delegated to Mr. Porges, in his capacity as a director, the authority to grant a limited number of restricted shares to non-executive officers under the following circumstances:

- to newly hired or recently promoted employees on the condition that no award exceeds the 50th percentile of the market in value, except as may result from an award being rounded-up to the next highest number of shares evenly divisible by 10;
- to other employees in recognition of exceptional performance on the condition that no award exceeds 1,000 shares; and
- to employees who participate in the company s educational assistance program on the condition that no individual award exceeds 500 shares.

The Committee also delegated to Mr. Porges, in his capacity as a director, the authority to grant to non-executive officers awards under the 2012 long-term incentive programs in an amount not to exceed $1 million.  Mr. Porges did not exercise this authority.

All such restricted stock and long-term incentive awards must be made on standard terms approved by the Committee and are reported to the Committee for informational purposes at its next meeting.  Mr. Porges authorizes restricted stock periodically throughout the year on pre-established dates and does not coordinate the timing of such grants with the release of material non-public information.  If in possession of such information, Mr. Porges does not take such information into account when determining whether or in what amount to make such grants.

The Committee has not delegated its authority to award equity to any other executive officer.

Compensation Consultant

The Management Development and Compensation Committee has the sole authority to hire, terminate and approve fees for advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities.  During 2012, the Committee utilized Pay Governance LLC ( Pay Governance ) as its independent compensation consultant, and Pay Governance reported directly to the Committee.

Representatives of Pay Governance do not make recommendations on, or approve, the amount of compensation for any executive officer.  The Committee may request information or advice directly from representatives of Pay Governance and may direct the company to provide information to representatives of Pay Governance.  Representatives of Pay Governance regularly interact with representatives of the company s human resources department and periodically with the Chief Executive Officer and representatives of the company s legal department.

During 2012, Pay Governance provided market data and counsel regarding executive officer compensation programs and practices, including specifically:

- competitive benchmarking;
- peer group identification and assessment;
- advice and market insight as to the form of and performance measures for annual and long-term incentives; and
- marketplace compensation trends in the company s industry and generally.

During 2012, Pay Governance also performed benchmarking services for the Corporate Governance Committee related to director compensation for the company s Board.

Other than the executive compensation and director compensation services provided for the Management Development and Compensation Committee and the Corporate Governance Committee, respectively, representatives of Pay Governance also performed the following services during 2012:

- The Corporate Governance Committee engaged Pay Governance to perform benchmarking services for director compensation related to the Board of Directors of EQT Midstream Services, LLC, the general partner of EQM, the company s publicly-traded master limited partnership formed in 2012 (2012 fees totaled $25,000).

- The company s management engaged Pay Governance to perform a competitive benchmarking analysis for non-executive officers of the company (2012 fees also totaled $25,000).

The Management Development and Compensation Committee has considered the services provided by Pay Governance to the Corporate Governance Committee and to the company s management, as well as Pay Governance s responses to a questionnaire regarding Pay Governance s relationship with the company and its management, and determined that such services do not compromise Pay Governance s independence as the Management Development and Compensation Committee s independent compensation consultant.

During 2012, Towers Watson Delaware Inc. prepared a study for the company s management comparing the company s retirement program for executive officers to the retirement programs provided to similarly situated executives of the 2013 peer group described under the caption Compensation Philosophy under Compensation Discussion and Analysis below (2012 fees totaled approximately $16,500).

Role of Senior Management

Senior management of the company has an ongoing dialogue with the Management Development and Compensation Committee and the Committee s independent compensation consultant regarding compensation and plan design. Most ideas originate with management due to its direct involvement in, and knowledge of, the business goals, strategies, experiences and performance of the company. Management s ideas are reviewed with the compensation consultant and frequently modified by the Committee prior to ultimate adoption. The Committee engages in active discussions with the Chief Executive Officer concerning: (i) who should participate in programs and at what levels, (ii) which performance measures should be used, (iii) the determination of performance targets and (iv) whether and to what extent performance measures for the previous year have been achieved. The Chief Executive Officer is advised by the other executive officers of the company.

We provide additional information regarding the Committee and our policies and procedures regarding executive compensation, including the role of executive officers in recommending executive compensation, below under the caption Compensation Discussion and Analysis.

## Board Leadership Structure

As described in the company s corporate governance guidelines, the Board of Directors believes that the functions of the Chairman of the Board are distinct from those of the Chief Executive Officer but that both functions may be effectively performed by the same individual. The Board believes that the questions of whether the Chairman of the Board and the Chief Executive Officer should be separate, and if separate, whether the Chairman of the Board should be an outside director or an inside director, should be addressed from time to time as circumstances require. The Board is currently satisfied with the Chief Executive Officer performing the functions of the Chairman of the Board because Mr. Porges is able to utilize his in-depth knowledge and perspective gained in running the company to effectively and efficiently guide the full Board by recommending Board and Committee meeting agendas, leading Board discussions on critical issues and creating a vital link among the Board, management and shareholders.

Effective May 2011, the company s Board of Directors, based on a recommendation from the Corporate Governance Committee, elected Mr. Rohr as its Lead Independent Director. In this capacity, Mr. Rohr s exclusive duties are:

- convening, presiding over and setting agendas for regularly scheduled and special executive sessions of independent/non-management directors (which typically occur at each regularly scheduled meeting of the Board), including calling a meeting of the independent/non-management directors, if requested by any other director;
- presiding over any meeting at which the Chairman of the Board is not present;
- consulting with the Chairman to set the annual calendar of topics to be covered at Board meetings and reviewing meeting agendas;
- providing input to the Corporate Governance Committee in connection with the evaluation of the Chief Executive Officer s performance;
- facilitating an assessment process with respect to the Board as a whole as well as for individual directors;
- serving as the designated director to speak with shareholders (when requested) and to receive communications from interested parties; and
- serving as the Chair of the Executive Committee of the Board.

The service of the Lead Independent Director complements Mr. Porges role as Chairman by, among other things, providing directors, shareholders and other constituents a direct contact to an independent member of the Board. The Lead Independent Director s term is one year but an individual may serve multiple consecutive terms upon recommendation of the Corporate Governance Committee and approval of the Board.

## The Board s Role in Risk Oversight

The company s corporate governance guidelines provide that the Board of Directors is responsible for reviewing the process for assessing the major risks facing the company and the options for their mitigation. The Board executes on this oversight responsibility in a variety of ways, including:

- Commencing in 2013, the Board will perform an annual review of the company s major risks. Prior to 2013, the Audit Committee received regular reports regarding the company s major risks, and reported to the Board regarding such risks.
- Management addresses the major risks in presentations (initiated by management or requested by the Board) throughout the year.
- The Board delegates oversight for certain risks to the Board Committees. For example, the Audit Committee is responsible for reviewing and discussing with management the company s major financial risk exposures and the actions management has taken to monitor and control such exposures. The Management Development and Compensation, Corporate Governance and Public Policy and Corporate

Responsibility Committees also review and discuss with management major risk exposures associated with their respective areas of oversight.

The company primarily manages risk through a Corporate Risk Committee consisting of certain executive officers and business unit and functional leaders. The Corporate Risk Committee meets periodically throughout the year to review, prioritize and address the company s major risk exposures and to consider new or emerging risks. The Corporate Director of Enterprise Risk and Compliance reports the results of the company s risk assessment annually to the Board of Directors. The Board reviews and assesses the report of the Corporate Director of Enterprise Risk and Compliance and determines whether any further action is required.

## Compensation Policies and Practices and Risk Management

In early 2013, members of the company s senior management, with the assistance of the Management Development and Compensation Committee s independent compensation consultant, conducted a risk assessment of the company s compensation programs for all employees. The results of such assessment were presented to the Management Development and Compensation Committee. Based on the assessment, the company and the Committee believe that the compensation programs are balanced and do not create risks reasonably likely to have a material adverse impact on the company. Important factors taken into account include, but are not limited to, the following:

- the company does not use highly leveraged short-term incentives that drive high risk investments at the expense of long-term company value;
- the company s annual incentive compensation is based on balanced performance measures that promote disciplined progress towards longer-term goals, and payments are capped;
- the performance periods and vesting schedules for long-term incentives overlap and, therefore, reduce the motivation to maximize performance in any one period at the expense of performance in other periods;
- the company s compensation programs reward consistent, long-term performance by heavily weighting compensation to long-term incentives that reward sustainable stock, financial and operating performance;
- variations of the company s compensation programs have been in place for many years, and the company has seen no evidence that they encourage excessive risk-taking;
- the Management Development and Compensation Committee has authority to exercise downward discretion to reduce or eliminate payouts under all of the company s compensation programs; and
- the company s equity ownership guidelines require executives to hold a meaningful equity interest, linking their interests to the interests of shareholders.

## Director Nominations

The responsibilities of the Corporate Governance Committee include identifying and recommending to the Board the requisite skills and characteristics to be found in individuals qualified to serve as members of the Board and recommending to the Board the director-nominees for each annual meeting of shareholders. The Committee typically considers new nominees for the Board in the context of a vacancy on the Board resulting from resignation or retirement of a director or to fill a skill need identified by the Board. Recently the Committee has used third party search firms to assist it to identify potential director candidates. Director candidates have also been identified by senior management and members of the Board considering individuals both within and external to their respective networks.

As set forth in the Committee s charter, the Committee will consider submissions from shareholders in making its recommendation. Any shareholder desiring to recommend an individual to serve as a director of the company should submit the following information to the Corporate Governance Committee Chair, c/o the Corporate Secretary, no earlier than the close of business on the 120th day and no later than the close of business on the 90th day prior to the first anniversary of the preceding year s annual meeting:

- The information required by Sections 1.09 and 1.10 of the company s by-laws (a copy of which will be provided to any shareholder upon written request to the Corporate Secretary), including, but not limited to, (i) the proposing person s notice, (ii) the nominee s written questionnaire with respect to the background and qualification of such nominee and the background of any other person or entity on whose behalf the nomination is being made, (iii) a written representation and agreement of the nominee in the form provided by the Corporate Secretary, and (iv) the nominee s executed irrevocable conditional resignation letter.

- In addition, the company may require the shareholder to provide such further information as it may reasonably request.

See How do I contact EQT s Corporate Secretary? under the caption Questions and Answers About the Annual Meeting above.

In evaluating individuals identified as possible director-nominees, whether the source of the possible nominee is another director, a member of management, a shareholder or otherwise, the Committee assesses the experience and personal characteristics of the possible nominee against the guidelines identified below. Possible nominees satisfying the guidelines are then further evaluated to identify, in the judgment of the Committee, the best match for the Board. The Committee retains the right to modify the guidelines, including the criteria for evaluating the qualifications of potential nominees for election to the Board as set forth therein, from time to time.

In identifying director candidates, the Committee utilizes the following guidelines:

*Individual qualifications*

- Possesses integrity, competence, insight, creativity and dedication together with the ability to work with colleagues while challenging one another to achieve superior performance
- Has attained prominent position in his or her field of endeavor
- Possesses broad business experience
- Has ability to exercise sound business judgment
- Is able to draw on his or her past experience relative to significant issues facing the company
- Has experience in the company s industry or in another industry or endeavor with practical application to the company s needs
- Has sufficient time and dedication for preparation as well as participation in Board and Committee deliberations
- Has no conflict of interest
- Meets such standards of independence and financial knowledge as may be required or desirable
- Possesses attributes deemed appropriate given the then current needs of the Board

*Composition of the Board as a whole*

- A diversity of background, perspective and skills related to the company s business
- A diversity of race, gender and age

The Board believes that its members possess individual qualifications consistent with the guidelines set forth above. In addition to the specific individual director qualifications identified under the caption Item 1 Election of Directors above, the Board believes that its members offer insightful and creative views and solutions with respect to issues facing the company. The Board also believes that its members function well together as a group. Finally, the Board believes that it has appropriate diversity consistent with the guidelines set forth above.

## Contacting the Board

You may contact the Board of Directors, or any individual director, by writing to the Lead Independent Director c/o EQT Corporation, 625 Liberty Avenue, Pittsburgh, PA 15222, Attn: Lead Independent Director, or by sending an email to presidingdirector@eqt.com. You may also contact the Board or any individual director by writing to the Corporate Secretary. See How do I contact EQT s Corporate Secretary? under the caption Questions and Answers About the Annual Meeting above.

## Governance Principles

EQT maintains a corporate governance page on its website which includes key information about its corporate governance practices, including its corporate governance guidelines, code of business conduct and ethics and charters for the Audit Committee, the Management Development and Compensation Committee, the Corporate Governance Committee and the Public Policy and Corporate Responsibility Committee of the Board of Directors. The corporate governance page can be found at http://www.eqt.com, by clicking on the Investors link on the main page and then on the Corporate Governance link. EQT will provide a copy of its corporate governance guidelines, code of business conduct and ethics and any of the foregoing Board Committee charters upon request by a shareholder to the Corporate Secretary. See How do I contact EQT s Corporate Secretary? under the caption Questions and Answers About the Annual Meeting above.

EQT s corporate governance policies and practices are compliant with applicable corporate governance requirements:

- The Board of Directors has adopted clear corporate governance guidelines.
- Ten of the eleven members of the Board are independent of the company and its management.
- The Board s non-management directors meet periodically in executive session, and the Lead Independent Director has been identified as the presiding director at all such executive sessions.
- All members of each of the key Committees of the Board of Directors Audit, Management Development and Compensation and Corporate Governance are independent of the company and its management.
- Each of the key Committees has a charter that reflects legal requirements and good corporate governance.
- The Board of Directors and each of the key Committees engage in annual self-evaluations.
- The directors of the company are encouraged to participate in educational programs relating to corporate governance and business-related issues, and the company provides funding for such activities.
- The company has a code of business conduct and ethics applicable to all employees and directors of the company.
- The Corporate Governance Committee of the Board of Directors reviews the company s governance policies and practices periodically and makes recommendations to the Board.

**Director Independence**

In accordance with the company s corporate governance guidelines, a majority of directors at any time will be independent. For a director to be considered an independent director, the Board must annually determine that he or she has no material relationship with the company (either directly or as a partner, shareholder or officer of an organization which has such a relationship with the company). To assist it in determining director independence, the Board established guidelines which conform to the independence requirements of the NYSE.

The Board will consider all relevant facts and circumstances in making an independence determination.  Under the company s corporate governance guidelines, a director will not be independent if:

- Within the last three years the director was employed (or an immediate family member of the director was employed as an executive officer) by the company, or received more than $120,000 in direct compensation during any 12-month period from the company (other than director and committee fees and deferred compensation for prior service which is not contingent in any way on continued service).
- The director or an immediate family member is a current partner of a firm that is the company s internal or external auditor (in each case, a company auditor ).
- The director is a current employee of a company auditor.
- The director has an immediate family member who is a current employee of a company auditor and who personally works on the firm s audit of the company.
- Within the last three years, the director or an immediate family member was (but no longer is) a partner or employee of a company auditor and personally worked on the company s audit within that time.
- Within the last three years a company executive officer was on the compensation committee of the board of directors of a company which employed the company director as an executive officer, or which employed an immediate family member of the company director as an executive officer.
- The director is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the company for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of $1 million or 2% of such other company s consolidated gross revenues.

In assessing the independence of a director, the Board considers the materiality of charitable contributions made by the company to any tax-exempt organization for which the director serves as an executive officer.  During the last three fiscal years, the company has not made, in any single fiscal year, contributions to any tax-exempt organization for which any director serves as an executive officer that exceeded the greater of $1 million or 2% of such tax-exempt organization s consolidated gross revenues.  Any relationship involving a company director that complies with the independence standards set forth in the company s corporate governance guidelines and is not otherwise a related person transaction (as defined under the caption Review, Approval or Ratification of Transactions With Related Persons below) under the company s related person policy is deemed to be an immaterial relationship not requiring consideration by the Board in assessing independence.

Based on the independence standards set forth in the company s corporate governance guidelines, the Board of Directors has determined that the following directors have met the above standards and are independent of EQT and its management:  Mses. Bailey and Dorman, Drs. Behrman and Todd, and Messrs. Burke, Cary, Miles, Rohr, Shapira and Thorington.  Mr. Porges, who is an executive officer of the company, is the only director who is not independent.

In addition to satisfying the above independence standards, the Board has determined the following with respect to Committee members:

- each member of the Audit Committee is independent under the rules of the SEC;
- each member of the Corporate Governance Committee is a non-employee director under the rules of the SEC; and

- each member of the Management Development and Compensation Committee is independent under the requirements of the Internal Revenue Code of 1986, as amended (the Code ), and a non-employee director under the rules of the SEC.

The ownership of stock in the company by directors is encouraged and is not in itself a basis for a director to be considered as not independent, provided that it may preclude participation on the Audit Committee if the magnitude of such ownership is sufficient to make the director an affiliated person of the company as described in the Audit Committee charter. See Equity-Based Compensation under the caption Directors Compensation below for a description of the stock ownership guidelines for directors.

## Review, Approval or Ratification of Transactions With Related Persons

Under the company s written related person policy, company management, with the assistance of the company s law department, is responsible for determining whether a transaction between the company and a Related Person (as defined below) constitutes a Related Person Transaction (as defined below). Such determination is based on a review of all facts and circumstances regarding the transaction, including information provided in annual director and executive officer questionnaires. Upon determination that a transaction is a Related Person Transaction which has not been approved by the full Board of Directors, the material facts regarding the transaction are reported to the Corporate Governance Committee for its review. The Corporate Governance Committee then determines whether to approve, ratify, revise, reject or take other action with respect to the Related Person Transaction.

Under the related person policy, a Related Person Transaction is generally a transaction in which the company or a subsidiary is a participant, the amount involved exceeds $120,000 and a Related Person has a direct or indirect material interest. A Related Person is generally any person who is a director or executive officer of the company, any nominee for director, any shareholder known to the company to be the beneficial owner of more than 5% of any class of the company s voting securities and any immediate family member of any of the foregoing persons.

Under the policy, certain transactions are deemed to be automatically pre-approved and do not need to be brought to the Corporate Governance Committee for individual approval. The transactions which are automatically pre-approved include: (i) transactions involving employment of an executive officer by the company, as long as the executive officer is not an immediate family member of another executive officer or director of the company and the compensation paid to the executive officer was approved by the Management Development and Compensation Committee; (ii) transactions involving compensation and benefits paid to a director for service as a director of the company; (iii) transactions on competitive business terms with another company in which the only relationship of a director or immediate family member of a director is as an employee or executive officer, a director or a beneficial owner of less than 10% of that company s shares, provided that the amount involved does not exceed the greater of $1,000,000 or 2% of the other company s consolidated gross revenues; (iv) transactions where the interest of the Related Person arises solely from the ownership of a class of equity securities of the company, and all holders of that class of equity securities receive the same benefit on a pro rata basis; (v) transactions where the rates or charges involved are determined by competitive bids; (vi) transactions involving the rendering of services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental regulation; (vii) transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services; and (viii) charitable contributions, grants or endowments by the company or the company s charitable foundation to a charitable or non-profit organization, foundation or university in which a Related Person s only relationship is as an employee or a director or trustee, if the aggregate amount involved does not exceed the greater of $1,000,000 or 2% of the recipient s consolidated gross revenues.

The related person policy does not limit or affect the application of the company s code of business conduct and ethics and related policies, which require directors and executive officers to avoid engaging in any activity or relationship that may interfere, or have the appearance of interfering, with the performance of the directors or executive officers duties to the company. Such policies require all directors and executive officers to report and fully disclose the nature of any proposed conduct or transaction that involves, or could involve, a conflict of interest and to obtain approval before any action is undertaken.

### Transactions With Related Persons

Based on information provided by the company s directors and executive officers and assessments by company management, the Corporate Governance Committee determined that there are no Related Person Transactions to be reported in this proxy statement.

### Compensation Committee Interlocks and Insider Participation

During all of 2012, Dr. Todd and Messrs. Cary and Rohr served as members of the Management Development and Compensation Committee. None of these Committee members is a current or former officer or employee of the company or had any relationship with the company requiring disclosure. In addition, none of the company s directors is an executive officer of another entity at which one of the company s executive officers serves as a director.

## ITEM NO. 2 APPROVAL OF AN AMENDMENT AND RESTATEMENT OF THE COMPANY S RESTATED ARTICLES OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS

**(Item No. 2 on the proxy card)**

**The Board of Directors recommends a vote FOR approval of an amendment and restatement of the company s Restated Articles of Incorporation to declassify the Board of Directors.**

The Board of Directors recommends approval of an amendment and restatement of the Company s existing Restated Articles of Incorporation to provide for the phased-in implementation of annual elections for all directors and the resulting phased-in elimination of the classified board structure. The proposed amendment and restatement would revise Division C, Section 3.1 of the existing Restated Articles of Incorporation. The full text of the proposed amendment and restatement of the existing Restated Articles of Incorporation is set forth in Appendix A to this proxy statement (proposed new text is underlined and proposed deleted text is bracketed).

**Background of Proposed Amendment**

While the Board of Directors believes that the classified board structure has promoted stability and continuity, facilitated our directors understanding of the company and its long-term strategic planning, enhanced the independence of our directors from both management and shareholder special interests and protected the company against unfair or abusive takeover practices, the Board is also committed to considering and responding to shareholder concerns regarding corporate governance. The Board recognizes the sentiment among shareholders that the annual election of directors would enhance the company s corporate governance policies by allowing for an annual evaluation of all directors. This sentiment was evidenced at the 2012 annual meeting of shareholders through the strong shareholder support of a proposal by one of the company s shareholders urging the Board of Directors to take steps to declassify. This support was confirmed by the company s largest shareholders during the company s 2012 shareholder outreach effort.

After thoroughly considering the issue, the Corporate Governance Committee recommended that the full Board of Directors approve the proposed amendment and restatement and submit the proposed amendment and restatement to our shareholders for consideration and approval. In accordance with the Committee s recommendation, the Board of Directors adopted a resolution approving the proposed amendment and restatement and recommended that the proposed amendment and restatement be submitted to our shareholders for consideration and approval.

**Summary of Proposed Amendment**

The Restated Articles of Incorporation currently divide the Board of Directors into three classes of directors, serving staggered, three-year terms. This means that each year, at the annual meeting of shareholders, approximately one-third of the full Board of Directors stands for election to the Board of Directors.

The adoption of the amendment and restatement of the Restated Articles of Incorporation will not change the unexpired three-year terms of directors elected at or prior to this 2013 annual meeting of shareholders. Rather, as the terms of the current directors expire, they will be elected on an annual basis beginning with those elected at the 2014 annual meeting of shareholders. Directors elected to the Board to fill vacancies or newly created positions will be put to an election of the shareholders at the immediately following annual meeting of shareholders and at each annual meeting of shareholders thereafter. Accordingly, the declassified board structure will be fully implemented at the 2016 annual meeting of shareholders.

Our current Amended and Restated By-Laws also contain references to the classified board structure. The Board of Directors has also approved corresponding changes to the Amended and Restated By-Laws that would become effective at the same time that the amendment and restatement of the Restated Articles of Incorporation, if approved, becomes effective.

**Action by Shareholders**

Approval of this Item No. 2 requires the affirmative vote of a majority of the votes cast on this item by holders of the company s common stock. Abstentions, broker non-votes and the failure to vote are not votes cast and, accordingly, have no effect on the outcome of this proposal.

**The Board of Directors recommends a vote FOR approval of an amendment and restatement of the company s Restated Articles of Incorporation to declassify the Board of Directors.**

# DIRECTORS COMPENSATION

Compensation of directors is annually reviewed by the Corporate Governance Committee and approved by the Board. No compensation is paid to employee directors for their service as directors.

In 2012, the Corporate Governance Committee engaged Pay Governance to conduct an annual review of the total compensation for non-employee directors. Specifically, retainer fees, meeting fees, chairperson premiums, stock-based long-term incentives and director matching gift benefits were evaluated using, as the competitive benchmark, levels of total compensation paid to directors of:

- the 281 general industry companies with revenues of $1 billion to $4 billion that are identified in Appendix B; and
- the following 25 energy industry companies:

| | |
|---|---|
| Cabot Oil & Gas Corporation | Pioneer Natural Resources Company |
| Chesapeake Energy Corporation | Plains Exploration & Production Company |
| Cimarex Energy Co. | Questar Corporation |
| Concho Resources Inc. | Quicksilver Resources Inc. |
| CONSOL Energy Inc. | Range Resources Corporation |
| Energen Corporation | Sempra Energy |
| EOG Resources, Inc. | SM Energy Company |
| EXCO Resources, Inc. | Southwestern Energy Company |
| MarkWest Energy Partners, L.P. | Spectra Energy Corp |
| MDU Resources Group, Inc. | Ultra Petroleum Corp. |
| National Fuel Gas Company | Whiting Petroleum Corporation |
| Newfield Exploration Company | The Williams Companies, Inc. |
| ONEOK, Inc. | |

These companies also comprise the company s peer group for the 2013 EPIP (as defined under the caption Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below).

Set forth below is a description of the compensation of the company s non-employee directors.

## Cash Compensation

- An annual cash retainer of $50,500 is paid on a quarterly basis.

- An additional annual cash retainer of $4,000 is paid on a quarterly basis to members of the Audit Committee other than the Chair commencing January 1, 2013.

- The cash meeting fee is $1,500 for each Board and Committee meeting attended in person. If a director participates in a meeting by telephone, the meeting fee is $750. These fees are paid on a quarterly basis.

- For the Audit Committee Chair, an annual committee chair retainer of $15,000 is paid. For the Management Development and Compensation, Corporate Governance, Public Policy and Corporate Responsibility and Executive Committee Chairs, an annual committee chair retainer of $10,000 is paid commencing January 1, 2013, which was increased from $7,500 previously. These fees are also paid on a quarterly basis.

## Equity-Based Compensation

- In 2003, the company began granting to each non-employee director, on an annual basis, stock units that vested upon award and that are payable on a deferred basis under the directors deferred compensation plans. The deferred stock units represent one vehicle used by the company to deliver compensation to directors for their annual service on the Board. The 2012 annual grant was comprised of a total of 2,300 deferred stock units which were awarded on January 4, 2012 to each non-employee director who was a member of the Board at that time. Each of Mr. Burke and Ms. Dorman, who were elected to the Board on January 6, 2012, received an award of 2,570 deferred stock units on January 30, 2012. Each non-employee director serving on the Board on January 1, 2013 received an award of 2,550 deferred stock units. Each deferred stock unit is equal in value to one share of company common stock but does not have voting rights. Dividends are credited quarterly in the form of additional stock units. The value of the stock units granted prior to 2013 will be paid in cash (or, if a director made a prior election to settle the award in equity, in company common stock) on the earlier of the director s death or termination of service as a director. The value of the stock units granted in 2013 will be paid in shares of company common stock on the earlier of the director s death or termination of service as a director.

- Newly elected directors are expected to receive an equity grant upon joining the Board equal to the pro-rata amount of the then applicable annual grant.

- The non-employee directors are subject to stock ownership guidelines which require them to hold shares (or share equivalents, including deferred stock units) with a value equal to a multiple of the annual cash retainer. Effective January 1, 2013, this multiple increased to five times the annual retainer from two times the annual retainer. Under the updated guidelines, directors have up to five years from joining the Board to acquire a sufficient number of shares (or share equivalents, including deferred stock units) to meet the ownership guidelines. Each of the company s non-employee directors satisfies the stock ownership guidelines.

### Deferred Compensation

- The company has deferred compensation plans for non-employee directors. In addition to the automatic deferral of stock units awarded, non-employee directors may elect to defer up to 100% of their annual retainers and fees into the 2005 Directors Deferred Compensation Plan and receive an investment return on the deferred funds as if the funds were invested in company common stock or permitted mutual funds. Prior to the deferral, plan participants must irrevocably elect to receive the deferred funds either in a lump sum or in equal installments. Deferred funds for which directors have elected to receive an investment return as if the funds were invested in company common stock are distributed in shares of common stock. Distributions commence following termination of service as a director. The directors deferred compensation accounts are unsecured obligations of the company. Dr. Behrman and Messrs. Cary and Rohr deferred fees under the plan in 2012. The pre-existing Directors Deferred Compensation Plan continues to operate for the sole purpose of administering amounts vested under the plan on or prior to December 31, 2004.

### Other

- To further the company s support for charitable giving, all directors are eligible to participate in the Matching Gifts Program of the EQT Foundation on the same terms as company employees. Under this program, the EQT Foundation will match gifts of at least $100 made by the director to eligible charities, up to an aggregate total of $25,000 in any calendar year.

- Non-employee directors who joined the Board prior to May 25, 1999 may designate a civic, charitable or educational organization as beneficiary of a $500,000 gift funded by a life insurance policy purchased by EQT Corporation. The directors do not receive any financial benefit from this program because the charitable deductions accrue solely to the company.

- The company reimburses directors for their travel and related expenses in connection with attending Board and Committee meetings and related activities. The company also provides non-employee directors with $20,000 of life insurance and $250,000 of travel accident insurance while traveling on business for the company.

The table below shows the total 2012 compensation of the company s non-employee directors:

| NAME (1) | FEES EARNED OR PAID IN CASH ($) (2) | STOCK AWARDS ($) (3) | ALL OTHER COMPENSATION ($) (4) | TOTAL ($) |
|---|---|---|---|---|
| Ms. Bailey | 78,250 | 125,396 | 21,690 | 225,336 |
| Dr. Behrman | 75,250 | 125,396 | 35,098 | 235,744 |
| Mr. Burke | 79,750 | 125,365 | 12,332 | 217,447 |
| Mr. Cary | 79,000 | 125,396 | 35,098 | 239,494 |
| Ms. Dorman | 75,250 | 125,365 | 17,332 | 217,947 |
| Mr. Gerber | 0 | 125,396 | 55 | 125,451 |
| Ms. Jeremiah | 33,500 | 125,396 | 30,548 | 189,444 |
| Mr. Miles | 76,000 | 125,396 | 31,668 | 233,064 |
| Mr. Rohr | 77,500 | 125,396 | 22,168 | 225,064 |
| Mr. Shapira | 70,750 | 125,396 | 47,168 | 243,314 |
| Mr. Thorington | 90,250 | 125,396 | 30,203 | 245,849 |
| Dr. Todd | 76,000 | 125,396 | 26,564 | 227,960 |

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(1) Mr. Murry S. Gerber and Ms. Barbara S. Jeremiah retired from the Board of Directors on January 5, 2012 and at the 2012 annual meeting on April 18, 2012, respectively.

(2) Includes cash retainers, meeting fees and committee chair fees, some of which have been deferred at the election of the director.

(3) This column reflects the aggregate grant date fair value of the deferred stock units awarded to each director during 2012. On January 4, 2012, the company granted 2,300 deferred stock units to each non-employee director who was a member of the Board at the time of grant. Each of Mr. Burke and Ms. Dorman, who were elected to the Board on January 6, 2012, received an award of 2,570 deferred stock units on January 30, 2012. The grant date fair value is computed as the sum of the number of deferred stock units awarded on the grant date multiplied by the closing stock price of the company s common stock on the business day prior to the grant date, which closing stock price was $54.52 on January 3, 2012 and $48.78 on January 27, 2012. The aggregate number of deferred stock units held at December 31, 2012 was: Ms. Bailey 20,820; Dr. Behrman 11,529; Mr. Burke 2,614; Mr. Cary 11,529; Ms. Dorman 2,614; Mr. Miles 25,387; Mr. Rohr 25,387; Mr. Shapira 25,387; Mr. Thorington 5,910; and Dr. Todd 22,684. The company has not issued stock options to non-employee directors since 2002. No non-employee director has any outstanding stock options.

(4) This column reflects (i) dividends accrued on deferred stock units, (ii) annual premiums of $55.45 per director paid for personal life insurance policies, and (iii) the following matching gifts made by the company to qualifying organizations under the EQT Foundation s Matching Gifts Program: $3,500 for Ms. Bailey; $25,000 for Dr. Behrman; $10,000 for Mr. Burke; $25,000 for Mr. Cary; $15,000 for Ms. Dorman; $25,000 for Ms. Jeremiah; $9,500 for Mr. Miles; $25,000 for Mr. Shapira; $25,000 for Mr. Thorington; and $6,750 for Dr. Todd. The non-employee directors may use a *de minimis* number of tickets purchased by the company to attend sporting or other events when such tickets are not otherwise being used for business purposes. The use of such tickets does not result in any incremental costs to the company. In connection with the initial public offering of EQM common units in July 2012, the current directors and a limited number of officers and former directors of the company and EQT Midstream Services, LLC, the general partner of EQM, were offered the opportunity to purchase EQM units through a Directed Unit Purchase Program (the DUPP ). There were no incremental costs to the company associated with the DUPP.

# STOCK OWNERSHIP

## Stock Ownership of Significant Shareholders

The following shareholders reported to the SEC that they owned more than 5% of the company s common stock:

| NAME AND ADDRESS | SHARES BENEFICIALLY OWNED | PERCENT OF COMMON STOCK OUTSTANDING |
|---|---|---|
| T. Rowe Price Associates, Inc.<br>100 E. Pratt Street<br>Baltimore, MD 21202 | 12,903,191 (1) | 8.6% |
| BlackRock, Inc.<br>40 East 52nd Street<br>New York, NY 10022 | 12,457,464 (2) | 8.33% |
| The Vanguard Group<br>100 Vanguard Blvd.<br>Malvern, PA 19355 | 9,039,302 (3) | 6.04% |
| FMR LLC<br>82 Devonshire Street<br>Boston, MA 02109 | 8,509,024 (4) | 5.687% |

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(1) Information based on Amendment No. 3 to Schedule 13G filed with the SEC on February 11, 2013, reporting that T. Rowe Price Associates, Inc. ( T. Rowe Price ) has sole voting power over 3,957,792 shares and sole dispositive power over 12,886,041 shares. The securities are owned by various individual and institutional investors for which T. Rowe Price serves as an investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of SEC reporting requirements, T. Rowe Price is deemed to be the beneficial owner of such securities; however, T. Rowe Price expressly disclaims that it is the beneficial owner of such securities.

(2) Information based on Amendment No. 4 to Schedule 13G filed with the SEC on February 1, 2013, reporting that BlackRock, Inc. has sole voting and dispositive power over 12,457,464 shares.

(3) Information based on Amendment No. 1 to Schedule 13G filed with the SEC on February 11, 2013, reporting that The Vanguard Group has sole voting power over 257,649 shares, sole dispositive power over 8,797,163 shares and shared dispositive power over 242,139 shares.

(4) Information based on Schedule 13G filed with the SEC on February 14, 2013, reporting that FMR LLC has sole voting power over 630,415 shares and sole dispositive power over 8,509,024 shares.

## Stock Ownership of Directors and Executive Officers

The following table sets forth the number of shares of EQT Corporation common stock beneficially owned by directors and named executive officers and all directors and executive officers as a group as of February 1, 2013, including shares they had the right to acquire within 60 days after February 1, 2013.

The amounts and percentage of EQT shares (and EQM common units) beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. Except as indicated by footnote, the persons named below have sole voting and investment power with respect to all EQT shares (and/or EQM common units) shown as beneficially owned by them, subject to community property laws where applicable.

| NAME | EXERCISABLE STOCK OPTIONS (1) | NUMBER OF SHARES BENEFICIALLY OWNED (2) | DEFERRED SHARE EQUIVALENT UNITS (3) | PERCENT OF CLASS (4) |
|---|---|---|---|---|
| David L. Porges (5) Chairman, President and Chief Executive Officer | 372,800 | 531,281 | 0 | * |
| Vicky A. Bailey Director | 0 | 2,550 | 20,820 | * |
| Philip G. Behrman Director | 0 | 8,844 | 11,529 | * |
| Kenneth M. Burke Director | 0 | 2,550 | 2,614 | * |
| A. Bray Cary, Jr. Director | 0 | 10,640 | 11,529 | * |
| Margaret K. Dorman Director | 0 | 2,550 | 2,614 | * |
| George L. Miles, Jr. Director | 0 | 12,100 | 22,143 | * |
| James E. Rohr Director | 0 | 13,392 | 32,262 | * |
| David S. Shapira (6) Director | 0 | 86,494 | 54,957 | * |
| Stephen A. Thorington Director | 0 | 12,550 | 5,910 | * |

| | | | | |
|---|---|---|---|---|
| Lee T. Todd, Jr.<br>Director | 0 | 4,750 | 22,684 | * |
| Philip P. Conti<br>Senior Vice President and<br>Chief Financial Officer | 128,000 | 93,128 | 0 | * |
| Randall L. Crawford<br>Senior Vice President | 169,300 | 62,869 | 0 | * |
| Lewis B. Gardner<br>General Counsel and Vice<br>President, External Affairs | 70,050 | 18,988 | 0 | * |
| Steven T. Schlotterbeck<br>Senior Vice President | 167,700 | 60,259 | 0 | * |
| Directors and executive officers as a group<br>(19 individuals) | 1,093,250 | 1,095,748 | 187,062 | 1.4% |

* Indicates ownership or aggregate voting percentage of less than 1%.

(1) This column reflects the number of shares of EQT Corporation common stock that the officers and directors had a right to acquire within 60 days after February 1, 2013 through the exercise of stock options.

(2) This column reflects shares held of record and shares beneficially owned through a bank, broker or other nominee. For executive officers, it includes shares beneficially owned through the company s 401(k) plan and employee stock purchase plans and unvested restricted shares beneficially owned through the 2009 LTIP. For Dr. Behrman and Messrs. Cary, Miles and Rohr, it includes deferred stock units, including accrued dividends, to be settled in common stock in connection with the deferral of director fees, in the following amounts: Dr. Behrman 6,294 units; Mr. Cary 8,090 units; Mr. Miles 6,306 units; and Mr. Rohr 2,892 units. This column also reflects deferred stock units (as described in the Equity-Based Compensation discussion included under the caption Directors Compensation above), including accrued dividends, which will be settled in common stock, in the following amounts: Ms. Bailey 2,550 units; Dr. Behrman 2,550 units; Mr. Burke 2,550 units; Mr. Cary 2,550 units; Ms. Dorman 2,550 units; Mr. Miles 5,794 units; Mr. Rohr 5,794 units; Mr. Shapira 5,794 units; Mr. Thorington 2,550 units; and Dr. Todd 2,550 units. Brokerage account agreements may grant security interests in securities held at the broker to secure payment and performance obligations of the brokerage account holder in the ordinary course. Shares shown in the table and EQM units described below for the directors and executive officers may be subject to this type of security interest.

(3) This column reflects the number of deferred stock units granted prior to 2013 held through the directors deferred compensation plans, which stock units will be settled in cash. It includes the deferred stock units (including accrued dividends) held as of February 1, 2013 and described in the Equity-Based Compensation discussion included under the caption Directors Compensation above, in the following amounts: Ms. Bailey 20,820 units; Dr. Behrman 11,529 units; Mr. Burke 2,614 units; Mr. Cary 11,529 units; Ms. Dorman 2,614 units; Mr. Miles 22,143 units; Mr. Rohr 22,143 units; Mr. Shapira 22,143 units; Mr. Thorington 5,910 units; and Dr. Todd 22,684 units. It also includes the deferred stock units (including accrued dividends), held by directors and to be settled in cash, resulting from the curtailment in 1999 of the directors retirement plan, in the following amounts: Mr. Rohr 10,119 units; and Mr. Shapira 32,814 units.

(4) This column reflects the sum of the individual s (or individuals ) shares beneficially owned plus stock options exercisable within 60 days of February 1, 2013 as a percent of the sum of the company s outstanding shares at February 1, 2013, plus all options exercisable within 60 days of February 1, 2013. This calculation excludes all deferred stock units included in column (3) which are to be settled in cash.

(5) Shares beneficially owned include 50,000 shares that are held in a trust of which Mr. Porges is a co-trustee and in which he has a beneficial interest and voting and investment power.

(6) Shares beneficially owned include 6,300 shares that are held in a trust of which Mr. Shapira is a co-trustee and in which he has a beneficial interest and voting and investment power.

As of February 1, 2013, the directors and named executive officers of the company also held, of record or beneficially through a bank, broker or other nominee, common units of EQM, the company s publicly-traded master limited partnership, as follows: Mr. Porges 20,000 units; Ms. Bailey 1,000 units; Mr. Burke 5,000 units; Mr. Cary 12,000 units; Ms. Dorman 20,000 units; Mr. Miles 2,500 units; Mr. Shapira 13,000 units; Mr. Thorington 20,000 units; Dr. Todd 1,500 units; Mr. Conti 10,000 units; Mr. Crawford 25,000 units; and Mr. Gardner 9,500 units. As of February 1, 2013, the directors and executive officers of the company owned, as a group, 188,500 EQM common units, representing less than 1.0% of the outstanding EQM common units.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our directors, executive officers and all persons who beneficially own more than 10% of EQT Corporation s common stock file initial reports of ownership and reports of changes in ownership of our common stock with the SEC. As a practical matter, the company assists its directors and executive officers by monitoring transactions and completing and filing Section 16 reports on their behalf.

Based solely upon the company s review of copies of filings or written representations from the reporting persons, the company believes that all reports that were required to be filed under Section 16(a) of the Securities Exchange Act of 1934, as amended, were filed on a timely basis during 2012.

# EXECUTIVE COMPENSATION

The following Compensation Discussion and Analysis ( CD&A ) contains statements regarding future company performance targets and goals. These targets and goals are disclosed in the limited context of EQT s compensation programs, may have been established one or more years ago, and should not be understood to be statements of management s expectations or estimates of future company results or other guidance. EQT specifically cautions investors not to apply these statements to other contexts.

Definitions of terms that are used, but not defined, in the CD&A can be found in the Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below. The Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table and this CD&A contain numerous references to financial measures that have not been calculated in accordance with generally accepted accounting principles, which are also referred to as non-GAAP financial measures. Attached as Appendix C is a reconciliation of each disclosed non-GAAP financial measure to the most directly comparable GAAP financial measure.

As shareholders, you will be invited to express your view of the compensation paid to the company s named executive officers for 2012, as discussed and analyzed below. In considering how to vote on Item 3 below, you should be guided by the following discussion, and should evaluate whether the Management Development and Compensation Committee (or, as used in the CD&A, the Committee ) has adequately aligned the interests of EQT s named executive officers with those of our shareholders.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

EQT s core values include a commitment to operational excellence, integrity and accountability. The company believes that after reading this CD&A you will agree that its executive compensation program:

- is designed to attract and retain the highest quality named executive officers;
- aligns the interests of the company s named executive officers with the interests of its shareholders by directly linking pay to company performance;
- directly supports the company s strategic plan by focusing employee performance on specific drivers; and
- is market-based and premised upon informed industry benchmarking.

In summary, the company s compensation program is designed to reward the named executive officers when the company achieves strong financial and operational results, and the company believes the 2012 compensation of its named executive officers is consistent with its commitment to link pay with performance.

The company achieved a number of key financial and operational results in 2012 that are described in detail in the company s Annual Report on Form 10-K for the year ended December 31, 2012, including, but not limited to, the following:

- record annual production sales volumes of 258.5 Bcfe; 33% higher than 2011;
- record Marcellus sales volumes of 150.6 Bcfe; 85% higher than 2011;
- record gathered volumes of 335.4 TBtu; 30% higher than 2011;
- year-end proved reserves increased by 12% to 6.0 Tcfe;

- completed EQM s initial public offering; and
- announced an agreement to sell Equitable Gas Company.

## Pay for Performance Results

The Committee aims to align the named executive officers compensation with the performance of the company. In 2012, the Committee s independent compensation consultant, Pay Governance, prepared an assessment of the alignment of the aggregate realizable compensation awarded to the company s Chief Executive Officer for the five-year period ending December 31, 2011 (the last year for which information was publicly available) with the performance of the company on a relative basis during the same five-year period to the 2013 peer group (which is discussed below).

The chart below shows the results of this assessment and compares:

- the company s composite performance on three factors (earnings before interest, taxes, depreciation and amortization growth ( EBITDA ), return on invested capital ( ROIC ) and total shareholder return ( TSR ) (weighted equally)) to the performance of the 2013 peer group over the five-year period ending December 31, 2011; and
- the total realizable compensation of the company s Chief Executive Officer to the total realizable compensation of the chief executive officers of the 2013 peer group over the same period. Realizable compensation is defined as the sum of: (i) base salary earned during the five-year period, (ii) actual non-equity incentive compensation earned during the five-year period, (iii) aggregate current value of restricted stock grants received during the five-year period, (iv) aggregate in-the-money value of stock option grants received during the five-year period, and (v) for performance plans, the actual payouts for awards beginning and ending during the five-year period and an estimated payout for unvested awards received during the five-year period.

Source: Pay Governance LLC

As reflected in the chart above, the relative realizable five-year total compensation of the company s Chief Executive Officer positioned the company at the 78th percentile of the 2013 peer group, which is aligned with the company s composite performance over the same period at the 61st percentile, showing the close link between the Chief Executive Officer s compensation and company performance.

While the company s relative performance is an indication of overall performance, it is more accurately a reflection of the company s achievement of specific financial and operational objectives, which the company uses in structuring annual and long-term incentive plans.

## Management Development and Compensation Committee Highlights

The Committee evaluates and, when appropriate or desirable, takes action with respect to various aspects of the company s compensation programs. The following are a few of the Committee s key actions:

- evaluated the results of the company s annual compensation and governance shareholder outreach program:

  in addition to the regular and ongoing shareholder outreach program of the company s investor relations department, during the summer of 2012, for the third consecutive year, representatives of the company s human resources and legal departments requested meetings with the company s larger investors to review the company s compensation and governance practices and to understand any areas of concern;

  the Committee also considered how the company compares on key compensation features identified by proxy advisory services;

- conducted a thorough evaluation of the company s change of control agreements with, and retirement benefits for, all executive officers, which evaluation culminated in 2013 in:

  amendments to all executive officers agreements to eliminate the excise tax gross-up provisions and, in the case of Mr. Porges, to eliminate his modified single trigger payout right; and

  an amendment to the after-tax 401(k) restoration component of the retirement program to make continued participation in the program contingent upon the delivery of such amended change of control agreements and to modestly increase the company s retirement contribution to allow the program to continue to deliver a median retirement benefit;

- approved a compensation recoupment, or clawback, policy applicable to all current and former executive officers, including the named executive officers, that provides:

  in the event the company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the U.S. securities law, the company may recoup certain compensation from covered executives who received non-equity incentive compensation or received or realized compensation from equity awards during the covered period;

- eliminated the authority of the Committee to repurchase underwater options; and

- structured the 2013 annual and long-term incentive programs for the company s named executive officers which involved, among other things, consideration of the company s strategic direction, and resulted in the allocation of a portion of each named executive officer s 2013 long-term incentive compensation award to a performance program intended to drive the success of the company s newly public subsidiary, EQM.

## Consideration of 2012 Say-on-Pay Vote

In establishing and recommending 2013 compensation for the company s named executive officers, the Committee considered the results of the 2012 say-on-pay vote at the 2012 annual meeting of shareholders. At that meeting, approximately 93% of the votes cast approved the compensation of the company s named executive officers for 2011.

Based on the results of the 2012 say-on-pay vote and feedback received through the shareholder outreach program, the Committee concluded that the compensation paid to the named executive officers and the company s overall pay practices received strong shareholder support and do not require substantial revision to address shareholder concerns. Nonetheless, the Committee did make the changes described under Management Development and Compensation Committee Highlights above.

The Committee recognizes that executive pay practices continue to evolve. Consequently, the Committee intends to continue paying close attention to the advice and counsel of its independent compensation advisors and invites our shareholders to communicate any concerns or opinions on executive pay directly to the Committee or the Board. Please see the caption Contacting the Board under Corporate Governance and Board Matters above for information about communicating with the Board.

At the annual meeting of shareholders on May 10, 2011, our shareholders expressed a preference that advisory votes on executive compensation occur every year. In accordance with the results of this vote, the Committee determined to implement an advisory vote on executive compensation every year until the next vote on the frequency of shareholder votes on executive compensation, which must occur no later than our 2017 annual meeting.

## Named Executive Officers

This CD&A describes the company s compensation philosophy and the components of the company s compensation program for the company s named executive officers included in the Summary Compensation Table. In 2012 our named executive officers were: David L. Porges, Chairman, President and Chief Executive Officer; Philip P. Conti, Senior Vice President and Chief Financial Officer; Randall L. Crawford, Senior Vice President; Lewis B. Gardner, General Counsel and Vice President, External Affairs; and Steven T. Schlotterbeck, Senior Vice President.

## Compensation Philosophy

### • Compensation Program is Designed to Achieve the Company s Objectives

The objectives of EQT s compensation programs are to attract, motivate and retain highly-talented named executive officers who can ensure that the company is able to safely, efficiently and profitably produce, gather, transport and deliver natural gas to wholesale and retail customers. The company seeks executives who are willing to trade off guaranteed compensation for the opportunity presented by at-risk compensation that depends upon achieving challenging performance objectives with an acceptable level of risk-taking. To create the necessary performance incentive, the compensation programs provide not only for increased pay as a reward for above-median performance but also for below-median pay for sub-par performance. Stated differently, the programs are structured to require a commitment to performance because a large percentage of a named executive officer s compensation is not guaranteed.

**• Compensation is Related to Performance and is Aligned with the Company s Strategic Plan**

The total compensation packages for the named executive officers are generally weighted in favor of at-risk compensation through annual and long-term performance-based incentive pay. The various programs that comprise the total compensation package link payout to the company s performance on specific pre-established, objective performance measures. The table below reflects the fixed and at-risk components of the total compensation package of each named executive officer as a percentage of total compensation for 2012.

| | PERCENTAGE OF TOTAL COMPENSATION FOR 2012 | |
|---|---|---|
| **EXECUTIVE OFFICER** | **FIXED (1)** | **AT RISK (2)** |
| David L. Porges | 10% | 90% |
| Philip P. Conti | 15% | 85% |
| Randall L. Crawford | 13% | 87% |
| Lewis B. Gardner | 23% | 77% |
| Steven T. Schlotterbeck | 13% | 87% |

_________________

(1) This column reflects each named executive officer s base salary earned during 2012 (shown in the Salary column of the Summary Compensation Table), as a percentage of the executive s total compensation for 2012 set forth in the Summary Compensation Table (excluding the EQM TR Program awards).

(2) This column reflects each named executive officer s non-equity incentive plan compensation, equity compensation and other compensation in 2012 (shown in the Non-Equity Incentive Plan Compensation, Stock Awards (excluding amounts related to the EQM TR Program), Option Awards and All Other Compensation columns of the Summary Compensation Table), as a percentage of the executive s total compensation for 2012, as a percentage of the executive s total compensation for 2012 set forth in the Summary Compensation Table (excluding the EQM TR Program awards). The grant date fair values of the EQM TR Program awards are excluded because, as described below, the Committee views those amounts as relating to the company s 2013 (not 2012) long-term incentive program.

The Committee aligns its executive compensation decisions with the strategic plan for the company. As the company s strategic plan evolves, the Committee makes corresponding changes to financial and operational metrics used to measure performance under its compensation plans to drive group and individual performance most likely to achieve the business plan and uphold strong returns to shareholders. The company s strategic plan for recent years has focused on growth of production sales volumes and revenues; EBITDA; TSR; unit cost reduction; and capital efficiency - each of which is a performance measure under the company s various incentive plans.

**• Total Compensation Should be Competitive**

When considering the total compensation package for a named executive officer, as described in this CD&A, the Committee benchmarks each element of total direct compensation (which includes base salary and annual and long-term incentives) and the mix of compensation (cash versus equity) against the applicable peer group. The company has chosen to structure the total compensation package for the named executive officers as a mix of base salary and annual and long-term incentives to be competitive in the marketplace.

• **Compensation-Related Risk Should be Thoughtfully Managed**

The company s compensation program is designed to avoid excessive risk-taking. Please see Compensation Policies and Practices and Risk Management under Corporate Governance and Board

Matters above for a discussion regarding the evaluation of the risks associated with the company s compensation program.

**• Incentive Compensation Balances Annual and Long-Term Performance**

The company s compensation programs are designed to maintain a balance between rewarding the achievement of strong annual results and ensuring the company s long-term growth and success. To this end, a mix of both annual and longer-term incentives is provided and allocated in a manner generally consistent with the applicable peer group of companies. Participation in both the annual and long-term incentive programs, which is largely based on comparative benchmarking, increases at higher levels of responsibility, as the named executive officers have the greatest influence on the company s strategic direction and results over time.

**• Peer Groups Help Establish Target Total Direct Compensation and Define Competitive Levels of Performance**

The Committee generally looks to an industry-specific peer group of companies to help establish base salary and target annual and long-term incentives for the named executive officers and to ensure that the total direct compensation of the named executive officers is competitive. The Committee may also look to a general industry group of companies when considering compensation of the named executive officers. The Committee also uses industry-specific peer groups in measuring relative company performance for purposes of some of our long-term incentive programs, which impacts a portion of each named executive officer s long-term incentive. Peer groups are reviewed with the Committee s independent compensation consultant for appropriateness for the particular purpose.

For 2012, target total direct compensation for certain of the named executive officers was determined by reference to, among other things, the market median total direct compensation of the following companies, in each case as reported in the most recent proxy statement for each company (which we refer to as the 2012 peer group):

| | |
|---|---|
| Cabot Oil & Gas Corporation | Pioneer Natural Resources Company |
| Chesapeake Energy Corporation | Plains Exploration & Production Company |
| Cimarex Energy Co. | Questar Corporation |
| CONSOL Energy Inc. | Quicksilver Resources Inc. |
| Energen Corporation | Range Resources Corporation |
| EOG Resources, Inc. | Sempra Energy |
| EXCO Resources, Inc. | SM Energy Company |
| MarkWest Energy Partners, L.P. | Southwestern Energy Company |
| MDU Resources Group, Inc. | Spectra Energy Corp |
| National Fuel Gas Company | Ultra Petroleum Corp. |
| NSTAR | The Williams Companies, Inc. |
| ONEOK, Inc. | Whiting Petroleum Corporation |
| Penn Virginia Corporation | |

This group of companies was selected by the Committee with the assistance of its independent compensation consultant in the fall of 2011 after considering feedback received through management s shareholder outreach program and conducting a thorough analysis of the prior peer group. Selection criteria for the 2012 peer group included consideration of industry, talent competitiveness, whether a peer is a peer of peers, geographic location, ownership structure, current and historical financial and stock performance and scope.

The financial metrics at the median of the 2012 peer group are intended to approximate, on balance, the company s financial metrics. See Appendix D for a comparison of financial metrics of the 2012 peer group available at the time of selection.  The 2012 peer group was used to establish the 2012 base salaries and 2012 target annual and long-term incentive compensation for Messrs. Porges, Crawford and Schlotterbeck and to measure relative company performance for purposes of the company s 2012 EPIP.  In establishing 2012 base salaries and 2012 target annual and long-term incentive compensation for Messrs. Conti and Gardner, the Committee considered the compensation paid to executives within the general industry group of companies set forth in Appendix E because the Committee believed that the skills and experience requisite of the Chief Financial Officer and the General Counsel need not be specific to the company s business and, accordingly, their compensation should be aligned with general industry.

In the fall of 2012, the Committee reviewed and updated its peer group (we refer to the updated peer group as the 2013 peer group) by removing NSTAR (acquired during 2012) and Penn Virginia Corporation (comparably too small) and adding Concho Resources Inc. and Newfield Exploration Company.  To identify the additions, the Committee considered the historical market capitalization, financial performance and executive compensation of companies not included in the 2012 peer group but identified as peers by the largest of the proxy advisory services.

The financial metrics at the median of the 2013 peer group are intended to approximate, on balance, the company s financial metrics.  See Appendix F for a comparison of financial metrics of the 2013 peer group available at the time of selection.  The 2013 peer group was used to establish the 2013 base salaries and 2013 target annual and long-term incentive compensation for Messrs. Porges, Crawford and Schlotterbeck and to measure relative company performance for purposes of the company s 2013 EPIP.  In establishing 2013 base salaries and 2013 target annual and long-term incentive compensation for Messrs. Conti and Gardner, the Committee considered the compensation paid to executives within the general industry group of companies set forth in Appendix G for the same reason it used a general industry peer group for establishing 2012 compensation.  Nonetheless, for 2013, in recognition of an increased industry focus in his responsibilities, the Committee also considered the 2013 peer group in establishing Mr. Conti s target long-term incentive compensation.

### • The Committee is Mindful of Tax Considerations When Designing Compensation

The Committee considers the impact of the applicable tax laws with respect to compensation paid under the company s plans, arrangements and agreements.  Code Section 162(m) disallows, with certain exceptions, a federal income tax deduction for annual compensation over $1 million paid to any covered employee.  The covered employees are the person who served as principal executive officer as of the close of the tax year and the three most highly-compensated officers serving at year-end other than the principal executive officer and the principal financial officer.  An exception to the deduction limit is provided under the Code for performance-based compensation paid pursuant to shareholder-approved plans that meet certain criteria.

Long-term incentive awards outstanding in 2012 were granted under the LTIPs, which were approved by the company s shareholders.  Both LTIPs provide for award opportunities designed to qualify as performance-based compensation under Code Section 162(m).  More specifically, the awards under the 2010 EPIPs, the 2010 SIA, the 2011 VEP, the 2011 VDA, the 2012 EPIP, the 2013 EPIP and the EQM TR Program and the stock option awards are anticipated, but cannot be guaranteed, to be fully deductible by the company under the performance-based compensation exemption.

In addition, the Executive STIP permits the payment of annual incentive awards that are designed to be deductible performance-based compensation under Code Section 162(m).  The 2012 and 2013 annual incentive awards are also anticipated, but cannot be guaranteed, to be fully deductible under the performance-based compensation exemption.

Although the Committee generally attempts to structure compensation to preserve deductibility, it also believes that there are circumstances in which the company s interests are best served by maintaining flexibility in the way compensation is provided, even if it might result in the non-deductibility of certain compensation for tax purposes. For example, the company has the ability to grant service-based restricted shares and other stock-based awards under the 2009 LTIP and to make cash bonuses and equity grants that are not designed to qualify as performance-based compensation under the Code.

### • Executives are Encouraged to Own Equity

Consistent with the goal of driving long-term value creation for shareholders, the company s equity ownership guidelines require significant equity ownership by our named executive officers. As of December 31, 2012, the named executive officers holdings relative to their equity ownership guidelines are as set forth below:

| NAME (YEAR OF EXECUTIVE OFFICER STATUS) | OWNERSHIP GUIDELINES (MULTIPLE OF BASE SALARY) | ACTUAL MULTIPLE OF BASE SALARY OWNED | VALUE REQUIRED BY OWNERSHIP GUIDELINES | AGGREGATE QUALIFYING VALUE OWNED |
|---|---|---|---|---|
| David L. Porges (1998) | 8X | 34.1X | $6,800,000 | $29,008,953(1) |
| Philip P. Conti (2000) | 3X | 14.5X | 1,200,000 | 5,804,189 |
| Randall L. Crawford (2003) | 3X | 10.1X | 1,326,000 | 4,474,555 |
| Lewis B. Gardner (2008) | 3X | 6.1X | 1,035,000 | 2,115,592 |
| Steven T. Schlotterbeck (2008) | 3X | 8.0X | 1,326,000 | 3,545,920 |

(1) Excludes 50,000 shares of EQT common stock (value of $2,949,000 at December 31, 2012) held in a trust of which Mr. Porges is a co-trustee and in which he has beneficial interest and voting and investment power.

Qualifying holdings include EQT stock and EQM units owned directly, EQT shares held in the company s 401(k) or employee stock purchase plans, time-based restricted stock and units, and performance-based awards for which only a service condition remains but do not include other performance-based awards or options. Although mandatory, there is no deadline for achieving the ownership guideline and executives are not required to purchase EQT stock or EQM units. The net shares or units acquired through incentive compensation plans (through the exercise of options, the vesting of restricted stock or similar) must be retained if an executive has not satisfied his target. An executive s failure to meet the equity ownership guidelines may influence an executive s mix of cash and non-cash compensation. Executives are not permitted to hedge their equity or otherwise invest in derivatives involving EQT stock or EQM units.

## Making Executive Compensation Decisions

### • Determining Target Total Direct Compensation

The Committee establishes the target total direct compensation for named executive officers by establishing base salaries and setting annual and long-term incentive targets. When appropriate, the Committee also modifies perquisites and makes other awards. When establishing target total direct compensation for each named executive officer, the Committee considers:

- the market median target total direct compensation for the applicable peer group as compiled by the Committee s independent compensation consultant;
- the scope of the executive s responsibility, internal pay equity, succession planning, industry-specific technical skills and abilities that may be difficult to replace and the highly-competitive environment for executive talent in the Marcellus Shale region; and
- Mr. Porges compensation recommendations.

The Committee also seeks input from or the approval of the independent directors of the Board when appropriate or desirable.

The Committee sets base salaries and annual incentive targets at or below market median. The Committee has established long-term incentive targets for the named executive officers other than the Chief Executive Officer above market median after considering the factors identified above.

In considering the amount and type of each component of compensation, the Committee considers the effect of each element on all other elements as well as the allocation of target total compensation between cash and equity. The Committee committed that in 2009 and beyond at least 50% of the value of all equity granted to the named executive officers would be performance-based awards (not including options) earned only upon the achievement of disclosed performance metrics and hurdle rates.

Compensation previously earned by the named executive officers does not typically affect the Committee s compensation decisions. This reflects the Committee s view that a named executive officer s compensation level should reflect the current market value of his services. The Committee further believes that reducing a named executive officer s compensation based on the value of past compensation would weaken the competitiveness of the company s compensation programs and the incentive to achieve superior performance in the future and make it more difficult to attract, motivate and retain executive talent.

In 2012, the target total direct compensation of Mr. Porges substantially exceeded the target total direct compensation of the other named executive officers. This differential is consistent with, and largely driven by, pay differentials reflected in the peer groups as the management and oversight responsibilities of a chief executive officer are significantly broader in scope than those of the other named executive officers.

**• Tally Sheets**

Annually the Committee is provided with a tally sheet for each named executive officer designed to provide the Committee with a full picture of the executive s compensation history as well as of all compensation payable upon his termination of employment and upon a change of control. Each tally sheet sets forth:

- a history of at least five years of base salary, annual incentive targets and awards and perquisites; and
- a complete history since hire date of long-term incentive awards, including realized gains as well as potential gains on unexercised or unvested awards.

The tally sheets also reflect the value of compensation due to each named executive officer under certain termination scenarios, including:

- termination of the executive by the company with and without cause, as defined in any applicable agreement or policy;

- termination by the executive for good reason, as defined in the applicable agreement;
- termination by the executive other than for good reason, including retirement;
- termination of the executive following a change of control; and
- disability or death.

With regard to each scenario, the tally sheets include:

- the cash amounts payable to the executive, including outplacement and other payments;
- the cost of benefits continuation;

- the value of all equity awards, including the acceleration of unvested equity awards and the value of forfeited awards;
- the value of any excise tax gross-up or cutback of benefits to avoid excise tax;
- retirement benefits; and
- any other compensation payable to the executive upon termination.

The tally sheets are provided to Committee members in an electronic resource book for easy reference. This resource book also contains base salary, annual and long-term incentive targets, all incentive plan documentation and all non-competition and change of control agreements for each of the named executive officers.

**• Role of the Independent Compensation Consultant**

The Committee has the sole authority to hire, terminate and approve fees for advisors, consultants and agents as it deems to be necessary to assist in the fulfillment of its responsibilities. During 2012, the Committee utilized Pay Governance as its independent compensation consultant, and Pay Governance reported directly to the Committee. Representatives of Pay Governance provided the Committee with market data and counsel regarding executive officer compensation programs and practices, including specifically:

- competitive benchmarking;
- peer group identification and assessment;
- advice and market insight as to the form of and performance measures for annual and long-term incentives; and
- marketplace compensation trends in the company s industry and generally.

Representatives of Pay Governance do not make recommendations on, or approve, the amount of compensation for any executive officer. The Committee may request information or advice directly from representatives of Pay Governance and may direct the company to provide information to representatives of Pay Governance. Representatives of Pay Governance regularly interact with representatives of the company s human resources department and periodically with the Chief Executive Officer and representatives of the legal department.

## Components of the Company s Compensation Program

The following describes each element of the company s executive compensation arrangements: base salary, annual incentives, long-term incentives, health and welfare benefits, retirement programs, perquisites, and non-compete and change of control agreements.

**• Base Salary**

The base salary for each named executive officer is established taking into account the factors discussed under Determining Target Total Direct Compensation above. Base salaries are ordinarily considered and, where appropriate, adjusted each January. In 2012, the following base salary adjustments were made: Mr. Porges from $750,000 to $850,000; Mr. Conti no change from $400,000; Messrs. Crawford and Schlotterbeck from $420,000 to $442,000; and Mr. Gardner from $335,000 to $345,000. These salary adjustments were made to approximate base salaries at the market median. No changes were made to the base salaries of the named executive officers in connection with the Committee s January 2013 review of compensation.

## • Annual Incentives

Before or at the start of each year, the Committee approves the target annual incentive award for each named executive officer taking into account the factors discussed under Determining Target Total Direct Compensation above. For 2012, the Committee approved target annual incentive awards as a percentage of base salary, approximately, as follows: Mr. Porges, 100%; Mr. Conti, 80%; Messrs. Crawford and Schlotterbeck, 84%; and Mr. Gardner, 55%. These levels approximated the market median. For 2013, the Committee retained the 2012 targets as they continued to approximate the market median.

The Executive STIP, which is the annual bonus plan in which the named executive officers participate, is structured with an intent to preserve the full deductibility of awards under Code Section 162(m). In order to do this, the Committee establishes one or more objectively determinable performance goals or measures before or at the beginning of each year. Performance against these measures results in an objectively determinable bonus amount, except that the Committee is permitted to exercise, and has historically exercised, downward discretion in determining the actual payout under the plan. The Committee does not have discretion to pay a higher amount under the Executive STIP than that specified by the objective formula.

*2012 Annual Incentives*

The 2012 performance measure approved for the Executive STIP was adjusted 2012 EBITDA ( adjusted 2012 EBITDA ) compared to business plan. Adjusted 2012 EBITDA was calculated consistent with all generally accepted accounting principles line items using a fixed natural gas price of $3.75 per Mcfe, normalizing for weather and excluding the effects of acquisitions and dispositions of greater than $100 million. This measure was selected because adjusted 2012 EBITDA growth drives behavior consistent with the shareholders interests and the company s business plan embodies the goals and priorities of the company. The Committee fixed the natural gas price and agreed to normalize for weather to avoid the undue positive or negative effect of natural gas prices and weather, both of which are beyond the control of plan participants and may be volatile. The Committee believed that the exclusion of acquisitions and dispositions over $100 million from the calculation of adjusted 2012 EBITDA would encourage named executive officers to pursue monetization transactions to further the company s strategic plan to accelerate development of the company s Marcellus Shale assets. Under the Executive STIP, a pool to pay bonuses to the company s nine executive officers (which include the named executive officers) was funded based upon adjusted 2012 EBITDA relative to plan, as follows:

| ADJUSTED 2012 EBITDA COMPARED TO BUSINESS PLAN | PERCENTAGE OF ADJUSTED 2012 EBITDA AVAILABLE FOR ALL EXECUTIVE OFFICER 2012 ANNUAL INCENTIVE AWARDS |
|---|---|
| At or above plan | 2% |
| 5% below plan | 1.5% |
| 10% below plan | 1% |
| Greater than 10% below plan | No bonus |

The percentage of adjusted 2012 EBITDA available for the pool was interpolated between levels and capped at 2%. After determining the pool available for distribution, the Committee determined the value of the award to each named executive officer based upon consideration of the individual s 2012 target award and 2012 performance on company, business unit and individual value drivers. Generally, the Committee aims to award between zero and three times the value of a named executive officer s target award, but the Committee may award up to $5 million to each named executive officer, subject to the overall cap. The Committee believes that this structure provides them with flexibility to reward superior individual performance in years of superior company performance.

The Committee considers the following as a basis for addressing the performance of each named executive officer:

- a report by the Corporate Governance Committee regarding Mr. Porges performance. Mr. Porges provides a self-assessment to the Corporate Governance Committee, which then meets in executive session without any company officer present to evaluate his performance. The Committee also seeks the input of the Lead Independent Director. The meeting is typically attended by the Chair of the Committee who reports the results of the evaluation to all independent directors, including the Committee; and

- a report by Mr. Porges regarding the performance of each other named executive officer.

Adjusted 2012 EBITDA of $1,176 million exceeded the company s business plan by 3.2%. Consistent with the Executive STIP and Code Section 162(m), the Committee exercised downward discretion in determining the award to each named executive officer taking into consideration each named executive officer s target award and performance on company, business unit and individual value drivers. In determining the amount of each named executive officer s 2012 annual incentive award, the Committee balanced the strong operational results identified below with the company s financial performance which, after adjusting for gains on asset sales in 2011, was lower than 2011 largely due to lower commodity pricing in 2012. One result of this is that the annual incentive for each named executive officer was lower in 2012 than in 2011. The following are the highlights of each named executive officer s 2012 performance:

| NAMED EXECUTIVE OFFICER | 2012 PERFORMANCE HIGHLIGHTS |
|---|---|
| **David L. Porges** | Mr. Porges served in the role of Chairman, President and Chief Executive Officer throughout 2012. Mr. Porges 2012 incentive award recognized the company s strong operational performance, including:<br>• production sales volume record of 258.5 Bcfe; 33% higher than 2011;<br>• Marcellus sales volume record of 150.6 Bcfe; 85% higher than 2011;<br>• gathered volumes record high of 335.4 TBtu; 30% higher than 2011;<br>• raising approximately $231 million through the successful initial public offering of EQM;<br>• leadership in achieving company and business unit value drivers; and<br>• continued focus on corporate social responsibility including safety, environmental, diversity and inclusion and compliance.<br><br>In addition to strong operational performance by the company, the Committee considered Mr. Porges effective day-to-day management of the company and his activity as a community leader. Finally, the Committee recognized Mr. Porges strategic decision-making in a cash constrained environment and his leadership in achieving a definitive agreement to transfer Equitable Gas Company to PNG Companies LLC (the EGC transaction ) in exchange for $720 million in cash (subject to adjustment) and select midstream assets and commercial arrangements. |

| | |
|---|---|
| **Philip P. Conti** | Mr. Conti served as Senior Vice President and Chief Financial Officer throughout 2012. His role includes the management of the treasury, accounting, tax, financial risk and internal audit functions. Mr. Conti s incentive award recognized his performance on company, business unit and individual value drivers in 2012, including:<br><br>• completion of a thorough review of EQT s credit rating, future credit capacity and dividend policy;<br><br>• having performed all analytical and reporting requirements in support of<br><br>o the successful initial public offering of EQM;<br><br>o the EGC transaction;<br><br>• continued successful tax planning initiatives; and<br><br>• completion of a review of controls and authorities across the company to identify and test those functions/processes that present financial risk to EQT. |
| **Randall L. Crawford** | Mr. Crawford led the company s midstream, commercial and distribution businesses throughout 2012. His 2012 incentive award recognized his performance on company, business unit and individual value drivers in 2012, including:<br><br>• operating income of $237.3 million at EQT Midstream; 11% higher than 2011 excluding $202.9 million in gains on the dispositions of the Big Sandy Pipeline and the Langley natural gas processing complex in 2011;<br><br>• record gathered volumes of 335.4 TBtu; 30% higher than 2011;<br><br>• marketing and hedging activities related to EQT s record production sales volumes;<br><br>• execution of the strategy regarding:<br><br>o the successful initial public offering of EQM;<br><br>o the EGC transaction, including the identification of the commercial agreements to be entered into and the midstream assets to be acquired;<br><br>• continued progress promoting natural gas as an alternative fuel source; and<br><br>• an excellent environmental and safety record at Equitable Gas Company. |
| **Lewis B. Gardner** | Mr. Gardner served as General Counsel and Vice President, External Affairs throughout 2012. His role includes the management of the legal, enterprise risk, external affairs, corporate communications, environmental, health and safety, governance and corporate secretary functions. Mr. Gardner s incentive award recognized his performance on company, business unit and individual |

value drivers in 2012, including:

- effective management of corporate governance, compliance and litigation matters;

| | |
|---|---|
| | • successful enhancement of the organizational structures in communications, environmental, health and safety and external affairs, including the hiring of senior-level leaders in those areas;<br><br>• having performed all legal, compliance and reporting requirements in support of:<br><br>o the successful initial public offering of EQM;<br><br>o the EGC transaction;<br><br>• development of an enhanced analytical framework for approaching federal, state and local regulatory issues impacting the company;<br><br>• issuance of the company s 2011 Corporate Social Responsibility Report, satisfying the Global Reporting Initiative Guidelines with the Oil & Gas Supplement, to a self-checked application level of B; and<br><br>• continuous improvement in safety and environmental performance coupled with (or resulting from) aggressive training initiatives. |
| **Steven T. Schlotterbeck** | Mr. Schlotterbeck led the company s exploration and production business throughout 2012. His 2012 incentive award recognized his performance on company, business unit and individual value drivers in 2012, including:<br><br>• record production sales volumes of 258.5 Bcfe; 33% higher than 2011;<br><br>• proved reserves of 6.0 Tcfe at December 31, 2012; a 12% increase over 2011;<br><br>• 135 gross wells (spud) drilled; 127 targeting the Marcellus Shale play, 7 targeting the Huron play and 1 targeting the Utica play;<br><br>• lease operating expense of $0.18 per Mcfe; 10% lower than 2011;<br><br>• leadership in meeting with EQT stakeholders to communicate issues critical to the company, including strategy and technical information;<br><br>• management of a team of innovative and industry leading personnel in a highly-competitive market; and<br><br>• an excellent environmental and safety record. |

Although permitted to distribute a total of $23.5 million to the nine executive officers, the Committee distributed less than $6.1 million. The award to each named executive officer as a percent of his respective target award was as follows:

| NAMED EXECUTIVE OFFICER | 2012 ANNUAL INCENTIVE AWARD AS A PERCENTAGE OF TARGET |
|---|---|
| David L. Porges | 235% |
| Philip P. Conti | 228% |
| Randall L. Crawford | 222% |
| Lewis B. Gardner | 211% |
| Steven T. Schlotterbeck | 223% |

*2013 Annual Incentives*

In December 2012, the Committee selected adjusted 2013 EBITDA ( adjusted 2013 EBITDA ) as compared to business plan as the performance measure under the 2013 Executive STIP. Adjusted 2013 EBITDA will be calculated consistent with all generally accepted accounting principles line items using a fixed natural gas price of $3.75 per Mcfe, normalized for weather and excluding the effects of acquisitions and dispositions of greater than $100 million. Adjusted 2013 EBITDA was selected as the performance measure for the same reasons that adjusted 2012 EBITDA was selected in 2012. Under the Executive STIP, the pool available for all executive officer incentive awards will be funded based upon adjusted 2013 EBITDA relative to plan, as follows:

| ADJUSTED 2013 EBITDA COMPARED TO BUSINESS PLAN | PERCENT OF ADJUSTED 2013 EBITDA AVAILABLE FOR ALL EXECUTIVE OFFICER 2013 ANNUAL INCENTIVE AWARDS |
|---|---|
| At or above plan | 2% |
| 5% below plan | 1.5% |
| 10% below plan | 1% |
| Greater than 25% below plan | No bonus |

The percentage of adjusted 2013 EBITDA available for the pool is interpolated between levels and capped at 2%. For 2013, the Committee determined that the threshold at which no bonus should be paid would be 25% below plan; previously the threshold has been 10% below plan. This change was made by the Committee to address its desire to have increased flexibility in the event of strong management performance under circumstances nonetheless resulting in below plan performance. In making this determination, the Committee observed that discretion to award bonuses in such circumstances would be utilized only after due consideration.

Consistent with 2012 and prior years, for 2013 after determining the pool available for distribution, the Committee will determine the value of the award to each named executive officer based upon consideration of the individual s 2013 target award and 2013 performance on company, business unit and individual value drivers.

Please refer to the Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table and the Summary Compensation Table column Non-Equity Incentive Plan Compensation for a description of the terms of the Executive STIP.

**• Long-Term Incentives**

*2012 Long-Term Incentive Awards (2012 options and 2012 EPIP)*

In developing the 2012 long-term incentive program, the Committee considered various approaches with a view toward developing a program that would align the interests of the named executive officers with the interests of shareholders, drive appropriate performance, be market competitive, be effective for retention purposes, be tax efficient and minimize earnings volatility. The Committee also considered the portfolio of existing long-term incentive programs and their combined influence on focusing executive behavior on critical activities. In this regard the Committee considered, among other things, that the performance period for the 2008 Executive Performance Incentive Program ended at

December 31, 2011, making the addition of a long-term program focused on total shareholder return an appropriate addition to the portfolio going forward. The Committee also considered feedback received during management s 2011 shareholder outreach program, including shareholders preferences for the company to not rely upon

EBITDA and value drivers as performance measures for named executive officers in both the annual and long-term compensation programs.

As a result of its analysis, and with input from its independent compensation consultant, the Committee designed a long-term incentive compensation program for 2012 for the named executive officers that included stock options and performance units under the 2012 EPIP:

| TYPE OF AWARD | PERCENT OF VALUE | RATIONALE |
|---|---|---|
| Stock Options | 45% | Stock options encourage executives to focus broadly on behaviors that should lead to a sustained long-term increase in the price of company stock, which benefits all shareholders. |
| 2012 EPIP | 55% | The 2012 EPIP performance units drive long-term value directly related to stock performance but allow for the delivery of some value, assuming relative performance, even if the stock price declines. Performance units have stronger retention value than options but less leverage in a rising stock price environment. |

The allocation between the type of awards was largely driven by the Committee s commitment that in 2009 and beyond at least 50% of the value of all equity granted to named executive officers would be performance-based awards (not including options).

The Committee established the 2012 target awards by taking into account the factors discussed under Determining Target Total Direct Compensation above. The target awards made to Messrs. Porges and Conti were at the median of the applicable peer group. The target awards for Messrs. Crawford, Gardner and Schlotterbeck approximated the 60th percentile of the applicable peer group after considering the scope of each executive s responsibilities, internal pay equity, succession planning, industry-specific technical skills and abilities that may be difficult to replace and the highly-competitive environment for executive talent in the Marcellus Shale region.

The options granted in 2012 have a term of ten years and an exercise price of $54.79. Fifty percent of the options vested on January 1, 2013, and the remaining 50% will vest on January 1, 2014, contingent upon continued employment with the company on such date. The Committee utilized ten-year terms, rather than its recent practice of utilizing seven-year terms, primarily to conform to the valuation practices of large proxy advisory firms.

The performance measures for the 2012 EPIP are the company s:

- TSR over the period January 1, 2012 through December 31, 2014, as ranked among the comparably measured TSR of the applicable peer group; and

- cumulative cash flow per share, which is the aggregate net cash provided by operating activities excluding changes in operating assets and liabilities during the performance period, adjusted to reflect a fixed natural gas price of $4.00 per Mcf, divided by the aggregate diluted common shares outstanding as of the end of each year in the performance period.

The Committee considered a variety of internal financial performance metrics before deciding upon TSR and cumulative cash flow per share. The Committee chose TSR ranking among peers because it forges a direct link to shareholder performance on a relative basis rather than on an absolute basis. The

Committee selected cumulative cash flow per share because, among other things, it is a capital efficiency metric aligned with the company s strategic plan and consistent with metrics used by shareholders in evaluating an investment in the company. The Committee also focused on approving a payout matrix for the 2012 EPIP that limited payout opportunities for below-median TSR performance and that required stretch achievement of both TSR and cumulative cash flow per share goals in order to achieve the highest payout opportunities.

The payout opportunity under the 2012 EPIP ranges from:

- no payout if the company is one of the nine lowest-ranking companies in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period of less than $15.90;
- to target payout if the company ranks seventeenth to fourteenth in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period equal to $19.30;
- to three times the target award if the company is one of the four highest-ranking companies in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period of at least $27.49.

Earned 2012 EPIP units are expected to be distributed in company common stock. The election to pay awards in company common stock under the 2012 EPIP is consistent with the company s efforts to utilize cash to accelerate development of its Marcellus Shale assets. In addition, payment in common stock further aligns the interests of the named executive officers with those of shareholders and allows favorable, non-variable accounting treatment.

*Long-Term Incentive Awards extending through and beyond 2012*

During 2012, the named executive officers held unvested options that were granted in 2010 and 2011, as well as unvested awards under the 2010 EPIPs, the 2010 SIA, the 2011 VEP and the 2011 VDA for which the relevant performance or service periods had not yet been completed. In 2012, the Committee certified the relevant performance for the 2010 EPIPs and authorized the payout of the 2010 EPIPs, the 2010 SIA and the 2011 VDA. In connection with the authorization, the Committee waived one day of the service requirement for the 2010 SIA and for a portion of the 2011 VDA in order to pay the awards in 2012 and thereby reduce the tax obligations for the program participants, including 214 employees who are not named executive officers. Please refer to the Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table for a description of the terms of the 2010 and 2011 options and the 2010 EPIPs, the 2010 SIA, the 2011 VEP and the 2011 VDA.

*2013 Long-Term Incentive Awards (EQM TR Program, 2013 options and 2013 EPIP)*

In developing the 2013 long-term incentive program, the Committee designed a program that the Committee believes aligns the interests of the named executive officers with the interests of shareholders, drives appropriate performance, is market competitive, is effective for retention purposes, is tax efficient and minimizes earnings volatility. The Committee also considered the portfolio of existing long-term incentive programs and their combined influence on focusing executive behavior on critical activities. A key consideration in this respect was the initial public offering of common units of EQM in July 2012, and the Committee s desire to unify senior management in assuring appropriate decision-making to support growth of EQM. The Committee also considered feedback received during management s 2012 shareholder outreach program.

As a result of its analysis, and with input from its independent compensation consultant, the Committee designed a long-term incentive compensation program for 2013 that includes stock options and performance units under the 2013 EPIP and the EQM TR Program:

| TYPE OF AWARD | APPROXIMATE PERCENT OF VALUE* | RATIONALE |
|---|---|---|
| EQM TR Program | 20% | The EQM TR Program unites the senior management in assuring the appropriate decision-making to support the growth of EQM. The program provides value only if EQM achieves a total unitholder return (similar to TSR) of at least 10% over a designated performance period. If so, the target award is paid in EQM common units, which contributes to an ownership culture. |
| Stock Options | 45% | Stock options encourage executives to focus broadly on behaviors that should lead to a sustained long-term increase in the price of company stock, which benefits all shareholders. |
| 2013 EPIP | 35% | The 2013 EPIP performance units drive long-term value directly related to EQT stock performance but allow for the delivery of some value, assuming relative performance, even if the stock price declines. Performance units have stronger retention value than options but less leverage in a rising stock price environment. |

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*The EQM TR Program awards were established at 20% of the long-term incentive target at 2012 market median for each named executive officer. The allocations to the stock options and the 2013 EPIP were based on each named executive officer s actual 2013 long-term incentive target reduced by the target value delivered through the EQM TR Program.

The allocation among the type of awards was largely driven by the Committee s commitment that in 2009 and beyond at least 50% of the value of all equity granted to named executive officers would be performance-based awards (not including options).

In recognition of the challenges in driving the success of EQM, the Committee determined to allocate approximately 20% of each named executive officer s 2013 target long-term incentive award to the EQM TR Program based upon the recommendation of its independent compensation consultant and after considering the relative size of EQM and compensation programs for other sponsored master limited partnerships.

Although granted concurrently with the initial public offering of common units of EQM in July 2012, the EQM TR Program awards are attributable to, and serve as part of, each named executive officer s 2013 (not 2012) long-term incentive awards. One consequence of this timing is that, from the Committee s perspective, the aggregate value set forth for 2012 in the Stock Awards and Option Awards columns of the Summary Compensation Table overstates the long-term incentive compensation awarded to each named executive officer in respect of 2012; and, as a corollary, the aggregate amount that will be set forth in such columns in the company s 2014 proxy statement will, effectively, understate the long-term incentive compensation awarded to each named executive officer in respect of 2013. The same relationship will be true for the awards reflected in the 2012 Grants of Plan-Based Awards Table and the corresponding amounts to be included in such table in the 2014 proxy statement.

The performance metric under the EQM TR Program is total EQM unitholder return of at least 10% measured from June 27, 2012, the date of EQM s initial public offering, through December 31, 2015. If the EQM unitholder return measure is not achieved as of December 31, 2015, the performance condition will nonetheless be satisfied if the 10% unitholder return threshold is satisfied as of the end of any calendar quarter ending after December 31, 2015 and on or before December 31, 2017.

The Committee selected EQM unitholder return as the appropriate metric to drive decision-making in support of EQM upon the recommendation of its independent compensation consultant and after reviewing comparative information for other sponsored master limited partnerships.

The payout opportunity under the EQM TR Program is:

- no payout if the total unitholder return is less than 10% over the performance period; or
- target payout if the total unitholder return equals or exceeds 10% over the performance period.

The EQM TR Program does not permit a payout above target, which is consistent with the market data provided for similar awards.

Earned EQM TR Program awards are expected to be distributed in EQM common units. The election to pay awards in EQM common units is consistent with the company s desire that senior management be aligned with the unitholders and support the growth of EQM. In addition, this approach allows favorable, non-variable accounting treatment.

The options granted in January 2013 have a term of ten years and an exercise price of $58.98. Fifty percent of the options will vest on January 1, 2014, and the remaining 50% will vest on January 1, 2015, in each case contingent upon continued employment with the company on such dates.

The performance measures for the 2013 EPIP are the company s:

- TSR over the period January 1, 2013 through December 31, 2015, as ranked among the comparably measured TSR of the applicable peer group; and
- cumulative cash flow per share, which is the aggregate net cash provided by operating activities excluding changes in operating assets and liabilities during the performance period, adjusted to reflect a fixed natural gas price of $2.79 per Mcf, divided by the aggregate diluted common shares outstanding as of the end of each year in the performance period.

The Committee chose TSR ranking among peers and cumulative cash flow per share as performance metrics for the same reasons such metrics were selected for the 2012 EPIP.

The payout opportunity under the 2013 EPIP ranges from:

- no payout if the company is one of the nine lowest-ranking companies in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period of less than the 2012 cash flow per share;

- to target payout if the company ranks seventeenth to fourteenth in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period equal to 5% compound annual growth over the 2012 cash flow per share;

- to three times the target award if the company is one of the four highest-ranking companies in the applicable peer group as to TSR and has cumulative cash flow per share over the performance period of at least 20% compound annual growth over the 2012 cash flow per share.

Earned 2013 EPIP units are expected to be distributed in company common stock.  The election to pay awards in company common stock under the 2013 EPIP is consistent with the company s efforts to utilize cash to accelerate development of its Marcellus Shale assets. In addition, payment in common stock further aligns the interests of the named executive officers with those of shareholders and allows favorable, non-variable accounting treatment.

The target award made to Mr. Porges was at the median of the applicable peer group. The target awards to Messrs. Crawford, Gardner and Schlotterbeck approximated the 60th percentile of the applicable peer group after considering the scope of each executive s responsibilities, internal pay equity, succession planning, industry-specific technical skills and abilities that may be difficult to replace and the highly-competitive environment for executive talent in the Marcellus Shale region. The Committee considered that Mr. Conti s responsibilities associated with the formation of EQM and the pending divestiture of Equitable Gas Company warranted consideration of market compensation for the 2013 peer group as well as the general industry peer group, and, after such consideration, the Committee granted Mr. Conti an award that approximated the 60th percentile of the 2013 peer group. The number of options and target units under the EQM TR Program and the 2013 EPIP awarded to the named executive officers were as follows:

| EXECUTIVE OFFICER | EQM TR PROGRAM | 2013 OPTIONS | 2013 EPIP |
|---|---|---|---|
| David L. Porges | 38,100 | 92,400 | 23,740 |
| Philip P. Conti | 5,380 | 31,400 | 8,070 |
| Randall L. Crawford | 13,080 | 44,100 | 11,320 |
| Lewis B. Gardner | 4,470 | 13,200 | 3,390 |
| Steven T. Schlotterbeck | 13,080 | 44,100 | 11,320 |

## • Other Benefits

*Health and Welfare Benefits*

The named executive officers receive the same health and welfare benefits offered to other EQT employees including medical, prescription drug, dental, vision, short- and long-term disability, holiday pay and an employee assistance program. The same contribution amounts, deductibles and plan design provisions are applicable to all employees.

*Retirement Programs*

The named executive officers participate in the same defined contribution 401(k) plan as other employees at EQT. Under the plan, the company automatically contributes an amount equal to 6% of each participant s base salary to an individual investment account for the employee, subject to applicable tax regulations. In addition, the company matches a participant s elective contribution by contributing to the participant s individual investment account an amount equal to 50% of each dollar contributed by the employee, subject to a maximum company contribution of 3% of the employee s base salary and to applicable tax regulations.

Once company contributions for named executive officers reach the maximum level permitted under the 401(k) plan or by regulation, company contributions are continued on an after-tax basis through a retirement annuity product offered by Fidelity Investments Life Insurance Co. Under this program, the company has also historically contributed to the annuity an amount equal to 9% of each named executive officer s annual incentive award. The after-tax annuity program contains no vesting requirements.

In 2012 Towers Watson Delaware Inc. prepared a study for management comparing the company s retirement program for executive officers to the retirement programs provided to similarly situated executives at the 2013 peer group. This study resulted in a recommendation, supported by the Committee s independent compensation consultant, that the company contribution be increased from 9%

of an executive s annual incentive award to 11% in order for the program benefits to approximate the median of the 2013 peer group. In early 2013, the Committee determined to make this upward adjustment as a consideration for, and to condition continued participation in the program on, the delivery of amendments to the then existing change of control agreements as described under the caption Agreements with the Named Executive Officers below.

The company currently has no supplemental executive retirement plan (SERP) or deferred compensation obligations to any employee, including executive officers. No named executive officer participates in a defined benefit retirement plan with the company.

*Perquisites*

Consistent with its philosophy of pay for performance, the company provides modest perquisites to its named executive officers that, in number and value, are below median competitive levels for the applicable peer group. Perquisites that are offered to each named executive officer include the following: a car allowance, a country club and a dining club membership, executive physical, financial planning, parking, life insurance and accidental death and disability insurance (both of which exceed the level of insurance provided to other employees), and *de minimis* personal usage of company purchased event tickets.

In 2012, the company determined to reduce the number of seat licenses it held for the Pittsburgh Steelers home games at Heinz Field. In connection with that determination, the company transferred ownership of two seat licenses to each of Messrs. Conti, Crawford and Schlotterbeck. The company originally acquired these licenses in 2001 at a cost of $960 per license.

In connection with the initial public offering of EQM units in July 2012, the named executive officers and a limited number of other current and former officers and directors of the company and EQT Midstream Services, LLC, the general partner of EQM, were offered the opportunity to purchase EQM units under EQM s DUPP. There were no incremental costs to the company associated with the DUPP.

See footnote (4) to the All Other Compensation column in the Summary Compensation Table for a discussion and breakdown of the perquisites provided to the named executive officers in 2012.

## • Agreements with the Named Executive Officers

The Committee believes that severance protections can play a valuable role in attracting, motivating and retaining highly talented executives. The Committee also believes that having an existing agreement in place is preferable to negotiating an exit strategy at the time of an executive officer s departure. Accordingly, the company provides such protections for the named executive officers under their agreements which are described in detail under the caption Potential Payments Upon Termination or Change of Control below. The Committee considers these protections to be an important part of an executive s compensation and consistent with competitive practices.

The Committee believes that the occurrence, or potential occurrence, of a change of control transaction will create uncertainty regarding continued employment. This uncertainty results from the fact that many change of control transactions result in significant organizational changes, particularly at the senior executive level. Change of control benefits are intended to encourage executive officers to remain employed with the company during an important time when prospects for continued employment are often uncertain and to provide some measure of financial security prior to and after a change of control. Moreover, the amounts to be paid under the change of control agreements ensure that the interests of the executives will be materially consistent with the interests of the company s shareholders when considering corporate transactions.

In 2012, the Committee conducted a thorough evaluation of the benefits provided to all executive officers under their change of control agreements by, among other things, benchmarking such benefits versus the benefits provided to similarly situated individuals at companies in the 2013 peer group and at a set of companies located in the Pittsburgh area. The Committee also considered the expectations of the major proxy advisory services. As a result of that evaluation, and upon a request by Mr. Porges, in 2013 the Committee approved amendments to the form of change of control agreement with all executive officers. These amendments eliminated the excise tax gross-up in each executive officer s agreement and eliminated the provision that allowed Mr. Porges to receive a payment upon his election to terminate his employment during the thirty day period commencing on the one-year anniversary of a change of control (his modified single trigger payout right).

The named executive officers change of control agreements provide that payments are not made unless the executive s employment is terminated by the company other than for cause or by the executive for good reason within 24 months following the transaction. The Committee believes that this structure strikes a proper balance between the incentives and the hiring, motivating and retention effects described above, without providing benefits to executives who continue long-term employment with an acquiring company. This structure may also be attractive to potential acquiring companies, who place significant value on retaining members of the executive team for some transition period. Potential acquirers may have an incentive to constructively terminate the executive s employment to avoid paying severance; accordingly, the Committee believes it is appropriate to provide severance benefits upon a termination by the executive for good reason.

Finally, but importantly, the agreements with the named executive officers include covenants not to compete with, or solicit employees, customers or potential customers from, the company and to maintain the confidentiality of the company s information, for a specified time. The Committee believes that these covenants are extremely valuable to the company.

See Potential Payments Upon Termination or Change of Control below for more detail regarding the company s agreements with each named executive officer, including the value of the benefits.

*Change of Control Excise Tax Provisions*

If, in connection with a change of control of the company, any compensation to a named executive officer is accelerated or becomes vested, that executive could, in some cases, be considered to have received parachute payments within the meaning of Code Sections 280G and 4999. Pursuant to these tax laws, the executive could be subject to a 20% excise tax on parachute payments that exceed a certain amount, in which case the company would be denied a tax deduction for such excess parachute payments. Prior to February 2013, the change of control agreement with each named executive officer provided that if it was determined that any payment or distribution by the company to or for the executive s benefit would constitute an excess parachute payment, the company would pay to the executive a gross-up payment to make the executive whole, as if the excise tax had not been incurred. These gross-up payments, as well as the amount of the excess parachute payments, would not be deductible by the company. However, if the excise tax could have been avoided by reducing the payments due under the agreement by an amount not to exceed 10% of the total parachute payments from any source, then the payments to the executive under the change of control agreement would be reduced to the extent necessary to avoid triggering the excise tax and, in that case, no gross-up payment would apply. The change of control agreements with each executive officer were amended in February 2013 to eliminate the excise tax gross-up provision effective immediately. These agreements now contain a best net provision, pursuant to which any parachute payments will be reduced to the extent necessary to avoid triggering the excise tax, unless the executive would have a more favorable after-tax result by receiving the unreduced payments and paying the excise tax himself, without a gross-up from the company. Due to the structure of the excise tax, it is not possible to determine in advance which calculation would produce the more tax-efficient result. If the

excise tax is triggered, the company would not enjoy a tax deduction on the amount of the excess parachute payments but in no event would the company be obligated to pay any portion of the excise tax.

**Cautionary Statements**

Disclosures in this CD&A may contain certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as anticipate, estimate, approximate, expect, intend, plan, believe a words of similar meaning in connection with any discussion of future operating or financial matters. Without limiting the generality of the foregoing, forward-looking statements contained in this CD&A include the matters discussed regarding the expectation of performance under compensation plans and anticipated financial and operational performance of the company and its subsidiaries. These statements involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The company has based these forward-looking statements on current expectations and assumptions about future events. While the company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the company s control. The risks and uncertainties that may affect the operations, performance and results of the company s business and forward-looking statements include, but are not limited to, those set forth in the company s Annual Report on Form 10-K for the year ended December 31, 2012.

Any forward-looking statement speaks only as of the date on which such statement is made and the company does not intend to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise.

# REPORT OF THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

We have reviewed and discussed the Compensation Discussion and Analysis ( CD&A ) with the management of EQT Corporation. Based on our review and discussions, we recommended to the Board of Directors that the CD&A be included in the EQT Corporation Proxy Statement for 2013.

This report is not soliciting material, is not deemed to be filed with the SEC and is not to be incorporated by reference in any filing of the company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

*This report has been furnished by the Management Development and Compensation Committee of the Board of Directors.*

Lee T. Todd, Jr., Chair
A. Bray Cary, Jr.
James E. Rohr

The following tables contain information concerning the compensation of the company s principal executive officer, its principal financial officer and each of its other three most highly compensated executive officers who were serving as executive officers at the end of 2012. References to named executive officers in this Executive Compensation section are to the five individuals included in the following tables.

## SUMMARY COMPENSATION TABLE

| NAME AND PRINCIPAL POSITION | YEAR | SALARY ($) | BONUS ($) | STOCK AWARDS ($) (1) | OPTION AWARDS ($) (2) | NON-EQUITY INCENTIVE PLAN COMPENSATION ($) (3) | ALL OTHER COMPENSATION ($) (4) | TOTAL ($) |
|---|---|---|---|---|---|---|---|---|
| David L. Porges | 2012 | 826,923 | - | 4,176,362 | 1,395,502 | 1,996,000 | 314,893 | 8,709,680 |
| Chairman, President and Chief Executive Officer | 2011 | 725,962 | - | 3,516,750 | 782,642 | 2,170,000 | 243,031 | 7,438,385 |
| | 2010 | 587,291 | - | 2,832,316 | 1,170,628 | 1,500,000 | 192,462 | 6,282,697 |
| Philip P. Conti | 2012 | 400,001 | - | 1,151,708 | 427,356 | 730,000 | 144,991 | 2,854,056 |
| Senior Vice President and Chief Financial Officer | 2011 | 390,520 | - | 1,296,977 | 288,283 | 800,000 | 121,742 | 2,897,522 |
| | 2010 | 350,700 | - | 1,176,516 | 261,807 | 650,000 | 108,361 | 2,547,384 |
| Randall L. Crawford | 2012 | 436,923 | - | 1,707,462 | 590,912 | 820,000 | 161,055 | 3,716,352 |
| Senior Vice President | 2011 | 406,673 | - | 1,764,218 | 391,653 | 885,000 | 140,740 | 3,588,284 |
| | 2010 | 350,700 | - | 1,006,548 | 205,226 | 750,000 | 123,277 | 2,435,751 |
| Lewis B. Gardner | 2012 | 342,692 | - | 531,889 | 180,703 | 400,000 | 100,991 | 1,556,275 |
| General Counsel and Vice President, External Affairs | 2011 | 332,116 | - | 519,373 | 116,634 | 440,000 | 95,791 | 1,503,914 |
| | 2010 | 314,230 | - | 678,431 | 150,563 | 390,000 | 87,669 | 1,620,893 |
| Steven T. Schlotterbeck | 2012 | 436,923 | - | 1,707,462 | 590,912 | 825,000 | 146,708 | 3,707,005 |
| Senior Vice President | 2011 | 406,673 | - | 1,764,218 | 391,855 | 895,000 | 131,961 | 3,589,707 |
| | 2010 | 350,700 | - | 958,853 | 189,882 | 795,000 | 115,663 | 2,410,098 |

(1) This column reflects the aggregate grant date fair values determined in accordance with Accounting Standards Codification Topic 718 for performance units granted in the applicable year under the 2010 EPIPs, 2010 SIA, 2011 VDA, 2011 VEP, 2012 EPIP and EQM TR Program (each as defined and described under the caption Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below), using the assumptions described below. Pursuant to SEC rules, the amounts shown in the Summary Compensation Table for awards subject to performance conditions are based on the probable outcome as of the date of grant and exclude the impact of estimated forfeitures.

The 2010 EPIP was a three year program that provided stock-based awards. Each named executive officer was granted an award under the 2010 EPIP on January 1, 2010. The vesting and payment of the awards occurred on December 31, 2012. The performance period for the 2010 EPIP was January 1, 2010 through December 31, 2012. The grant date fair values of the awards were: $852,677 for Mr. Porges; $406,208 for Mr. Conti; $319,078 for Mr. Crawford; $234,351 for Mr. Gardner; and $294,441 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying the number of units awarded to each named executive officer (14,190 for Mr. Porges; 6,760 for Mr. Conti; 5,310 for Mr. Crawford; 3,900 for Mr. Gardner; and 4,900 for Mr. Schlotterbeck) by $60.09, the grant date fair value of each unit calculated using a Monte Carlo pricing model with the following assumptions: (i) risk-free rate of return: 1.69%; (ii) dividend yield: 0.0836; (iii) volatility: 47.03%; and (iv) term: three years. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these awards would have been: $2,131,614 for Mr. Porges; $1,015,484 for Mr. Conti; $797,665 for Mr. Crawford; $585,856 for Mr. Gardner; and $736,075 for Mr. Schlotterbeck.

The 2010 July EPIP was a two and one-half year program that provided a stock-based award to Mr. Porges, who was granted the award on July 1, 2010. No other person participated in the program. The vesting and payment of the award occurred on December 31, 2012. The performance period for the 2010 July EPIP was July 1, 2010 through December 31, 2012. The grant date fair value of Mr. Porges award was $1,171,755, computed by multiplying the 19,500 units awarded by $60.09, the grant date fair value of each unit calculated using a Monte

Carlo pricing model with the following assumptions: (i) risk-free rate of return: 1.69%; (ii) dividend yield: 0.0836; (iii) volatility: 47.03%; and (iv) term: two and one-half years. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair value of the award would have been $2,929,280.

The 2010 SIA was a three year program that provided stock-based awards. Each named executive officer was granted an award under the 2010 SIA on January 26, 2010. The vesting and payment of the awards occurred on December 31, 2012. The performance period for the 2010 SIA was January 1, 2010 through December 31, 2010. The grant date fair values of the awards were: $807,884 for Mr. Porges; $770,308 for Mr. Conti; $687,470 for Mr. Crawford; $444,080 for Mr. Gardner; and $664,412 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying (i) the number of awards awarded to each named executive officer (9,460 for Mr. Porges; 9,020 for Mr. Conti; 8,050 for Mr. Crawford; 5,200 for Mr. Gardner; and 7,780 for Mr. Schlotterbeck) by (ii) $42.70, the closing stock price of the company s common stock on the date of grant, by (iii) 2.00, the assumed performance multiple. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these awards would have been: $1,211,826 for Mr. Porges; $1,155,462 for Mr. Conti; $1,031,205 for Mr. Crawford; $666,120 for Mr. Gardner; and $996,618 for Mr. Schlotterbeck.

The 2011 VDA was a two year program that provided stock-based awards. Each named executive officer was granted an award under the 2011 VDA on January 1, 2011. Fifty percent of the confirmed performance awards vested and were paid out in the first quarter of 2012, and the remainder of the confirmed performance awards vested and were paid out on December 31, 2012. The performance period for the 2011 VDA was January 1, 2011 through December 31, 2011. The grant date fair values of the awards were: $1,864,447 for Mr. Porges; $687,577 for Mr. Conti; $935,183 for Mr. Crawford; $275,228 for Mr. Gardner; and $935,183 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying (i) the number of awards awarded to each named executive officer (18,900 for Mr. Porges; 6,970 for Mr. Conti; 9,480 for Mr. Crawford; 2,790 for Mr. Gardner; and 9,480 for Mr. Schlotterbeck) by (ii) $44.84, the closing stock price of the company s common stock on the date prior to the date of grant, by (iii) 2.20, the assumed performance multiple. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these awards would have been: $2,542,248 for Mr. Porges; $937,604 for Mr. Conti; $1,275,250 for Mr. Crawford; $375,311 for Mr. Gardner; and $1,275,250 for Mr. Schlotterbeck.

The 2011 VEP is a three year program that provides for stock-based awards. Each named executive officer was granted an award under the 2011 VEP on March 1, 2011. The 2011 VEP targets performance over three one-year periods (2011, 2012 and 2013) and for a three year cumulative period of January 1, 2011 through December 31, 2013. The grant date fair values of the awards were: $1,652,303 for Mr. Porges; $609,401 for Mr. Conti; $829,035 for Mr. Crawford; $244,145 for Mr. Gardner; and $829,035 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying (i) the number of awards awarded to each named executive officer (34,380 for Mr. Porges; 12,680 for Mr. Conti; 17,250 for Mr. Crawford; 5,080 for Mr. Gardner; and 17,250 for Mr. Schlotterbeck) by (ii) $48.06, the closing stock price of the company s common stock on the date of grant, by (iii) 1.00, the assumed performance multiple. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these awards would have been: $4,956,908 for Mr. Porges; $1,828,202 for Mr. Conti; $2,487,105 for Mr. Crawford; $732,434 for Mr. Gardner; and $2,487,105 for Mr. Schlotterbeck.

The 2012 EPIP is a three year program that provides stock-based awards. Each named executive officer was granted an award under the 2012 EPIP on January 1, 2012. The performance period for the 2012 EPIP is January 1, 2012 through December 31, 2014. The grant date fair values of the awards were: $3,413,600 for Mr. Porges; $1,044,000 for Mr. Conti; $1,445,600 for Mr. Crawford; $442,400 for Mr. Gardner; and $1,445,600 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying the number of units awarded to each named executive officer (42,670 for Mr. Porges; 13,050 for Mr. Conti; 18,070 for Mr. Crawford; 5,530 for Mr. Gardner; and 18,070 for Mr. Schlotterbeck) by $80.00, the grant date fair value of each unit calculated using a Monte Carlo pricing model with the following assumptions: (i) risk-free rate of return: 0.36%; (ii) dividend yield: 0.0597; (iii) volatility: 37.26%; and (iv) term: three years. Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these awards would have been: $5,834,696 for Mr. Porges; $1,784,457 for Mr. Conti; $2,470,892 for Mr. Crawford; $756,172 for Mr. Gardner; and $2,470,892 for Mr. Schlotterbeck.

The EQM TR Program is a three and one-half year program (subject to certain quarterly extensions as described under Stock Awards EQM TR Program under the caption Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below) that provides EQM unit-based awards. Each named executive officer was granted an award on July 2, 2012. The performance period for the EQM TR Program is June 27, 2012 through December 31, 2015 (subject to quarterly extensions). The grant date fair values of the awards were: $762,762 for Mr. Porges; $107,708 for Mr. Conti; $261,862 for Mr. Crawford; $89,489 for Mr. Gardner; and $261,862 for Mr. Schlotterbeck. The grant date fair values were computed by multiplying the number of units awarded to each named executive officer (38,100 for Mr. Porges; 5,380 for Mr. Conti; 13,080 for Mr. Crawford; 4,470 for Mr. Gardner; and 13,080 for Mr. Schlotterbeck) by $20.02, the grant date fair value of each unit calculated using a Monte Carlo pricing model with the following assumptions: (i) risk-free rate of return for periods within the contractual life of the awards based on the applicable U.S. Treasury yield curves in effect at the time of the grant; (ii) an expected quarterly distribution of $0.35 per EQM common unit for the first year and assuming annual increases of 10% per annum thereafter; (iii) the annual historical volatility of a peer group of companies for the expected term of the awards (the valuation model calculated a range of expected volatilities of 27% to 72% and a weighted average expected volatility of 38%); and (iv) a term of five years. Although granted concurrently with the initial public offering of EQM common units in July 2012, the EQM TR Program awards are attributable to, and serve as part of, each named executive officer s 2013 (not 2012) long-term incentive awards.

See Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below for a further discussion of the 2010 EPIPs, the 2010 SIA, the 2011 VDA, the 2011 VEP, the 2012 EPIP and the EQM TR Program.

(2) This column reflects the grant date fair values of option awards issued on January 1 and August 2, 2010, January 1, 2011 and January 1, 2012 and the additional fair values recognized as expense in 2011 as a result of an amendment to the terms and conditions of all of the company s then-outstanding stock options (the Option Amendment ). The Option Amendment provides that upon an optionee s termination of service from the company for any reason other than cause, the optionee s outstanding options, to the extent vested on the date of such termination of service, shall remain exercisable for the entire remaining original term.

The grant date fair values of the 2010 option awards issued on January 1, 2010 were calculated by multiplying the number of options awarded to each named executive officer (57,200 for Mr. Porges; 27,300 for Mr. Conti; 21,400 for Mr. Crawford; 15,700 for Mr. Gardner; and 19,800 for Mr. Schlotterbeck) by $9.59, the grant date fair value of each option calculated using a Black-Scholes option pricing model with the following assumptions: (i) risk-free rate of return: 2.50%; (ii) dividend yield: 2.34%; (iii) volatility factor: 27.63%; and (iv) expected term: five years.

Mr. Porges was awarded 76,800 options on August 2, 2010. The grant date fair value of such option award was calculated by multiplying the number of options awarded to Mr. Porges by $8.10, the grant date fair value of each option calculated using a Black-Scholes option pricing model with the following assumptions: (i) risk-free rate of return: 1.60%; (ii) dividend yield: 2.10%; (iii) volatility factor: 27.68%; and (iv) expected term: five years.

The grant date fair values of the 2011 option awards were calculated by multiplying the number of options awarded to each named executive officer (76,700 for Mr. Porges; 28,300 for Mr. Conti; 38,500 for Mr. Crawford; 11,400 for Mr. Gardner; and 38,500 for Mr. Schlotterbeck) by $10.06, the grant date fair value of each option calculated using a Black-Scholes option pricing model with the following assumptions: (i) risk-free rate of return: 2.02%; (ii) dividend yield: 2.19%; (iii) volatility factor: 28.92%; and (iv) expected term: five years.

The grant date fair values of the 2012 option awards were calculated by multiplying the number of options awarded to each named executive officer (105,800 for Mr. Porges; 32,400 for Mr. Conti; 44,800 for Mr. Crawford; 13,700 for Mr. Gardner; and 44,800 for Mr. Schlotterbeck) by $13.19, the grant date fair value of each option calculated using a Black-Scholes option pricing model with the following assumptions: (i) risk-free rate of return: 0.89%; (ii) dividend yield: 1.64%; (iii) volatility factor: 31.44%; and (iv) expected term: five years.

The additional fair value of the expense in 2011 associated with the Option Amendment for each named executive officer was: $11,040 for Mr. Porges; $3,585 for Mr. Conti; $4,343 for Mr. Crawford; $1,950 for Mr. Gardner; and $4,545 for Mr. Schlotterbeck.

See Option Awards 2010 Options, Option Awards 2011 Options and Option Awards 2012 Options under the caption Narrative Disclosure Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below for further discussion of the 2010, 2011 and 2012 options.

(3) This column reflects the dollar value of annual incentive compensation earned under the Executive STIP (as defined and described under the caption Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below) during the applicable year. The awards were paid to the named executive officers in cash in the first quarter of the following year. See Non-Equity Incentive Plan Compensation Executive STIP under the caption Narrative Disclosure to Summary Compensation Table and 2012 Grants of Plan-Based Awards Table below for further discussion of the Executive STIP for the 2012 plan year.

(4) This column includes the dollar value of premiums paid by the company for group life, accidental death and dismemberment insurance, the company s contributions to the 401(k) plan and the 2006 Payroll Deduction and Contribution Plan and perquisites. For 2012, these amounts were as follows:

| NAME | INSURANCE ($) | 401(K) CONTRIBUTIONS ($) | 2006 PAYROLL DEDUCTION AND CONTRIBUTION PLAN ($) | PERQUISITES (SEE BELOW) ($) | TOTAL ($) |
|---|---|---|---|---|---|
| David L. Porges | 2,448 | 22,500 | 247,223 | 42,722 | 314,893 |
| Philip P. Conti | 1,152 | 22,500 | 85,500 | 35,839 | 144,991 |
| Randall L. Crawford | 1,273 | 22,500 | 96,473 | 40,809 | 161,055 |
| Lewis B. Gardner | 994 | 22,500 | 47,942 | 29,555 | 100,991 |
| Steven T. Schlotterbeck | 1,273 | 20,000 | 96,014 | 29,421 | 146,708 |

Once 401(k) contributions for the named executive officers reach the maximum level permitted under the 401(k) plan or by regulation, company contributions are continued on an after-tax basis under the 2006 Payroll Deduction and Contribution Plan through an annuity program offered by Fidelity Investments Life Insurance Co. In 2012, the company also contributed an amount equal to 9% of each named executive officer s 2011 annual incentive award to such program.

The perquisites the company provided to each named executive officer in 2012 are itemized below:

| NAME | CAR ALLOWANCE ($) | COUNTRY AND DINING CLUB ANNUAL DUES ($) | FINANCIAL PLANNING ($) | PARKING ($) | PHYSICAL ($) | SEAT LICENSES ($) | TOTAL PERQUISITES ($) |
|---|---|---|---|---|---|---|---|
| David L. Porges | 9,180 | 12,982 | 14,950 | 2,610 | 3,000 | - | 42,722 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Philip P. Conti | 9,060 | 9,204 | 10,120 | 2,610 | 2,925 | 1,920 | 35,839 |
| Randall L. Crawford | 9,060 | 11,919 | 12,300 | 2,610 | 3,000 | 1,920 | 40,809 |
| Lewis B. Gardner | 9,060 | 9,735 | 8,150 | 2,610 | - | - | 29,555 |
| Steven T. Schlotterbeck | 9,060 | 8,856 | 4,575 | 2,610 | 2,400 | 1,920 | 29,421 |

The car allowance is an amount paid to the executive intended to cover the annual cost of acquiring, maintaining and insuring a car.  The entire cost of country and dining club dues has been included in the table although the company believes that only a portion of the cost represents a perquisite.  Financial planning is the actual cost to the company of providing to each executive financial planning and tax preparation services. The named executive officers may use two tickets purchased by the company to attend up to four sporting or other events when such tickets are not otherwise being used for business purposes.  The costs of such tickets used for personal purposes are considered *de minimis* by the company and are not included as perquisites in the Summary

Compensation Table because there are no incremental costs to the company associated with such use. In 2012, none of the named executive officers used tickets purchased by the company to attend sporting or other events in excess of the four event *de minimis* level. In addition, in 2012, the company transferred two seat licenses for Pittsburgh Steelers home games at Heinz Field to each of Messrs. Conti, Crawford and Schlotterbeck. The incremental cost of each seat license to the company was $960 based on the company s original acquisition cost of each license. In connection with the initial public offering of EQM common units in July 2012, the named executive officers and a limited number of other current and former officers and directors of the company and EQT Midstream Services, LLC were offered the opportunity to purchase EQM units through the DUPP. There were no incremental costs to the company associated with the DUPP.

## 2012 GRANTS OF PLAN-BASED AWARDS TABLE