

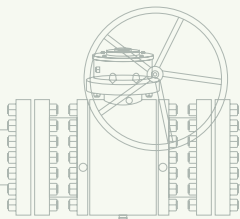


CABOT WORKS

CABOT OIL & GAS CORPORATION

— 2008 ANNUAL REPORT —

Cabot Oil & Gas Corporation, headquartered in Houston, Texas is a leading North American exploration and production independent. The Company's reserves are focused in both conventional and unconventional basins including the East, the West (Rocky Mountain and Mid-Continent), the Gulf Coast (South and East Texas to North Louisiana) and in Canada.



— TO OUR SHAREHOLDERS —

A YEAR OF EXTREMES — THAT IS THE BEST CHARACTERIZATION I CAN THINK OF FOR 2008. THE YEAR BEGAN WITH PROMISE AND EXCITEMENT; IT PEAKED IN JULY WITH HISTORIC NATURAL GAS COMMODITY PRICES, BUT CLOSED WITH A GREAT DEAL OF UNCERTAINTY AS THE WORLD'S CREDIT MARKETS AND ECONOMIES CAME TO A GRINDING HALT.

For 2008, Cabot focused its investment efforts on our East Texas assets and the East region. With the strength of our underlevered capital structure and a strong hedge position, we were able to aggressively exploit these areas, adding significant acreage positions and reserves in the process. This successful execution resulted in several achievements including:

- Adding 292,381 net acres to our leasehold position in both of the targeted regions, and our West region.
- Closing our first producing property acquisition in seven years focused in East Texas.
- Funding these acquisitions with external financing of new debt and new common equity (which was timed to coincide with the S&P 500 index inclusion), that marked the first time since 2001 for adding new external capital to the business.

Couple these activities with our largest drilling program and Cabot had the ingredients for a strong year.



TO OUR SHAREHOLDERS

In the last few months of the year, the landscape changed significantly...

- A credit crisis occurred that effectively shut down the capital markets.
- Several traditionally solid, household name companies were facing bankruptcy.
- A rush by investors to cash as panic became the daily mantra in the markets.
- In the energy sector:
 - crude oil prices dropped more than \$100 per barrel
 - natural gas prices declined more than \$7 per Mcf.

In spite of the tumultuous year, in 2008, Cabot Oil & Gas experienced the best year in its history – establishing several new benchmarks for excellence along the way. These achievements spanned both the financial, and the operational spectrum with new highs for:

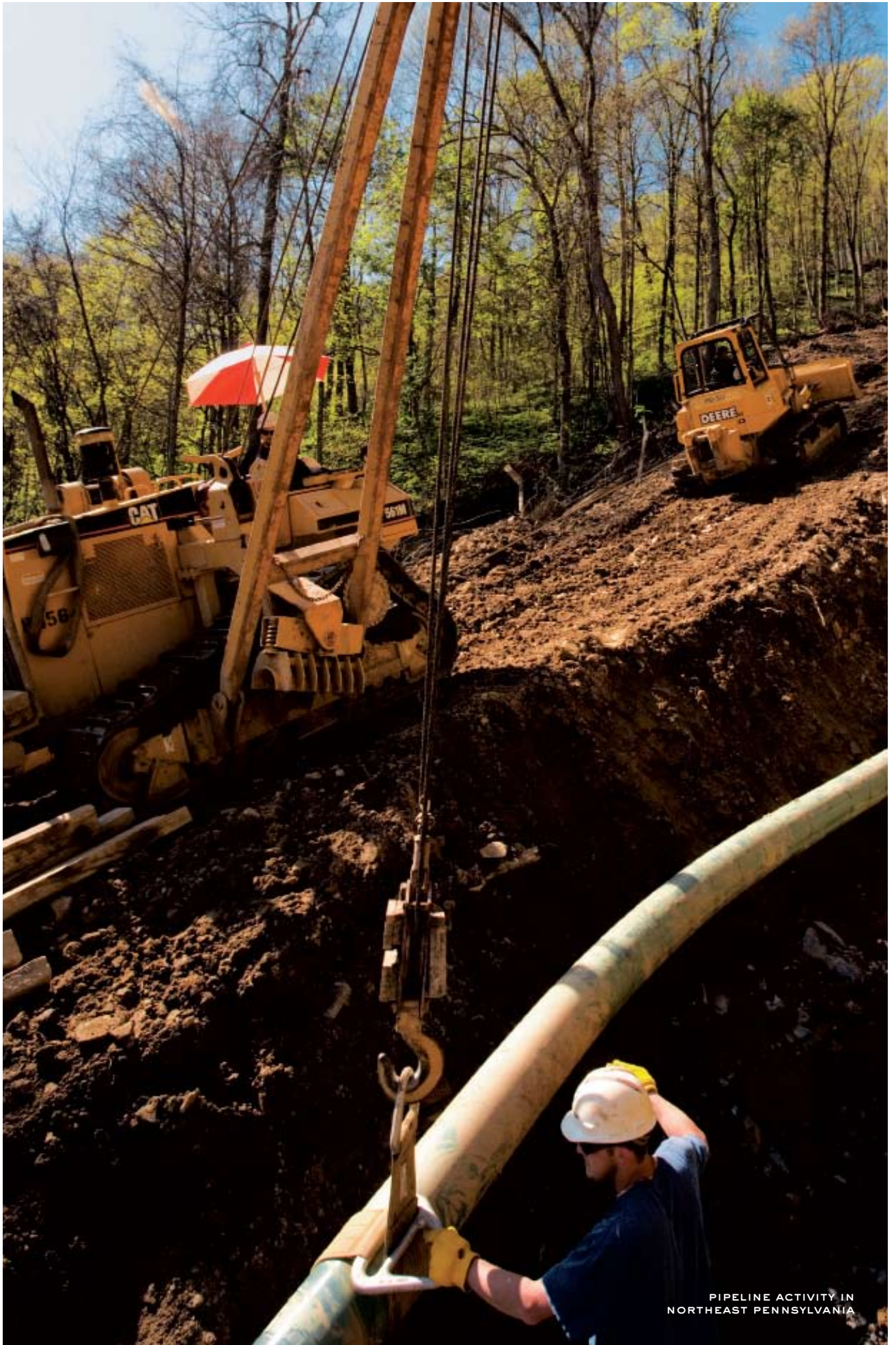
- Net income of \$211.3 million and \$2.10 per share
- Discretionary cash flow of \$608.7 million
- Investment program of \$1.5 billion
- Reserves adds of 303.9 Bcfe (Drilling) or 421.5 Bcfe (Drilling, Revisions, Purchases)
- Total proved reserves of 1,942.0 Bcfe
- Full year production of 95.2 Bcfe

Bottom line, Cabot works! As evidenced by these statistics, along with our financial strength, Cabot is positioned to weather the uncertainty of the future. Our conservative operating strategy, together with our philosophy to operate within our means, has served the Company and its shareholders well in the past and will continue to do so in the future. The above statistics individually give us optimism about the potential that lies ahead for our Company as the industry works through this cycle.

LOOKING FORWARD

As we plan and implement our 2009 program, shareholders should take comfort that Cabot's prudent management style will not only continue to protect its balance sheet, but also continue to add revenue producing assets to our Company at economic levels. Again, as we move forward, we continue to add value. A measure that Cabot's model works!

We will continue to adapt our plan of capital allocation in order to invest at levels that fall within the anticipated cash flow for the year. This plan is almost entirely directed towards our two main areas of focus from 2008 – the Marcellus Shale of Pennsylvania (further detailed on page 16) and the Bossier/Haynesville Shale, along with various limestone formations, of East Texas (discussed in detail on page 8). These two areas remain the most exciting plays for our industry.



PIPELINE ACTIVITY IN
NORTHEAST PENNSYLVANIA

TO OUR SHAREHOLDERS

WE HAVE A SOLID PRODUCTION BASE (10-15% ANNUAL DECLINE), SOLID BALANCE SHEET AND A CONSERVATIVE BENT THAT HAS POSITIONED US TO PROSPER IN THIS ENVIRONMENT.

Execution of our 2009 program is supported by a strong balance sheet and underpinned with a hedge position that covers over 50 percent of anticipated 2009 equivalent production. The minimum weighted average natural gas price for these hedges is \$10.11 per Mcf, while the average hedge for oil is \$125.25 per barrel. The net positive from this hedge position to our cash flow affords us the ability to have a larger investment program for 2009, and still maintain our spending discipline.

It is widely anticipated that the cost of goods and services will mimic the dramatic declines we have realized in commodity prices. Assuming moderate commodity prices, our margin per dollar invested will increase, along with the efficiencies in our operations that are employed by our talented workforce, both maximizing our 2009 investment dollars.

Our industry has achieved the ability to identify and produce an abundant resource of natural gas, a cleaner resource capable of meeting our country's energy needs of the future. The enhanced development of natural gas (Cabot is 97% natural gas) was driven by a thriving economy, new technologies, and easy access to capital. With employment of new technologies and exploitation of shales, our industry can provide the nation with an adequate supply of natural gas, one of the most cost effective and cleanest alternative energy sources available for the foreseeable future.

As we enter 2009, we continue to see an increase in supply because of 2008 record levels of drilling activity. Demand has fallen as a result of the weak economy – even with the coldest broadly based winter in more than two decades. To this end, we (as an industry) have seen a dramatic slowdown in drilling activity. This slowdown will help to stabilize the supply/demand dynamics.

1 DAN O. DINGES, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

2 CABOT'S SENIOR EXECUTIVE MANAGEMENT TEAM, LEFT TO RIGHT:
MICHAEL B. WALEN, SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER; DAN O. DINGES;
SCOTT C. SCHROEDER, VICE PRESIDENT AND CHIEF FINANCIAL OFFICER



We have a solid production base (10-15% annual base decline), solid balance sheet and a conservative bent that has positioned us to prosper in this environment. I cannot say how long this economic downturn will last, however we are well equipped to manage and enhance shareholder value in these times. I continue to look forward to the challenging, but rewarding environment we face in 2009.

I would like to take this opportunity to thank John Cabot for his years of service as a member of our Board. John retired from the Board after serving as a director since Cabot's inception in 1990. John's insights about the business from his long association with our industry were always a valued and welcome addition to the strategic decisions we made. We thank John for this commitment to Cabot Oil & Gas Corporation.

Additionally, I would like to thank our Board of Directors and our employees for their support of Cabot and for their commitment to make Cabot stand out in these times. I remain excited about our future and look forward to delivering value accretion in a very challenging, but opportunistic time.

Sincerely,

A handwritten signature in black ink that reads "Dan O. Dinges".

Dan O. Dinges

Chairman, President and Chief Executive Officer



TOMMY MOORE, PRODUCTION SUPERINTENDENT - EAST TEXAS



EAST TEXAS

accelerating

WITH EXTENSIVE
ACQUISITION EFFORTS

Cabot's efforts to establish a presence in East Texas accelerated during 2005. This exploration effort was established to identify areas where the Company could acquire large acreage positions in multiple plays. At the time of this initial interest, Cabot had no significant leasehold position and no production in East Texas.

Fast forward to 2008 and with an extensive acquisition effort – both for leasehold and producing property – the acreage position has grown from zero to over 130,000 gross acres in East Texas. Also in 2008, Cabot's efforts centered around testing various prospective shale horizons throughout the East Texas acreage position. Specifically targeted zones for new initiatives were the Bossier Shale, Haynesville Shale and Haynesville Limestone. This effort was done both vertically and horizontally. Figure #1 visually highlights the stratigraphic column in East Texas.

The two main areas of shale exploitation are Minden and the greater County Line area.



The Company made its largest acquisition in its history, the first major one in seven years, when it added to its Minden Field in August (effectively tripling the footprint).

130,000

GROSS ACRES IN EAST TEXAS



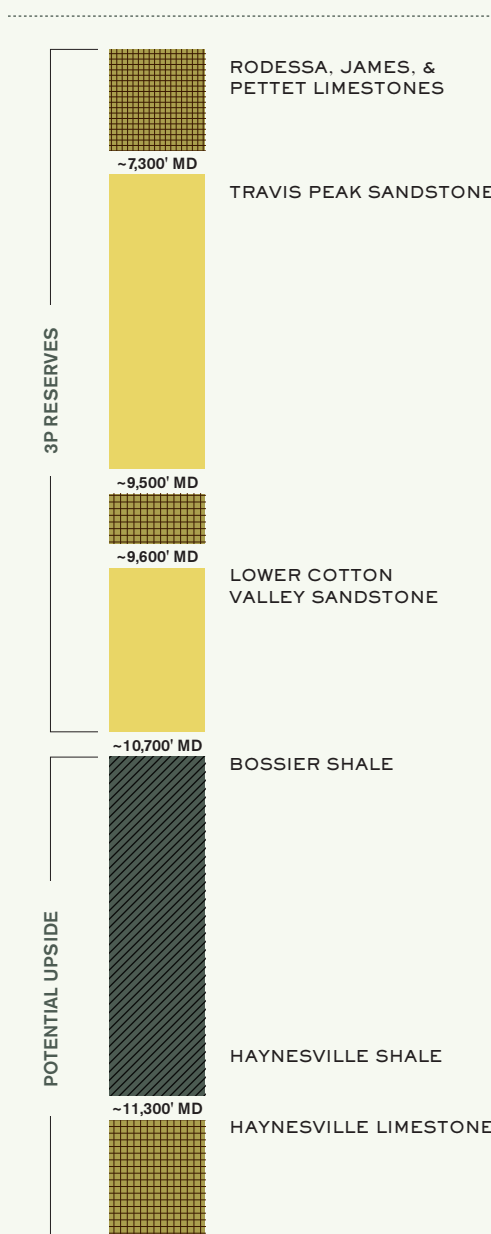
MINDEN

At Minden, the Company now has drilled 106 wells, producing from multiple Lower Cotton Valley zones with some minor Upper Travis Peak production. In addition, Cabot has established production from the deeper Haynesville Shale (Bossier) and Haynesville Limestone within the acreage position. Cabot continues to evaluate well spacing and completion techniques for those intervals. The Company has added an extensive infrastructure and gathering system consisting of 73 miles of pipe, 22 satellite tank batteries and two central production facilities. This integrated effort, together with the large acreage footprint, affords Cabot many years of drilling inventory at Minden for Lower Cotton Valley, Bossier and Haynesville potential.

COUNTY LINE

Cabot has now drilled or participated in 46 horizontal James Limestone wells with current gross production at County Line of approximately 75 Mmcf per day. The Company has expanded its acreage play to the north through trades with a major oil company. In addition, Cabot is currently evaluating potential in the Bossier and Haynesville sections in the southern portion of the County Line acreage. Cabot has now expanded the acreage position to over 60,000 gross acres in the greater County Line area and will continue to evaluate and exploit the deep potential. The expected outcome from these efforts are multi-year drilling programs in the James Limestone, Bossier and Haynesville Shales, along with the Haynesville Limestone.

FIGURE 1
EAST TEXAS STRATIGRAPHIC SECTION
MINDEN AREA

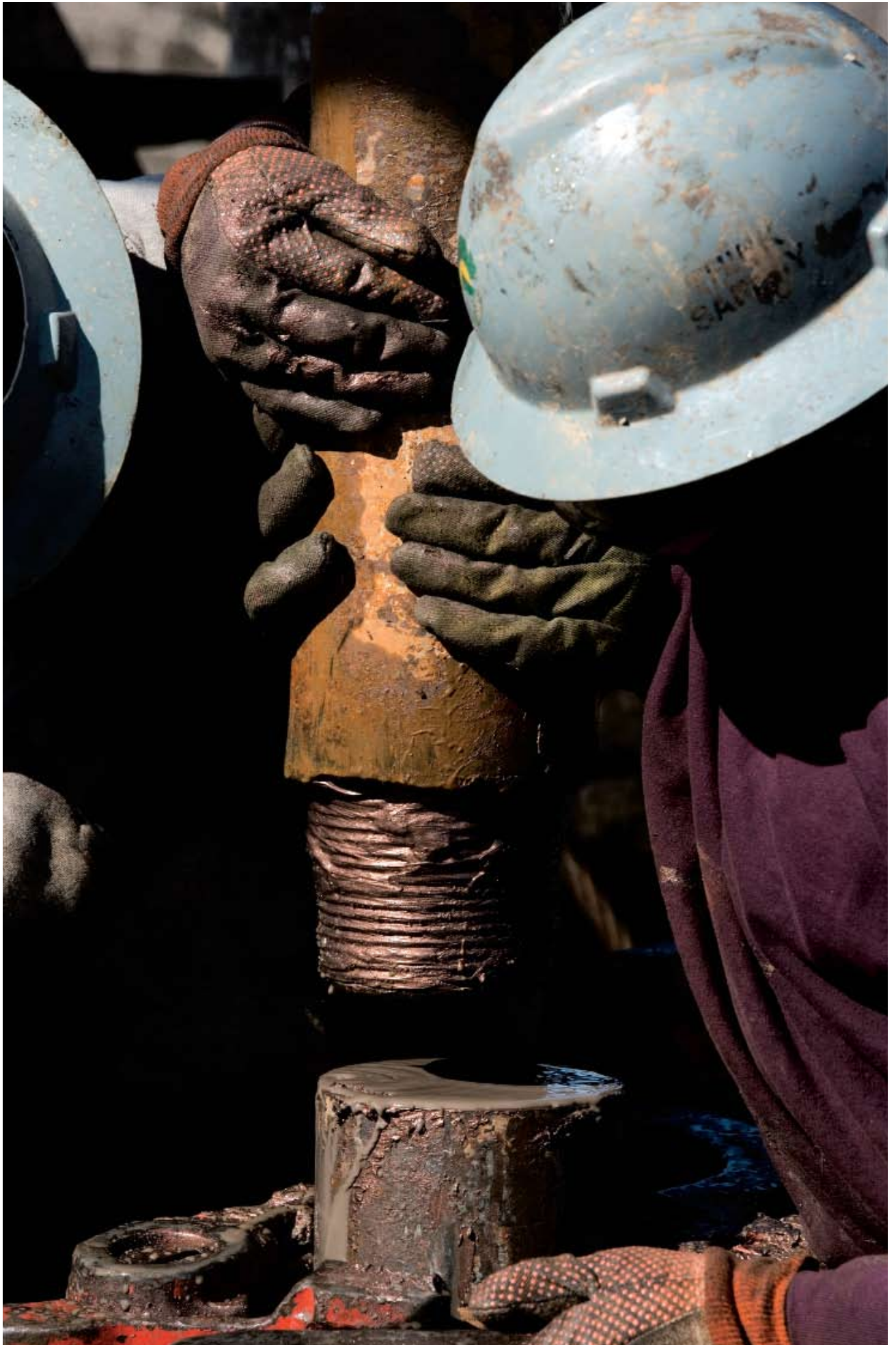




MINDEN EXPANSION

In early 2008, Cabot was contacted about a potential acreage/production acquisition adjacent to the Company's core Minden Field in Rusk County. Based on the experience gained at Minden over the last several years, this opportunity provides Cabot additional reserve and production growth in the lower Cotton Valley section. Production history at Minden indicated significant lower Cotton Valley down spacing potential. In addition, through selective testing and deepening, Cabot identified a

Bossier and Haynesville Shale and Limestone section that would provide significant upside. Cabot closed on this acquisition in August, 2008 with an effective date of May 1, 2008. In this deal, the Company added 25,000 gross acres, 32 Mmcfe per day of gross production, 172 Bcfe of proved reserves, 778 Bcfe of 2P and 3P reserves and 64 producing wells. Cabot will continue to develop this field through commingled completions and horizontal drilling opportunities.







EAST REGION

delivering

SIGNIFICANT PROGRESS
IN SHALE ACTIVITY

MARCELLUS

In a company's life, there are times when an idea creates an opportunity that can positively change its future. The Marcellus Shale for Cabot is just such a game-changing event.

Last year at this time Cabot's effort was in the very early stages of exploitation with plans to drill 20 wells in Pennsylvania and 68 wells in West Virginia. The West Virginia results, although economic, did not compare to the robust performance of the 20 wells in Pennsylvania. Of these 20 wells, five were horizontals and 15 were verticals. First production occurred in July and at year-end 15 wells were producing, although only one horizontal. The exit rate of production from these wells at year-end was approaching 20 Mmcf per day.

The Marcellus acreage in Pennsylvania, which now totals over 160,000 gross acres, is focused over what is believed to be a sweet spot in the play. To effectively exploit this position, the Company will begin a two-phased approach to future drilling. The first phase, labeled core area development drilling, is already under way. To further the success, in 2009 Cabot plans to drill 60 wells in Susquehanna County, and at this time the effort is split equally at 30 verticals and 30 horizontals. While the Company has had early success, this is still very much a work in progress as Cabot continues to use different technologies to achieve the best results. Larger casing, more and longer horizontals, and micro seismic application to evaluate fracturing technologies are just a few of the areas being evaluated to determine the most effective development course of action.



DANNY WINFREE, PIPELINE SPECIALIST AND
RAY MORGAN, LEAD FIELD OPERATOR - SISSONVILLE

The Marcellus initiative in northeastern Pennsylvania is gaining momentum and starts 2009 producing nearly 20 Mmcf per day. This production is from 14 vertical wells and one horizontal well. Most recently, Cabot completed its first Marcellus horizontal well with a measured depth of 8,925' and a horizontal leg at 2,000' using a six-stage frac. The result was a 24-hour average initial production rate of 6.4 Mmcf per day.

15 WELLS
PRODUCING NEARLY
20 MMCF PER DAY
AT YEAR-END.

CHRIS LOWMAN, DRILLING ENGINEER - SUSQUEHANNA





- 1 JOHN PAPSO, MANAGER, ENGINEERING AND DOUG GOSNELL, RESERVOIR ENGINEERING - CHARLESTON
- 2 FROM LEFT TO RIGHT: STEVE PARILAC, GENERAL FOREMAN; JEFF MINOTTI, GENERAL FOREMAN; WHITNEY JOHNSON, DISTRICT SUPERINTENDENT - SISSONVILLE
- 3 TIM LEWIS, FIELD OPERATOR - GRANTSVILLE

The second phase, labeled extension drilling, should begin in 2010. The goal of this effort will be to expand the pipeline infrastructure and drill primary term leases. Cabot's focus will be to extend the Company's infrastructure, allowing Cabot to drill and prove up all of the Company's existing leases. Total number of wells will be dependant on the mix between vertical and horizontal wells. Subsequent to this effort Cabot will initiate a back-fill drilling program along the Company's existing pipeline route.

The overall effort will achieve the most efficient, economic operations, where Cabot will maximize production growth and lease retention, all within the capital constraints of the environment.

What affords Cabot such optimism is not only the early success, but the Company's extensive knowledge of the basin including the importance of infrastructure. This play was designed around the location of the thickest, richest

Marcellus Shale and equally as important, access to an interstate pipeline.

Cabot has successfully negotiated an exit for its gas to various markets, which ramps up to 90 Mmcf per day by August 2010. Additionally, with the pipeline operating knowledge within the organization drawing on over 100 years of designing and building infrastructure in Appalachia, the team has planned an aggressive program of pipeline expansion in Pennsylvania for 2009 with existing and additional interstate pipeline connections, compression, and 25 miles of new gathering pipelines tied to a 60 well program, which is projected to increase production by multiples over the Company's 2008 exit rate.

Bottom line, Cabot has years of opportunity and inventory here as the Company continues to expand its program.

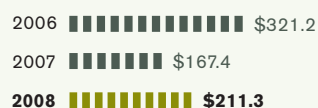




FINANCIAL HIGHLIGHTS

INCOME STATEMENT	2006	2007	2008
Operating Revenue	\$ 762.0	\$ 732.2	\$ 945.8
Operating Expenses	465.1	470.9	626.8
Operating Income	528.9	274.7	372.0
Net Income	321.2	167.4	211.3
Per Share ⁽¹⁾	3.32	1.73	2.10
Common Dividend Per Share	\$ 0.08	\$ 0.11	\$ 0.12
Average Common Shares Outstanding <i>(In thousands)</i> ⁽¹⁾	96,803	96,978	100,737

NET INCOME



CASH FLOW	2006	2007	2008
Discretionary Cash Flow ⁽²⁾	\$ 355.8	\$ 472.7	\$ 608.7
Per Share ⁽¹⁾	3.68	4.87	6.04
Cash From Operations	357.1	462.1	634.4
Cash From Investing	(187.4)	(589.9)	(1,452.3)
Cash From Financing	(138.5)	104.4	827.4
Net Cash	\$ 31.2	\$ (23.4)	\$ 9.6

DISCRETIONARY CASH FLOW



⁽¹⁾ Prior years have been adjusted to reflect a 2-for-1 stock split in 2007.

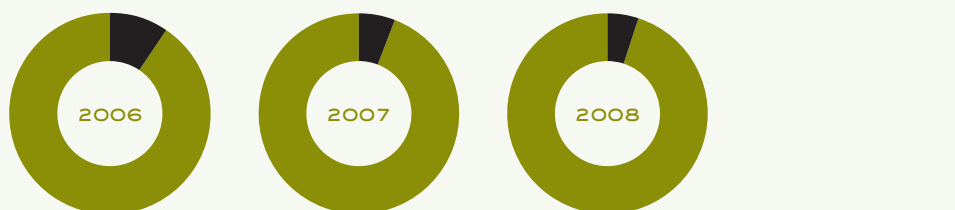
⁽²⁾ Net income plus non-cash items from operations and exploration expenses.

* In millions, except share amounts

OPERATIONAL HIGHLIGHTS

PRODUCTION	2006	2007	2008
Gas (Bcf)	79.7	80.5	90.4
Oil (MBbl)	1,415	830	794
Total (Bcfe)	88.2	85.5	95.2
Mmcfe/day	241.7	234.1	260.1

PRODUCTION GAS/OIL MIX



WELLS DRILLED	2006	2007	2008
Total Gross	387	461	432
Total Net	307	391	355
Gross Success Rate %	96%	96%	97%



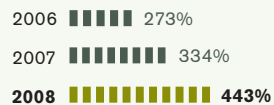
PROVED RESERVES ⁽¹⁾	2006	2007	2008
Natural Gas (Bcf)	1,368.3	1,560.0	1,886.0
Oil, Condensate and Natural Gas Liquids (Mmbbl)	8.0	9.3	9.3
Total Proved (Bcfe)	1,416.1	1,615.9	1,942.0
Total Developed (Bcfe)	1,032.2	1,176.1	1,348.5
% Gas	97%	97%	97%
% Developed	73%	73%	69%

TOTAL PROVED RESERVES



RESERVE ADDITIONS	2006	2007	2008
Drilling Additions, Revisions and Purchases (Bcfe)	241.1	285.2	421.5
Reserve Replacement %	273%	334%	443%

RESERVE REPLACEMENT %



FINDING & DEVELOPMENT COSTS	2006	2007	2008
Additions (\$/Mcf)	\$ 1.97	\$ 2.14	\$ 2.25
Additions, Revisions (\$/Mcf)	\$ 2.09	\$ 2.09	\$ 2.77
Additions, Revisions, and Purchases (\$/Mcf)	\$ 2.10	\$ 2.07	\$ 3.06

ADDITIONS



⁽¹⁾ Changes in reserves from year to year reflect drilling additions and revisions as well as reserves purchased and sold.

BOARD OF DIRECTORS

DIRECTORS

Dan O. Dinges

*Chairman, President and
Chief Executive Officer*

Rhys J. Best

*Former Chairman of the Board
and Chief Executive Officer,
Lone Star Technologies, Inc.*

David M. Carmichael

*Former Vice Chairman and
Chairman of the Management
Committee, KN Energy, Inc.*

Robert L. Keiser

*Former Chairman of the Board,
Oryx Energy Company*

Robert Kelley

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

P. Dexter Peacock

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

William P. Vititoe

*Former Chairman of the Board,
Chief Executive Officer and President,
Washington Energy Company*

COMMITTEES

AUDIT COMMITTEE

Robert Kelley – *Chairman*

Rhys J. Best

Robert L. Keiser

COMPENSATION COMMITTEE

William P. Vititoe – *Chairman*

David M. Carmichael

P. Dexter Peacock

EXECUTIVE COMMITTEE

P. Dexter Peacock – *Chairman*

Dan O. Dinges

David M. Carmichael

CORPORATE GOVERNANCE AND
NOMINATIONS COMMITTEE

David M. Carmichael – *Chairman*

P. Dexter Peacock

William P. Vititoe

SAFETY AND ENVIRONMENTAL
AFFAIRS COMMITTEE

Robert L. Keiser – *Chairman*

Rhys J. Best

Robert Kelley

CORPORATE INFORMATION

OFFICERS

Dan O. Dinges

*Chairman, President and
Chief Executive Officer*

Michael B. Walen

*Senior Vice President,
Chief Operating Officer*

Scott C. Schroeder

*Vice President and
Chief Financial Officer*

J. Scott Arnold

*Vice President, Land and
General Counsel*

Robert G. Drake

*Vice President,
Information Services and
Operational Accounting*

Abraham D. Garza

*Vice President,
Human Resources*

Jeffrey W. Hutton

Vice President, Marketing

Thomas S. Liberatore

*Vice President,
Regional Manager,
East Region*

Lisa A. Machesney

*Vice President,
Managing Counsel and
Corporate Secretary*

Henry C. Smyth

*Vice President,
Controller and Treasurer*

ANNUAL MEETING

The annual meeting of the shareholders will be held Tuesday, April 28, 2009, at 8:00 a.m. (Central) at the corporate office in Houston, Texas.

CORPORATE OFFICE

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www.cabotog.com

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

CORPORATE INFORMATION

RESERVE ENGINEERS

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

INVESTOR RELATIONS

Additional copies of the Form 10-K are available without charge. Shareholders, securities analysts, portfolio managers and others who have questions or need additional information concerning the Company may contact:

Scott C. Schroeder

*Vice President and
Chief Financial Officer*
(281) 589-4993
scott.schroeder@cabotog.com

TRANSFER AGENT/REGISTRAR

BNY Mellon Shareowner Services
P.O. Box 358015
Pittsburgh, Pennsylvania 15252-8015
or
480 Washington Boulevard
Jersey City, New Jersey 07310-1900

Telephone:	866-201-5655
TDD for Hearing Impaired:	800-231-5469
Foreign Shareowners:	201-680-6578
TDD Foreign Shareowners:	201-680-6610

Web Site address:

www.bnymellon.com/shareowner/isd

Send Certificates for Transfer and Address Changes as follows:

Via the U.S. Postal Service:
BNY Mellon Shareowner Services
ATTN: Stock Transfer Dept.
P.O. Box 358010
Pittsburgh, Pennsylvania 15252-8010

Via overnight or express mail services:
BNY Mellon Shareowner Services
ATTN: Stock Transfer Dept. – 6th Floor
500 Ross St.
Pittsburgh, Pennsylvania 15262

CORPORATE

GOVERNANCE MATTERS

On May 25, 2008, the Company's CEO, Dan O. Dinges, certified to the NYSE that he was not aware of any violation by the Company of NYSE corporate governance listing standards. Further, Mr. Dinges and the CFO, Scott C. Schroeder, made the requisite Section 302 certifications in the 2008 quarterly reports on Form 10-Q and the 2008 annual report on Form 10-K as mandated by the Sarbanes-Oxley Act of 2002.

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