QUESTAR CORP
Form DEF 14A
June 24, 2016

Notice of
2016 Annual
Meeting
of
Shareholders
and
Proxy
Statement
Questar
Corporation
333
South
State
Street
Salt
Lake
City,
Utah
84111

June 23, 2016
Dear Fellow Shareholder:
I invite you to join Questar's Board of Directors (the "Board"), executives, employees and fellow shareholders at our 2016 Annual Meeting of Shareholders (the "Annual Meeting"). The Annual Meeting will be held Tuesday, August 2, 2016 at 8 a.m., Mountain Daylight Time, at our headquarters, 333 South State Street, Salt Lake City, Utah. The Annual Meeting gives you an opportunity to vote for eight nominees to Questar's Board and other important matters described in the attached Notice of Annual Meeting and Proxy Statement.
All director nominees were elected at the last annual meeting.
At the Special Meeting of Shareholders held on May 12, 2016, Questar shareholders approved our merger with a subsidiary of Dominion Resources, Inc., pursuant to which Questar shareholders have the right to receive $25.00 per share in cash, subject to the satisfaction or waiver of specified conditions. We are working towards the required regulatory approvals and the satisfaction of the other conditions provided in the merger agreement.
Even though the merger is pending, it is appropriate to hold the Annual Meeting so that, among other things, Questar shareholders can vote to elect our directors, approve (on an advisory basis) the executive compensation of our executive officers, and ratify the appointment of our independent registered public accounting firm for 2016. These items are described in the Notice of 2016 Annual Meeting of Shareholders and in the Proxy Statement accompanying this letter. The Proxy Statement contains important information about the matters to be voted on and the process for voting, along with information about the Company, its directors, its management and its governance. If the merger is completed in 2016, the 2016 Annual Meeting will be the final annual meeting of our public shareholders.
It is important that your shares be represented even if you are unable to attend the Annual Meeting. Please vote your shares online or by calling the designated toll-free telephone number. You also may request a printed copy of the proxy materials and proxy card to complete and return. Instructions for these voting methods are outlined in the attached Proxy Statement. Please vote as soon as possible.
I hope to see you on August 2.
Sincerely,

Ronald W. Jibson

Chairman of the Board
President and Chief Executive Officer

QUESTAR CORPORATION
333 South State Street
Salt Lake City, Utah 84111

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, August 2, 2016
Time: 8 a.m., Mountain Daylight Time
Place: Questar Center, 333 South State Street, Salt Lake City, Utah 84111
Record Date: May 25, 2016
Agenda: 1. Elect eight directors to serve one-year terms
2. Advisory vote to approve named executive officer compensation
3. Ratify the selection of Ernst & Young LLP as the Company's independent auditor
4. Act on any other matters that may properly come before the meeting

All shareholders are cordially invited to attend the meeting. Only shareholders at the close of business on the record date may vote at the Annual Meeting or any adjournment or postponement of it. You may revoke your proxy at any time before it is voted. If you have shares registered in the name of a brokerage firm or trustee and plan to attend the meeting, please obtain a letter, account statement, or other evidence of your beneficial ownership of shares.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote online, by phone or by mailing a proxy card. Voting online, by phone or by written proxy ensures your representation at the Annual Meeting if you do not attend in person. Please review the instructions you received regarding each of these voting options. Voting online or by phone is fast and convenient, reduces postage and proxy tabulation costs and your vote is immediately tabulated.

By Order of the
Board of Directors
Julie A. Wray
Corporate Secretary
June 23, 2016
Salt Lake City, Utah

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting on August 2, 2016: The Company's Proxy Statement and Annual Report to Shareholders are available at http://investor.shareholder.com/questarcorp/financials.cfm

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QUESTAR CORPORATION PROXY STATEMENT

The Board of Directors (the "Board") of Questar Corporation ("Questar" or the "Company") is giving you this Proxy Statement to solicit proxies on the Company's behalf to be voted at the 2016 Annual Meeting of Shareholders on Tuesday, August 2, 2016, or any adjournment or postponement of that meeting (the "Annual Meeting"). The Board is making these materials available to you online or, upon your request, sending printed materials to you by mail.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Who is asking for my vote and why am I receiving this document?

A: The Board asks that you vote on the matters listed in the Notice of Annual Meeting (the "Notice"), which are more fully described in this Proxy Statement. The Securities and Exchange Commission (the "SEC") regulations require us to give you this Proxy Statement when asking you to sign a proxy designating individuals to vote on your behalf.

Q: What is a proxy?

A: A proxy is your legal designation of another person to vote the shares you own. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. We have designated two Questar officers -- Kevin W. Hadlock and Colleen Larkin Bell -- as Proxies or proxy holders for the Annual Meeting.

Q: Who can vote?

A: Shareholders at the close of business on May 25, 2016, the record date, may vote at the Annual Meeting. Each holder has one vote for each share owned on that date.

Q: If I am a shareholder of record, what am I voting on and how does the Board recommend that I vote my shares?

A: You are voting on:

- Proposal No. 1 – the election of eight directors to serve until their terms expire at Questar's 2017 Annual Meeting of Shareholders or until their successors are duly elected and qualified
- Proposal No. 2 – approve on an advisory basis the Company's named executive officer compensation
- Proposal No. 3 – ratify the appointment of Ernst & Young LLP as the Company’s 2016 independent auditor

The Board unanimously recommends that you vote your shares FOR each nominee in Proposal 1 and FOR all other proposals.

Q: How do I cast my vote if I am a shareholder of record?

A: You may vote online. You may submit your vote by proxy online following the instructions provided in the Notice or on the proxy card sent to you by mail or electronically. The Notice provides instructions for accessing proxy materials online or for requesting printed copies.

You may vote by phone. You may submit your vote by proxy over the phone using the instructions in the Notice or proxy card.

You may vote by mail. If you received printed proxy materials, you can vote by completing and returning the separate proxy card in the prepaid, addressed envelope.

You may vote at the Annual Meeting. All shareholders of record may vote by ballot at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

Q: How do I vote if my shares are held by a broker, bank or other nominee?

A: If your shares are held in street name by a broker, bank or other nominee, please follow the instructions provided by that broker, bank or nominee regarding how to vote or revoke your voting instructions.

Q: How will my shares held in street name be voted if I do not provide voting instructions?

A: New York Stock Exchange (the "NYSE") rules determine if proposals presented at shareholder meetings are considered routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving the owner's voting instructions. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner provides voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote because the proposal is not routine and the owner does not provide instructions.

According to NYSE rules, your broker can vote your shares at its discretion on Proposal No. 3 if you are a street-name holder and you do not provide instructions to your broker. If you are a street-name holder and do not provide instructions to your broker on Proposals Nos. 1 and 2, your broker may not vote your shares on these matters.

Q: How do I vote if my shares are held through the Questar Corporation 401(k) Retirement Income Plan or the 401(k) defined contribution plan sponsored by QEP Resources, Inc. (collectively referred to as the "401(k) Plan")?

A: If your shares are held in the 401(k) Plan, the plan trustee can vote your plan shares even if you attend the meeting in person. The plan trustee will vote your plan shares in accordance with your telephone, internet or written proxy vote.

Q: What constitutes a quorum?

A: On the May 25, 2016 record date, the Company had 175,433,747 shares of common stock issued and outstanding. A majority of those shares, or 87,716,875, constitutes a quorum. Abstentions, withheld votes and broker non-votes are counted to determine if a quorum is present.

Q: What vote count is required to approve each proposal?

A: Proposal No. 1 – Election of the director nominees requires that more shares are voted “for” a nominee than “against” the nominee. However, if there are more nominees for director than available positions, the candidates receiving the highest number of affirmative votes of the shares entitled to be voted are elected as directors. At this time, Questar does not expect more nominees for director than available positions. Shares represented by executed proxies will be voted, unless contrary instructions are provided, for the election of the nominees named in Proposal No. 1. Votes may be cast "for" or "against" all of the director nominees, or any of them. Abstentions and broker non-votes, if any, are not counted as voted and have no effect on the election outcome. Shareholders may not cumulate votes in the election of directors.

The remaining proposals each require that more shares are voted "for" the proposal than "against" it. Abstentions and broker non-votes, if any, are not considered votes cast on these proposals and will have no effect on the outcome.

Q: Who may attend the Annual Meeting?

A:

Any shareholder of record as of May 25, 2016, may attend. If you own shares through a bank, broker or other nominee, please obtain a letter, account statement, or other evidence of your ownership as of that date. Directions to the Annual Meeting from the Salt Lake City International Airport are: Merge onto I-80 Eastbound; exit at 600 South; turn left onto State Street and head north to 333 South State Street (on the east side).

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: How will my vote be handled on other matters?

A: The Company's Bylaws limit the matters presented at the Annual Meeting to those in the Notice of Annual Meeting of Shareholders, matters properly presented by the Board of Directors, and those presented by shareholders if written notice of the matter is given to the Corporate Secretary in accordance with the Company's Bylaws. No other matter is expected to come before the Annual Meeting. If another matter is presented at the Annual Meeting, your signed proxy gives the named proxies authority to vote your shares at their discretion.

Q: How do I revoke a proxy?

A: You may revoke your proxy by submitting a new proxy with a later date, including a proxy given online or by phone. You also may notify the Corporate Secretary before the Annual Meeting by mail at the address shown on the Notice of Annual Meeting of Shareholders. If you attend the Annual Meeting and vote by ballot, any previously submitted proxy is revoked.

Q: Who pays for the solicitation?

A: The Company pays for proxy solicitation and reimburses banks, brokers, and other custodians for reasonable charges to forward materials to beneficial holders. The Company hired Georgeson Inc. as a proxy solicitor to assist with proxy material preparation and vote solicitation. Questar will pay Georgeson a $18,000 fee, plus customary costs and expenses for these services, and it has agreed to indemnify Georgeson against certain liabilities specific to this engagement.

Q: Where can I find the voting results?

A: We will report the voting results in a Current Report on Form 8-K within four business days after the end of the Annual Meeting.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The Board has nominated eight directors for election at the Annual Meeting. The elected directors will hold office until the next Annual Meeting or until their successors are elected and qualified. All nominees are currently Questar directors elected by shareholders at the 2015 Annual Meeting of Shareholders. Each nominee has consented to being named in this Proxy Statement and to serve as a director, if elected.

DIRECTOR CRITERIA, QUALIFICATIONS AND EXPERIENCE

Questar is a Rockies-based integrated natural gas holding company with three main complementary lines of business operating through three principal subsidiaries:

- Questar Gas Company ("Questar Gas") provides retail natural gas distribution to residential, industrial and commercial customers in Utah, southwestern Wyoming and southeastern Idaho.
- Wexpro Company ("Wexpro") develops and produces most of its natural gas from reserves contractually dedicated to Questar Gas under a 1981 agreement, known as the "Wexpro Agreement." Wexpro produces and delivers the natural gas to Questar Gas at its cost of service.
- Questar Pipeline Company ("Questar Pipeline") provides FERC-regulated interstate natural gas transportation, underground storage services, and other energy services primarily in Utah, Wyoming and Colorado.

The Company also operates Questar Fueling Company which provides compressed natural gas for transportation.
At the Special Meeting of Shareholders held on May 12, 2016, Questar shareholders approved our merger with a subsidiary of Dominion Resources, Inc., pursuant to which Questar shareholders have the right to receive $25.00 per share in cash, subject to the satisfaction of specified conditions (the “Dominion Merger”). Dominion is one of the nation’s largest producers and transporters of energy, with an existing strategic focus on core regulated infrastructure operations. If the Dominion Merger is completed, Questar would serve as the hub of Dominion’s Western operations. We are working towards the required regulatory approvals and the satisfaction of the other conditions provided in the merger agreement, and we expect to complete the Dominion Merger by the end of 2016.

Questar benefits from directors with knowledge and expertise in the financial, operational and engineering aspects of natural gas development, transmission and local distribution. In addition, Questar benefits from a diverse slate of directors with broad backgrounds in energy and natural resources, finance, legal, risk management, manufacturing, consumer retail, insurance as well as experience with political, educational, social and environmental issues. Key criteria and qualifications that the Governance and Nominating Committee use in annually reviewing the qualifications and abilities of each director, as well as any nominees, include: experience as a public company senior officer or extensive finance or accounting experience; leadership skills to serve as a committee chair and provide guidance on corporate governance and compensation practices; willingness to commit time and energy to serve as a director; experience in the Company's lines of business or understanding of Questar's business environment; ability to exercise independent judgment and mature analysis; and a reputation for integrity. The Board considers board diversity as part of the total picture when determining director qualifications.
Each nominee's biographical information appears below, and includes specific qualifications, experience, skills and expertise considered by the Governance and Nominating Committee. The nominees have engaged in the same principal occupation for the past five years unless otherwise indicated. Ages are current as of December 31, 2015.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” ALL OF THE DIRECTOR NOMINEES LISTED BELOW.

Teresa Beck age 61	Director since 1999 Finance and Audit Committee Governance and Nominating Committee

Ms. Beck served as President of American Stores Co., a supermarket and drugstore holding company, from 1998 to 1999, and as American Stores' Chief Financial Officer from 1993 to 1998. Prior to joining American Stores, Ms. Beck served as an audit manager for Ernst & Young LLP.

Outside boards: Ms. Beck has served as a director of Albertsons Inc., Amylin Pharmaceuticals, Inc., ICOS Corporation, and Lexmark International, Inc.

Director qualifications, attributes, skills and experience: Ms. Beck brings to the Board significant executive, financial and public company director experience. Ms. Beck has chaired audit committees for two other public companies and chaired the nominations committee for another public company. Ms. Beck also brings a broad background in environmental, health and educational areas.

Laurence M. Downes age 58	Director since 2010 Finance and Audit Committee (Chair) Management Performance Committee

Mr. Downes has been with New Jersey Resources Corporation, a retail and wholesale energy company, since 1985. He has served as New Jersey Resources' President and Chief Executive Officer since 1995 and its Chairman of the Board since 1996.

Outside boards: In addition to serving as Chairman of New Jersey Resources, Mr. Downes is a director and past chairman of the American Gas Association; trustee of the Natural Gas Council; and member of the Board of the New Jersey Economic Development Authority, as well as a trustee of the American Gas Foundation.

Director qualifications, attributes, skills and experience: Mr. Downes brings to the Board significant executive leadership and public company director experience. From his years as an executive and director of New Jersey Resources, Mr. Downes has extensive knowledge in the areas of business strategy, safety, risk oversight, management and corporate governance. He also has significant financial expertise as well as a wealth of experience and knowledge in the energy industry, particularly the natural gas utility business. Mr. Downes' board positions at natural gas trade organizations have positioned him to bring industry knowledge to our Board.

Christopher A. Helms age 61	Director since 2013 Finance and Audit Committee Management Performance Committee (Chair)

Mr. Helms is the President and Chief Executive Officer of US Shale Energy Advisors LLC, and its direct and indirect subsidiaries including US Shale Energy Midstream, LLC, RMCO Holdings LLC and Rocky Mountain Crude Oil LLC. Rocky Mountain Crude Oil is a crude oil logistics company serving various Rocky Mountain markets. Mr. Helms previously served as Executive Vice President and Group Chief Executive Officer of NiSource Inc., and Chief Executive Officer and Executive Director of NiSource Gas Transmission and Storage. Prior to NiSource, Mr. Helms was the President and Chief Executive Officer of CMS Panhandle Companies, wholly-owned by CMS Energy Corporation (1999-2003); and from 1990 to 1999, held various positions of increasing responsibility with Duke Energy Corporation.

Outside boards: Mr. Helms serves as a director of Range Resources Corporation and MPLX GP LLC, a midstream crude oil and products pipeline limited partnership formed by Marathon Petroleum Corporation. He has previously served on the boards of the Millennium Pipeline Company LLC and Centennial Pipeline Company LLC. He also has served as a director of the Marcellus Shale Coalition; Vice Chair of the Interstate Natural Gas Association of America; and Chair of the Southern Gas Association.
Director qualifications, attributes, skills and experience: Mr. Helms brings to the Board strong executive leadership and strategic management skills. He has more than 38 years of experience in the industry, with extensive involvement in the midstream energy business including operations, joint ventures, mergers and acquisitions, which enables him to provide insight on issues impacting the Company's business. He also has experience and skills in the areas of law, corporate governance, finance, accounting, compliance, and strategic planning and risk oversight.

Ronald W. Jibson age 62	Director since 2010 Chairman since 2012

Mr. Jibson has served as the Company’s President and Chief Executive Officer and a director since June 2010. He was appointed Chairman of the Board effective July 1, 2012. Mr. Jibson is also Chairman, President and CEO of Wexpro, and Chairman and CEO of Questar Gas and Questar Pipeline.
Outside boards: Mr. Jibson serves as a director of IdaCorp, Inc. and its subsidiary Idaho Power, and National Fuel Gas Company. He is past chair of the Board of Directors of the American Gas Association and past chair of Western Energy Institute. He also serves on the Board of Gas Technology Institute, is Chair of Utah State

University's Board of Trustees and past Chair of the Salt Lake Chamber Board of Governors and the Economic Development Corporation of Utah.

Director qualifications, attributes, skills and experience: Mr. Jibson brings to the Board 35 years of service at Questar, during which time he has gained extensive leadership and natural gas industry experience. As both Chairman of the Board and Questar's President and CEO, Mr. Jibson provides strong leadership and communicates to the Board on Questar's strategic business plans, operations, performance, regulatory issues and any other developments. With his participation in industry organizations, he brings a broad knowledge of the natural gas industry as well as current industry trends and developments.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

James T. McManus, II age 57	Director since 2014 Finance and Audit Committee Nominating and Governance Committee

Mr. McManus is Chairman, President and Chief Executive Officer of Energen Corporation, an oil and gas exploration and production (E&P) company. He has been employed by Energen and its subsidiaries in various capacities since 1986. He was elected CEO in July 2007 and Chairman in January 2008. In 1997 he became President of Energen Resources and, over the next decade, led the growth of the E&P company from a small niche player in coalbed methane development in Alabama to one of the top independent oil and gas producers in the United States. Prior to joining Energen, Mr. McManus worked for Price Waterhouse Coopers.

Outside boards: Mr. McManus serves on the board of the Independent Producers Association of America (IPAA), U.S. Oil and Gas Association, and American Exploration Production Council (AXPC). He is past director of the National Petroleum Council (NPC), American Gas Association (AGA), and Gas Technology Institute (GTI).

Director qualifications, attributes, skills and experience: In addition to his extensive knowledge and experience in oil and gas development, Mr. McManus has broad business experience in the fields of leadership, management, utility distribution, regulatory affairs, corporate governance and public relations.

Rebecca Ranich age 58	Director since 2013 Governance and Nominating Committee (Chair) Management Performance Committee

Ms. Ranich is a former director of Deloitte Consulting LLP, where she led the firm's Federal Government Energy Advisory and Sustainability practice which focused on sustainable business practices, working with the federal government and industry clients advising on mitigating and managing risks related to energy supply/demand and climate-change issues. After leaving Deloitte in 2013, she became an investor in and advisor to emerging technology companies. Prior to joining Deloitte, Ms. Ranich was responsible for a number of major oil and gas pipeline projects, including working at PSG International to develop/lead negotiations and implement the TransCaspian Gas pipeline; and as an executive with Michael Baker Corporation, a large U.S. engineering firm providing services for transportation, energy and infrastructure investments, with responsibility for Europe and former Soviet Union operations.

Outside boards: Ms. Ranich is currently Vice Chair of the Board of Directors for the Gas Technology Institute, and serves as Chair of the Investment Committee. Ms. Ranich is on the Advisory Board of Yet Analytics, Inc. and is a member of the National Petroleum Council. She also serves on the Commercialization Advisory Board for the Applied Physics Laboratory of Johns Hopkins University.

Director qualifications, attributes, skills and experience: With her strong background and wealth of experience in energy development and risk management at the executive and operational levels, Ms. Ranich is well positioned to make significant Board contributions. Her addition brings greater diversity to the Board with her work on sustainable environmental practices and strong global industry experience. Ms. Ranich also brings to the Board her successful track record of establishing, building and leading businesses.

Harris H. Simmons age 61	Director since 1992 Finance and Audit Committee Governance and Nominating Committee Lead Director since May 2013

Mr. Simmons has served as President and Chief Executive Officer of Zions Bancorporation (Zions), a bank holding company, since 1990 and as Chairman of Zions' Board since 2002. He has served in a variety of positions at Zions and Zions First National Bank for more than 33 years, including Chief Financial Officer for Zions for five years. Zions is a financial services company that operates about 450 full-service banking offices in 11 states.
Outside boards: Mr. Simmons serves as a director and member of the audit committee of O. C. Tanner Company and a director and member of the audit and compensation committees of National Life Group. He is past chair of the American Bankers Association and a member of the Financial Services Roundtable.

Director qualifications, attributes, skills and experience: Mr. Simmons brings extensive financial, executive management and public company director experience, as well as intimate knowledge of the community, public and political environment in which the Company operates its utility business. His local knowledge helps the Board understand the perspective of the Company's utility customers.

Bruce A. Williamson age 56	Director since 2006 Finance and Audit Committee Management Performance Committee

Mr. Williamson is the former President, Chief Executive Officer and director of Cleco Corporation, an energy services company. His position with Cleco ended upon the merger of Cleco with Cleco Partners L.P. and Cleco Merger Sub, Inc. in April, 2016. Prior to joining Cleco in 2011, Mr. Williamson served as Dynegy Inc.'s President and Chief Executive Officer and a director from 2002 to 2011 and as Chairman of Dynegy's Board of Directors from 2004 to 2011. Mr. Williamson served as Senior Vice President Finance & Corporate Development at PanEnergy Corporation and led the negotiations of the merger with Duke Energy where he became President and Chief Executive Officer of Duke Energy Global Markets. He began his career with Shell Oil Company where he advanced to Treasurer.
Outside boards: Mr. Williamson is currently a director of Southcross Energy. He was formerly a director of Cleco and

Dynegy Inc. Mr. Williamson also is on the Dean's Board of the University of Houston.

Director qualifications, attributes, skills and experience: Mr. Williamson brings extensive experience in executive management as well as an over 31-year career in virtually all facets of the energy industry, including exploration, production, midstream and downstream pipelines and electric power. He also has significant experience in finance, mergers and acquisitions and restructuring transactions.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Company is committed to strong corporate governance. The Board has established Corporate Governance Guidelines that include information regarding the Board's role and responsibilities, director qualifications and determination of director independence, as well as the establishment of Board committees. Each committee also is governed by a separate charter defining its roles and responsibilities. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines, committee charters and other governance materials as it deems necessary and appropriate.

GOVERNANCE HIGHLIGHTS

- Annual election of all directors by majority vote
- Seven of the eight director nominees are independent
- Independent lead director
- Independent audit, compensation and governance committees
- Regular executive sessions of independent directors
- All directors attended at least 75 percent of meetings
- Annual board and committee self-evaluations

BOARD LEADERSHIP STRUCTURE

The Company's governance documents allow the Board to select the appropriate leadership structure for Questar. The Board believes that while there is no single model that is most effective in all circumstances, the shareholders' interests are best served by allowing the Board flexibility in determining the optimal organizational structure at a given time. This includes determining if the Chairman role should be held by an independent director or by the CEO serving on the Board. Board members possess considerable experience and unique knowledge of Questar's challenges and opportunities, and are in the best position to evaluate how to effectively organize director and management roles to meet Company needs.

The current leadership structure is comprised of a combined Chairman of the Board and Chief Executive Officer, an independent director serving as Lead Director, and strong, active independent directors. Mr. Jibson, as Chairman and CEO, has more than 35 years of service with the Company in a variety of positions of increasing responsibility and leadership, and holds senior leadership positions in organizations in the community and industry. As the primary individual responsible for day-to-day management of business operations, he is best positioned to chair regular Board meetings as the directors discuss key business and strategic issues. Questar believes Mr. Jibson's combined roles as CEO and Chairman allow the Board to benefit from his insight and perspective regarding Company affairs, risks and opportunities during deliberations.

Lead Independent Director

To ensure that the independent directors play a leading role in our current leadership structure, pursuant to the Corporate Governance Guidelines, the Board's independent directors have designated Mr. Simmons as our Lead Director. The Lead Director supports the independent directors by providing leadership to them and working closely with the Chairman of the Board and CEO. Among other powers and responsibilities, the Lead Director:

- Presides over the executive sessions of the independent directors
- Collaborates with the Chairman and CEO and Corporate Secretary on setting the annual calendar for all regular Board and committee meetings, as well as setting agendas for all Board and committee meetings
- Maintains close contact with Board committee chairs
- Facilitates communication between the directors and the CEO
- Communicates the results of the Board's CEO evaluation to the CEO

The Board believes this leadership structure provides a well-functioning, effective balance between strong Company leadership and productive Board meetings, with appropriate safeguards and oversight by independent directors.

BOARD MEETINGS AND COMMITTEES

In 2015, the Board held four regular meetings and five special meetings. Board committees held 13 meetings. All directors attended at least 75 percent of the Board and their assigned committee meetings. The directors are expected to attend the Company's Annual Meeting. All directors attended our 2015 Annual Meeting of Shareholders.

The Board has three standing committees: audit (Finance and Audit); nominating (Governance and Nominating); and compensation (Management Performance). Only independent directors serve on the committees, which are governed by written charters. The charters, along with Questar's Business Ethics and Compliance Policy and Corporate Governance Guidelines, are available on the Company's website at http://investor.shareholder.com/questarcorp/documents.cfm and in print without charge at any shareholder's request to the Corporate Secretary.

The table below lists the committee members and chairs as of December 31, 2015, as well as the total number of meetings held in 2015.

Director	Finance and Audit	Management Performance	Governance and Nominating
Teresa Beck	X		X
Laurence M. Downes	Chair	X	
Christopher A. Helms	X	Chair	
Ronald W. Jibson			
James T. McManus, II	X		X
Rebecca Ranich		X	Chair
Harris H. Simmons	X		X
Bruce A. Williamson	X	X	
Number of committee meetings	5	5	3

Finance and Audit Committee

The Finance and Audit Committee reviews auditing, accounting, financial reporting, risk management and internal control functions; appoints the Company's independent auditor; monitors financing requirements, dividend policy and investor-relations activities; and oversees compliance activities. The Board has determined that each Finance and Audit Committee member meets the independence requirements of the "NYSE" and the SEC rules, meets the NYSE's financial literacy requirements and qualifies as an audit committee financial expert as defined by the SEC. The Finance and Audit Committee frequently meets in executive sessions with our independent and internal auditors.

Governance and Nominating Committee

The Governance and Nominating Committee functions as our nominating committee and is responsible for governance activities, particularly board and committee evaluations and committee assignments. All members are independent directors.

The Governance and Nominating Committee determines the criteria for director nominees, including nominees recommended by shareholders and self-nominees. The Governance and Nominating Committee also considers shareholder nominations using the criteria as described above in the Election of Directors section. Shareholders interested in submitting names of candidates who satisfy most or all of the above criteria should submit written notice of the candidates' names and qualifications to the Governance and Nominating Committee chair at the Company's address. Nomination letters are forwarded to the Committee chair without screening.

CORPORATE GOVERNANCE

Management Performance Committee

The Management Performance Committee (the "MPC") serves as Questar’s compensation committee and is responsible for various aspects of Questar's executive compensation program including:

- Reviewing the recommended base salaries as well as the annual and long-term incentive award opportunities for our President and CEO and other officers, considering the competitiveness of each officer's total compensation package
- Reviewing and selecting the Company's peer group for compensation benchmarking purposes
- Reviewing the recommended financial and operating goals and objectives for the short and long-term incentive programs, and verifying the achievement of these goals
- Administering our equity-based and other executive compensation plans

For additional information on the MPC's executive compensation-related activities, see the "Compensation Discussion and Analysis" (the "CD&A") section below. The MPC also oversees Board compensation decisions. It frequently reviews leadership development and succession planning, with the full Board's regular review of executive succession planning. The MPC chair works with the Company's CEO and Corporate Secretary to establish MPC meeting agendas. The MPC frequently meets in executive session to discuss and approve compensation decisions, particularly with respect to the CEO. All independent Board members also must approve the CEO's total compensation. The MPC reports regularly to the Board on its activities.

Management Performance Committee Interlocks and Insider Participation

The 2015 MPC members were Mr. Helms as Chair, Messrs. Downes and Williamson, and Ms. Ranich. No Company officer or other employee has been an MPC member. Additionally, no MPC member had any relationship with Questar requiring disclosure under Item 404 of Regulation S-K. No Company executive officer has served on the compensation committee of any other entity that has or has had one or more executive officers who served as a MPC member during the 2015 fiscal year.

INDEPENDENCE AND RELATED-PERSON TRANSACTIONS

Director Independence

The Board affirmatively determined that all Company directors, with the exception of Mr. Jibson, are independent as defined by the NYSE. The criteria used to determine independence are listed in Questar's Corporate Governance Guidelines which are available on Questar’s website at http://investor.shareholder.com/questarcorp/documentdisplay.cfm?DocumentID=3883. The Company determined that a director can be considered independent even if he or she has a relationship with a company or other entity that purchases natural gas from Questar Gas at regulated rates. The Board determines director independence by considering the director's responses to questionnaires and other information from internal records.

Related-Person Transactions

The Board has adopted a written related-person transaction policy for the purpose of identifying potential conflicts of interest arising out of financial transactions, arrangements and relations between Questar and any related person. Under our guidelines, a related person is a director, executive officer, director nominee, beneficial owner of more than 5% of Questar's common stock or any immediate family member of one of the foregoing persons. A related party transaction is any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in excess of $120,000 in which Questar is a party and in which a related person has or will have a direct or indirect material interest.

In determining whether a related-person transaction is material, information will be considered material if, in light of all the circumstances, there is a substantial likelihood a reasonable investor would consider the information important in deciding whether to buy, sell or vote shares of Company stock. The importance of the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors considered in determining the significance of the information to investors.

The Finance and Audit Committee has reviewed certain categories of transactions and determined that these transactions will not result in a material interest ("pre-approved transactions"). The categories of pre-approved transactions include, among other items, ordinary course transactions with an entity for which a related person serves as an employee or director if such transaction does not exceed the greater of $1 million or 2% of that company's gross revenues; charitable contributions that are less than the greater of $500,000 or 2% of the charitable organization's annual receipts; Questar's employment of an executive officer's family member so long as such executive officer does not participate in decisions regarding the hiring, performance evaluation or compensation of the family member; and payments under the Company's employee benefit plans and other programs that are available generally to the Company's employees.

Questar collects information about potential related party transactions in our annual questionnaires completed by directors and executive officers. Questar also requires executive officers and directors to report to the Corporate Secretary any event or anticipated event that may qualify as a related-person transaction under Item 404(b) of Regulation S-K. If a report or questionnaire shows a potential related-person transaction, it is investigated and reported to the Board's Finance and Audit Committee. The Board’s Finance and Audit Committee reviews such transactions to determine if they conflict with Questar’s best interests, impact a director’s independence or conflict with the Business Ethics and Compliance Policy. If a related-person transaction is completed, the Finance and Audit Committee determines if it requires rescission of the transaction, disciplinary action or reevaluation of a director’s independence.

Other than as disclosed below, since January 1, 2015, there have been no related party transactions that were required either to be approved or ratified under Questar's related-person transaction policy or reported under the SEC's related party transaction rules.

During 2015, Paul Jibson, the son of Chairman, CEO and President, Ronald W. Jibson, was employed by the Company as the Manager of Joint Operations and Regulatory Affairs. Mr. Paul Jibson received compensation of approximately $128,000 consisting of salary and annual incentive payout. He also received 1,639 restricted stock units and received a relocation allowance. His compensation and benefits are consistent with the Company's overall compensation principles based on his years of experience, performance and position within Questar.

DIRECTOR RETIREMENT POLICY

The Board's retirement policy allows an outside director to serve until the Annual Meeting following his or her 72nd birthday. Former director, Mr. Cash, retired at the 2015 Annual Meeting due to the policy. The Board otherwise does not limit the number of terms a director may serve.

THE BOARD'S ROLE IN RISK OVERSIGHT

The Company has an enterprise risk management program (the "ERM Program") to identify risks across Questar, assess the likelihood and potential impact of these risks and develop and monitor strategies to prevent, mitigate or manage them. The ERM Program's goal is to maintain a high level of awareness and control over operational, financial, environmental, compliance, strategic, cyber and other risks that could adversely affect achieving Questar's business objectives. The ERM Program is administered by the Chief Risk Officer and General Counsel.

The full Board is responsible for overseeing and reviewing with management the ERM Program, including actions taken to identify, assess and mitigate risks. The Chief Risk Officer and General Counsel make semi-annual Board presentations about the ERM Program. The Board reviews with management the ERM Program's effectiveness, the elements of the risk-management framework and specific risk mitigation strategies implemented. Management also provides regular Board updates on specific risks and mitigation strategies during the Board's review of the annual corporate capital and operating budgets, corporate strategy, and any new business opportunities as well as in other reports to the Board and its committees. Additional review, or reporting on, specific enterprise risks is conducted as needed or as requested by the Board or a committee.

Each Board committee is tasked with the risk oversight relevant to its areas of responsibility:

Finance and Audit Committee – The Finance and Audit Committee has primary responsibility for oversight and evaluation of the Company's financial and compliance risks. It oversees the independent auditor, internal audit, financial reporting, and compliance with Questar's Business Ethics and Compliance Policy. The Finance and Audit Committee regularly asks management, internal audit staff and Questar's independent auditor about financial risks or exposures, including financial statement risks. It provides quarterly reviews of financial, internal controls, credit, compliance, security, legal and regulatory risks that may have material adverse effects on Questar.

Governance and Nominating Committee – The Governance and Nominating Committee oversees risks associated with corporate governance, including corporate governance practices, Board and committee leadership structure and composition as well as director qualifications and independence. The Governance and Nominating Committee reviews compliance with Questar's Corporate Governance Guidelines and changes or amendments to the Guidelines or to any committee charters.

Management Performance Committee – The MPC oversees compensation and human resources risks. The MPC, with an independent compensation consultant's assistance, periodically reviews the compensation programs to ensure they do not promote excessive risk. The MPC uses the risk assessment to determine that Questar’s compensation practices and policies do not create risks that are reasonably likely to have material adverse effects on the Company. The MPC determined in 2015 that the compensation policies and programs are balanced across multiple financial and operating metrics and time periods, thus supporting sound risk management.

COMMUNICATION WITH DIRECTORS

Any Questar shareholder or other interested party may send communications to Questar's Board, including the independent directors as a group, the Lead Director or other individual Board members, by submitting communications to the following:

Julie A. Wray
Corporate Secretary
Questar Corporation
P.O. Box 45433
Salt Lake City, UT 84145-0433

The Board's independent directors have designated the Corporate Secretary to receive and process written communications addressed to directors. The Corporate Secretary will timely forward any written communication directly to the designated director(s), or to the Lead Director for communication relating to the entire Board. The Corporate Secretary has authority to discard solicitations, advertisements or other inappropriate communications.

DIRECTOR COMPENSATION

Non-employee directors receive a combination of cash and stock-based compensation designed to attract and retain qualified Board candidates. The MPC annually reviews fees and retainers paid to directors and recommends changes to the Board. An independent executive compensation consultant, Meridian Partners LLC ("Meridian"), also assists in reviewing of director compensation by providing benchmark compensation data and recommendations for compensation-program design. Company employees who serve as directors do not receive payment for those services.
Non-employee directors received the following 2015 cash retainers:

Description	Fees ($)
Annual board member retainer	70,000
Additional lead director retainer	15,000
Additional retainer for chair, Finance and Audit Committee and Management Performance Committee	15,000
Additional retainer for chair, Governance and Nominating Committee	10,000

Directors may receive their fees in cash or they may defer receiving all fees according to the Questar Corporation Deferred Compensation Plan for Directors (the "Director Deferred Compensation Plan") described below.

DIRECTOR EQUITY UNDER LONG-TERM STOCK INCENTIVE PLAN

Questar's Long-term Stock Incentive Plan (the "Stock Plan") allows directors to receive stock options, stock appreciation rights, restricted stock and/or restricted stock units ("RSUs") and other awards referenced to our common stock. In 2015, directors received grants of RSUs. Directors may defer all, but not less than all, of the equity awarded to them according to the Director Deferred Compensation Plan.

DIRECTOR DEFERRED COMPENSATION PLAN

Non-employee directors can participate in the Director Deferred Compensation Plan, that allows them to defer their cash and equity compensation. For the deferral of cash fees, directors can elect to have them accounted for with “phantom shares” of Questar's common stock, or have them credited with interest as if invested in long-term certificates of deposit. Directors also may elect to defer their RSUs ("Deferred RSUs"). Both phantom shares and Deferred RSUs are credited with dividend equivalents. Phantom stock balances are paid in cash when a director retires, and Deferred RSUs are paid in company stock. The following 2015 fees and equity grants were received by individual directors:

Name[1]	Fees Earned or Paid in Cash ($)	Stock Awards[2] ($)	Total ($)
Teresa Beck	76,099	100,008	176,107
R. D. Cash[3]	17,500	100,008	117,508
Laurence M. Downes	82,968	100,008	182,976
Christopher A. Helms	78,901	100,008	178,909
James T. McManus II	70,000	100,008	170,008
Rebecca Ranich	75,934	100,008	175,942
Harris H. Simmons	85,000	100,008	185,008
Bruce A. Williamson	76,099	100,008	176,107

1 Excludes Ronald W. Jibson, who is an executive officer of the Company and did not receive additional compensation for his service as a director for the year 2015. Mr. Jibson's compensation is reflected in the Summary Compensation Table in the section entitled, "Compensation Tables" in the Compensation, Discussion and Analysis section below.

CORPORATE GOVERNANCE

2 On February 18, 2015, each director received a grant of 4,097 RSUs with a grant date value of $100,008. The awards vested on March 5, 2016. Directors held the following aggregate stock awards (or phantom shares and dividend equivalents) as of December 31, 2015:

Name	Vested Options (#)	Unvested RSUs/Deferred RSUs (#)	Vested Phantom Shares* (#)
Teresa Beck		4,097	134,151
R. D. Cash		3,063	18,704
Laurence M. Downes		4,097	25,568
Christopher A. Helms		4,097	
James T. McManus II		4,097	
Rebecca Ranich		4,097	3,756
Harris H. Simmons		4,097	321,914
Bruce A. Williamson		4,097	113,982

* Prior to 2014, directors who elected to defer their equity award received "phantom restricted shares" of Questar common stock. Similar to the phantom shares for deferred fees, the phantom restricted shares, once vested, are payable to the director in cash upon termination of service as a director. The vested phantom shares disclosed reflect both phantom restricted shares and phantom shares for deferred fees.

3 Mr. Cash retired as a Company director on May 27, 2015. His cash fees reflect a pro-rated share. His unvested Deferred RSUs vested in full as of his retirement date and a portion of these were distributed in 2015. The remainder will be distributed according to his election.

Effect of Dominion Merger. Upon completion of the Dominion Merger, (as described below under Compensation Discussion & Analysis -- Executive Summary -- Executive Pay and Company Performance -- 2015 Company Performance Review), each RSU, Deferred RSU and phantom share held by our non-employee directors will become vested and will be canceled in exchange for a cash payment equal to the number of shares of Company common stock subject to such award multiplied by the merger consideration. In addition, at the effective time of the Dominion Merger, account balances under the Deferred Compensation Plan for Directors will be subject to accelerated vesting and distribution. As of March 1, 2016, the Company’s seven independent directors held, in the aggregate: (i) 16,212 unvested Company restricted stock units with an aggregate value of $405,300; (ii) 23,639 vested Deferred RSUs with an aggregate value of $590,970; (iii) 40,530 unvested Deferred RSUs with an aggregate value of $1,013,250; and (iv) 599,371 vested phantom shares with an aggregate value of $14,984,275, in each case based on the $25.00 merger consideration.

Stock-Ownership Guidelines. The Board has adopted stock-ownership guidelines for outside directors of five times their annual cash board retainers after serving five years on the Board. The stock ownership requirement is $350,000 based on the current cash retainer. Phantom stock units, Deferred RSUs and phantom restricted shares count toward the total shares held. All directors currently comply, or are on track to comply, with these guidelines.

Other Benefits. Directors participate in the Business Accident Insurance Plan that provides a benefit of up to $150,000 to the survivor of any director who dies, becomes totally disabled or suffers dismemberment due to an accident while traveling on Company business.

SECURITY OWNERSHIP OF DIRECTORS, OFFICERS AND PRINCIPAL HOLDERS

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table lists Company shares beneficially owned by each director, named executive officer and all directors and executive officers as a group as of March 1, 2016. Each person has sole voting and investment power over the shares shown in the table except as noted.

Name	Number of Shares Owned[1,2]	Right to Acquire[3]	Total Shares Beneficially Owned[4]
Teresa Beck	19,927		19,927
R. Allan Bradley[5]	23,584	47,062	70,646
Laurence M. Downes	14,065		14,065
Micheal G. Dunn	3,888		3,888
Kevin W. Hadlock	28,902		28,902
Christopher A. Helms	8,838		8,838
Thomas C. Jepperson[5]	10,132		10,132
Ronald W. Jibson[6]	214,961		214,961
James R. Livsey[5]	2,817		2,817
James T. McManus, II	1,764		1,764
Rebecca Ranich	1,882		1,882
Harris H. Simmons	128,380		128,380
Craig Wagstaff	56,752		56,752
Bruce A. Williamson	28,000		28,000

All directors and executive officers (19 individuals including those listed above)	696,226	47,062	743,288

[1] Questar's executive officers have shares of Company stock held for their accounts in the Questar Corporation 401(k) Retirement Income Plan, the Company's defined-contribution retirement plan, as follows: Mr. Dunn 3,888; Mr. Jibson 43,609; Mr. Livsey 6; and Mr. Wagstaff 20,662.

[2] The shares reported do not include unvested RSUs that do not have any voting or investment power; or Deferred RSUs or phantom shares held through the deferred compensation plans available to Questar's directors and officers. The RSUs, Deferred RSUs and phantom shares held by directors and executives as of March 1, 2016, are:

Name	Unvested RSUs	Deferred RSUs	Phantom Shares
Teresa Beck		12,834	134,151
Laurence M. Downes		12,834	25,568
Micheal G. Dunn	32,911		132
Kevin W. Hadlock	24,557		11,961
Christopher A. Helms	8,106		
Thomas C. Jepperson			77,382
Ronald W. Jibson	93,790		52,188
James T. McManus, II	8,106		
Rebecca Ranich		12,834	3,756
Harris H. Simmons		12,834	321,914
Craig Wagstaff	26,238		17,433
Bruce A. Williamson		12,834	113,982
All directors and executive officers	292,120	64,169	791,178

SECURITY OWNERSHIP OF DIRECTORS, OFFICERS AND PRINCIPAL HOLDERS

3 Shares that can be acquired by exercising stock options on or within 60 days after March 1, 2016.

4 No individual director or executive officer beneficially owned more than one percent of the shares outstanding as of March 1, 2016. The total shares beneficially owned by all directors and executive officers as a group equals 0.42 percent of the outstanding shares. The beneficial ownership percentage is calculated according to Rule 13d-3(d)(1) under the Securities Exchange Act of 1934.

5 Mr. Jepperson retired from the Company effective January 1, 2016; Messrs. Bradley and Livsey retired from the Company effective June 1, 2015.

6 Includes 37,145 shares held indirectly by Mr. Jibson in a family trust. Mr. Jibson also is the Chairman of the Board of Trustees of the Questar Corporation Education Foundation, the Questar Corporation Arts Foundation, and the Questar Corporation Native American Scholarship Foundation, three nonprofit corporations that own a total of 144,255 shares as of March 1, 2016. As Chairman of these foundations, Mr. Jibson has voting power for these shares, but disclaims any beneficial ownership. These shares are not included in the total opposite his name.

SECURITY OWNERSHIP OF PRINCIPAL HOLDERS

The following table lists each person or entity known by the Company to be the beneficial owner of more than 5% of the Company common stock as of March 1, 2016 (based on 175,189,528 shares of Company common stock outstanding as of March 1, 2016).

Name and Address of Beneficial Owner	Shares and Nature of Beneficial Ownership	Percent of Class	
JPMorgan Chase & Co.[1] 270 Park Ave. New York, NY 10017	17,410,745	9.90	%
State Street Corporation[2] One Lincoln St. Boston, MA 02111	16,340,085	9.40	%
BlackRock, Inc.[3] 55 East	16,324,158	9.30	%

52nd Street New York, NY 10022		
Parnassus Investments[4] 1 Market Street, #1600 San Francisco, CA 94105	13,700,699	7.83 %
Vanguard Group Inc.[5] 100 Vanguard Blvd. Malvern, PA 19355	12,659,054	7.24 %

1 As reported on Schedule 13G/A filed with the SEC on January 21, 2016. The filing indicates that JPMorgan Chase & Co. held sole voting power of 16,551,209 shares, shared voting power of 4,749 shares, sole dispositive power of 17,398,260 shares and shared dispositive power of 12,485 shares.

2 As reported on Schedule 13G/A filed with the SEC on February 12, 2016. The filing indicates that State Street Corporation held shared voting power and shared dispositive power of all the referenced shares.

3 As reported on Schedule 13G/A filed with the SEC on January 27, 2016. The filing indicates that BlackRock Inc. held sole voting power of 15,136,471 shares and sole dispositive power of all the referenced shares.

4 As reported on Schedule 13G/A filed with the SEC on February 12, 2016. The filing indicates that Parnassus Investments held sole voting power and sole dispositive power of all of the referenced shares.

5 As reported on Schedule 13G/A filed with the SEC on February 10, 2016. The filing indicates that of the referenced shares, Vanguard Group Inc. held sole voting power of 139,733 shares, shared voting power of 8,800 shares and dispositive power of 123,533 shares and shared dispositive power of 102,233 shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Exchange Act and SEC regulations, the Company's directors, certain executive officers and persons who own more than 10 percent of Questar's stock must file ownership reports and ownership changes with the SEC and NYSE. The Company also must receive copies of these reports. Questar's Corporate Secretary prepares and files reports for directors and executive officers based on information known and otherwise supplied. Based on a review of this information and responses to director and officer questionnaires, the Company believes that all 2015 filing requirements were satisfied.

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION DISCUSSION AND ANALYSIS

This executive compensation program discussion and analysis should be read in conjunction with the tables and text below that describe the compensation awarded to, earned by or paid to the named executive officers described below.

EXECUTIVE SUMMARY

This Compensation Discussion and Analysis (the "CD&A") explains the principles, objectives and features of our executive compensation program. It also describes actions taken by the Management Performance Committee (the "MPC") to further align the interests of our named executive officers with Questar's corporate objectives and our shareholders' interests. This section also provides an understanding of how the MPC's pay decisions relate to 2015 Company performance. Although Questar's executive compensation program generally applies to each executive officer, this CD&A focuses primarily on the program as applied to the CEO and other officers included in the Summary Compensation Table, who are collectively referred to in this CD&A as the named executive officers. Questar's named executive officers for the fiscal year ended December 31, 2015 were:

Name	Title
Ronald W. Jibson	Chairman, President and Chief Executive Officer
Kevin W. Hadlock	Executive Vice President and Chief Financial Officer
Thomas C. Jepperson[1]	Chief Operating Officer
Craig C. Wagstaff	Executive Vice President and President, Questar Gas
Micheal G. Dunn	Executive Vice President, and President, Questar Pipeline
James R. Livsey[2]	Former Executive Vice President, Chief Operating Officer, Wexpro
R. Allan Bradley[2]	Former Executive Vice President, President and Chief Executive Officer, Questar Pipeline

[1] Mr. Jepperson retired from the Company, effective January 1, 2016.
[2] Messrs. Livsey and Bradley both retired from the Company, effective June 1, 2015.

Executive Pay and Company Performance

In addition to other objectives, the MPC believes executive compensation should have a strong tie to Company performance, including financial and operating performance. It also believes that executive compensation should be tied to shareholder return over time. For 2015, the Company achieved consolidated net income slightly above 2014 resulting in continued record earnings at the top of our earnings guidance range. However, net income for two of our three main business units was impacted by the low-commodity-price environment. Pay for our executives was consistent with this performance.

2015 Company Performance Review

Questar is a Rockies-based integrated natural gas holding company with three main complementary lines of business operating through three principal subsidiaries:

- Questar Gas Company ("Questar Gas") provides retail natural gas distribution to residential, industrial and commercial customers in Utah, southwestern Wyoming and southeastern Idaho, at gas rates historically among the lowest in the nation.
- Wexpro Company ("Wexpro"), develops and produces most of its natural gas from reserves contractually dedicated to Questar Gas under a 1981 agreement, known as the "Wexpro Agreement." Wexpro produces and delivers the natural

gas to Questar Gas at its cost of service, which includes a competitive return.

- Questar Pipeline Company ("Questar Pipeline") provides FERC-regulated interstate natural gas transportation, underground storage services, and other energy services primarily in Utah, Wyoming and Colorado.

For fiscal year 2015, Questar reported net income of $226.9 million on an adjusted basis, compared to 2014 net income of $226.5 million. The earnings were adjusted for a noncash pension settlement accounting charge of $10.3 million after-tax and a noncash impairment charge of $7.9 million after tax on Wexpro leasehold properties. Most of the positive earnings came from Questar's regulated subsidiary, Questar Gas, which posted 16% earnings growth for the year, reflecting strong customer growth. Net income, however, was down 19% at Wexpro and 2% at Questar Pipeline, due primarily to the low commodity-price environment. Despite this challenge, the Company was able to perform at the high end of our guidance in 2015 due in large part to the extraordinary efforts of our employees to control costs, while improving both efficiency and effectiveness. This sustained effort resulted in an 11% decrease in our consolidated general and administrative expense.

Other 2015 highlights include:

- Questar Gas invested $66.5 million in its infrastructure-replacement program.
- Questar Gas's 2015 customer growth was 2.9%, or about 28,000 net new customers, including the addition of more than 6,500 customers from the acquisition of Eagle Mountain City's municipal gas-distribution system.
- Utah and Wyoming regulators approved the addition of Wexpro's 2014 Canyon Creek acquisition as a cost-of-service property and agreed to a lower return on future Wexpro development spending to enable Wexpro to resume its development-drilling program in 2016.
- Questar Pipeline successfully and safely completed the final portion of its multi-year Mainline-3 replacement project ahead of schedule and under budget.
- Questar Pipeline reduced its combined operating and maintenance ("O&M") and general and administrative ("G&A") expenses by 2% for the year through cost controls and improved efficiencies.
- Questar Pipeline terminated plans to recommission the western segment of the Southern Trails Pipeline as a crude-oil transport pipeline and commenced a process to divest the asset.
- Questar increased its first quarter 2016 dividend by 5% to $0.22 per share. This is in addition to an 11% increase in 2015

Dominion Merger - On February 1, 2016, Questar announced an agreement to combine with Dominion Resources, Inc. ("Dominion") through a merger transaction with a subsidiary of Dominion, pursuant to which Questar shareholders have the right to receive $25.00 per share in cash, subject to the satisfaction of specified conditions (the "Dominion Merger"). Dominion is one of the nation's largest producers and transporters of energy, with an existing strategic focus on core regulated infrastructure operations. If the Dominion Merger is completed, Questar would serve as the hub of Dominion's Western operations. At the Special Meeting of Shareholders held on May 12, 2016, Questar shareholders approved the Dominion Merger. If the required regulatory approvals are obtained, we expect to complete the Dominion Merger by the end of 2016.

Company Performance and CEO Pay – This section highlights the directional relationship between the CEO's compensation and Company performance focusing on earnings for the last three years and total shareholder return.

Adjusted Earnings. Questar's CEO's annual incentive payment is tied to both financial and operational goals. The CEO's incentive payment has been consistent with Questar's adjusted earnings performance as shown in the chart below. For 2015, in light of the challenging commodity market, the MPC exercised its discretionary authority under the Company's annual incentive plan to lower the payout for our CEO to be consistent with the performance of the subsidiary receiving the lowest payout.

COMPENSATION DISCUSSION AND ANALYSIS

THREE-YEAR CEO ANNUAL INCENTIVE PAYMENT COMPARED TO ADJUSTED EARNINGS [1]

[1] Adjusted earnings differs from net income by excluding one-time items that are outside the normal earnings process. In 2013, this included an after-tax impairment charge of $52.4 million for the Southern Trails Pipeline. No one-time items were recorded in 2014. In 2015, these items included a $10.3 million charge for pension settlement costs and a $7.9 million charge for the impairment of certain oil and gas properties.

Total Shareholder Return. While our annual incentive payment is tied to financial and operating metrics, a large portion of our CEO's pay is tied to total shareholder return ("TSR") in the form of performance shares with the number of shares earned determined by Questar's TSR performance relative to its peer companies over a three-year period, with an absolute TSR modifier. For the three-year performance period January 1, 2013 through December 31, 2015, Questar's TSR relative to peer companies selected in 2013 ranked 11th. Based on this ranking, our CEO received .32 percent of target as a payout of his performance shares granted in 2013. As of December 31, 2015, for the other two outstanding performance periods, the payout for the January 1, 2014 through December 31, 2016 is above threshold but below target, and for the January 1, 2015 through December 31, 2017 is below threshold with no payout. Additional information regarding the performance share awards is discussed below in "Components of Our Compensation Program."

CEO's realized/realizable compensation. The following chart shows a more complete view of total direct compensation (base salary, annual incentive and long-term equity compensation) by providing the CEO's current (as of December 31, 2015) "realized" and "realizable" pay compared to the CEO's target compensation set each year.

TARGET[1] CEO COMPENSATION COMPARED TO REALIZED/REALIZABLE[2] COMPENSATION

[1] Target amounts reflect actual base salary, target bonus, actual restricted stock units (RSUs) granted and target performance shares awarded for the applicable year multiplied by the grant date stock price.

2 The amounts realized/realizable reflect amounts/shares actually paid/granted in the applicable year modified based on 1) for the annual bonus, the actual amount earned due to actual performance, 2) for RSUs, the shares granted multiplied by Questar's stock price as of December 31, 2015, and 3) for performance shares, the shares actually earned or on track to earn for all three performance periods based on performance and stock price as of December 31, 2015. The 2015-2018 performance shares are projected to be below threshold with no payout and therefore, no value is provided.

2016 CEO pay - In February, 2016, the MPC also determined that it would not increase Mr. Jibson's base salary, target bonus or long-term incentives under the Stock Plan for 2016.

Results of 2015 Advisory Vote to Approve Executive Compensation

We held the fourth advisory vote on executive compensation at the 2015 Annual Meeting of Shareholders. Over 95 percent of votes cast favored this proposal. The MPC considered this favorable outcome and believed it conveyed shareholders' support of the MPC's decisions and the existing executive compensation programs. The Company will again hold an annual advisory vote to approve named executive officer compensation at the 2016 Annual Meeting of Shareholders. While the proposal vote is non-binding on the Company and Board and does not overrule a Company or Board decision, the MPC and Board value shareholders' opinions. They consider the voting outcome when making future executive compensation decisions.

2015 Executive Compensation Program

The MPC made no material structural changes to our compensation programs or pay-for-performance philosophy when considering the shareholders' strongly favorable advisory vote on executive compensation. Long-term incentives for most of the named executive officers continued to consist of 50 percent time-based RSUs and 50 percent performance share awards, with performance criteria based upon TSR during a three-year period compared with our peer group. Mr. Jibson's long-term incentive was weighted to 60 percent to performance shares and 40 percent to RSUs to put more of his pay at risk. The MPC determined this program appropriately motivated executive officers to generate, and rewarded them for, shareholder-value creation.

The graph below shows components of the 2015 total target compensation opportunity for each named executive officer except for Messrs Livsey and Bradley, both of whom retired from the Company effective June 1, 2015, which highlights that a substantial part of the compensation is at risk and based on achieving specific performance measures.

2015 TOTAL TARGET COMPENSATION[1]

1 The percentages are based on the values stated in the 2015 Summary Compensation Table except 1) the target bonus is based on the 2015 target annual incentive set for each named executive officer, and 2) the performance shares are based on the target number of performance shares set for each named executive officer multiplied by the closing stock price on the grant date.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE COMPENSATION PRACTICES

What we do:

- Pay for performance – The MPC, comprised of only independent directors, ties a significant portion of each named executive officer's total direct compensation opportunity to near-term financial and operational results and long-term shareholder returns.
- Annual executive compensation review – The MPC annually reviews all compensation elements provided to our named executive officers and, where appropriate, makes changes to incorporate current best practices.
- Independent compensation consultant – The MPC has retained its own independent compensation consultant since 2006 to assist with annual review.
- Annual benchmarking – The MPC reviews benchmark compensation data of Questar's peer group and generally targets compensation at the 50th percentile, although individual positioning varies.
- Annual risk analysis – The MPC annually reviews, analyzes and considers if our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.
- Share-ownership guidelines – Questar has adopted share-ownership guidelines for all officers.
- Minimal perquisites – The Company provides officers with only one perquisite – the opportunity for an executive fitness evaluation.
- Clawback policy – Questar adopted a clawback policy in February 2014.
- Double trigger under CIC – The Company's change-in-control (CIC) severance plan provides for cash payments after a change in control only if an officer also is terminated following the event.

New in 2015:

- Double trigger for accelerated equity upon CIC – Effective for equity awards made on or after February 2015, under the terms of the awards, unvested equity is accelerated due to a change in control only upon a double-triggering event. See "Treatment of Compensation Plans upon Effectiveness of Dominion Merger" in the Compensation Tables for information regarding treatment of awards in connection with the Dominion Merger.
- Minimum Vesting – The Company's Board approved a minimum vesting period of at least 12 months for restricted stock and RSUs (with limited exceptions).
- Performance Share Payout – In February 2015 Questar's Board added an absolute TSR requirement to our Performance Shares which requires annualized TSR of at least 15 percent to earn the maximum award. Additionally, the award would be further reduced if TSR is negative.

What we don't do:

- No employment agreements – Questar has no individual employment agreements with any officer.
- No separate change-in-control agreements – All officers participate in the same change-in-control severance plan.
- No excise tax gross-ups upon change in control – The Company does not provide excise tax gross-ups for severance benefits.
- No short-sales or hedging of Questar's common stock, and no excessive pledging.
- No repricing of underwater options.

QUESTAR'S GUIDING COMPENSATION PHILOSOPHY AND OBJECTIVES

The Company’s executive compensation philosophy, set by the MPC, is designed to:

- attract, motivate, reward and retain the management talent required to achieve Company objectives at compensation levels that are fair, equitable and competitive with comparable companies;
- focus management efforts on short and long-term drivers of shareholder value;
- tie a significant portion of executive compensation to Company long-term stock price performance and thus shareholder returns;
- foster a results-oriented culture while enhancing Questar’s reputation for ethics, integrity and safety; and
- create balance across multiple financial and operating metrics and time periods to support sound risk management.

In keeping with our philosophy, executive compensation generally is comprised of: base salary; annual short-term cash incentive awards based upon achieving business, financial and operational goals; long-term performance-based awards; and restricted stock unit awards. Compensation components are discussed in more detail below under "Components of Our Compensation Program."

Market Data and Peer Groups

Questar believes that compensation for executive officers who successfully enhance shareholder value should be competitive with compensation offered by similar publicly-held companies to successfully attract and retain high-quality executive talent. The Company uses a peer group of companies to: gather input to develop base salary ranges, annual incentive targets and long-term incentive award ranges; benchmark the form and mix of equity awarded to executives; and assess the competitiveness of executive officers' total direct compensation.

Peer Selection – The MPC annually reviews and analyzes the selected peer group. In peer group selection, the MPC considers companies with a comparable business mix of natural gas utility/distribution, midstream natural gas transportation and natural gas exploration and production businesses, as well as a comparable size regarding enterprise value, market capitalization, revenues and assets. Finding peer companies is difficult due to Questar's integrated mix of three businesses, particularly Wexpro's unique nature and very few companies operate in all three industry segments. The MPC uses a more customized approach because it believes that enterprise value rather than revenues better reflects comparable peers, given the diverse business operations of the peers and the fact that Questar's revenues do not take into account intercompany revenues. The MPC believes the selected peer group to benchmark 2015 compensation was appropriate given it included integrated natural gas companies as well as other companies in the same individual businesses as Questar.

COMPENSATION DISCUSSION AND ANALYSIS