QUESTAR CORP
Form DEF 14A
March 29, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the registrant x

Filed by a party other than the registrant ¨

Check the appropriate box:

¨ Preliminary proxy statement
x Definitive proxy statement
¨ Definitive additional materials
¨ Soliciting material under Rule 14a-12

¨ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

QUESTAR CORPORATION

(Name of Registrant as Specified In Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount previously paid:

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QUESTAR CORPORATION

180 East 100 South

Salt Lake City, Utah 84111

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

on May 10, 2011

The Annual Meeting of Shareholders of Questar Corporation, a Utah corporation (Questar or the Company), will be held at 8 a.m. local time on Tuesday May 10, 2011, at 1140 West 200 South, Salt Lake City, Utah. The meeting s purpose is to:

1. Elect six directors to serve one-year terms;
2. Ratify the selection of Ernst & Young LLP as the Company s independent auditor;
3. Hold a non-binding advisory vote on executive compensation;
4. Hold a non-binding advisory vote on the frequency of the vote on executive compensation; and
5. Act on any other matters that may properly come before the meeting.

Only holders of common stock at business close on March 2, 2011, the record date, may vote at the Annual Meeting or any adjournment or postponement. 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 to facilitate your admittance to the meeting. This proxy statement is being provided to shareholders on or about March 29, 2011.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote over the Internet, as well as by telephone or by mailing a proxy card. Voting via the Internet, 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 over the Internet or by telephone is fast and convenient, and your vote is immediately tabulated. You help reduce postage and proxy tabulations costs by using the Internet or telephone.

By Order of the Board of Directors

Thomas C. Jepperson

Executive Vice President,

General Counsel and Corporate Secretary

March 29, 2011

Salt Lake City, Utah

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting on May 10, 2011.

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 (or the Board) of Questar Corporation (Questar or the Company) is soliciting proxies from shareholders for the Annual Meeting on Tuesday, May 10, 2011, or any postponement or adjournment of that meeting. This proxy statement contains information related to the Annual Meeting. At the Annual Meeting, common shareholders will elect six Company directors for one-year terms that expire in 2012 and vote on whether to ratify Ernst & Young LLP as the Company s independent auditor. Shareholders will also vote on an advisory basis whether to approve executive compensation and whether to hold such an advisory vote on executive compensation every one, two or three years. Information concerning the Annual Meeting, and solicitation of proxies for it, is presented in a question-and-answer format.

Q: **What is the Notice of Internet Availability of Proxy Materials that I received instead of complete proxy materials?**

A: The Securities and Exchange Commission (SEC) rules allow companies to furnish proxy materials, including this proxy statement and our Annual Report to Shareholders, by providing access to these documents on the Internet instead of mailing printed copies of our proxy materials to shareholders. Most shareholders have received a Notice of Internet Availability of Proxy Materials (the Notice), which provides instructions for accessing proxy materials on a website or for requesting electronic or printed copies of the proxy materials.

If you want a paper copy of the proxy materials for the Annual Meeting and for all future meetings, please follow the Notice instructions for requesting such materials. The chosen electronic delivery option lowers costs and reduces environmental impacts of printing and distributing the materials.

Q: **What am I voting on?**

A: In accordance with the Company s Bylaws, the Board has determined there will be not more than eight (8) directors. In 2009, shareholders voted to declassify the Board on a rolling basis. This year, you are asked to elect six directors for one-year terms that expire in 2012. The nominees are Teresa Beck, R. D. Cash, Laurence M. Downes, Ronald W. Jibson, Gary G. Michael and Bruce A. Williamson. You are also asked to ratify Ernst & Young LLP as the Company s independent auditor. Additionally, you will vote on an advisory basis on the Company s compensation of its executive officers and whether future advisory compensation votes should occur every one, two or three years.

Q: **Who can vote?**

A: Shareholders who owned shares as of the close of business on March 2, 2011 may vote at the Annual Meeting. Each holder is entitled to one vote for each share owned on that date.

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

A. *You may vote via the Internet*. You may vote by proxy over the Internet by following the instructions provided in the Notice or proxy card.

You may vote by telephone. You may submit your vote by proxy over the telephone by following the instructions provided in the Notice or proxy card.

You may vote by mail. If you received a printed set of the proxy materials, you may submit your vote by completing and returning the separate proxy card in the prepaid and addressed envelope.

You may vote in person at the meeting. All shareholders of record may vote in person by ballot at the Annual Meeting. Written ballots will be passed out to anyone who wants to vote at the meeting.

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 refer to the instructions provided by that broker, bank or nominee regarding how to vote or how to 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 (NYSE) rules determine whether proposals presented at shareholder meetings are routine or not. 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 voting instructions from the owner. 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, if you are the street-name holder and you do not provide instructions to your broker on Item No. 2, below, your broker can vote your shares at its discretion on this matter. If you are a street-name holder and do not provide instructions to your broker on Items No. 1, 3 and 4, your broker may not vote your shares on these matters.

Q: **Who is soliciting my proxy?**

A: Questar s Board of Directors is soliciting your proxy.

Q: **Who pays for the solicitation?**

A: The Company pays for solicitation of proxies and reimburses banks, brokers, and other custodians for reasonable charges to forward materials to beneficial holders. The Company hired Georgeson Inc. (Georgeson) as a proxy solicitor to assist with proxy material distribution and the solicitation of votes as requested. The Company will pay Georgeson an $8,500 fee plus customary costs and expenses for these services, and it has agreed to indemnify Georgeson against certain liabilities specific to this engagement.

Q: **What constitutes a quorum?**

A: On the March 2, 2011 record date, the Company had 177,184,120 shares of common stock issued and outstanding. A majority of the shares, or 88,592,061 shares, constitutes a quorum. Abstentions, withheld votes and broker non-votes are counted for determining if a quorum is present.

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

A: *Election of Directors*: Election of the director nominees named in Item No. 1 requires that more shares are voted for a nominee than against the nominee unless there are more nominees for director than available positions, in which case the candidates receiving the highest number of affirmative votes of the shares entitled to be voted are elected as directors. At this time, the Company does not anticipate that there will be more nominees for director than available positions. Shares represented by executed proxies are voted, if authority to do so is not withheld, for the election of the nominees named in Item No. 1. Votes may be cast in favor of or withheld with respect to all of the director nominees, or any of them. Abstentions and broker non-votes, if any, are not counted as having been voted and have no effect on the outcome of the election of directors. Shareholders may not cumulate votes in the election of directors.

A: *Ratification of the Company s Independent Auditor*: Ratification of the selection of Ernst & Young LLP as the Company s independent auditor for fiscal year 2011, as specified in Item No. 2, requires that more shares are voted in favor of the proposal than against the proposal. If this selection is not ratified by our shareholders, the Finance and Audit Committee may reconsider its decision. Abstentions, if any, are not considered votes cast and will have no effect on the proposal s outcome.

A: *Advisory Vote Approving Executive Compensation and Vote on Frequency of Advisory Vote*: The non-binding advisory vote approving executive compensation, Item No. 3, contemplates that more shares are voted in favor of the proposal than against the proposal. The non-binding advisory vote on the frequency (every one, two or three years) of the non-binding advisory vote approving executive compensation, Item No. 4, requires you to choose between a frequency of every one, two or three years or abstain from voting. The choice of frequency that receives the greatest number of votes will be considered the shareholders choice. Broker non-votes, if any, are not considered votes cast on these two proposals. While these are non-binding, advisory votes, our Management Performance Committee and Board will consider the voting results.

Q: **Who may attend the Annual Meeting?**

A: Any shareholder of record as of March 2, 2011 may attend. If you own shares through a nominee or trustee, 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 as follows: Merge onto I-80 Eastbound. Exit at UT-68/Redwood Road and turn right onto Redwood Road. Turn left onto 400 South. Turn left onto Navajo Street. Turn right onto 200 South and follow to 1140 West 200 South.

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, those properly presented by the Board of Directors, and those presented by shareholders if written notice of the matter is given to the corporate secretary at least 90 days but not more than 120 days prior to the anniversary date of the prior year Annual Meeting. (See Other Matters below for details of the Company s Bylaw requirements.) 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 by Internet or telephone. You also may notify the corporate secretary before the 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 proxy previously submitted will be revoked.

Q: **When are shareholder proposals due for the next Annual Meeting?**

A: A shareholder proposal must be received at the Company s office by November 30, 2011 to be considered for presentation at the Company s 2012 Annual Meeting and included in the proxy statement according to Rule 14a-8 (17 CFR 240.14a-8).

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ITEM NO. 1 ELECTION OF DIRECTORS

The Company s Board of Directors oversee a Rockies-based integrated natural gas holding company with three complementary and wholly owned lines of business:

Wexpro develops and produces natural gas on behalf of Questar Gas.

Questar Pipeline operates interstate natural gas pipelines and storage facilities in the western U. S. and provides other energy services.

Questar Gas provides retail natural gas distribution in Utah, Wyoming and Idaho.

The Company benefits from directors with knowledge and expertise in the financial, operational and engineering aspects of natural gas development, transmission and local distribution. The Company also benefits from a diverse slate of directors with broad backgrounds in energy, banking, manufacturing, consumer retail, insurance as well as political, educational, social and environmental concerns. Our directors are expected to have experience as a public company senior officer or director; leadership skills to serve as a committee chair and provide guidance on corporate governance and compensation practices; independent judgment and mature analysis; and a reputation for integrity. As discussed in greater detail below, the Governance/Nominating Committee reviews the qualifications and abilities of each director to serve on the Board of Directors.

The Company s Bylaws provide for a Board of 6 to 11 directors, with the exact number set by the Board. The Board has determined there will be eight directors. The terms for the following six directors expire at this Annual Meeting: Teresa Beck, R. D. Cash, Laurence M. Downes, Ronald W. Jibson, Gary G. Michael, and Bruce A. Williamson. In 2009, the Company s shareholders approved a proposal to declassify the Board and accordingly, the six directors whose terms expire at the Annual Meeting are standing for election for a one-year term. These individuals have consented to being named in this proxy statement and to serve as directors, if elected.

Biographical information appears below for the nominees, and current Company directors whose terms will continue after the Annual Meeting. The nominees have engaged in the same principal occupation for the past five years unless otherwise indicated. Ages are correct as of the proxy date.

Nominees (Terms Expiring in 2011)

Ms. Teresa Beck, age 56, has served as a Company director since 1999. Ms. Beck, who is retired, brings extensive financial, executive and board experience to Questar. Prior to her retirement, she was President of American Stores, a NYSE-traded company, from 1998 to 1999, and was

American Stores Chief Financial Officer from 1993 to 1998. She is currently a director of Lexmark International, Inc. and Amylin Pharmaceuticals, Inc. and a Intermountain Healthcare trustee. She serves as a director of the Nature Conservancy and the Nature Conservancy of Utah. She is also on the University of Utah National Advisory Council. Previously, Ms. Beck was a director of Albertson s Inc. (from 1999 to 2006) and ICOS Corporation (from 2004 to 2007), and a trustee of the David Eccles School of Business at the University of Utah. She has chaired the audit committees for two public companies and chaired the nominations committee for another public company. Ms. Beck has a broad background in environmental, health and educational areas.

Mr. R. D. Cash, age 68, is currently retired. Prior to his retirement, he served as the Company s Chief Executive Officer from May 1984 to May 2002 and as the Company s Chairman of the Board from May 1985 to May 2003. Mr. Cash has been a Company director since 1977 and also serves as a director of Zions Bancorporation, National Fuel Gas Company, Associated Electric and Gas Insurance Services Limited, and Texas Tech Foundation, Inc. Previously, Mr. Cash served as a director of TODCO (from May 2004 to July 2007). Mr. Cash s executive experience as well as his knowledge of the Company s history and operations is invaluable during Board discussions. Mr. Cash also has a broad background in oil and gas exploration and production, banking, energy underwriting and risk management.

Mr. Laurence M. Downes, age 53, the newest Company director, joined Questar s Board December 1, 2010. Mr. Downes brings extensive financial expertise to the Company s Board. He has been with New Jersey Resources, a retail and wholesale energy services company, since 1985, and has served as its Chairman of the Board since 1996 and Chief Executive Officer since 1995. Mr. Downes is a member of the Board of the New Jersey Economic Development Authority and a director and past Chairman of the American Gas Association and the Natural Gas Council, as well as a trustee of the American Gas Foundation and Choose New Jersey. Mr. Downes has a wealth of experience in the natural gas utility business.

Mr. Ronald W. Jibson, age 57, serves as the Company s President and Chief Executive Officer and a director since June 2010. In addition to his current assignment, Mr. Jibson continues to serve as President of Questar Gas Company and is responsible for distribution of natural gas services to more than 900,000 customers in Utah, southern Idaho and

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southwestern Wyoming. Mr. Jibson has held the positions of Executive Vice President, Vice President of Operations, General Manager of Operations, Operations Manager and Director of Engineering. He has been with Questar Corporation for the past 30 years and has extensive experience in managing the Company s utility operations and regulatory proceedings.

Mr. Gary G. Michael, age 70, has been a Company director since 1994. Mr. Michael brings extensive executive, financial and board experience to Questar. Prior to his retirement, he served as Chairman and Chief Executive Officer of Albertsons, Inc. from February 1991 to April 2001. He served as interim President of the University of Idaho from June 2003 until August 2004. He is a director of Idacorp Inc., the Clorox Company and Graham Packaging Company. Previously, Mr. Michael served as a director of Office Max, Inc. (from 1997 to 2008) and Harrah s Entertainment Inc. (from 2001 to 2008). He has served on the audit committees of Questar, Harrah s Entertainment, Idacorp and the Clorox Company. Mr. Michael has broad experience in corporate governance, retail consumer businesses and education.

Mr. Bruce A. Williamson, age 51, is the former Chairman, Chief Executive Officer and President of Dynegy Inc. Mr. Williamson served as Dynegy s Chief Executive Officer, President and a director from October 2002 to March 2011 and as Chairman of the Board of Directors from May 2004 to February 2011. He joined Questar s Board in 2006. He brings 29 years of executive management and operational experience from Shell Oil Company, PanEnergy Corporation and Duke Energy Corporation which span virtually all facets of the energy industry, including 14 years with exploration and production, 10 years with natural gas pipelines and processing, and 11 years with both natural gas and electric utility and power generation. In addition, Mr. Williamson has extensive experience in finance and restructuring transactions.

Continuing Directors (Terms Expiring in 2012)

Mr. Keith O. Rattie, age 57, retired as President and Chief Executive Officer of the Company on June 30, 2010 in connection with the Company s spinoff of QEP Resources, Inc. Mr. Rattie continues to serve as the Company s Chairman of the Board. He also serves as a director and Chairman of the Board of QEP Resources. He was named Questar s President effective February 1, 2001, Chief Executive Officer May 1, 2002, and Chairman May 20, 2003. Mr. Rattie brings 34 years of experience in the natural gas and oil industry. Prior to

joining the Company, Mr. Rattie served as Vice President and Senior Vice President of The Coastal Corporation from 1996-2001. He also serves as a director of ENSCO International, an offshore drilling contractor, and as a director of Zions First National Bank. He is the past Chairman of the Board of the Interstate Natural Gas Association of America. He has served as a Company director since 2001. Mr. Rattie has broad experience and expertise in all aspects of the domestic and international oil and gas business, including exploration and production, gas gathering and processing, gas transmission and local gas distribution.

Mr. Harris H. Simmons, 56, has served as President and Chief Executive Officer of Zions Bancorporation (Zions) since 1990 and as Chairman of Zions Board since 2002. He has served in a variety of positions at Zions for more than 25 years. Zions is a financial services company that operates approximately 500 full-service banking offices in ten states. Mr. Simmons has served as a Questar director since 1992 and chaired many of its committees and served as the Company s Lead Director. He also serves as a director of O. C. Tanner Company and National Life Holding Company. Mr. Simmons brings extensive financial, executive management and board experience, as well as an intimate knowledge of the communities and political environment in which the Company operates its utility business.

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CORPORATE ACTIONS AND GOVERNANCE INFORMATION

WHAT S NEW THIS YEAR?

The Company completed the tax-free spinoff of its subsidiary, QEP Resources, Inc. (QEP Resources or QEP), formerly known as Questar Market Resources, Inc. (the Spinoff), on June 30, 2010. For more information on the Spinoff, visit the Company s website at http://www.questar.com/qep_split.php. In connection with the Spinoff, the following directors resigned from the Company s Board and became directors of QEP Resources: Phillips S. Baker Jr., L. Richard Flury, James A. Harmon, Robert E. McKee III, M.W. Scoggins and Charles B. Stanley. The Board reconstituted its committees and appointed Mr. Williamson to replace Mr. McKee as chair of the Finance & Audit Committee, Ms. Beck to replace Mr. Flury as chair of the Management Performance Committee and Mr. Michael to replace Mr. Scoggins as chair the Governance/Nominating Committee. Laurence M. Downes was appointed to the Board and the Management Performance Committee effective December 1, 2010.

Also in connection with the Spinoff, Messrs. Richard J. Doleshek and Charles B. Stanley resigned as executive officers of the Company. In addition, Mr. Keith O. Rattie retired as Questar s President and Chief Executive Officer, but continued as a non-executive Chairman of the Company s Board. As named executive officers, the compensation information of these former executives while they served as Company executive officers is included in the Compensation, Discussion and Analysis.

The Company undertook the following corporate actions during the past year:

- Amended the Articles of Incorporation to adopt majority voting in uncontested elections of directors;
- Separated the roles of the Chairman of the Board and Chief Executive Officer with the non-executive chair assuming the responsibilities of Lead Director;
- Passed a resolution to limit the Board to not more than eight directors;
- Dissolved the standing Executive Committee and amended the Bylaws and Corporate Governance Guidelines to allow the Executive Committee to serve as a special committee in the Board s discretion;
- Eliminated the payment of committee retainers except for committee chairs; and
- Modified the Executive Severance Compensation Plan, a double-trigger plan, to eliminate any tax gross up on severance payments made to executives on their qualifying termination following a Company change of control.

The Company implemented declassification of its Board of Directors on a rolling basis in 2009. In 2011, six of eight directors will stand for election to a one-year term. All directors will stand for election to a one-year term in 2012.

BOARD COMMITTEES

The Board has standing audit (Finance and Audit), nominating (Governance/Nominating), and compensation (Management Performance) committees. Each committee has a charter called a Statement of Responsibilities. The charters, along with the Company s Business Ethics and Compliance Policy and Corporate Governance Guidelines, are available on the Company s website (www.questar.com) and in print without charge upon request. The following section contains information about Board committees.

The table below lists committee members and chairs.

Name of Director	Finance and Audit	Management Performance	Governance/ Nominating
T. Beck	X	X[1]	X
R. D. Cash			
L. M. Downes		X	
R. W. Jibson			
G. G. Michael		X	X[1]
K. O. Rattie[2]			
H. H. Simmons	X		X
B. A. Williamson	X[1]	X	
Meetings held in 2010	7	7	4

[1] Chair

[2] Non-executive Chair

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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 Company s common stock is listed on the NYSE and is governed by its listing standards. The Company s Board has determined that each Committee member meets the independence standards of Section 303.01(B)(2)(a) and (3) of the Rules of the NYSE and also qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. The Committee frequently meets in executive sessions with the Company s independent and internal auditors. The Committee, chaired by Mr. Williamson since the Spinoff, met seven times in 2010.

MANAGEMENT PERFORMANCE COMMITTEE

The Management Performance Committee functions as the Company s compensation committee. All members are independent directors. The Committee oversees the Company s executive compensation program and benefit plans and policies; administers the short-term and long-term incentive plans, including its equity-based incentive plan; oversees succession planning; and annually reviews the performance of and approves all compensation decisions for officers, with a particular focus on compensation decisions involving the Chief Executive Officer and other officers listed in the Summary Compensation Table. The Committee also oversees Board compensation decisions. The Committee submits its compensation decisions for named executive officers to the full Board for ratification. It frequently meets in executive session to discuss and approve officer compensation.

The Committee, chaired by Ms. Beck since the Spinoff, met seven times in 2010. Prior to and during its February 2011 meeting, the Committee undertook a comprehensive review of executive performance and compensation to ascertain whether compensation for the Company s officers remains consistent with the objectives and practices described in more detail in the Compensation Discussion and Analysis.

The Committee retained Hewitt Associates, LLC (Hewitt) as its consultant for 2010 executive and Board compensation. Due to the consultant s transition from Hewitt in October 2010, the Committee retained Meridian Compensation Partners LLC (Meridian). Hewitt and Meridian (the consultant) reported directly to the Committee, which has sole authority to retain or dismiss its advisors. The Committee has determined that Hewitt and Meridian are independent of the Company.

The Committee determines the projects performed by the consultant. The consultant was retained to perform the following services under the terms of their respective retention letters:

- annual executive compensation benchmarking;
- outside director compensation benchmarking;
- input into individual officer or board compensation actions;
- periodic plan design review and recommendations;
- development or review of annual proxy or periodic disclosures;
- periodic presentation of compensation trends and practices; and
- attendance at, or participation in, Committee meetings.

During 2010 and early 2011, the consultant provided the following services:

In January 2010, the consultant reviewed with the Committee Mr. Rattie s recommendations on key officer compensation. In executive session, the Committee also discussed the consultant s analysis and recommendations concerning Mr. Rattie s compensation.

In February 2010, the consultant again provided recommendations to the Committee about total compensation for certain key officers.

In May 2010, the consultant reviewed and analyzed Mr. Rattie s employment and separation agreements as well as his compensation and retention as non-executive chair following the Spinoff. The consultant also provided analysis and reviewed compensation recommendations for key executives after the Spinoff including the promotion of Messrs. Jibson, Craven and Livsey and the equity grants to certain employees for their contributions to concluding the Spinoff.

In June 2010, the consultant provided further analysis to the Committee in both their regular and executive sessions and discussed the following compensation issues relating to the Spinoff:

1. Officer compensation for Messrs. Jibson, Craven and Livsey;

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2. Amendments to Questar s compensation and equity plans;

3. Spinoff recognition awards; and

4. Mr. Rattie s separation agreement and grant of restricted stock units as a director.

In August 2010, the consultant provided a preliminary analysis to the Committee concerning a new mix of peer companies and compensation philosophy for 2011.

In October 2010, the consultant engaged in further discussion concerning the peer company group and provided preliminary recommendations to the Committee concerning key executive officer compensation for 2011.

In January 2011, the consultant presented to the Committee a risk assessment associated with the Company s compensation policies and practices.

Neither Meridian nor Hewitt provided any other services to the Company during this period.

The Committee reviewed the recommendations and determined the final salaries and incentive compensation for each executive officer. In determining Mr. Jibson s compensation in June 2010, the Committee reviewed market data provided by the consultant and discussed, in executive session, Mr. Jibson s new responsibilities and performance goals, the Company s expected performance and other relevant factors.

The Committee has delegated to its Chair authority to ratify grants of restricted stock to retain key employees, particularly in highly competitive professional disciplines. The Committee also authorized the Company s President and CEO to grant restricted stock to new hires up to 25,000 total shares per year and up to 4,000 shares per individual grant. The full Committee reviews the grants for key employees and new hires at its next meeting. The delegated authority does not apply to newly hired executive officers.

Two new proposals are included in this year s Proxy Statement as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the subsequent SEC rules and regulations: (i) a non-binding advisory resolution approving the compensation of our named executive officers; and (ii) a non-binding advisory vote on the frequency (every one, two or three years) of the vote to approve executive compensation. As mentioned, the vote on these proposals is non-binding on the Company and the Board and will not be construed as overruling a Company or Board decision. The Committee and the Board value our shareholders opinions and will consider the voting outcome when making future executive compensation decisions.

GOVERNANCE/NOMINATING COMMITTEE

The Governance/Nominating Committee functions as the Company s nominating committee and is responsible for governance activities, particularly board and committee evaluations and committee assignments. All members are independent directors. Mr. Michael chairs the Committee since the Spinoff. The Committee s Statement of Responsibilities defines the criteria for director nominees, including nominees recommended by shareholders and self-nominees. These criteria provide a framework for evaluating nominees as well as incumbent directors. The key criteria are: experience as a senior officer (*e.g.*, chief executive officer, president, chief financial officer, of a public company, or extensive experience in finance or accounting); activity in business at least part-time with skills and experience necessary to serve as chair of a board committee; willingness to commit time and energy to serve as a director; experience in the Company s lines of business or understanding of the Company s business environment; ability to exercise independent judgment and make analytical inquiries; reputation for integrity and good judgment; and geographical location (residence or business activity) in states where the Company has significant operations. The Committee considers racial, gender and other diversity as part of the total picture when determining director qualifications.

The Committee considers shareholder nominations using the criteria listed above. Shareholders interested in submitting the names of candidates who satisfy most or all of the criteria listed above should submit written notice of the names and qualifications of the candidate(s) to the Chair of the Governance/Nominating Committee at the Company s address. Nomination letters addressed to the Chair of the Governance/Nominating Committee, at the Company s address, are forwarded without screening.

INDEPENDENCE OF DIRECTORS

The Board affirmatively determined that, with the exception of Messrs. Rattie and Jibson, all of the Company s directors are independent as defined by the NYSE. The criteria used to determine independence are available on Questar s website (Corporate Governance Guidelines) at www.questar.com/investors.php. The Company determined that a director who has a relationship with a company or other entity that purchases natural gas from Questar Gas Company at regulated rates can be considered independent. The Board considered the directors responses to questionnaires and information from internal records to determine which directors are independent.

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BOARD RISK OVERSIGHT

Management identifies and prioritizes risks and the prioritized risks are regularly reported to the Board along with the steps taken to mitigate those risks. The full Board oversees strategic and operational risks; the Finance and Audit Committee oversees financial and compliance risks; and the Management Performance Committee oversees human resources risks. The Company s enterprise risk management program as a whole is reviewed by the full Board on an annual and ongoing basis. Additional review of or reporting on enterprise risks is conducted as needed or as requested by the Board or a committee. Additionally, the Management Performance Committee, with assistance from its compensation consultant, periodically reviews the compensation programs to ensure they do not promote excessive risk-taking. The Committee used the assessment to determine that Questar s policies do not create risks that are reasonably likely to have a material adverse effect on the Company. The Committee determined that the compensation policies and program are balanced across multiple financial and operating metrics and time periods, thus supporting sound risk management.

BOARD LEADERSHIP STRUCTURE

Upon the recommendation of the Governance/Nomination Committee, the Board of Directors determined after the Spinoff that the appropriate leadership structure is a separate CEO and Chairman. The Board believes that while there is no single model that is the most effective in all circumstances, shareholders interests are best served by allowing the Board to retain flexibility to determine the optimal organizational Company structure at a given time, including whether the Chairman role should be held by a non-executive Chair or by the CEO who serves on the Board. The Board members possess considerable experience and unique knowledge of the challenges and opportunities the Company faces, and are in the best position to evaluate its needs and how to best organize the capabilities of the directors and management to meet those needs. The Board believes that by retaining Mr. Rattie as the non-executive Chair, his prior knowledge of the Company s operations and experience as CEO can be used to mentor Mr. Jibson as the new CEO and provide the Board with leadership in setting its agenda and properly focusing discussions following the Spinoff. In his separate role as Chairman, Mr. Rattie defers to Mr. Jibson as CEO to ensure that the Company presents its message and strategy to shareholders, employees, customers and other constituents with a unified, single voice.

As non-executive Chairman, Mr. Rattie plays an important role in the Board s governance structure. He chairs executive sessions of the Board. He also works with the independent directors in periodic reviews of CEO performance and serves as liaison between the independent directors and the CEO on issues that arise during executive sessions. As noted below under Director Compensation, Mr. Rattie continues to play a critical role as non-executive Chairman during the post-Spinoff transition phase.

COMMUNICATIONS WITH DIRECTORS

Interested parties may communicate with the Board of Directors, including the Chairman or all non-management directors, by sending a letter to the corporate secretary at Questar Corporation, 180 East 100 South, P.O. Box 45433, Salt Lake City, Utah 84145-0433. The corporate secretary has the authority to discard any solicitations, advertisements, or other inappropriate communications, but will forward other mail to the named director or group of directors. Mail that is directed to the full Board is forwarded to Mr. Rattie as Chairman of the Board (and forwarded to the full Board, if appropriate).

ATTENDANCE AT MEETINGS

The Company s Board of Directors held nine meetings during 2010; Board Committees held a total of 18 meetings. All directors attended at least 75 percent of the meetings of the Board and the Committees on which they sit. The Company s directors had an overall attendance of 95.2 percent. The Company s directors are expected to attend the Company s Annual Meetings. All directors attended the Company s 2010 Annual Meeting.

DIRECTOR RETIREMENT POLICY

The Board has adopted a retirement policy that permits an outside director to continue serving until the Annual Meeting following his or her 72nd birthday if still actively engaged in business, financial, and community affairs. The Board does not limit the number of terms that a director may serve.

MANAGEMENT PERFORMANCE COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Management Performance Committee members during 2010 were Messrs. Downes, Michael, Williamson and Ms. Beck as Chair. Mr. Downes became a member effective December 1, 2010. Messrs. Flury, Harmon, McKee and Scoggins served on the Committee prior to the Spinoff. No Committee members were Company officers or employees during 2010 or at any other time.

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Additionally, no member of this Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. No executive officer of the Company has served on the compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Management Performance Committee during the 2010 fiscal year.

CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS

There are no relationships or related-person transactions between the Company and any of its directors or officers that must be disclosed under federal securities laws. The Company requires executive officers and directors to report to the corporate secretary any event or anticipated event that might qualify as a related-person transaction under Section 404(b) of Regulation S-K. The corporate secretary reports those transactions to the Finance and Audit Committee. The Company also collects information from annual questionnaires sent to officers and directors that reveal related-person transactions. If a report or questionnaire shows a potential related-person transaction, it is investigated according to the Company s Business Ethics and Compliance Policy. The Company s Finance and Audit Committee reviews such transactions to determine whether they conflict with the Company s best interests, impact a director s independence or conflict with the Company s Business Ethics and Compliance Policy. If a related-person transaction is completed, the Committee determines if it will require rescission of the transaction, disciplinary action or reevaluation of a director s independence. In connection with the Spinoff, the Company and QEP entered into certain transitional agreements that provide a framework for QEP s relationship with Questar following the Spinoff. In addition, the Company and QEP have engaged in certain ongoing, ordinary course business transactions since the Spinoff such as gas gathering and oil and gas field operations. As mentioned, following the Spinoff, certain Company executive officers left Questar and became QEP executive officers.

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SECURITY OWNERSHIP, DIRECTORS AND EXECUTIVE OFFICERS

The following table lists the shares of stock beneficially owned by each director, each nominee and each named executive officer and all directors and executive officers as a group as of February 28, 2011. Each person has sole voting and investment power over the shares shown in the table except as noted.

Amount and Nature of Common Stock Beneficially Owned:

	Number of Shares Owned	Right to Acquire[1]	Percent of Class[2]	Phantom Stock Units[3]
Teresa Beck[5]	9,623	26,800	*	44,160
R. Allan Bradley[4,5]	108,164	132,667	0.14%	14,672
R. D. Cash[5,8]	908,830	14,000	0.52%	6,326
Laurence M. Downes[5]	8,065	0	*	0
Kevin W. Hadlock[5,6]	18,347	0	*	0
Thomas C. Jepperson[4,5]	181,746	42,744	0.13%	6,071
Ronald W. Jibson[4,5,7]	153,716	20,667	0.10%	1,076
James R. Livsey[4,5]	72,740	91,000		