QUESTAR CORP
Form DEF 14A
April 17, 2015

Notice of 2015 Annual Meeting
of Shareholders and
2015 Proxy Statement
Questar Corporation
333 South State Street
Salt Lake City, Utah 84111

April 17, 2015
Dear Fellow Shareholder:
I invite you to join Questar's Board of Directors (the "Board"), executives, employees and fellow shareholders at our 2015 Annual Meeting of Shareholders (the "Annual Meeting"). The Annual Meeting will be held Wednesday, May 27, 2015 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 except for James McManus. Mr. McManus was appointed as a new director effective October, 2014. He is a valuable addition to our Board with his extensive industry knowledge and experience in oil and gas development, particularly in leading Energen Corporation. I am pleased to have him join our Board.
Director and former Questar Chairman, President and CEO Don Cash is retiring from the Board in accordance with the Company's director retirement policy and will not be standing for re-election at the Annual Meeting. Mr. Cash has served on the Board since 1977, serving as its Chairman from 1985 to 2003. He led Questar for two decades as its CEO from 1982 to 2002. A truly original and visionary leader, Don has been a great mentor and friend to me personally and a great patron to all our employees and shareholders. We express our thanks to him and will miss his contributions to the Board and the Company.
In addition to the formal business items at the Annual Meeting, we will review major company developments during the past year and share our future plans.
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 May 27.
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 2015 ANNUAL MEETING OF SHAREHOLDERS

Date: Wednesday, May 27, 2015
Time: 8 a.m., Mountain Daylight Time
Place: Questar Center, 333 South State Street, Salt Lake City, Utah 84111
Record Date: March 19, 2015
Agenda: 1. Elect eight directors to serve one-year terms
2. Advisory vote to approve named executive officer compensation
3. Re-approve and amend the Questar Corporation Long-term Stock Incentive Plan
4. Re-approve the Annual Management Incentive Plan II
5. Ratify the selection of Ernst & Young LLP as the Company's independent auditor
6. 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
April 17, 2015
Salt Lake City, Utah

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholder Meeting on May 27, 2015: 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 2015 Annual Meeting of Shareholders on Wednesday, May 27, 2015, 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 -- Messrs. Kevin W. Hadlock and Thomas C. Jepperson -- as Proxies or proxy holders for the Annual Meeting.

Q: Who can vote?

A: Shareholders at the close of business on March 19, 2015, 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 2016 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 officers compensation
- Proposal No. 3 – re-approve and amend the Questar Corporation Long-term Stock Incentive Plan
- Proposal No. 4 – re-approve the Questar Corporation Annual Management Incentive Plan II
- Proposal No. 5 – ratify the appointment of Ernst & Young LLP as the Company’s 2015 independent auditor

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

Q: How do I vote?

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.

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

QUESTIONS AND ANSWERS ABOUT THE
ANNUAL MEETING AND VOTING

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. 5 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, 2, 3 and 4, your broker may not vote your shares on these matters.

Q: What constitutes a quorum?

A: On the March 19, 2015 record date, the Company had 175,709,825 shares of common stock issued and outstanding. A majority of those shares, or 87,854,914, 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 March 19, 2015, 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).

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 at least 90 days, but not more than 120 days, prior to the anniversary date of the prior year's 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 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 $15,295 fee, plus customary costs and expenses for these services, and it has agreed to indemnify Georgeson against certain liabilities specific to this engagement.

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 2014 Annual Meeting of Shareholders, except for James T. McManus, II.

Mr. McManus was appointed to the Board in October 2014, replacing former director Keith O. Rattie who retired. Mr. McManus was brought to the Governance and Nominating Committee's attention by our Chairman, President and Chief Executive Officer. After reviewing Mr. McManus' qualifications and abilities, including his extensive experience in oil and gas development and particularly his long-term leadership of Energen Corporation, the Board approved his appointment effective October 1, 2014. His qualifications and background are described below.

In addition to Mr. McManus, the Board also nominated Teresa Beck, Laurence M. Downes, Christopher A. Helms, Ronald W. Jibson, Rebecca Ranich, Harris H. Simmons and Bruce A. Williamson for election as directors at the Annual Meeting. Current director R. D. Cash has reached the mandatory retirement age pursuant to the Company's director retirement policy and is retiring when his term expires at the Annual Meeting.

Elected nominees will hold office for one-year terms expiring at the 2016 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, at gas rates historically among the lowest in the nation.
- Wexpro Company ("Wexpro"), our unique subsidiary, 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.

In 2012, Questar also formed Questar Fueling Company to develop, own and operate unregulated compressed natural gas fueling facilities, primarily for large trucking fleets. In 2013, Questar formed Wexpro Development Company to acquire oil and gas properties for potential inclusion under the new Wexpro II Agreement, that was approved in late 2013 by Utah and Wyoming state public service commissions, to also provide natural gas on a cost-of-service basis to Questar Gas customers. Wexpro is also pursuing other cost-of-service arrangements with third parties.

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, 2014.

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 60	Director since 1999 Finance and Audit Committee Governance and Nominating Committee Management Performance Committee (Chair)

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. Ms. Beck also is a director of the Nature Conservancy and the Nature Conservancy of Utah, and serves on the University of Utah's National Advisory Council.

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 57	Director since 2010 Governance and Nominating 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 60	Director since 2013 Finance and Audit Committee Governance and Nominating Committee

Mr. Helms is the founder and Chief Executive Officer of US Shale Energy Advisors LLC, providing advisory services on issues arising out of North American shale developments. Prior to his 2012 retirement, Mr. Helms was Executive Vice President and Group Chief Executive Officer of NiSource Inc., and Chief Executive Officer and Executive Director of NiSource Gas Transmission and Storage (2005-2011). 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; MPLX GP LLC, a midstream crude oil and products pipeline limited partnership formed by Marathon Petroleum Corporation; and Coskata, Inc., a renewable energy company. He has previously served on the boards of the Millennium Pipeline Company LLC and Centennial Pipeline Company LLX. 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 37 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 61	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, Chairman and CEO of Questar Gas and Chairman of 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 34 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 communicate 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 56	Director since Oct. 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 National Petroleum Council, American Gas Association, U.S. Oil and Gas Association, and American Exploration Production Council. He is past director of the Independent Producers Association of America, America’s Natural Gas Alliance (ANGA) and Gas Technology Institute.

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 57	Director since 2013 Finance and Audit Committee Management Performance Committee

Ms. Ranich is a former energy executive with more than 25 years of leadership experience in the energy industry. She was most recently a director with 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. Prior to joining Deloitte Consulting, 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 Gas Technology Institute, and is Chair of the Nominating Committee and member of the Investment Committee. Ms. Ranich is also a member of the National Petroleum Council and Global Advisory Committee for Earth Day Network's "Women and the Green Economy" Campaign.

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 60	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 32 years, including Chief Financial Officer for Zions for five years. Zions is a financial services company that operates about 470 full-service banking offices in 10 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 55	Director since 2006 Finance and Audit Committee (Chair) Management Performance Committee

Mr. Williamson is the President and Chief Executive Officer and a director of Cleco Corporation, an energy services company. 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: In addition to serving as director of Cleco, Mr. Williamson is currently a director of Southcross Energy. He was formerly a director of 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 a over 30-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 34 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 2014, the Board held four regular meetings. Board committees held 14 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 2014 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, 2014, as well as the total number of meetings held.

Director	Finance and Audit	Management Performance	Governance and Nominating
Teresa Beck	X	Chair	X
R. D. Cash			
Laurence M. Downes		X	Chair
Christopher A. Helms	X		X
Ronald W. Jibson			
James T. McManus, II	X		X
Rebecca Ranich	X	X	
Harris H. Simmons	X		X
Bruce A. Williamson	Chair	X	
Number of committee meetings	5	5	4

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, except for Ms. Ranich, 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.

Nomination of New Director -- During 2014, the Governance and Nominating Committee devoted time and effort reviewing Mr. McManus' qualifications based on the Chairman and CEO's recommendation. Considering the qualifications described above, the Committee recommended to the Board that Mr. McManus' be appointed as a director.

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 of this Proxy Statement. 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 2014 MPC members were Messrs. Downes and Williamson, Ms. Ranich and Ms. Beck as Chair. 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 2014 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

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. Questar 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 Section 404(b) of Regulation S-K. The Corporate Secretary reports those transactions to the Finance and Audit Committee. Questar 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 Questar's Business Ethics and Compliance Policy. 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.

DIRECTOR RETIREMENT POLICY

The Board's retirement policy allows an outside director to serve until the Annual Meeting following his or her 72nd birthday. Mr. Cash will retire at this 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 can question management about 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 2014 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

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 2014 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 2014, 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 2014 fees and equity grants were received by individual directors:

Name	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2] ($)	Total ($)
Teresa Beck	85,000	100,017	185,017
R. D. Cash	70,000	100,017	170,017
Laurence M. Downes	80,000	100,017	180,017
Christopher A. Helms	70,000	100,017	170,017
James T. McManus II	17,500	39,055	56,555
Rebecca Ranich	70,000	100,017	170,017
Keith O. Rattie	27,518	100,017	127,535
Harris H. Simmons	85,000	100,017	185,017
Bruce A. Williamson	85,000	100,017	185,017

1 Messrs. McManus and Rattie received only a pro-rated portion of their fees due to the shorter time period they served on the Board in 2014.

2 On February 11, 2014, each director (except Mr. McManus) received a grant of 4,238 RSUs with a grant date value of $100,017. The awards vested on March 5, 2015. Effective the date he began his service, Mr. McManus received the same RSU grant pro-rated for the shorter time period he would serve on the Board over the vesting period. The Committee approved the accelerated vesting of Mr. Rattie's RSU award on

DIRECTOR
COMPENSATION

his retirement date. Directors held the following aggregate options and stock awards (or phantom shares and dividend equivalents) as of December 31, 2014:

Name	Vested Options (#)	Unvested RSUs/Deferred RSUs (#)	Vested Phantom Shares* (#)
Teresa Beck		4,238	128,742
R. D. Cash		4,238	17,488
Laurence M. Downes		4,238	40,481
Christopher A. Helms		4,238	
James T. McManus II		1,764	
Rebecca Ranich		4,238	3,604
Keith O. Rattie**	302,174		
Harris H. Simmons		4,238	304,944
Bruce A. Williamson		4,238	105,835

* 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.
** Mr. Rattie's options reflect awards he received as a Company officer.

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 12, 2015. 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	19,513		19,513
R. Allan Bradley	74,469	58,000	132,469
R. D. Cash[5]	989,138		989,138
Laurence M. Downes	14,065		14,065
Kevin W. Hadlock	28,073		28,073
Christopher A. Helms	8,838		8,838
Thomas C. Jepperson	206,743		206,743
Ronald W. Jibson[6]	177,984	37,000	214,984
James R. Livsey	18,211		18,211
James T. McManus, II	6,764		6,764
Rebecca Ranich	1,806		1,806
Harris H. Simmons	128,380		128,380
Bruce A. Williamson	28,000		28,000
All directors and executive officers (19 individuals including those listed above)	1,934,352	112,400	2,046,752

1 Questar's executive officers have shares of Company stock held for their accounts in the Questar Corporation 401(k) Retirement Income Plan as follows: Mr. Bradley 29; Mr. Jepperson 13,930; Mr. Jibson 40,707; and Mr. Livsey 5.

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 12, 2015, are:

Name	Unvested RSUs	Deferred RSUs	Phantom Shares
Teresa Beck		8,469	129,911
R. Allan Bradley	33,586		52,493
R. D. Cash		4,097	17,488
Laurence M. Downes		8,469	20,824
Kevin W. Hadlock	16,406		9,001
Christopher A. Helms	4,097		
Thomas C. Jepperson	26,383		69,686
Ronald W. Jibson	63,329		43,464
James R. Livsey	34,131		19,282
James T. McManus, II	4,097		
Rebecca Ranich		8,469	3,637
Harris H. Simmons		8,469	307,714
Bruce A. Williamson		8,469	106,796

3 Shares that can be acquired by exercising stock options on or within 60 days after March 12, 2015.

SECURITY OWNERSHIP OF DIRECTORS, OFFICERS
AND PRINCIPAL HOLDERS

4 No individual director or executive officer beneficially owns at least or more than one percent of the shares outstanding as of March 12, 2015. The total shares beneficially owned by all directors and executive officers as a group equals 1.16 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 Includes 570,922 shares held indirectly by Mr. Cash in a family limited partnership; 326,804 shares held in a private foundation; 35,636 shares held in a family trust; 21,076 shares held in a second family trust; and 200 shares held as custodian for a minor under the Gift to Minors Act.

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 146,339 shares as of March 12, 2015. 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 group known by the Company to beneficially own at least five percent of its outstanding shares of common stock.

Name and Address of Beneficial Owner	Shares and Nature of Beneficial Ownership[1]	Percent of Class[1]	
JPMorgan Chase & Co.[2] 270 Park Ave. New York, NY 10017	14,824,066	8.40	%
BlackRock Inc.[3] 55 East 52nd Street New York, NY 10022	14,524,979	8.30	%
State Street Corporation[4] One Lincoln St. Boston, MA 02111	12,691,968	7.20	%
Vanguard Group Inc.[5] 100 Vanguard Blvd. Malvern, PA 19355	11,239,716	6.41	%
Parnassus Investments[6] 1 Market Street, #1600 San Francisco, CA 94105	9,613,341	5.49	%

1 The number of shares beneficially owned and percent of class are as reported by the applicable principal shareholder to the SEC, and reflect holdings as of December 31, 2014. The number of shares owned by each principal shareholder may have changed since the SEC filing date.

2 As reported on Schedule 13G/A filed with the SEC on January 20, 2015. The filing indicates that of the referenced shares, JPMorgan Chase & Co. held sole voting power of 13,756,619 shares, shared voting power of 78,540 shares, sole dispositive power of 14,738,859 shares and shared dispositive power of 85,207 shares.

3 As reported on Schedule 13G/A filed with the SEC on January 23, 2015. The filing indicates that of the referenced shares, BlackRock Inc. held sole voting power of 13,739,224 shares and sole dispositive power of all the shares.

4 As reported on Schedule 13G filed with the SEC on February 12, 2015. The filing indicates that State Street Corporation held shared voting power and shared dispositive power of all the referenced shares.

5 As reported on Schedule 13G/A filed with the SEC on February 10, 2015. The filing indicates that of the referenced shares, Vanguard Group Inc. held sole voting power of 128,533 shares, sole dispositive power of 11,137,483 shares

and shared dispositive power of 102,233 shares.

6 As reported on Schedule 13G/A filed with the SEC on February 12, 2015. The filing indicates that Parnassus Investments held sole voting power and sole dispositive power of all of the referenced shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16(a) of the Securities Exchange Act of 1934 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 2014 filing requirements were satisfied except for four Form 4s that should have been filed by Ms. Beck in March, June, September and December representing dividend equivalent rights associated with RSUs granted to Ms. Beck on February 11, 2014. Due to an administrative error, the dividend equivalent rights were paid in cash instead of additional units as elected by Ms. Beck. Ms. Beck returned the cash amounts to Questar in exchange for additional units. Ms. Beck filed a Form 4 on December 31, 2014 to report the receipt of additional dividend equivalent units.

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 2014 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 Proxy Statement as the named executive officers. Questar's named executive officers for the fiscal year ending December 31, 2014 are:

Name	Title
Ronald W. Jibson	Chairman, President and Chief Executive Officer
Kevin W. Hadlock	Executive Vice President and Chief Financial Officer
James R. Livsey	Executive Vice President, Chief Operating Officer, Wexpro
R. Allan Bradley	Executive Vice President, President and Chief Executive Officer, Questar Pipeline
Thomas C. Jepperson	Executive Vice President and General Counsel*

[1] This reflects Mr. Jepperson's title in 2014. Effective March 1, 2015, Mr. Jepperson was promoted to Questar's Chief Operating Officer.

Executive Pay and Company Performance

In addition to other objectives, the MPC believes executive compensation should have a strong tie to Company performance, including not only operating performance, but also to shareholder return over time on an absolute basis and relative to peer companies.

2014 Company Performance Review – Our executive leadership team again led the delivery of strong 2014 results. Questar delivered record 2014 earnings of $1.29 per diluted share, a 7 percent increase over adjusted 2013. The 2014 return on average common equity was 18.5 percent, which continues to be industry leading. Dividend growth remained strong, with a 7 percent increase in 2014 dividends paid. Questar was recognized by Public Utilities Fortnightly in 2014 as the leading U.S. energy company in its "Fortnightly 40 Survey" publication. All of Questar's businesses executed well. Highlights include:

Questar Gas:

- Questar Gas posted record net income for the fifth straight year, rising 5 percent, to $55.2 million. On a financial basis, our utility earned a return on equity of 9.4 percent.
- During 2014, Questar Gas invested $68.2 million in an ambitious multi-year program to replace aging high-pressure feeder and intermediate high-pressure belt lines. We expect annual investments of $65 million in this program, and we begin earning on these assets shortly after they are placed into service.
-

Questar Gas employees continued to perform exceptionally well in meeting customer needs. J.D. Power recently recognized Questar Gas as the top gas utility in the West in their Business Customer Satisfaction survey.

Wexpro:

- Wexpro achieved record net income of $122.8 million, an 11 percent increase over 2013. Wexpro’s investment base also increased by $59.3 million, or 10 percent, to $649 million.
- Wexpro received regulatory approval to include its 2013 acquisition in the Vermillion Basin's Trail Unit under the "Wexpro II Agreement," which allows Wexpro to add and develop new cost-of-service properties.

- Late in 2014, Wexpro acquired the remaining ownership interest in the Canyon Creek Unit of the Vermillion Basin, adding an estimated 40 billion cubic feet equivalent of net proved-developed reserves.

Questar Pipeline:

- Questar Pipeline reported net income of $60.6 million and EBITDA of $177.3 million, remarkably matching 2013’s earnings, despite cost pressures and declining commodity prices.
- Questar Pipeline also reduced its operating and administrative costs by a combined 7 percent.

Questar Fueling:

- In 2014, Questar Fueling opened three new fleet-refueling facilities in Dallas and DeSoto, Texas and Kansas City, Kansas. It has opened or plans to open six more compressed natural gas fueling facilities in 2015.

Company Performance and CEO Pay – This section highlights the directional relationship between the CEO's compensation and the value created for our shareholders based on Company performance during the past three years.

Absolute Total Shareholder Return. While our annual incentive payment is tied to a group of financial and operating metrics, the annual incentive payouts during the last three years have been consistent with Questar's shareholder value. The chart below compares the percent of target payout of the annual incentive paid to our CEO for the last three years to annualized total shareholder return (TSR) data assuming all dividends are reinvested. The CEO's compensation compared to TSR is:

THREE-YEAR CEO ANNUAL INCENTIVE COMPARED TO SHAREHOLDER RETURN

Relative Total Shareholder Return. Questar's TSR relative to peer companies selected in 2012 ranked 7th out of 15 for the three-year performance period January 1, 2012, through December 31, 2014. Based on this ranking, the named executive officers received target (100 percent) payout of their performance shares granted in 2012. Questar's TSR ranking as of December 31, 2014, for the other two outstanding performance periods – January 1, 2013, through December 31, 2015, and January 1, 2014, through December 31, 2016 – is on track to pay out below target. Additional information regarding the performance share awards is discussed below in "Components of Our Compensation Program."

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, 2014) "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 or RSUs granted and target performance shares ("PSUs") 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 restricted stock/RSUs, the shares granted multiplied by Questar's stock price as of December 31, 2014, 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, 2014.

Results of 2014 Advisory Vote to Approve Executive Compensation

We held the third advisory vote on executive compensation at the 2014 Annual Meeting of Shareholders. Over 94 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 officers compensation at the Annual Meeting. 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.

2014 Executive Compensation Program

The MPC made no material structural changes to our compensation programs or pay-for-performance philosophy when considering the shareholder's 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 2014 total target compensation opportunity for each named executive officer which highlights that a substantial part of the compensation is at risk and based on achieving specific performance measures.

2014 TOTAL TARGET COMPENSATION[1]

[1] The percentages are based on the values stated in the 2014 Summary Compensation Table except 1) the target bonus is based on the 2014 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.

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 for 2015:

- Double trigger for accelerated equity upon CIC – Effective for equity awards made on or after February 2015, unvested equity is accelerated due to a change in control only upon a double-triggering event.
- Minimum Vesting – The Company's Board approved a minimum vesting period of at least 12 months for restricted stock and RSUs (with limited exceptions).

COMPENSATION DISCUSSION
AND ANALYSIS

- Performance Share Payout – In February 2014 Questar's Board added an absolute total shareholder return (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 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 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 2014 compensation was appropriate given it include integrated natural gas companies as well as other companies in the same individual businesses as Questar.

The table below shows the natural gas industry segment represented by each peer company selected in setting 2014 compensation as well as the enterprise value, market capitalization, revenue and assets. This is the same group used in setting our 2013 compensation.

COMPENSATION DISCUSSION AND ANALYSIS

Company Name	Distribution	Midstream	Production	Comparative Data[1] Enterprise Value[2] ($) (in billions)	Market Cap. ($)	Revenue ($)	Assets ($)
AGL Resources, Inc.	X	X	&#1				