EQT CORP

FORM 10-K
(Annual Report)

Filed 02/20/09 for the Period Ending 12/31/08

Address	225 NORTH SHORE DR PITTSBURGH, PA 15212-5861
Telephone	4125535700
CIK	0000033213
Symbol	EQT
SIC Code	4923 - Natural Gas Transmission and Distribution
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-3551

EQT CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	**25-0464690**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
225 North Shore Drive **Pittsburgh, Pennsylvania**	**15212**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(412) 553-5700**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, no par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant
as of June 30, 2008: $8,892,460,969

The number of shares of common stock outstanding
as of January 31, 2009: 130,860,463

DOCUMENTS INCORPORATED BY REFERENCE

The Company's definitive proxy statement relating to the annual meeting of shareowners (to be held April 22, 2009) will be filed with the Commission within 120 days after the close of the Company's fiscal year ended December 31, 2008 and is incorporated by reference in Part III to the extent described therein.

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Glossary of Commonly Used Terms, Abbreviations and Measurements

Commonly Used Terms

AFUDC — Allowance for Funds Used During Construction, carrying costs for the construction of certain long-term assets are capitalized and amortized over the related assets' estimated useful lives, including the cost of financing construction of assets subject to regulation; the capitalized amount for construction of regulated assets includes interest cost and a designated cost of equity for financing the construction of these regulated assets.

Appalachian Basin — The area of the United States comprised of those portions of West Virginia, Pennsylvania, Ohio, Maryland, Kentucky and Virginia that lie at the foot of the Appalachian Mountains.

basis — When referring to natural gas, the difference between the futures price for a commodity and the corresponding sales price at various regional sales points. The differential commonly is related to factors such as product quality, location and contract pricing.

British thermal unit — a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.

CAP — Customer Assistance Program - a payment plan for low-income residential gas customers that sets a fixed payment for natural gas usage based on a percentage of total household income. The cost of the CAP is spread across non-CAP customers.

cash flow hedge — A derivative instrument that complies with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, and is used to reduce the exposure to variability in cash flows from the forecasted physical sale of gas production whereby the gains (losses) on the derivative transaction are anticipated to offset the losses (gains) on the forecasted physical sale.

collar — A financial arrangement that effectively establishes a price range for the underlying commodity. The producer bears the risk of fluctuation between the minimum (floor) price and the maximum (ceiling) price.

daily sales volume — An operational estimate of the daily gas sales volume on a typical day (excluding curtailments).

dekatherm (dth) — A measurement unit of heat energy equal to 1,000,000 British thermal units.

development well — A well drilled into a known producing formation in a previously discovered area.

exploratory well — A well drilled into a previously untested geologic prospect to determine the presence of gas or oil.

farm tap — Natural gas supply service in which the customer is served directly from a well or a gathering pipeline.

frac spread — The price difference between equivalent energy content of natural gas and natural gas liquids.

futures contract — An exchange-traded contract to buy or sell a standard quantity and quality of a commodity at a specified future date and price.

gas — All references to "gas" in this report refer to natural gas.

gross — "Gross" natural gas and oil wells or "gross" acres equal the total number of wells or acres in which the Company has a working interest.

heating degree days — Measure used to assess weather's impact on natural gas usage calculated by adding the difference between 65 degrees Fahrenheit and the average temperature of each day in the period (if less than 65 degrees Fahrenheit). Each degree of temperature by which the average temperature falls below 65 degrees Fahrenheit represents one heating degree day. For example, a day with an average temperature of 50 degrees Fahrenheit will have 15 heating degree days.

hedging — The use of derivative commodity and interest rate instruments to reduce financial exposure to commodity price and interest rate volatility.

horizontal drilling — Drilling that ultimately is horizontal or near horizontal to increase the length of the well bore penetrating the target formation.

infill drilling — Drilling between producing wells in a developed area to increase production.

margin deposits — Funds or good faith deposits posted during the trading life of a futures contract to guarantee fulfillment of contract obligations.

margin call — A demand for additional deposits when forward prices move adversely to a derivative holder's position.

multiple completion well — A well producing oil and/or gas from different zones at different depths in the same well bore with separate tubing strings for each zone.

NGL — or Natural Gas Liquids, those hydrocarbons in natural gas that are separated from the gas as liquids through the process of absorption, condensation, adsorption, or other methods in gas processing plants. Natural gas liquids include primarily propane, butane, ethane and isobutane.

net — "Net" gas and oil wells or "net" acres are determined by summing the fractional ownership working interests the Company has in gross wells or acres.

net revenue interest — The interest retained by the Company in the revenues from a well or property after giving effect to all third party royalty interests (equal to 100% minus all royalties on a well or property).

proved reserves — Reserves that, based on geologic and engineering data, appear with reasonable certainty to be recoverable in the future under existing economic and operating conditions.

proved developed reserves — Proved reserves which can be expected to be recovered through existing wells with existing equipment and operating methods.

proved undeveloped reserves — Proved reserves that are expected to be recovered from new wells on undrilled proved acreage or from existing wells where a relatively major expenditure is required for completion.

reservoir — A porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs.

royalty interest — The land owner's share of oil or gas production typically 1/8, 1/6, or 1/4.

transportation — Moving gas through pipelines on a contract basis for others.

throughput — Total volumes of natural gas sold or transported by an entity.

working gas — The volume of natural gas in the storage reservoir that can be extracted during the normal operation of the storage facility.

working interest — An interest that gives the owner the right to drill, produce and conduct operating activities on a property and receive a share of any production.

Abbreviations

APB No. 18 — Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock"
Dominion — Dominion Resources, Inc. When used in the context of a discussion relating to the terminated acquisition of Peoples and Hope, references to Dominion are as successor by merger to Consolidated Natural Gas Company, the original counterparty to the terminated acquisition agreement.
EITF No. 02-3 — Emerging Issues Task Force Issue No. 02-3, "Recognition and Reporting of Gains and Losses on Energy Trading Contracts under EITF Issues No. 98-10 and 00-17"
FASB — Financial Accounting Standards Board
FERC — Federal Energy Regulatory Commission
FIN 45 — FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others — an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34"
FIN 48 — FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109"
Hope - Hope Gas, Inc.
IRC — Internal Revenue Code of 1986, as amended
IRS — Internal Revenue Service
NYMEX — New York Mercantile Exchange
OTC — Over the Counter
PA PUC — Pennsylvania Public Utility Commission
Peoples - The Peoples Natural Gas Company
SFAS — Statement of Financial Accounting Standards
SFAS No. 5 — Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies"
SFAS No. 19 — Statement of Financial Accounting Standards No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies"
SFAS No. 69 — Statement of Financial Accounting Standards No. 69, "Disclosures About Oil and Gas Producing Activities — an amendment of FASB Statements 19, 25, 33 and 39"
SFAS No. 71 — Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation"
SFAS No. 106 — Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions"
SFAS No. 109 — Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes"
SFAS No. 115 — Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities"
SFAS No. 123R — Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment"
SFAS No. 132R-1 — Statement of Financial Accounting Standards No. 132 (revised 2003), "Employer's Disclosures about Pensions and Other Postretirement Benefits"
SFAS No. 133 — Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended
SFAS No. 143 — Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations"
SFAS No. 144 — Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or

Disposal of Long-Lived Assets"

SFAS No. 146 — Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities"

SFAS No. 157 — Statement of Financial Accounting Standards No. 157, "Fair Value Measurements"

SFAS No. 158 — Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)"

WV PSC — Public Service Commission of West Virginia

Measurements

Bbl = barrel
Btu = one British thermal unit
BBtu **=** billion British thermal units
Bcf = billion cubic feet
Bcfe = billion cubic feet of natural gas equivalents
Dth **=** million British thermal units
Mcf = thousand cubic feet
Mcfe = thousand cubic feet of natural gas equivalents
Mgal **=** thousand gallons
MMBtu = million British thermal units
MMcf = million cubic feet
MMcfe **=** million cubic feet of natural gas equivalents

Forward-Looking Statements

Disclosures in this Annual Report on Form 10-K contain certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as “anticipate,” “estimate,” “forecasts,” “approximate,” “expect,” “project,” “intend,” “plan,” “believe,” “will,” “may” and other words of similar meaning in connection with any discussion of future operating or financial matters. Without limiting the generality of the foregoing, forward-looking statements contained in this report include the matters discussed in the sections captioned “Outlook” in Management’s Discussion and Analysis of Financial Condition and Results of Operations and the expectations of plans, strategies, objectives and growth and anticipated financial and operational performance of the Company and its subsidiaries, including guidance regarding the Company’s drilling and infrastructure programs, production and sales volumes, reserves, capital expenditures, financing requirements, hedging strategy, tax position and the rate case settlement. These statements involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company has based these forward-looking statements on current expectations and assumptions about future events. While the company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company’s control. The risks and uncertainties that may affect the operations, performance and results of the Company’s business and forward-looking statements include, but are not limited to, those set forth under Item 1A, “Risk Factors” and elsewhere in this Form 10-K.

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

PART I

Item 1. Business

General

EQT Corporation, formerly Equitable Resources, Inc., (EQT or the Company) is one of Appalachia’s largest exploration and production companies with over three trillion cubic feet of proved reserves at December 31, 2008. The Company and its subsidiaries offer energy products (natural gas, NGLs and a limited amount of crude oil) and services to wholesale and retail customers in the United States. The Company conducts its business through three business segments: EQT Production, EQT Midstream and Equitable Distribution.

The Company’s proved reserves grew 16% from 2007 to 3,110 Bcfe at December 31, 2008. Over the past five years the Company’s proved reserves have grown 47% as a result of the Company’s drilling program and investment in drilling technology.

Proved Natural Gas and Oil Reserves(MMcfe)	2008	2007	2006	2005	2004
Proved Developed	1,894,516	1,758,641	1,725,585	1,673,038	1,631,409
Proved Undeveloped	1,215,492	923,770	771,770	692,210	477,244
Total Proved Reserves	3,110,008	2,682,411	2,497,355	2,365,248	2,108,653

The Company’s reserves are located entirely in the Appalachian Basin, a production area characterized by wells with long lives, low production costs, natural gas containing high energy content and close proximity to natural gas markets. Many of the Company's wells have been producing for decades, in some cases since the early 1900s.

The Company's proved reserves have discounted future net cash flows before income taxes of $3,245 million ($2,012 million after tax) at December 31, 2008. This standardized measure of discounted future net cash flows is calculated using adjusted year-end prices in accordance with SFAS No. 69. See Note 24 (unaudited) to the Company's Consolidated Financial Statements for information regarding reserves, reserve activity, costs and the standard measure of discounted future cash flows.

While the natural gas exploration and production industry can be volatile as market prices fluctuate, management believes that the following factors position the Company to achieve solid relative returns for shareholders over time:

- Over 3.3 million acres, much of which is held in fee or held by production;
- 3,110 Bcfe of proved reserves at December 31, 2008 making EQT one of the largest owners of reserves in the Appalachian Basin;
- The Company's Appalachian reserves are geographically situated between the high use natural gas markets in the Northeast and Midwestern United States;
- EQT's low cost structure, which makes the Company's drilling efforts resilient to lower natural gas prices;
- Extensive midstream infrastructure to deliver gas to markets, including over 10,000 miles of pipeline;
- Innovation is encouraged as evidenced by the Company's success in applying air to horizontal drilling techniques;
- Best-in-state customer service at Equitable Distribution; and
- 58 year history of paying dividends to shareholders.

Production: EQT's strategy is to maximize value by profitably developing the Company's extensive acreage position enabled by a low cost structure. The Company is focused on continuing its significant organic reserve and production growth through its drilling program and believes that it is a technological leader in drilling in low pressure shale. In particular, the use of air in horizontal drilling has proven to be a cost effective technology which the Company has efficiently deployed to various geological formations in the Appalachian mountain terrain and may be deployed to other Company assets in the Basin to maximize production.

In addition to horizontal air drilling, an activity in which the Company believes it is a technological leader, the Company's drilling innovations include drilling re-entry wells where low pressured vertical shale wells were previously drilled, drilling multilateral and stacked multilateral horizontal wells and refracing existing vertical wells.

EQT Production's drilling has been concentrated within the core areas of southwestern Virginia, southeastern Kentucky, West Virginia and Pennsylvania and in four major plays: Huron, coalbed methane, Berea and Marcellus. In each of its plays, the Company drills low risk development wells into reservoirs that are known to be productive.

The Company has recently focused drilling in the Huron play, which includes the Lower Huron, Cleveland and Rhinestreet formations, and on the coalbed methane play. EQT has approximately 2.2 million acres in the Huron play. In 2008, the Company ramped up its development programs for the emerging Berea sandstone and Marcellus plays. The Company has approximately 800,000 acres in the Berea play where it expects to drill 40 wells in 2009 and over 400,000 acres in the Marcellus play where it expects to drill 45 wells, including 20 horizontal wells, in 2009.

The Company believes that it will continue to increase production volumes and proved reserves based on the quality of the underlying asset base. Drilling activities resulted in proved developed reserve additions of approximately 293 Bcfe in 2008. Of the proved developed reserve additions, approximately 49 Bcfe related to proved undeveloped reserves that were transferred to proved developed reserves. The Company's 2008 extensions, discoveries and other additions of 585 Bcfe was 646% of 2008 production of 90.6 Bcfe.

Gross Wells Drilled	For the year ended December 31, 2008	2007	2006	2005	2004
Horizontal:					
Marcellus	7	—	—	—	—
Berea	24	—	—	—	—
Huron	357	88	5	—	—
Coalbed Methane	1	—	—	—	—
Total Horizontal	389	88	5	—	—
Vertical:					
Vertical Commingled	103	280	413	294	209
Marcellus	16	—	—	—	—
Coal Bed Methane	160	266	237	161	105
Total Wells Drilled	668	634	655	455	314
Infill Wells Included Above	25	36	16	—	—

The Company spent approximately $701 million on well development (primarily drilling) in 2008. Sales volumes increased 12% in 2008 (adjusted for the 2007 sale of interests which provided sales of 1,966 MMcfe during 2007).

Capital spending for well development (primarily drilling) in 2009 is expected to be approximately $600 million to support the drilling of up to 675 gross wells, including 375 gross horizontal wells. Sales volumes are expected to reach 96-97 Bcfe in 2009. A substantial portion of the Company's 2009 drilling efforts will be focused on drilling horizontal wells in the Huron play where midstream pipeline and processing capacity are largely in place. Current capital market conditions were considered when the 2009 capital program was developed. The Company currently anticipates that the capital spending plan will not require the Company to access capital markets through the end of 2010. Even so, the Company anticipates natural gas sales volume growth of 15% in 2009. If the capital markets become unconstrained, the Company believes it has a long-term sales volume growth potential of greater than 20% per year.

(MMcfe)	For the year ended December 31, 2008	2007	2006	2005	2004
Natural gas and oil production	90,585	83,114	81,371	78,755	72,760
Company usage, line loss	(6,577)	(6,035)	(5,215)	(4,897)	(5,090)
Natural gas inventory usage, net	—	—	—	51	61
Total sales volumes	84,008	77,079	76,156	73,909	67,731

Midstream: EQT Midstream provides gathering, processing, transmission and storage services to EQT Production and independent third parties. In 2008, EQT Midstream focused on building a long-term growth platform, highlighted by the construction of the Big Sandy Pipeline, the Kentucky Hydrocarbon processing plant and the Mayking corridor. This infrastructure development facilitates the development of EQT Production's growing reserve base in the Huron play and provides opportunities to sell capacity to third parties. In 2009, EQT Midstream will focus on continuing to expand its gathering system through well connections to existing midstream infrastructure and thereby filling existing capacity. Additionally, initial infrastructure expansion in the Marcellus play in southwestern Pennsylvania and northern West Virginia is slated for 2009.

As of December 31, 2008, EQT Midstream's gathering system included approximately 10,450 miles of gathering lines located in western Pennsylvania, West Virginia, eastern Kentucky and southwestern Virginia . The Company also has a gas processing facility, Kentucky Hydrocarbon, located in Langley, Kentucky. Transmission and storage operations include approximately 970 miles of lines located throughout eastern Kentucky, north central West Virginia and southwestern Pennsylvania. The transmission and storage system interconnects with five major interstate pipelines: Texas Eastern Transmission, Columbia Gas Transmission, National Fuel Gas Supply, Tennessee Gas Pipeline and Dominion Transmission. EQT Midstream also has 14 natural gas storage reservoirs with approximately 496 MMcf per day of peak delivery capability and 63 Bcf of storage capacity of which 32 Bcf is working gas. These storage reservoirs are geographically clustered, with eight in northern West Virginia and six in southwestern Pennsylvania. In addition, EQT Midstream, through E quitrans, L.P. (Equitrans, the Company's interstate pipeline affiliate) and Equitable Energy, LLC (Equitable Energy, the Company's gas marketing affiliate) leased 6.3 Bcf of contractual storage and 138,500 Dth per day of contractual pipeline capacity from third parties as of December 31, 2008.

In 2008, Equitable Energy executed a binding precedent agreement with Tennessee Gas Pipeline Company (TGP), a wholly owned subsidiary of El Paso Corporation, for a 15-year term that awarded the Company 300,000 Dth per day of capacity in TGP's 300-Line expansion project. When completed, this expansion project will consist of approximately 128 miles of 30-inch pipe loop and approximately 52,000 horsepower of additional compression facilities to be constructed in TGP's existing pipeline corridor in Pennsylvania and New Jersey. The awarded capacity will provide EQT access to consumer markets from the Gulf Coast to the Mid-Atlantic and the Northeast and will also provide back-haul capacity of 300,000 Dth per day to the Gulf Coast.

Capital expenditures for Midstream infrastructure were $594 million in 2008. During 2008, the Company turned in line the Mayking Corridor project (Mayking), which consists of three compressor units and 38 miles of pipe; completed an expansion of the Kentucky Hydrocarbon facility, which increased its gas processing capacity from 70 MMcfe per day to 170 MMcfe per day; and turned in line the Big Sandy Pipeline, which connects the Kentucky Hydrocarbon processing plant to the Tennessee Gas Pipeline in Carter County, Kentucky, and currently provides up to 130,000 Dth per day of firm transportation service. The Big Sandy Pipeline capacity is expandable with additional compression.

Capital expenditures on Midstream infrastructure projects in 2009 will be reduced to $360 million as a result of the shift in focus from completing major infrastructure projects to expanding the gathering system in areas with existing midstream infrastructure. This will facilitate moving a greater volume of EQT Production's gas to market. If the capital markets become less constrained, EQT Midstream will consider increasing investment in corridor infrastructure projects to provide additional capacity needed to facilitate production growth.

Distribution: Equitable Distribution's business strategy is to earn a competitive return on its asset base through regulatory mechanisms and operational efficiency. Equitable Distribution is focused on enhancing the value of its existing assets by establishing a reputation for excellent customer service, effectively managing its capital spending, improving the efficiency of its workforce through superior work management and continuing to leverage technology throughout its operations. In 2008, Equitable Gas filed a base rate case in Pennsylvania to recover an increased return on assets placed in service since the previous rate case and to fully recover costs associated with the customer assistance programs. Equitable Distribution expects to spend approximately $30 million on capital expenditures in 2009.

Equitable Gas Company (Equitable Gas, EQT's regulated natural gas distribution subsidiary) distributes and sells natural gas to local residential, commercial and industrial customers in southwestern Pennsylvania, West Virginia and eastern Kentucky. Equitable Gas also operates a small gathering system in Pennsylvania and provides off-system sales activities. The off-system sales activities include the purchase and delivery of gas to customers at mutually agreed-upon points on facilities not owned by the Company.

Equitable Gas has made great strides over recent years towards achieving its operational goals. For instance, Equitable Gas pioneered the use of monthly automated meter readings throughout its Pennsylvania service territory which has improved monthly billings and customer satisfaction. The customer call center has demonstrated significantly improved operating performance in responding to customer inquiries and has added self-service functionality. On-time scheduled appointment performance has increased to its highest levels in recent years. In a recent survey by the American Gas Association, Equitable Gas's damage prevention program scored in the top quartile of gas utility companies nationwide.

Markets and Customers

Natural Gas Sales: EQT Production's produced natural gas is sold to marketers (including Equitable Energy), utilities and industrial customers located mainly in the Appalachian area. For the year ended December 31, 2008, sales to one marketer accounted for approximately 13% of revenues for EQT Production. No customers accounted for more than 10% of revenues in 2007 or 2006. Natural gas is a commodity and therefore the Company receives market-based pricing. The market price for natural gas can be volatile as evidenced by the high natural gas prices in early through mid 2008 followed by dramatic decreases later in the year. The market price for gas located in the Appalachian Basin is generally higher than the price for gas located in the Gulf Coast, largely due to the differential in the cost to transport gas to customers in the northeastern United States. The Company hedges a portion of its forecasted natural gas production. The Company's hedging strategy and information regarding its derivative instruments is outlined in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," and in Notes 1 and 3 to the Consolidated Financial Statements.

Natural gas drilling activity in the Appalachian Basin increased during 2007 and the first half of 2008 as suppliers attempted to take advantage of higher natural gas prices and reacted to reported successes in the Marcellus play. This increased drilling activity placed constraints on the availability of labor, equipment, pipeline transport and other resources in the Appalachian Basin, but also attracted higher quality rigs and additional service providers to the region and provided opportunities for expansion of natural gas gathering activities. Lower sales prices for natural gas in the latter part of 2008 reduced drilling activity in the Appalachian Basin but did not have a significant impact on the availability or cost of resources. EQT Production has qualified numerous vendors and service providers for key resources and is not dependent upon any single vendor or service provider to meet production or sales goals.

The increase in Appalachian Basin production intensified pressure on the already stretched capacity of existing gathering and midstream processing and transport systems in the Appalachian Basin. As a result, the Company entered into third party firm contractual capacity arrangements amounting to 188,318 Dth per day as of December 31, 2008 and discounted sales arrangements approximating 9,500 Dth per day as of December 31, 2008 to obtain transportation capacity so that its gas continues to flow to market.

Natural Gas Gathering: EQT Midstream derives gathering revenues from charges to customers for use of its gathering system in the Appalachian Basin. The gathering system volumes are transported to three major interstate pipelines: Columbia Gas Transmission, East Tennessee Natural Gas Company and Dominion Transmission. The gathering system also maintains interconnects with Equitrans. Maintaining these interconnects provides the Company with access to geographically diverse markets.

Gathering system transportation volumes for 2008 totaled 145,031 BBtu, of which approximately 53% related to gathering for EQT Production, 28% related to third party volumes and 10% related to volumes for other affiliates of the Company. The remainder related to volumes in which interests were sold by the Company but which the Company continued to operate for a fee. Revenues from affiliates accounted for approximately 80% of 2008 gathering revenues.

Natural Gas Processing: The Company processes natural gas in order to extract heavier liquid hydrocarbons (propane, iso-butane, normal butane and natural gasoline) from the natural gas stream, primarily from EQT Production's produced gas. On a per energy unit basis, these liquid hydrocarbons can typically be sold at a price premium versus natural gas; the value of this premium is referred to as the frac spread. As a result of market conditions, the Company experienced reduced frac spreads in the second half of 2008.

NGLs are recovered at EQT's Kentucky Hydrocarbon facility and transported to a fractionation plant owned by a third party for separation into commercial components. The third party markets these components and in exchange retains an agreed-upon percentage of NGLs delivered by the Company. The Company also has contractual processing arrangements whereby the Company sells gas to a third party processor at a weighted average liquids component price.

While natural gas processing produces independent revenues, the Company's primary reason for these activities is to comply with the product quality specifications of the pipelines on which the Company's produced natural gas is transported and sold. As a result, the Company typically engages in gas processing at locations where its produced gas would not satisfy the downstream interstate pipeline's gas quality specifications. Without sufficient processing, the Company's natural gas production could be interrupted as a result of an inability to achieve required interstate pipeline specifications. Thus, as the Company's production continues to grow, its gas processing capacity must also grow.

Natural Gas Transmission and Storage: Services offered by Equitable Energy include commodity procurement, sales, delivery, risk management, and other services. These operations are executed using Company owned and operated or contracted transmission and underground storage facilities as well as other contractual capacity arrangements with major pipeline and storage service providers in the eastern United States. Equitable Energy uses leased storage capacity and firm transportation capacity, including the Company's Big Sandy Pipeline capacity, to take advantage of price differentials and arbitrage opportunities. Equitable Energy also engages in energy trading and risk management activities for the Company. The objective of these activities is to limit the Company's exposure to shifts in market prices and to optimize the use of the Company's assets. As a result of declining natural gas prices, Equitable Energy experienced reduced storage and commercial margins in the second half of 2008.

Customers of EQT Midstream's gas transportation, storage, risk management and related services are affiliates and third parties in the northeastern United States, including but not limited to, Dominion Resources, Inc., Keyspan Corporation, NiSource, Inc., PECO Energy Company and UGI Energy Services, Inc. Equitable Energy's commodity procurement, sales, delivery, risk management, and other services are offered to natural gas producers and energy consumers including large industrial, utility, commercial and institutional end-users.

Equitrans' firm transportation contracts on its mainline system expire between 2009 and 2017, and the firm transportation contracts on its Big Sandy Pipeline expire in 2018. The Company anticipates that the capacity associated with these expiring contracts will be remarketed or used by affiliates such that the capacity will remain fully subscribed. In 2008, approximately 78% of transportation volumes and approximately 83% of transportation revenues were from affiliates.

Natural Gas Distribution: Equitable Distribution provides natural gas distribution services to approximately 275,800 customers, consisting of 257,200 residential customers and 18,600 commercial and industrial customers in southwestern Pennsylvania, municipalities in northern West Virginia and field line sales, also referred to as farm tap service, in eastern Kentucky and West Virginia. These service areas have a rather static population and economy.

Customer conservation as a result of product efficiency and increased natural gas prices has reduced residential customer usage over time despite the increasing availability of natural gas based products. The Company has not experienced a significant decrease in weather adjusted throughput or deterioration in customer collections due to the recent economic downturn. If this downturn persists, Equitable Distribution may experience a reduction in commercial and industrial throughput as well as an increase in bad debt expense, which would reduce the return on its asset base.

Equitable Gas purchases gas through contracts with various sources including major and independent producers in the Gulf Coast, local producers in the Appalachian area and gas marketers (including an affiliate). The gas purchase contracts contain various pricing mechanisms, ranging from fixed prices to several different index-related prices.

Because most of its customers use natural gas for heating purposes, Equitable Gas' revenues are seasonal, with approximately 71% of calendar year 2008 revenues occurring during the winter heating season (the months of January, February, March, November and December). Significant quantities of purchased natural gas are placed in underground storage inventory during the off-peak season to accommodate higher demand during the winter heating season.

Competition

The combination of long-lived production, low drilling costs, high drilling completion rates and p roximity to natural gas markets has resulted in a highly fragmented operating environment in the Appalachian Basin. Natural gas producers compete in the acquisition of properties, the search for and development of reserves, the production and sale of natural gas and the securing of labor and equipment required to conduct operations. Competitors include major oil and gas companies, other independent oil and gas companies and individual producers and operators. Key competitors for new gathering and processing systems include independent gas gatherers and integrated Appalachian energy companies. Natural gas marketing activities compete with numerous other companies offering the same services. Some of these competitors are affiliates of companies with extensive pipeline systems that are used for transportation from producers to end-users. The Company's distribution operations face competition from other local distribution companies, alternative fuels and reduced usage among customers as a result of conservation.

Regulation

EQT Production's natural gas operations are subject to various federal, state, and local laws and regulations, including regulations related to the location of wells; drilling, stimulating and casing of wells; water withdrawal and disbursement for well stimulation purposes; well production; spill prevention plans; the use, transportation, storage and disposal of fluids and materials incidental to oil and gas operations; surface usage and the reclamation of properties upon which wells or other facilities have been located; the calculation and disbursement of royalty payments and taxes; the plugging and abandoning of wells; and the gathering of production in certain circumstances.

EQT Production's operations are also subject to conservation regulations, including the regulation of the size of drilling and spacing units or field rule units; the number of wells that may be drilled in a unit; and the unitization or pooling of natural gas properties. EQT Production's operating states allow in certain circumstances the forced pooling or integration of tracts to facilitate exploration, while in other circumstances it is necessary to rely on voluntary pooling of lands and leases which may make it more difficult to develop natural gas properties. In addition, state conservation laws generally limit the venting or flaring of natural gas. The effect of these regulations is to limit the amounts of natural gas we produce from our wells and to limit the number of wells or the locations at which we drill.

EQT Midstream has both regulated and non-regulated operations. The regulated activities consist of federally-regulated transmission and storage operations and certain state-regulated gathering operations. The non-regulated activities include certain gathering and transportation operations, processing of NGLs and risk management activities. Equitrans' rates and operations are subject to regulation by the FERC. The 2006 FERC rate case settlement allows Equitrans, among other things, to institute an annual surcharge for the tracking and recovery of all costs (operations, maintenance and return on invested capital) incurred on and after September 1, 2005, related to Equitrans' Pipeline Safety Program under the Pipeline Safety Improvement Act of 2002. The Company has continued to utilize the surcharge mechanism each year to recover costs incurred in connection with its Pipeline Safety Program. Under the terms of the 2006 settlement, Equitrans may not seek new base transmission and storage rates prior to June 1, 2009 or new gathering base rates prior to November 1, 2010. In 2008, the Big Sandy Pipeline was placed in service in eastern Kentucky. Big Sandy's initial rate agreements provide for a firm reservation charge of $19.77 per maximum daily quantity for a term of ten years.

Equitable Gas' distribution rates, terms of service and contracts with affiliates are subject to comprehensive regulation by the PA PUC and the WV PSC. In addition, the issuance of securities by Equitable Gas is subject to regulation by the PA PUC . The field line sales rates in Kentucky are subject to rate regulation by the Kentucky Public Service Commission.

Equitable Gas must usually seek the approval of one or more of its regulators prior to changing its rates. Currently, Equitable Gas passes through to its regulated customers the cost of its purchased gas and transportation activities. Equitable Gas is allowed to recover a return in addition to the costs of its transportation activities. However, Equitable Gas' regulators do not guarantee recovery and may require that certain costs of operation be recovered over an extended term. Equitable Gas filed a base rate case in the second quarter of 2008 and reached a settlement in principal with the active parties to the proceeding in November 2008. The settlement must be approved by the PA PUC to be effective. On January 20, 2009, a PA PUC Administrative Law Judge recommended that the PA PUC approve of the rate case settlement. The PA PUC is expected to act before March 31, 2009.

Pennsylvania law requires that local distribution companies develop and implement programs to assist low-income customers with paying their gas bills. The costs of these programs are recovered through rates charged to other residential customers. Equitable Gas has several such programs, including the CAP. On September 27, 2007, the PA PUC issued an order approving an increase to Equitable Gas' CAP surcharge, which is designed to offset the higher costs of the CAP. The revised surcharge went into effect on October 2, 2007. If the rate case settlement is approved, Equitable Gas will increase the CAP surcharge from $0.58/mcf to $1.30/mcf and will receive an annual reconciliation of CAP costs to ensure complete recovery beginning in the first quarter of 2009.

Equitable Gas has worked with, and continues to work with, regulators to implement alternative cost recovery programs. Equitable Gas' tariffs for commercial and industrial customers allow for negotiated rates in limited circumstances. Regulators periodically audit the Company's compliance with applicable regulatory requirements. The Company is not aware of any significant non-compliance as a result of any completed audits.

Employees

The Company and its subsidiaries had approximately 1,680 employees at the end of 2008.

Holding Company Reorganization

On June 30, 2008, the former Equitable Resources, Inc. (Old EQT) entered into and completed an Agreement and Plan of Merger (the Plan) under which Old EQT reorganized into a holding company structure such that a newly formed Pennsylvania corporation, also named Equitable Resources, Inc. (New EQT), became the publicly traded holding company of Old EQT and its subsidiaries. The primary purpose of this reorganization (the Reorganization) was to separate Old EQT's state-regulated distribution operations into a new subsidiary in order to better segregate its regulated and unregulated businesses and improve overall financing flexibility. To effect the Reorganization, Old EQT formed New EQT, a wholly-owned subsidiary, and New EQT, in turn, formed EGC Merger Co., a Pennsylvania corporation owned solely by New EQT (MergerSub). Under the Plan, MergerSub merged with and into Old EQT with Old EQT surviving (the Merger). The Merger resulted in Old EQT becoming a direct, wholly-owned subsidiary of New EQT. New EQT changed its name to EQT Corporation effective February 9, 2009. Throughout this Annual Report, references to EQT, EQT Corporation and the Company refer collectively to New EQT and its consolidated subsidiaries.

Availability of Reports

The Company makes certain filings with the SEC, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments and exhibits to those reports, available free of charge through its website, http://www.eqt.com, as soon as reasonably practicable after the date they are filed with, or furnished to, the SEC. The filings are also available at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or by calling 1-800-SEC-0330. Also, these filings are available on the internet at http://www.sec.gov. The Company's annual reports to shareholders, press releases and recent analyst presentations are also available on the Company's website.

Discontinued Operations

The Company sold its NORESCO domestic business in 2005 and completed the sale of the remaining interest in its investment in IGC/ERI Pan-Am Thermal Generating Limited (Pan Am), previously included in the NORESCO business segment, in 2006. As a result of these transactions, the Company has reclassified its financial statements for all periods presented to reflect the operating results of the NORESCO segment as discontinued operations.

Composition of Segment Operating Revenues

Presented below are operating revenues as a percentage of total operating revenues for each class of products and services representing greater than 10% of total operating revenues during the years 2008, 2007 and 2006.

	2008	2007	2006
EQT Production:			
Natural gas equivalents sales	20%	23%	24%
EQT Midstream:			
Marketed natural gas sales	12%	18%	13%
Equitable Distribution:			
Residential natural gas sales	23%	23%	24%

Financial Information About Segments

In January 2008, the Company announced a change in organizational structure to better align the Company to execute its growth strategy for development and infrastructure expansion in the Appalachian Basin. These changes resulted in changes to the Company's reporting segments effective for fiscal year 2008. The segment disclosures and discussions contained in this report have been reclassified to reflect all periods presented under the current organizational structure.

See Note 2 to the Consolidated Financial Statements for financial information by business segment including, but not limited to, revenues from external customers, operating income, and total assets.

Financial Information About Geographic Areas

Substantially all of the Company's assets and operations are located in the continental United States.

Environmental

See Note 20 to the Consolidated Financial Statements for information regarding environmental matters.

Item 1A. Risk Factors

Risks Relating to Our Business

In addition to the other information contained in this Form 10-K, the following risk factors should be considered in evaluating our business and future prospects. Please note that additional risks not presently known to us or that are currently considered immaterial may also have a negative impact on our business and operations. If any of the events or circumstances described below actually occurs, our business, financial condition or results of operations could suffer and the trading price of our common stock could decline.

Natural gas price volatility may have an adverse effect on our revenue, profitability, future rate of growth and liquidity.

Our revenue, profitability, future rate of growth and liquidity depend upon the price for natural gas. The markets for natural gas are volatile and fluctuations in prices will affect our financial results. Natural gas prices are affected by a number of factors beyond our control, which include: weather conditions; the supply of and demand for natural gas; national and worldwide economic and political conditions; the price and availability of alternative fuels; the proximity to, and availability of capacity on, transportation facilities; and government regulations, such as regulation of natural gas transportation and price controls.

Lower natural gas prices may result in decreases in the construction of new transportation capacity, decreased margin opportunities for our marketing and gathering services businesses and downward adjustments to the value of our estimated proved reserves which may cause us to incur non-cash charges to earnings. We are also exposed to the risk of non-performance by our hedge counterparties in the event that changes, positive or negative, in natural gas prices result in derivative contracts with a positive fair value. Finally, lower natural gas prices affect the amount of cash flow available for capital expenditures and our ability to borrow money and raise additional capital.

Increases in natural gas prices may be accompanied by or result in increased well drilling costs, increased deferral of purchased gas costs for our distribution operations, increased production taxes, increased lease operating expenses, increased exposure to credit losses resulting from potential increases in uncollectible accounts receivable from our distribution customers, increased volatility in seasonal gas price spreads for our storage assets and increased customer conservation or conversion to alternative fuels. Significant price increases subject us to margin calls on our commodity price derivative contracts (hedging arrangements, including futures contracts, swap agreements and exchange traded instruments) which would potentially require us to post significant amounts of cash collateral with our hedge counterparties. The cash collateral, which is interest-bearing, provided to our hedge counterparties is returned to us in whole or in part upon a reduction in forward market prices, depending on the amount of such reduction, or in whole upon settlement of the related hedged transaction. In addition, to the extent we have hedged our current production at prices below the current market price, we are unable to benefit fully from an increase in the price of natural gas.

The global financial challenges may adversely affect our business and financial condition in ways that we currently cannot predict. Downgrades to our credit ratings could increase our costs of borrowing adversely affecting our business, results of operations and liquidity.

We rely upon access to both short-term bank and money markets and longer-term capital markets as sources of liquidity for any capital requirements not satisfied by the cash flow from operations. Continued challenges in the global financial system, including the capital markets, may adversely affect our business and our financial condition and we may face challenges if conditions in the financial markets do not improve. Our ability to access the capital markets may be restricted at a time when we desire, or need, to raise capital, which could have an impact on our flexibility to react to changing economic and business conditions. The economic situation could adversely affect the collectability of our trade receivables. Market conditions could cause our commodity hedging counterparties to be unable to perform their obligations or to seek bankruptcy protection. The current economic situation could lead to reduced demand for natural gas which could have a negative impact on our revenues and our credit ratings.

Any downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to raise capital through the issuance of debt or equity securities or other borrowing arrangements, which could adversely affect our business, results of operations and liquidity. We cannot be sure that our current ratings will remain in effect for any given period of time or that our rating will not be lowered or withdrawn entirely by a rating agency. An increase in the level of our indebtedness in the future may result in a downgrade in the ratings that are assigned to our debt. Any downgrade in our ratings could result in an increase in our borrowing costs, which would diminish financial results.

Our need to comply with comprehensive, complex and sometimes unpredictable government regulations may increase our costs and limit our revenue growth, which may result in reduced earnings.

Significant portions of our gathering, transportation, storage and distribution businesses are subject to state and federal regulation including regulation of the rates which we may assess our customers. The agencies that regulate our rates may prohibit us from realizing a level of return which we believe is appropriate. These restrictions may take the form of imputed revenue credits, cost disallowances (including purchased gas cost recoveries) and/or expense deferrals. Additionally, we may be required to provide additional assistance to low income residential customers to help pay their bills without the ability to recover some or all of the additional assistance in rates.

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local, as well as foreign authorities relating to protection of the environment and health and safety matters. These laws and regulations currently include legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, restoration of drilling properties after drilling is completed, pipeline safety and work practices related to employee health and safety. New and modified laws and regulations could include regulations regarding carbon cap and trade, a carbon tax or other climate change matters and could cause the distribution business to expend capital not included in its budget to move and relocate lines in support of any federal stimulus package. Complying with existing and changing legal requirements could have a significant effect on our costs of operations and competitive position. The failure to comply with these requirements, even if as a result of factors beyond our control, could result in the assessment of civil or criminal penalties and damages against us.

The rates of federal, state and local taxes applicable to the industries in which we operate, including production taxes paid by EQT Production, which often fluctuate, could be increased by the various taxing authorities. In addition, the tax laws, rules and regulations that affect our business could change. Any such increase or change could adversely impact our cash flows and profitability.

Strategic determinations regarding the allocation of capital and other resources in the current economic environment are challenging and our failure to appropriately allocate capital and resources among our businesses may adversely affect our financial condition and reduce our growth rate.

In developing our 2009 business plan, we considered allocating capital and other resources to various aspects of our businesses including well-development (primarily drilling), reserve acquisitions, exploratory activity, midstream infrastructure, distribution infrastructure, corporate items and other alternatives. We also considered our likely sources of capital. Notwithstanding the determinations made in the development of our 2009 plan, business opportunities not previously identified periodically come to our attention, including possible acquisitions and dispositions. If we don’t optimize our capital investment and capital raising opportunities and the use of our other resources, our financial condition and growth rate may be adversely affected.

The amount and timing of actual future gas production is difficult to predict and may vary significantly from our estimates which may reduce our earnings.

Our future success depends upon our ability to develop additional gas reserves that are economically recoverable and to optimize existing well production, and our failure to do so may reduce our earnings. We have expanded our drilling program in recent years and have announced plans to drill approximately 675 wells in 2009, including a target of 375 horizontal wells. Our drilling and subsequent maintenance of wells can involve significant risks, including those related to timing, cost overruns and operational efficiency, and these risks can be affected by the availability of capital, leases, rigs and a qualified work force, as well as weather conditions, gas price volatility, government approvals, title problems, geology and other factors. Drilling for natural gas can be unprofitable, not only from dry wells, but from productive wells that do not produce sufficient revenues to return a profit. Additionally, a failure to effectively and efficiently operate existing wells may cause production volumes to fall short of our projections. Without continued successful development or acquisition activities, together with effective operation of existing wells, our reserves and revenues will decline as a result of our current reserves being depleted by production.

Our failure to develop and maintain the necessary infrastructure to successfully deliver gas to market may adversely affect our earnings, cash flows and results of operations.

Our delivery of gas depends upon the availability of adequate transportation infrastructure. As previously announced, $360 million of our 2009 capital expenditures are planned for investment in midstream infrastructure. Investment in midstream infrastructure is intended to address a lack of capacity on, and access to, existing gathering and transportation pipelines as well as processing adjacent to and curtailments on such pipelines . Our infrastructure development and maintenance programs can involve significant risks, including those related to timing, cost overruns and operational efficiency, and these risks can be affected by the availability of capital, materials, and qualified contractors and work force, as well as weather conditions, gas price volatility, government approvals, title problems, geology, compliance by third parties with their contractual obligations to us and other factors. We also deliver to and are served by third party gas gathering, transportation, processing and storage facilities which are limited in number and geographically concentrated. An extended interruption of access to or service from these facilities could result in adverse consequences to us.

We are subject to risks associated with the operation of our wells, pipelines and facilities.

Our business operations are subject to all of the inherent hazards and risks normally incidental to the production, transportation, storage and distribution of natural gas. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. There can be no assurance that insurance policies we maintain to limit our liability for such losses will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that such levels of insurance will be available in the future at economical prices.

Our failure to assess production opportunities based on market conditions could negatively impact our long-term growth prospects for our production business.

Our goal of sustaining long-term growth for our production business is contingent upon our ability to identify production opportunities based on market conditions. Our decision to drill a prospect is subject to a number of factors which may alter our drilling schedule or our plans to drill at all. We may have difficulty drilling all of the wells before the lease term expires which could result in the loss of certain leasehold rights or we could drill wells in locations where we do not have the necessary infrastructure to deliver the gas to market. Successfully identifying production opportunities involves a high degree of business experience, knowledge and careful evaluation of potential opportunities, along with subjective judgments and assumptions which may prove to be incorrect. Our recent addition of exploration projects increases the risks inherent in our natural gas activities. Specifically, seismic data is subject to interpretation and may not accurately identify the presence of natural gas, which could adversely affect the results of our operations. Because we have a limited operating history in certain exploratory areas, our future operating results are difficult to forecast, and our failure to sustain high growth rates in the future could adversely affect the market price of our common stock.

See Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” for further discussion regarding the Company’s exposure to market risks, including the risks associated with our use of derivative contracts to hedge commodity prices.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Principal facilities are owned by the Company’s business segments, or in the case of certain office locations and warehouse buildings, leased. A limited amount of equipment is also leased. The majority of the Company’s properties are located on or under (1) private properties owned in fee, held by lease, or occupied under perpetual easements or other rights acquired for the most part without warranty of underlying land titles or (2) public highways under franchises or permits from various governmental authorities. The Company’s facilities are generally well maintained and, where appropriate, are replaced or expanded to meet operating requirements.

EQT Production. EQT Production’s properties are located primarily in Kentucky, Pennsylvania, Virginia and West Virginia. This segment currently has approximately 3.4 million gross acres (approximately 68% of which are considered undeveloped), which encompasses nearly all of the Company’s acreage of proved developed and undeveloped natural gas and oil production properties. Although most of its wells are drilled to relatively shallow depths (2,000 to 6,500 feet below the surface), the Company retains what are normally considered “deep rights” on the majority of its acreage. As of December 31, 2008, the Company estimated its total proved reserves to be 3,110 Bcfe, consisting of proved developed producing reserves of 1,793 Bcfe, proved developed non-producing reserves of 102 Bcfe and proved undeveloped reserves of 1,215 Bcfe. No report has been filed with any federal authority or agency reflecting a 5% or more difference from the Company’s estimated total reserves. Additional information relating to the Company’s estimates of natural gas and crude oil reserves and future net cash flows is provided in Note 24 (unaudited) to the Consolidated Financial Statements.

Natural Gas and Crude Oil Production:

	2008	2007	2006
Natural Gas:			
MMcf produced	89,961	82,401	80,698
Average well-head sales price per Mcfe sold (net of hedges)	$ 5.25	$ 4.53	$ 4.55
Crude Oil:			
Thousands of Bbls produced	104	119	112
Average sales price per Bbl	$ 74.45	$ 62.06	$ 58.35
NGLs:			
Mgal sold	81,856	72,430	70,963
Average sales price per Mgal	$ 1.24	$ 1.07	$ 0.95

Average per unit production cost, including severance taxes, of natural gas and crude oil during 2008, 2007 and 2006 was $0.871, $0.740 and $0.762 per Mcfe, respectively.

	Natural Gas	Oil
Total productive wells at December 31, 2008:		
Total gross productive wells	13,173	22
Total net productive wells	9,485	19
Total in-process wells at December 31, 2008:		
Total gross in-process wells	141	—
Total net in-process wells	120	—

Total acreage at December 31, 2008:	
Total gross productive acres	1,063,640
Total net productive acres	925,176
Total gross undeveloped acres	2,307,137
Total net undeveloped acres	2,006,909

As of December 31, 2008, leases associated with 15,105 gross undeveloped acres expire in 2009 if they are not renewed; however, the Company has an active lease renewal program.

Number of net productive and dry exploratory and development wells drilled:

	2008	2007	2006
Exploratory wells:			
Productive	1.0	—	—
Dry	—	—	—
Development wells:			
Productive	531.2	455.8	455.0
Dry	1.0	0.5	1.0

Selected data by state (at December 31, 2008 unless otherwise noted):

	Kentucky	West Virginia	Virginia	Pennsylvania	Ohio	Total
Natural gas and oil production (MMcfe) — 2008	42,798	23,054	23,192	1,541	—	90,585
Natural gas and oil production (MMcfe) — 2007	37,488	21,205	23,044	1,377	—	83,114
Natural gas and oil production (MMcfe) — 2006	35,699	20,534	23,723	1,415	—	81,371
Net revenue interest (%)	86.9%	67.2%	51.7%	86.3%	—	69.8%
Total gross productive wells (a)	5,104	4,652	2,787	652		13,195
Total net productive wells	4,257	2,885	1,710	652		9,504
Total gross acreage	1,444,619	1,210,318	538,839	174,597	2,404	3,370,777
Total net acreage	1,379,149	1,030,285	348,206	172,041	2,404	2,932,085
Proved developed producing reserves (Bcfe)	933	514	320	26	—	1,793
Proved developed non-producing reserves (Bcfe)	45	47	10	—	—	102
Proved undeveloped reserves (Bcfe)	628	457	122	8	—	1,215
Proved developed and undeveloped reserves (Bcfe)	1,606	1,018	452	34	—	3,110
Gross proved undeveloped drilling locations	1,449	1,494	667	4	—	3,614
Net proved undeveloped drilling locations	1,421	1,494	437	4	—	3,356

(a) At December 31, 2008, the Company had approximately 179 multiple completion wells.

Wells located in Kentucky are primarily in shale formations with depths ranging from 2,500 feet to 6,000 feet and average spacing of 100 acres. Wells located in West Virginia are primarily in tight sands and shale formations with depths ranging from 2,500 feet to 6,500 feet and average spacing of 40 acres in the northern part of the state and 60 acres in the southern part of the state. Horizontal wells in both northern and southern West Virginia are drilled on 100 acre spacing. Wells located in Virginia are primarily in coalbed methane formations with depths ranging from 2,000 feet to 3,000 feet and average spacing of 60 acres and in tight sands and shale formations at depths of 3,000 to 6,500 feet on 100 acre spacing. Wells located in Pennsylvania are primarily in shale formations with depths ranging from 7,000 feet to 8,000 feet and average spacing of 100 acres.

During 2008, the Company drilled its first exploratory vertical Utica well. As of December 31, 2008 the company has $6.9 million invested in this well, which has not been turned in line. The Company expects to drill a second Utica well in 2010 and will complete the two wells at the same time to gain cost efficiencies.

EQT Production owns and leases office space in Pennsylvania, West Virginia, Virginia and Kentucky.

EQT Midstream. EQT Midstream owns or operates approximately 10,450 miles of gathering line and 253 compressor units comprising 132 compressor stations with approximately 230,000 horsepower of installed capacity, as well as other general property and equipment.

Substantially all of the gathering operations’ sales volumes are delivered to several large interstate pipelines on which the Company leases capacity. These pipelines are subject to periodic curtailments for maintenance and repairs.

	Kentucky	West Virginia	Virginia	Pennsylvania	Total
Approximate miles of gathering line	3,700	4,800	1,650	300	10,450

The Midstream business also owns a hydrocarbon processing plant and gas compression facilities located in Langley, Kentucky.

EQT Midstream also owns and operates regulated underground storage and transmission facilities in Pennsylvania, West Virginia and Kentucky. These operations consist of approximately 970 miles of regulated transmission and storage lines with 36,000 horsepower of installed capacity and interconnections with five major interstate pipelines. The interstate pipeline system stretches throughout north central West Virginia and southwestern Pennsylvania. The completion of the Big Sandy Pipeline in 2008 added 68 miles of transmission line and 9,000 horsepower of installed capacity in Kentucky. Equitrans has 14 natural gas storage reservoirs with approximately 496 MMcf per day of peak delivery capability and 63 Bcf of storage capacity, of which 32 Bcf is working gas. These storage reservoirs are geographically clustered, with eight in northern West Virginia and six in southwestern Pennsylvania.

EQT Midstream owns and leases office space in Pennsylvania, West Virginia, Virginia and Kentucky.

Equitable Distribution. This segment owns and operates natural gas distribution facilities as well as other general property and equipment in western Pennsylvania, West Virginia and Kentucky. The distribution operations consist of approximately 4,000 miles of pipe in Pennsylvania, West Virginia and Kentucky.

Headquarters. The corporate headquarters and other operations are located in leased office space in Pittsburgh, Pennsylvania. In 2008, the Company entered into an agreement with Liberty Avenue Holdings, LLC to lease office space in Pittsburgh, Pennsylvania for the Company’s new corporate headquarters which are expected to be completed in 2009.

Item 3. Legal Proceedings

Kay Company, LLC et al. v. Equitable Production Company et al. U.S. District Court, Southern District of West Virginia

Several West Virginia lessors claimed in a suit filed on July 31, 2006 that Equitable Production Company had underpaid royalties on gas produced and marketed from leases. The suit sought compensatory and punitive damages, an accounting, and other relief. The plaintiffs later amended their complaint to name Equitable Resources, Inc. as an additional defendant. While the Company believes that it paid the proper royalty, it established a reserve to cover any potential liability. The Company has settled the litigation. The settlement covers all of the Company's lessors in West Virginia and is subject to court approval. The Company believes the reserve established for royalty matters is sufficient.

In addition to the claim disclosed above, in the ordinary course of business various other legal claims and proceedings are pending or threatened against the Company. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company has established reserves for other pending litigation, which it believes are adequate, and after consultation with counsel and giving appropriate consideration to available insurance, the Company believes that the ultimate outcome of any other matter currently pending against the Company will not materially affect the financial position of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 2008.

Executive Officers of the Registrant (as of February 20, 2009)

Name and Age	Current Title (Year Initially Elected an Executive Officer)	Business Experience
Theresa Z. Bone (45)	Vice President and Corporate Controller (2007)	Elected to present position July 2007; Vice President and Controller of Equitable Utilities from December 2004 until July 2007; Vice President and Controller of Equitable Supply from May 2000 to December 2004.
Philip P. Conti (49)	Senior Vice President and Chief Financial Officer (2000)	Elected to present position February 2007; Vice President and Chief Financial Officer from January 2005 to February 2007, also Treasurer until January 2006; Vice President, Finance and Treasurer from August 2000 to January 2005.
Randall L. Crawford (46)	Senior Vice President and President, Midstream and Distribution (2003)	Elected to present position in January 2008; Senior Vice President, and President, Equitable Utilities from February 2007 to December 2007; Vice President, and President, Equitable Utilities from February 2004 to February 2007; President, Equitable Gas Company from January 2003 to January 2004.
Martin A. Fritz (44)	Vice President and President, Midstream (2006)	Elected to current position January 2008; Vice President and Chief Administrative Officer from February 2007 to December 2007; Vice President and Chief Information Officer from April 2006 to February 2007; Chief Information Officer from May 2003 to March 2006.

Lewis B. Gardner (51)	Vice President and General Counsel (2008)	Elected to present position April 2008; Managing Director External Affairs and Labor Relations from January 2008 to March 2008; Senior Counsel - Director Employee and Labor Relations from March 2004 to December 2007; Director Employee and Labor Relations from March 2003 to February 2004.
Murry S. Gerber (55)	Chairman and Chief Executive Officer (1998)	Elected to present position February 2007; Chairman, President and Chief Executive Officer from May 2000 to February 2007.
M. Elise Hyland (49)	Vice President and President, Equitable Gas (2008)	Elected to present position February 2008; President Equitable Gas from July 2007 to January 2008; Senior Vice President, Customer Operations Equitable Gas Company from March 2004 to June 2007; Vice President, Strategic Planning and Analysis Equitable Gas Company from January 2003 to February 2004.
Charlene Petrelli (48)	Vice President and Chief Human Resources Officer (2003)	Elected to present position February 2007; Vice President, Human Resources from January 2003 to February 2007.
David L. Porges (51)	President and Chief Operating Officer (1998)	Elected to present position February 2007; Vice Chairman and Executive Vice President, Finance and Administration from January 2005 to February 2007; Executive Vice President and Chief Financial Officer from February 2000 to January 2005.
Steven T. Schlotterbeck (43)	Vice President and President, Production (2008)	Elected to present position January 2008; Executive Vice President, Exploration and Development, Equitable Production Company (EPC) from July 2007 to December 2007; Managing Director, Exploration and Production Planning and Development, EPC from January 2006 to June 2007; Senior Vice President, Production and Planning, EPC from August 2003 to December 2005.

All executive officers have executed agreements with the Company and serve at the pleasure of the Company's Board of Directors. Officers are elected annually to serve during the ensuing year or until their successors are chosen and qualified.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed on the New York Stock Exchange. The high and low sales prices reflected in the New York Stock Exchange Composite Transactions, and the dividends declared and paid per share, are summarized as follows (in U.S. dollars per share):

	2008			2007		
	High	Low	Dividend	High	Low	Dividend
1st Quarter	$ 65.05	$ 47.16	$ 0.22	$ 50.50	$ 39.26	$ 0.22
2nd Quarter	76.14	58.94	0.22	53.70	47.96	0.22
3rd Quarter	71.33	33.62	0.22	54.42	44.57	0.22
4th Quarter	36.70	20.71	0.22	56.75	51.54	0.22

As of February 13, 2009, there were 3,660 shareholders of record of the Company's common stock.

The amount and timing of dividends is subject to the discretion of the Board of Directors and depends on certain business conditions, such as the Company's lines of business, results of operations and financial condition and other factors. Based on currently foreseeable conditions, the Company anticipates that comparable dividends will be paid on a regular quarterly basis.

The following table sets forth the Company's repurchases of equity securities registered under Section 12 of the Exchange Act that have occurred in the three months ended December 31, 2008:

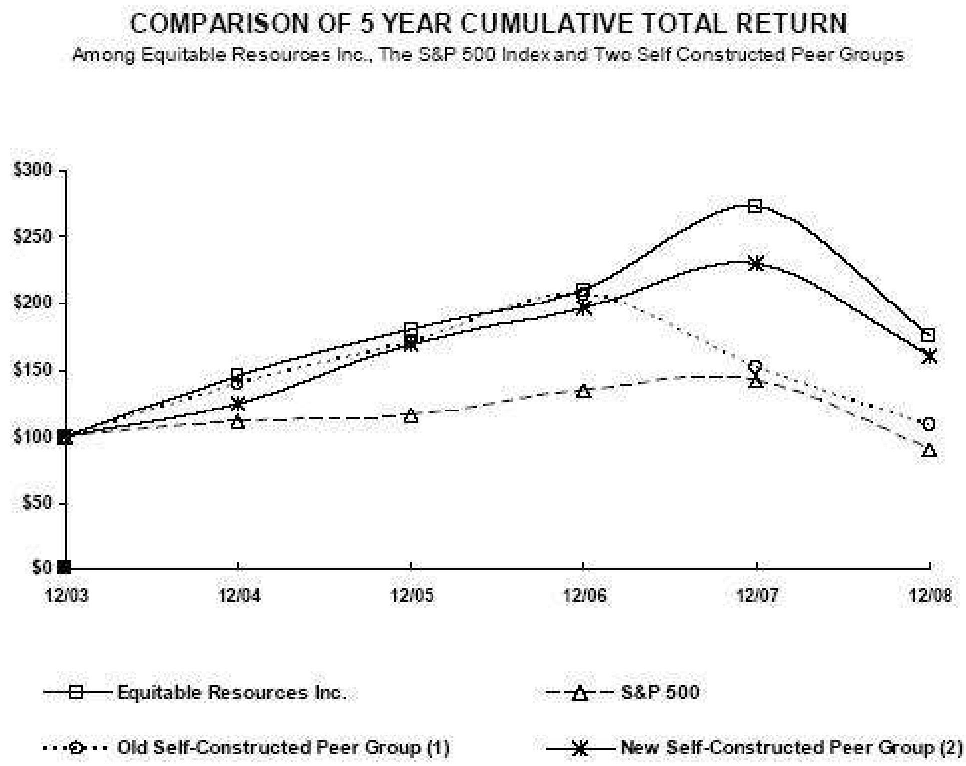
Period	Total number of shares (or units) purchased (a)	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (b)
October 2008 (October 1 — October 31)	4,317	$ 29.82	—	8,385,400
November 2008 (November 1 — November 30)	3,120	$ 30.10	—	8,385,400
December 2008 (December 1 — December 31)	23,837	$ 31.80	—	8,385,400
Total	31,274		—	

(a) Comprised solely of Company-directed purchases made by the Company's 401(k) plans.

(b) EQT's Board of Directors previously authorized a share repurchase program with a maximum of 50.0 million shares and no expiration date. The program was initially publicly announced on October 7, 1998, with subsequent amendments announced on November 12, 1999, July 20, 2000, April 15, 2004 and July 13, 2005.

Stock Performance Graph

The following graph compares the most recent five-year cumulative total return attained by shareholders on EQT Corporation's common stock with the cumulative total returns of the S&P 500 index, and two customized peer groups of eleven companies (the "Old Self-Constructed Peer Group) and twenty companies (the "New Self-Constructed Peer Group"), respectively, whose individual companies are listed respectively in footnotes (1) and (2) below. An investment of $100 (with reinvestment of all dividends) is assumed to have been made at the close of business on December 31, 2003 in the Company's common stock, in the S&P 500 index, and in each peer group. Relative performance is tracked through December 31, 2008.



	12/03	12/04	12/05	12/06	12/07	12/08
EQT CORPORATION	100.00	145.53	180.55	210.36	273.17	175.15
S & P 500	100.00	110.88	116.33	134.70	142.10	89.53
OLD SELF-CONSTRUCTED PEER GROUP (1)	100.00	139.57	170.65	207.10	152.46	108.28
NEW SELF-CONSTRUCTED PEER GROUP (2)	100.00	125.03	169.46	196.89	230.81	160.26

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(1) The Company's old self-constructed peer group includes eleven companies, which are: CMS Energy Corporation, Energen Corporation, Keyspan Corporation, Kinder Morgan, Inc., National Fuel Gas Company, NiSource Inc, OGE Energy Corporation, ONEOK, Inc, Peoples Energy Corporation, Questar Corporation and Southwestern Energy Company. During 2007, Keyspan Corporation, Kinder Morgan, Inc. and Peoples Energy Corporation completed significant transactions which resulted in those companies merging out of existence or going private. Those companies are included in the calculation from December 31, 2003 through December 31, 2006, at which time they are removed from the peer group calculation.

(2) The Company's new self-constructed peer group includes twenty companies, which are: Atlas Energy Resources, LLC, Cabot Oil & Gas Corporation, Chesapeake Energy Corporation, CNX Gas Corporation, El Paso Corporation, Enbridge Inc, Energen Corporation, MarkWest Energy Partners, L.P., MDU Resources Group, Inc., National Fuel Gas Company, ONEOK, Inc, Penn Virginia Corporation, Questar Corporation, Range Resources Corporation, Sempra Energy, Southern Union

Company, Southwestern Energy Company, Spectra Energy Corp., TransCanada Corp. and The Williams Companies, Inc. In future years, the Company generally will use this new self-constructed peer group because the businesses operated by this self-constructed peer group more closely reflect the businesses engaged in by the Company as it has evolved from a diversified utility to an integrated energy company increasingly focused on natural gas exploration, production and transportation. In addition, this peer group is the same as the peer group for the Company's 2008 Executive Performance Incentive Program.

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for information relating to compensation plans under which the Company's securities are authorized for issuance.

Item 6. Selected Financial Data

	As of and for the year ended December 31,				
	2008	2007	2006	2005	2004(a)
	(Thousands, except per share amounts)				
Operating revenues	$ 1,576,488	$ 1,361,406	$ 1,267,910	$ 1,253,724	$ 1,045,183
Income from continuing operations	$ 255,604	$ 257,483	$ 216,025	$ 258,574	$ 298,790
Income from continuing operations per share of common stock (b)					
Basic	$ 2.01	$ 2.12	$ 1.79	$ 2.14	$ 2.42
Diluted	$ 2.00	$ 2.10	$ 1.77	$ 2.09	$ 2.37
Total assets	$ 5,329,622	$ 3,936,971	$ 3,282,255	$ 3,342,285	$ 3,205,346
Long-term debt	$ 1,249,200	$ 753,500	$ 763,500	$ 766,500	$ 626,500
Cash dividends declared per share of common stock (b)	$ 0.880	$ 0.880	$ 0.870	$ 0.820	$ 0.720

(a) Amounts for 2004 have been reclassified to reflect the operating results of the NORESCO segment as discontinued operations.
(b) All 2004 and 2005 per share amounts have been adjusted for the two-for-one stock split affected on September 1, 2005.

See Item 1A, "Risk Factors," in the Company's 2008 Form 10-K and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 4 and 5 to the Consolidated Financial Statements for other matters that affect the comparability of the selected financial data as well as uncertainties that might affect the Company's future financial condition.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations

EQT’s consolidated income from continuing operations for 2008 was $255.6 million, $2.00 per diluted share, compared with $257.5 million, $2.10 per diluted share, for 2007 and $216.0 million, $1.77 per diluted share, for 2006.

The $1.9 million decrease in income from continuing operations from 2007 to 2008 reflects an increase in operating income of $153.1 million which was more than offset by the absence of a 2007 pre-tax gain of $126.1 million on the sale of assets in the Nora area, higher 2008 interest and income taxes and a 2008 other-than-temporary impairment loss on available for sale securities.

Operating income for 2008 was impacted by decreased incentive compensation expense, increased production revenues due to higher average well-head sales prices and significantly higher volumes, increased gathering and transmission revenues due to higher rates and volumes, and the absence of 2007 transaction costs associated with the terminated Peoples and Hope acquisition. The decreased incentive compensation expense was the result of the reversal of previously recorded expense on the Company’s 2005 Executive Performance Incentive Program partially offset by increases in short-term incentive compensation. These items were partially offset by increased depletion, depreciation and amortization, increased operating and administrative expenses and the impact of the May 2007 asset sales.

The $41.5 million increase in income from continuing operations from 2006 to 2007 resulted from several factors, including the 2007 pre-tax gain of $126.1 million on the sale of assets in the Nora area. At Equitable Distribution, revenues increased primarily due to colder weather in Equitable Gas’s service territory. At EQT Midstream, an increase in transmission and storage revenues due to increased storage asset optimization transactions and utilization of contractual transmission capacity to increase its wholesale marketing activities and an increase in gathering and processing net operating revenues due to higher frac spreads for NGLs extracted in 2007 were partially offset by a decrease in revenues due to the 2006 favorable impact of the settlement of the Equitrans rate case. At EQT Production, revenues increased due to higher production sales volumes.

The increased revenue between 2006 and 2007 was partially offset by a $46.2 million increase in incentive compensation expense, the $10.1 million write-off of deferred transaction costs related to the termination of the proposed acquisition of Peoples and Hope, and $9.7 million in higher depletion, depreciation and amortization, primarily at EQT Production. In addition, higher labor costs and charges for certain legal reserves, settlements and related expenses partially offset the increases in income from continuing operations.

The effective tax rate for 2008 was 37.7% compared to 35.9% in 2007. The higher effective tax rate in 2008 is the result of several factors including the Company being in a net operating loss position for tax purposes in 2008 which results in the loss of certain deductions for 2008 and for prior years as a result of carrying losses back to receive a cash refund of taxes paid. In addition, state taxes increased due to limitations imposed on certain state tax losses generated in 2008 and the Company recorded a net increase to tax expense as a result of the completion of its IRS audit through the 2005 tax year, slightly offset by a beneficial change in the West Virginia state tax law. The Company’s effective tax rate for its continuing operations for the year ended December 31, 2007 was 35.9% compared to 33.7% for the year ended December 31, 2006. The higher effective tax rate in 2007 is the result of several factors including a change in the West Virginia state tax law and a reduced 2006 rate resulting from the release of state valuation allowances related to state net operating loss carryovers.

Business Segment Results

Business segment operating results are presented in the segment discussions and financial tables on the following pages. Operating segments are evaluated on their contribution to the Company’s consolidated results based on operating income, equity in earnings of nonconsolidated investments and other income. Interest expense and income taxes are managed on a consolidated basis. Headquarters’ costs are billed to the operating segments based upon a fixed allocation of the headquarters’ annual operating budget. Differences between budget and actual headquarters expenses are not allocated to the operating segments. Certain performance-related incentive expenses (income) and administrative expenses totaling ($17.4) million, $65.3 million and $21.9 million in 2008, 2007 and 2006, respectively, were not allocated to business segments. The unallocated income in 2008 primarily relates to the reversal of previously recorded performance-related incentive expenses, while the unallocated expense in 2007 and 2006 relates to performance-related incentive expenses in those years.

The Company has reconciled each segment's operating income, equity in earnings of nonconsolidated investments and other income to the Company's consolidated operating income, equity in earnings of nonconsolidated investments and other income totals in Note 2 to the Consolidated Financial Statements. Additionally, these subtotals are reconciled to the Company's consolidated net income in Note 2. The Company has also reported the components of each segment's operating income and various operational measures in the sections below, and where appropriate, has provided information describing how a measure was derived. EQT's management believes that presentation of this information is useful to management and investors in assessing the financial condition, operations and trends of each of EQT's segments without being obscured by these items for the other segments or by the effects of corporate allocations. In addition, management uses these measures for budget planning purposes.

EQT Production

Overview

EQT's strategy is to maximize value by profitably developing the Company's extensive acreage position through organic growth enabled by a low cost structure. The Company is focused on continuing its significant organic reserve and production growth through its drilling program and believes that it is a technological leader in drilling in low pressure shale. In particular, the use of air in horizontal drilling has proven to be a cost effective technology which the Company has efficiently deployed to various geological formations in the Appalachian mountain terrain and which may be deployed to other Company assets in the Basin to maximize production.

The Company drilled 668 gross wells (533 net wells) in 2008, including 23 Marcellus wells (16 vertical and 7 horizontal), 24 horizontal Berea wells, and 357 horizontal wells targeting the Lower Huron. P roved reserves increased 428 Bcfe (16%) to 3,110 Bcfe during the year.

EQT Production's revenues for 2008 increased approximately 26% compared to 2007 revenues. Gas sales volumes increased 12% from 2007, excluding volumes from properties sold during 2007, primarily as a result of increased production from the 2008 and 2007 drilling programs partially offset by the normal production decline in the Company's producing wells. Well-head sales prices increased approximately 16%, as increased commodity market prices offset slightly lower hedge prices year-over-year.

Operating expenses at EQT Production include an $8.2 million increase in the Company's exploration program. The increase in exploration expense is a result of the Company's initiative to explore additional reserve opportunities in various exploration plays on its legacy acreage position with the purchase and interpretation of seismic data for unproved properties. Excluding exploration expenses, 2008 operating expenses increased 21% primarily due to higher depletion resulting from increased drilling investments, increased lease operating expenses due to increased production volumes and higher production taxes due to higher prices and volumes, partially offset by the absence of 2007 charges for legal reserves, settlements and related expenses.

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Results of Operations

	Years Ended December 31,				
	2008	2007	% change 2008 - 2007	2006	% change 2007 - 2006
OPERATIONAL DATA					
Production:					
Natural gas and oil production (MMcfe) (a)	90,585	83,114	9.0	81,371	2.1
Company usage, line loss (MMcfe)	(6,577)	(6,035)	9.0	(5,215)	15.7
Total sales volumes (MMcfe)	84,008	77,079	9.0	76,156	1.2
Average (well-head) sales price ($/Mcfe)	$ 5.32	$ 4.59	15.9	$ 4.60	(0.2)
Lease operating expenses (LOE), excluding production taxes ($/Mcfe)	$ 0.35	$ 0.31	12.9	$ 0.29	6.9
Production taxes ($/Mcfe)	$ 0.52	$ 0.43	20.9	$ 0.47	(8.5)
Production depletion ($/Mcfe)	$ 0.81	$ 0.70	15.7	$ 0.62	12.9
Production depletion	$ 73,362	$ 58,264	25.9	$ 50,330	15.8
Other depreciation, depletion and amortization (DD&A)	4,872	3,820	27.5	3,141	21.6
Total DD&A	$ 78,234	$ 62,084	26.0	$ 53,471	16.1
Capital expenditures (thousands) (b)	$ 700,745	$ 328,080	113.6	$ 205,047	60.0
FINANCIAL DATA (thousands)					
Total operating revenues	$ 457,144	$ 364,396	25.5	$ 359,526	1.4
Operating expenses:					
LOE, excluding production taxes	31,719	25,361	25.1	23,818	6.5
Production taxes (c)	47,158	36,123	30.5	38,198	(5.4)
Exploration expense	9,064	862	951.5	802	7.5
Selling, general and administrative (SG&A)	38,185	37,947	0.6	27,814	36.4
DD&A	78,234	62,084	26.0	53,471	16.1
Total operating expenses	204,360	162,377	25.9	144,103	12.7
Operating income	$ 252,784	$ 202,019	25.1	$ 215,423	(6.2)

(a) Natural gas and oil production represents the Company's interest in gas and oil production measured at the well-head. It is equal to the sum of total sales volumes and Company usage, line loss.

(b) 2007 capital expenditures include $24.4 million for the acquisition of working interests in wells in the Roaring Fork area.

(c) Production taxes include severance and production-related ad valorem and other property taxes.

Fiscal Year Ended December 31, 2008 vs. December 31, 2007

EQT Production's operating income totaled $252.8 million for 2008 compared to $202.0 million for 2007, an increase of $50.8 million between years, primarily due to a higher average well-head sales price and increased gas sales volumes, partially offset by an increase in operating expenses.

Total operating revenues were $457.1 million for 2008 compared to $364.4 million for 2007. The $92.7 million increase in operating revenues was due to higher realized prices and increased sales volumes. The average well-head sales price increase by $0.73 per Mcfe, primarily as a result of an increase in NYMEX natural gas prices and a higher percentage of unhedged gas sales, partially offset by a lower realized hedge price. Additionally, sales volumes increased 12% excluding the 2007 sale of interests which provided sales of 1,966 MMcfe during 2007, as a result of the 2008 and 2007 drilling programs net of the normal production decline in the Company's wells.

Operating expenses totaled $204.4 million for 2008 compared to $162.4 million for 2007. The $42.0 million increase in operating expenses was a result of increases of $16.2 million in DD&A, $11.0 million in production taxes, $6.4 million in LOE, and $0.2 million in SG&A. In addition, the 2008 period includes an $8.2 million increase in exploration expense due to the purchase and interpretation of seismic data in support of the Company's examination of emerging plays. The increase in DD&A was primarily due to increased depletion expense resulting from both increases in the unit rate ($9.9 million) and volume ($5.0 million). The $0.11 increase in the depletion rate is primarily attributable to the increased investment in oil and gas producing properties. The increase in production taxes was primarily due to a $9.8 million increase in severance taxes and a $1.2 million increase in property taxes. The increase in severance taxes (a production tax imposed on the value of gas extracted) was primarily due to higher gas commodity prices and higher sales volumes in the various taxing jurisdictions that impose such taxes. The increase in property taxes was a direct result of increased prices and sales volumes in prior years, as property taxes in several of the taxing jurisdictions where the Company's wells are located are calculated based on historical gas commodity prices and sales volumes. The increase in LOE was attributable to personnel costs, the 2008 program to test the re-fracturing of existing wells, salt water and waste disposal, environmental costs and road and location maintenance. The increase in SG&A was primarily due to higher overhead costs associated with the growth of the Company partially offset by lower charges for certain legal disputes in 2008 compared to 2007.

Fiscal Year Ended December 31, 2007 vs. December 31, 2006

EQT Production's operating income totaled $202.0 million for 2007 compared to $215.4 million for 2006, a decrease of $13.4 million between years, primarily due to an increase in operating expenses, partially offset by increased sales volumes.

Total operating revenues were $364.4 million for 2007 compared to $359.5 million for 2006. The $4.9 million increase in operating revenues was primarily due to a 1% increase in total sales volumes as a result of the 2007 and 2006 drilling programs net of the normal production decline in the Company's wells and was partially offset by the 2007 sale of interests which provided sales of 3,044 MMcfe during 2006. In addition, the average well-head sales price decreased $0.01 per Mcfe primarily due to a decrease in NYMEX natural gas prices, partially offset by a higher percentage of unhedged gas sales and a higher realized hedge price.

Operating expenses totaled $162.4 million for 2007 compared to $144.1 million for 2006. The $18.3 million increase in operating expenses was due to increases of $10.1 million in SG&A, $8.6 million in DD&A and $1.5 million in LOE, excluding production taxes, partially offset by a decrease of $2.1 million in production taxes. The increase in SG&A was primarily due to increased legal reserves, settlements and related expenses in 2007 compared to the reduction of certain liability reserves in 2006, partially offset by 2006 increases to the reserve established for uncollectible accounts. The increase in DD&A was primarily due to increased depletion expense resulting from both increases in the unit rate ($6.9 million) and volume ($1.0 million). The $0.08 increase in the depletion rate is primarily attributable to the increased investment in oil and gas producing properties. The increase in LOE, excluding production taxes, was attributable to personnel costs, environmental costs and liability insurance costs. The decrease in production taxes was primarily due to a decrease in severance taxes arising out of the sale of assets in the Nora area.

See the “Capital Resources and Liquidity” section for discussion of EQT Production’s capital expenditures during 2008, 2007 and 2006.

Outlook

EQT Production’s business strategy is focused on organic growth of the Company’s natural gas reserves and sales volumes. Key elements of EQT Production’s strategy include:

- **Expanding reserves and production through horizontal drilling in Kentucky and West Virginia.** The Company is committed to expanding its reserves and production through horizontal drilling, exploiting additional reserve potential through key emerging development plays and expanding its infrastructure in the Appalachian Basin. The Company will seek to maximize the value of its existing asset base by developing its large acreage position, which the Company believes holds significant production and reserve growth potential. A substantial portion of the Company’s 2009 drilling efforts will be focused on drilling horizontal wells in shale formations in Kentucky and West Virginia.

- **Exploiting additional reserve potential through key emerging development plays.** In 2009, the Company will examine the potential for exploitation of gas reserves in new geological formations and through different technologies. Plans include the drilling of horizontal Berea and Marcellus wells and testing the Devonian shale in Virginia. In addition, the Company intends to obtain proprietary seismic data in order to evaluate future deep drilling opportunities in certain emerging plays.

EQT Midstream

Overview

EQT Midstream provides gathering, processing, transmission and storage services to EQT Production and independent third parties. In 2008, EQT Midstream focused on building a long-term growth platform, highlighted by the construction of the Big Sandy Pipeline, the Kentucky Hydrocarbon processing plant and the Mayking corridor. This infrastructure development facilitates the development of EQT Production's growing reserve base in the Huron play and provides opportunities to sell capacity to third parties. In 2009, EQT Midstream will focus on continuing to expand its gathering system through well connections to existing midstream infrastructure and thereby filling existing capacity. Additionally, initial infrastructure expansion in the Marcellus play in southwestern Pennsylvania and northern West Virginia is slated for 2009.

EQT Midstream achieved a number of operational milestones in 2008. In the second half of the year, EQT Midstream completed construction on the expansion of the Kentucky hydrocarbon processing plant and gas compression facilities (Kentucky Hydrocarbon) and turned in line the Mayking Corridor project (Mayking). Kentucky Hydrocarbon has the capacity to process 170 MMcfe of natural gas per day. Mayking consists of three compressor units and 38 miles of pipe. In the second quarter, the Big Sandy Pipeline, a 68-mile pipeline that connects Kentucky Hydrocarbon to the Tennessee Gas Pipeline and currently provides up to 130,000 Dth per day of firm transportation service, came on-line. The combination of Kentucky Hydrocarbon, Mayking and the Big Sandy Pipeline provide the platform for significant sales growth starting in the fourth quarter of 2008 and beyond and will help to mitigate curtailments and increase the flexibility and reliability of the Company's gathering systems in transporting gas to market.

Also in 2008, Equitable Energy executed a binding precedent agreement with TGP for a 15-year term that, along with other contractual provisions, awarded the Company 300,000 Dth per day of capacity in TGP's 300-Line expansion project. When completed, this expansion project will consist of approximately 128 miles of 30-inch pipe loop and approximately 52,000 horsepower of additional compression facilities to be constructed in TGP's existing pipeline corridor in Pennsylvania and New Jersey. The awarded capacity will provide Equitable Energy access to consumer markets along the TGP long-line transmission system from the Gulf Coast to the Mid-Atlantic and the Northeast United States.

EQT Midstream's net operating revenues increased by 16% from 2007 to 2008. This increase was primarily due to increases in the average gathering fee, higher processing net revenues and transmission revenues from the Big Sandy Pipeline. Increases in net operating revenues were more than offset by an increase in operating expenses which included $10.7 million for the settlement of certain pension and post-retirement benefits including related severance and legal fees.

During May 2007, the EQT Midstream segment contributed certain Nora area gathering facilities and pipelines to Nora Gathering, LLC, a newly formed entity that is equally owned by the Company and Pine Mountain Oil and Gas, Inc. (PMOG), in exchange for a 50% equity interest in the LLC and cash. See Note 5 to the Company's Consolidated Financial Statements for further discussion of this transaction. As a result of the gathering asset contribution, gathered volumes, gathering revenues and gathering-related expenses related to the Nora area gathering activities are no longer included in EQT Midstream's operating results beginning in the second quarter of 2007. However, EQT Midstream records its 50% equity interest in the earnings of Nora Gathering, LLC in equity in earnings of nonconsolidated investments. Also in 2007, EQT purchased certain gathering assets in the Roaring Fork area from the minority interest holders. See Note 6 to the Company's Consolidated Financial Statements for further discussion of this transaction.

Results of Operations

	Years Ended December 31, 2008	2007	% change 2008 - 2007	2006	% change 2007 - 2006
OPERATIONAL DATA					
Gathering and processing:					
Gathered volumes (BBtu)	145,031	143,338	1.2	157,248	(8.8)
Average gathering fee ($/MMBtu)	$ 0.98	$ 0.84	16.7	$ 0.79	6.3
Gathering and compression expense ($/MMBtu) (b)	$ 0.37	$ 0.35	5.7	$ 0.28	25.0
NGLs sold (Mgal) (a)	81,856	72,430	13.0	70,963	2.1
Average NGL sales price($/gal)	$ 1.24	$ 1.07	15.9	$ 0.95	12.6
Transmission pipeline throughput (BBtu):	76,270	53,514	42.5	53,151	0.7
Net operating revenues (thousands):					
Gathering and processing	$ 175,641	$ 149,590	17.4	$ 140,312	6.6
Transmission and storage	127,699	112,325	13.7	113,080	(0.7)
Total net operating revenues	$ 303,340	$ 261,915	15.8	$ 253,392	3.4
Net operating income (thousands):					
Gathering and processing	$ 58,575	$ 65,003	(9.9)	$ 57,047	13.9
Transmission and storage	76,197	75,429	1.0	80,130	(5.9)
Total net operating income	$ 134,772	$ 140,432	(4.0)	$ 137,177	2.4
DD&A (thousands):					
Gathering and processing	$ 25,575	$ 19,230	33.0	$ 18,287	5.2
Transmission and storage	9,227	7,103	29.9	7,535	(5.7)
Total DD&A	$ 34,802	$ 26,333	32.2	$ 25,822	2.0
Capital expenditures (thousands)	$ 593,564	$ 433,719	36.9	$ 146,512	196.0

(a) NGLs sold includes NGLs recovered at the Company’s processing plant and transported to a fractionation plant owned by a third party for separation into commercial components, net of volumes retained, as well as equivalent volumes sold at liquid component prices under the Company’s contractual processing arrangements with third parties.

(b) The calculation of gathering and compression expense ($/MMBtu) for 2008 and 2006 excludes a $9.5 million charge and a $3.3 million charge, respectively, for pension and other post-retirement benefits.

	Years Ended December 31,				
	2008	2007	% change 2008 - 2007	2006	% change 2007 - 2006
FINANCIAL DATA (thousands)					
Total operating revenues	$ 681,475	$ 591,608	15.2	$ 554,071	6.8
Purchased gas costs	378,135	329,693	14.7	300,679	9.6
Net operating revenues	303,340	261,915	15.8	253,392	3.4
Operating expenses:					
Operating and maintenance (O&M)	84,558	66,155	27.8	63,811	3.7
SG&A	49,208	28,995	69.7	27,609	5.0
Impairment charges	—	—	—	(1,027)	(100.0)
Depreciation and amortization	34,802	26,333	32.2	25,822	2.0
Total operating expenses	168,568	121,483	38.8	116,215	4.5
Operating income	$ 134,772	$ 140,432	(4.0)	$ 137,177	2.4
Other income, net	$ 5,678	$ 7,253	(21.7)	$ 1,149	531.2
Equity in earnings of nonconsolidated investments	$ 5,053	$ 2,648	90.8	$ —	100.0

Fiscal Year Ended December 31, 2008 vs. December 31, 2007

EQT Midstream’s operating income totaled $134.8 million for 2008 compared to $140.4 million for 2007, a decrease of $5.6 million between years. An increase in net operating revenues was more than offset by increased operating expenses, including a $10.7 million settlement charge for pension and post-retirement benefits including related severance and legal fees, and $5.2 million bad debt expense as a result of the Lehman Brothers bankruptcy. Excluding these items, operating income increased 7%.

Total net operating revenues were $303.3 million for 2008 compared to $261.9 million for 2007. The $41.4 million increase in total net operating revenues was due to a $26.0 million increase in gathering and processing net operating revenues and a $15.4 million increase in transmission and storage net operating revenues. The increase in gathering and processing net operating revenues was due to a 17% increase in the average gathering fee, increased NGLs sold, increased commodity prices for propane and other NGLs and a small increase in gathered volumes. The increase in the average gathering fee is reflective of the Company’s commitment to ensuring that this fee is sufficient to cover costs associated with infrastructure expansion. The volume of NGLs sold increased in 2008 as a result of the Company’s infrastructure investments. Gathered volumes increased 1% due to the increase in 2008 Company production and third party volumes which were partially offset by the elimination in 2008 of volumes gathered on assets contributed to Nora Gathering, LLC. The increase in transmission and storage net operating revenues was due to new transmission revenues from the Big Sandy Pipeline, which came on-line in the second quarter of 2008 and increased third party marketing that utilized Big Sandy Pipeline capacity.

Total operating revenues increased by $89.9 million, or 15%, primarily as a result of higher sales prices on increased commercial activity related to contractual transmission and storage assets, an increase in processing volumes and commodity prices, higher gathering rates and new transmission revenues from the Big Sandy Pipeline. Total purchased gas costs increased due to the higher gas costs on increased commercial activity related to contractual transmission and storage assets as well as higher gas costs related to processing activities.

Operating expenses totaled $168.6 million for 2008 compared to $121.5 million for 2007. The $47.1 million increase in operating expenses was due to increases of $20.2 million in SG&A, $18.4 million in O&M, and $8.5

million in DD&A. The increase in SG&A was primarily due to labor and services to support the growth in the Midstream business, a $5.2 million reserve against Lehman Brothers receivables, and $1.2 million for legal and actuarial services associated with the pension and other post-retirement charge, partially offset by decreased SG&A for the gathering assets contributed to Nora Gathering, LLC. The increase in O&M resulted mainly from the $9.5 million pension and other post-retirement charge as well as increased electricity charges, compressor maintenance, labor and non-income taxes for the gathering and processing business due to new compressors and processing facilities, partially offset by the expenses associated with gathering asset contributed to Nora Gathering, LLC. The increase in DD&A was primarily due to the increased investment in infrastructure during 2008, partially offset by decreased depreciation relating to the gathering asset contribution to Nora Gathering, LLC.

Other income represents allowance for equity funds used during construction. The $1.6 million decrease from 2007 to 2008 was primarily caused by a full year of AFUDC on Big Sandy recorded in 2007, as compared to only a partial year in 2008 as Big Sandy was placed on-line in the second quarter of 2008.

Equity in earnings of nonconsolidated investments totaled $5.1 million for 2008 compared to $2.6 million for 2007. This increase is related to equity earnings recorded for EQT Midstream's investment in Nora Gathering, LLC, which was formed in May 2007.

Fiscal Year Ended December 31, 2007 vs. December 31, 2006

EQT Midstream's operating income totaled $140.4 million for 2007 compared to $137.2 million for 2006, an increase of $3.2 million between years. An increase in net operating revenues was largely offset by increased operating expenses.

Total net operating revenues were $261.9 million for 2007 compared to $253.4 million for 2006. The $8.5 million increase in total net operating revenues was due primarily to increases in gathering and processing net operating revenues, partially offset by a decrease in transmission and storage net operating revenues. The $9.3 million increase in gathering and processing net operating revenues was due to higher sales prices for the NGL products sold in 2007 as compared to 2006, a 2% increase in NGL volumes sold and a 6% increase in the average gathering fee, partially offset by a 9% decline in gathered volumes. Commodity market prices for propane and other NGLs increased significantly in 2007 compared to 2006. The increase in average gathering fee is reflective of the Company's commitment to ensuring that this fee is sufficient to cover costs associated with infrastructure expansion. The decrease in gathered volumes is primarily the result of a reduction in volumes gathered for EQT Production due to the contribution of gathering facilities and pipelines to Nora Gathering, LLC, partially offset by increased Company production. The $0.8 million decrease in transmission and storage net operating revenues was primarily due to the positive effect of the Equitrans rate case settlement of $7.0 million recorded in 2006, partially offset by storage asset optimization realized in 2007 as the Company used contractual storage capacity to capture unusually high summer-to-winter price spreads, Equitrans' Pipeline Safety surcharge that was formally approved by the FERC in November 2007 and increased firm transportation rates year over year. The storage price spreads were captured at a time of high volatility and the transactions settled in 2007.

Operating expenses totaled $121.5 million for 2007 compared to $116.2 million for 2006. The $5.3 million increase in operating expenses was due to increases of $2.4 million in O&M and $1.4 million in SG&A, $1.0 million in impairment charge reversals recorded in 2006 and an increase of $0.5 million in DD&A. The increase in O&M was due to increased expense in 2007 for the Company's gathering and transmission facilities primarily due to increased electricity charges on newly installed electric compressors, increased field line and compressor maintenance, increased field labor and related employment costs, increased compliance and maintenance costs and increased fleet-related costs, as well as the recognition of $0.7 million of pipeline safety costs that were deferred pending the FERC order on the Equitrans Pipeline Safety surcharge. Partially offsetting these increases in O&M were a decrease in O&M expenses relating to the gathering asset contribution to Nora Gathering, LLC and a decrease due to a 2006 pension and other post-retirement benefits charge of $3.3 million for an early retirement program relating to the gathering and processing business. The increase in SG&A is primarily due to higher labor costs including higher incentive compensation costs, partially offset by decreased SG&A for the gathering assets contributed to Nora Gathering, LLC. The increase in DD&A was primarily due to the increased investment in gathering infrastructure during 2007 partially offset by decreased depreciation relating to the gathering asset contribution to Nora Gathering, LLC.

Other income represents AFUDC-Equity and the $6.2 million increase from 2006 to 2007 was primarily the result of increased capital spending for the Big Sandy Pipeline as well as spending on pipeline safety and integrity projects.

Equity in earnings of nonconsolidated investments totaled $2.6 million for 2007 and related to equity earnings recorded for EQT Midstream's investment in Nora Gathering, LLC.

See the "Capital Resources and Liquidity" section for discussion of EQT Midstream's capital expenditures during 2008, 2007 and 2006.

Outlook

EQT Midstream is focused on building a long-term growth platform to facilitate the development of EQT Production's growing reserve base. In 2009, under current capital market conditions, EQT Midstream will fill existing capacity by building smaller gathering lines in Kentucky, West Virginia and Pennsylvania to tie in wells. This will facilitate the delivery of gas from wells drilled by EQT Production in 2009 and will provide additional capacity to help mitigate curtailments, increase the flexibility and reliability of the Company's gathering systems in transporting gas to market and provide additional capacity for growth. EQT Midstream will also make the initial infrastructure expansion in the Company's Marcellus play in southwestern Pennsylvania and northern West Virginia. In addition, processing upgrades to the Kentucky Hydrocarbon plant are planned. If the capital markets become less constrained, EQT Midstream will consider increasing investment in corridor infrastructure projects to provide additional capacity needed to facilitate production growth.

Equitable Distribution

Overview

Equitable Distribution's business strategy is to earn a competitive return on its asset base through regulatory mechanisms and operational efficiency. Equitable Distribution is focused on enhancing the value of its existing assets by establishing a reputation for excellent customer service, effectively managing its capital spending, improving the efficiency of its workforce through superior work management and continuing to leverage technology throughout its operations.

In 2008, Equitable Gas filed a base rate case in Pennsylvania to recover an increased return on assets placed in service since the previous rate case and to fully recover costs associated with the CAP. In November 2008, Equitable Gas reached a settlement with the active parties that would result in a projected revenue increase of approximately $38 million annually compared to the requested increase of $51.9 million. The settlement must be approved by the PA PUC to be effective. On January 20, 2009, a PA PUC Administrative Law Judge recommended approval of the rate case settlement by the PA PUC. The PA PUC approval is expected before March 31, 2009.

If approved, this settlement will result in the first delivery rate increase for Equitable Gas in more than a decade. Since 1997, Equitable Gas has invested more than $360 million to upgrade its pipeline infrastructure, improve the efficiency of its operations and enhance the quality of its customer service. As a result of these investments, the company now ranks among the highest in Pennsylvania in gas utility call center service levels and has achieved documented improvements in on-time scheduled appointment performance and safety.

Pennsylvania law requires that local distribution companies develop and implement programs to assist low-income customers with paying their gas bills. The costs of these programs are recovered through rates charged to other residential customers. Equitable Gas has several such programs, including the CAP. On September 27, 2007, the PA PUC issued an order approving an increase to Equitable Gas's CAP surcharge, which is designed to offset the costs of the CAP. The revised surcharge went into effect on October 2, 2007. If the rate case settlement is approved, Equitable Gas will increase the CAP surcharge from $0.58 per mcf to $1.30 per mcf and will receive an annual reconciliation of CAP costs to ensure complete recovery beginning in the first quarter of 2009.

Equitable Distribution's net operating revenues increased 6% from 2007 to 2008 primarily due to the increase in surcharges collected to support CAP and colder weather in Equitable Gas' service territory in 2008. The weather in Equitable Gas' service territory in 2008 was 5% colder than 2007, but was still 4% warmer than the 30-year National Oceanic and Atmospheric Administration (NOAA) average for the Company's service territory. The weather in 2007 was 9% warmer than the 30-year average. Total operating expenses decreased 12% from 2007 , primarily due to the absence of transaction and transition planning costs related to the terminated Peoples and Hope acquisition incurred in 2007, partially offset by a 2008 increase in CAP expenses. These increased CAP costs were recovered through an increase in collected CAP surcharge.

On March 1, 2006, the Company entered into an agreement to acquire Dominion's natural gas distribution assets in Pennsylvania and in West Virginia for approximately $970 million, subject to adjustments, in a cash transaction for the stock of Peoples and Hope. In light of the continued delay in achieving the legal approvals for this transaction, the Company and Dominion agreed to terminate the agreement pursuant to a mutual termination agreement entered into on January 15, 2008. As a result, in the fourth quarter of 2007, the Company recognized a charge of $10.1 million for acquisition costs that were previously deferred.

Results of Operations

	Years Ended December 31,				
	2008	**2007**	**% change 2008 - 2007**	**2006**	**% change 2007 - 2006**
OPERATIONAL DATA					
Heating degree days (30 year average = 5,829)	5,622	5,332	5.4	4,976	7.2
Residential sales and transportation volume (MMcf)	23,824	23,494	1.4	21,014	11.8
Commercial and industrial volume (MMcf)	27,503	25,971	5.9	23,841	8.9
Total throughput (MMcf) — Distribution	51,327	49,465	3.8	44,855	10.3
Net operating revenues (thousands):					
Residential	$ 105,059	$ 99,050	6.1	$ 92,497	7.1
Commercial & industrial	46,394	42,558	9.0	42,519	0.1
Off-system and energy services	19,415	19,021	2.1	15,647	21.6
Total net operating revenues	170,868	$ 160,629	6.4	$ 150,663	6.6
Capital expenditures (thousands)	$ 45,770	$ 41,684	9.8	$ 48,721	(14.4)
FINANCIAL DATA (thousands)					
Total operating revenues	$ 698,385	$ 624,744	11.8	$ 586,194	6.6
Purchased gas costs	527,517	464,115	13.7	435,531	6.6
Net operating revenues	170,868	160,629	6.4	150,663	6.6
Operating expenses:					
O & M	44,161	41,613	6.1	40,690	2.3
SG&A	44,793	64,454	(30.5)	49,631	29.9
Impairment charges	—	—	—	(1,369)	(100.0)
DD&A	22,055	20,021	10.2	19,938	0.4
Total operating expenses	111,009	126,088	(12.0)	108,890	15.8
Operating income	$ 59,859	$ 34,541	73.3	$ 41,773	(17.3)

Fiscal Year Ended December 31, 2008 vs. December 31, 2007

Equitable Distribution’s operating income totaled $59.9 million for 2008 compared to $34.5 million for 2007. The $25.4 million increase in operating income is primarily due to increased CAP surcharge revenues, colder weather and lower SG&A expenses due to the absence in 2008 of costs associated with the now terminated Peoples and Hope acquisition.

Net operating revenues were $170.9 million for 2008 compared to $160.6 million for 2007. The $10.3 million increase in net operating revenues was primarily a result of increased CAP surcharge revenues. The CAP surcharge increased from $0.30 per mcf to $0.58 per mcf in the fourth quarter of 2007. Additionally, 2008 weather was 5% colder than the prior year. Commercial and industrial revenues increased due to an increase in performance-based revenues as well as increased volumes of 1,532 MMcf from 2007 to 2008 primarily due to an increase in usage by one industrial customer. Off-system and energy services net operating revenues increased due to increased gathering revenue as a result of increased volumes and rates, partially offset by lower volumes and margins in asset optimization activities. Additionally, an increase in the commodity component of residential tariff rates resulted in an increase in both total operating revenues and purchased gas costs.

Operating expenses totaled $111.0 million for 2008 compared to $126.1 million for 2007. This $15.1 million decrease was primarily due to the impact of $21.0 million in 2007 costs related to the now terminated Peoples and Hope acquisition, a $2.5 million decrease in incentive compensation expenses and a $1.8 million reduction in insurance reserves due to increased safety measures. Partially offsetting these decreases were a $5.5 million increase in customer assistance expenses resulting from a significant increase in customer participation in the CAP and a $2.6 million increase in operating expenses primarily related to increased leak repair and maintenance activities for gathering operations, service line maintenance and line location requests and higher gas prices . Additionally, there was a $2.1 million increase in depreciation due to an adjustment in asset estimated useful lives resulting from the PA PUC-mandated asset service life study as well as increased capital expenditures.

Fiscal Year Ended December 31, 2007 vs. December 31, 2006

Equitable Distribution's operating income totaled $34.5 million for 2007 compared to $41.8 million for 2006. An increase in net operating revenues was more than offset by increased operating expenses primarily related to the fourth quarter of 2007 write-off of deferred acquisition costs that resulted from the termination of the agreement to acquire Peoples and Hope.

Net operating revenues were $160.6 million for 2007 compared to $150.7 million for 2006. The $9.9 million increase in net operating revenues was primarily a result of weather that was 7% colder than the prior year, resulting in a 2,480 MMcf increase in residential sales and transportation volumes from 2006 to 2007. Commercial and industrial volumes increased 2,130 MMcf from 2006 to 2007 primarily due to an increase in usage by one industrial customer. These high volume industrial sales have very low margins and did not significantly impact total net operating revenues.

Operating expenses totaled $126.1 million for 2007 compared to $108.9 million for 2006. Operating expenses for 2007 included a $10.1 million write-off of costs previously deferred related to the now terminated agreement to acquire Peoples and Hope, while 2006 included a one-time benefit of $1.4 million from the partial reversal of a 2005 impairment charge in connection with the Company's office consolidation. Other increases in operating expenses included higher corporate overhead allocations, increased labor costs including information technology enhancements and costs associated with a customer experience study of Equitable Gas customers. These increases were partially offset by a reduction in bad debt expense as a result of the continued organizational focus on collections, which resulted in reductions in delinquent accounts receivable and net write-offs.

Outlook

As described above, Equitable Gas reached a settlement of its Pennsylvania rate case that, if approved, will result in a projected revenue increase of approximately $38 million annually. The new rates are expected to go into place no later than March 31, 2009, with the first full year impact realized in 2010 results. The rate increase will allow Equitable Distribution to earn an improved return on its asset base. Under the terms of the rate case settlement, Equitable Gas will also reduce exposure to the cost of PUC mandated customer assistance programs through a reconcilable surcharge.

Customer conservation, which has occurred over time as a result of product efficiency and higher natural gas prices, has reduced residential customer usage over time. The Company has not, however, experienced a significant decrease in weather adjusted throughput or deterioration in customer collections in 2008 compared to recent levels. If the current economic downturn persists, Equitable Distribution may experience a reduction in commercial and industrial throughput as well as an increase in bad debt expense, which would reduce the return on its asset base.

Other Income Statement Items

	Years Ended December 31,		
	2008	2007	2006
		(Thousands)	
Other-than-temporary-impairment on available-for-sale securities	$ (7,835)	$ —	$ —
Gain on sale of available-for-sale securities, net	—	1,042	—
Other income	6,233	7,645	1,442
Gain on sale of assets, net	—	126,088	—
Income from discontinued operations	—	—	4,261

During 2007, the EQT Production segment sold to PMOG a portion of the Company's interests in certain gas properties in the Nora area totaling approximately 74 Bcf of proved reserves. Also during 2007, the EQT Midstream segment contributed certain Nora area gathering facilities and pipelines to Nora Gathering, LLC in exchange for a 50% equity interest in Nora Gathering, LLC and cash. These transactions resulted in a net gain of $126.1 million. See Note 5 to the Company's Consolidated Financial Statements for further discussion of these transactions.

As discussed in Note 10 to the Company's Consolidated Financial Statements, the Company's available-for-sale investments consist of equity and bond funds intended to fund plugging and abandonment and other liabilities for which the Company self-insures. At December 31, 2008, these investments had a fair market value which was $7.8 million below cost. The Company analyzed the decline in these investments based on the extent and duration of the impairment, the nature of the underlying assets and the Company's intent and ability to hold the investments. Although the Company holds these investments to fund long-term liabilities, based on the extent and duration of the impairment, combined with current market conditions, the Company concluded that the decline was other-than-temporary. As such, the Company recognized a $7.8 million impairment in earnings in 2008.

Also discussed in Note 10 to the Company's Consolidated Financial Statements, in 2007 the Company reviewed its investment portfolio (including its investment allocation) and sold equity funds with a cost basis of $6.3 million for total proceeds of $7.3 million, resulting in the Company recognizing a gain of $1.0 million.

In 2008, 2007 and 2006, other income primarily relates to the equity portion of AFUDC. Prior to 2007, the equity portion of AFUDC was not significant and was included as an offset to interest expense in the Statements of Consolidated Income. As a result of the significance of the carrying costs related to the Big Sandy Pipeline and other regulated projects, AFUDC equity has been reclassified to other income in the Statements of Consolidated Income for all periods presented. AFUDC increased substantially in 2007 as a result of the substantial investment in the Big Sandy Pipeline then under construction. Construction was completed in the second quarter 2008, reducing AFUDC in the current year.

The Company's NORESCO business is classified as discontinued operations due to the sale of the NORESCO domestic business in 2005 and sale of the Company's remaining international investment in early 2006. Income from discontinued operations for 2006 included a tax benefit of $3.2 million due to a reduced tax liability on the sale of the domestic business and after-tax income of $1.1 million resulting from the Company's reassessment of its remaining obligations for costs incurred related to the sale of the domestic business.

Interest Expense

	Years Ended December 31,		
	2008	2007	2006
		(Thousands)	
Interest expense	$ 58,394	$ 47,669	$ 48,494

Interest expense increased by $10.7 million from 2007 to 2008 primarily due to the Company's investment in drilling and midstream infrastructure during 2007 and 2008. This investment was partially funded by the issuance of $500 million of 6.5% notes in March 2008. The interest expense associated with these notes was partially offset by a 2.3% decrease in the average short-term interest rate during 2008.

Interest expense decreased by $0.8 million from 2006 to 2007 primarily as a result of the repayment of long-term debt. A 1.2% increase in the weighted average annual short-term interest rate was more than offset by an overall reduction in weighted average net short-term debt outstanding, in part due to the proceeds from the sale of properties during the year.

Weighted average annual interest rates on the Company's short-term debt were 3.5%, 5.8% and 4.6% for 2008, 2007 and 2006, respectively.

Capital Resources and Liquidity

Overview

The Company's primary sources of cash during 2008 were proceeds from a public offering of the Company's common stock and from a public offering of Senior Notes and cash flows from operating activities. The Company used the cash primarily to fund its capital program and to repay short-term notes.

Operating Activities

Cash flows provided by operating activities totaled $509.2 million for 2008 as compared to $426.7 million for 2007, a net increase of $82.5 million in cash flows provided by operating activities between years. The increase in cash flows provided by operating activities was primarily attributable to a net cash refund related to income taxes of $14.0 million in 2008 compared to a net cash payment of $63.4 million in 2007. For federal income tax purposes the Company typically deducts as intangible drilling costs (IDC) approximately 70% of its vertical drilling costs and 75% of its horizontal drilling costs in the year incurred. The IDC deduction resulting from its drilling program coupled with accelerated tax depreciation for expansion of the gathering infrastructure put the Company into an overall federal tax net operating loss position in 2008. This tax position is likely to continue so long as expansion in Appalachia continues. As such, the Company expects minimal federal cash taxes for the foreseeable future .

Cash flows provided by operating activities totaled $426.7 million for 2007 as compared to $617.8 million for 2006, a net decrease of $191.1 million in cash flows provided by operating activities between years. The decrease in cash flows provided by operating activities was attributable to the following:

- a $5.9 million increase in cash required for margin deposits on the Company's natural gas hedge agreements in 2007 compared to a $317.8 million decrease in cash required for margin deposits in 2006. The decrease in 2006 was primarily due to significantly higher than normal gas prices in 2005 which resulted in increased deposit remittances in that year;

- a decrease in accounts receivable of $2.5 million in 2007 compared to a decrease in accounts receivable of $63.5 million in 2006. The decrease in 2006 was primarily due to decreased natural gas prices during 2006 as compared to significant increases in prices in 2005;

partially offset by:

- an increase in other current liabilities of $99.4 million in 2007 compared to a decrease of $31.9 million in 2006, primarily related to incentive compensation plans and the timing of related payments;

- an increase in accounts payable of $65.9 million in 2007 compared to a decrease of $29.3 million in 2006. The increase in accounts payable in 2007 was primarily the result of increased capital spending, while the decrease in 2006 was primarily due to decreased natural gas prices during 2006.

Investing Activities

Cash flows used in investing activities totaled $1,376.0 million for 2008 as compared to $590.1 million for 2007, a net increase of $785.9 million in cash flows used in investing activities between years. The increase in cash flows used in investing activities was attributable to the following:

- an increase in capital expenditures to $1,344.0 million in 2008 from $776.7 million in 2007. See discussion of capital expenditures below;

- capital contributions of $29.0 million to Nora Gathering, LLC in 2008 for use in midstream infrastructure projects;

- the absence in 2008 of proceeds of $217.0 million received in 2007 from the sale and contribution of assets. See Note 5 to the Company's Consolidated Financial Statements.

Cash flows used in investing activities totaled $590.1 million for 2007 as compared to $406.3 million for 2006, a net increase of $183.8 million in cash flows used in investing activities between years. The increase in cash flows used in investing activities was attributable to the following:

- an increase in capital expenditures to $776.7 million in 2007 from $403.1 million in 2006. See discussion of capital expenditures below;

- the Company's purchase of an additional working interest of approximately 13.5% in the Roaring Fork area in Virginia for $28.1 million in 2007:

partially offset by:

- proceeds of $217.0 million received in 2007 from the sale and contribution of assets. See Note 5 to the Company's Consolidated Financial Statements.

Capital Expenditures

	2009 Forecast	2008 Actual	2007 Actual	2006 Actual
Well development (primarily drilling)	$ 600 million	$ 701 million	$ 328 million*	$ 205 million
Midstream infrastructure	$ 360 million	$ 594 million	$ 434 million*	$ 146 million
Distribution infrastructure and other corporate items	$ 40 million	$ 49 million	$ 43 million	$ 52 million
Total	$ 1,000 million	$ 1,344 million	$ 805 million	$ 403 million

* Includes $24.4 million and $3.7 million, in the well development and Midstream infrastructure categories, respectively, for the acquisition of additional working interest and related gathering assets in the Roaring Fork area. See Note 6 to the Company's Consolidated Financial Statements.

The Company is committed to profitably expanding its reserves and production through horizontal drilling, exploiting additional reserve potential through key emerging development plays and expanding its infrastructure in the Appalachian Basin. However, in light of the current capital market conditions, the Company has developed a plan to reduce capital spending significantly for 2009 as compared to 2008 and anticipates that this capital spending plan will not require the Company to access capital markets through the end of 2010. This plan will be funded by the Company's cash flow from operating activities as well as a portion of the Company's $1.5 billion revolving credit facility. The Company remains flexible to reduce capital spending to operating cash flow levels should market conditions further deteriorate. The Company anticipates annual gas sales volume growth of 15% in 2009 through concentrating spending on drilling where midstream capacity has already been built. If the capital markets become unconstrained, the Company believes it has a long-term production growth potential of greater than 20% per year. The Company's forecasted 2009 capital expenditures contemplate up to 675 gross wells, including 375 horizontals.

Capital expenditures for drilling and development totaled $701 million and $328 million during 2008 and 2007, respectively. The Company drilled 668 gross wells, including 389 gross horizontal wells in 2008, compared to 634 gross wells, including 88 gross horizontal wells during 2007. Capital expenditures for 2008 also included $85.2 million for undeveloped property acquisitions, primarily within the Marcellus acreage.

Capital expenditures for the midstream operations totaled $594 million and $434 million during 2008 and 2007, respectively. These capital expenditures were used primarily for the construction and expansion of natural gas pipelines and natural gas processing facilities. Included in such expenditures for 2008 was $366 million for gathering pipeline and compression, including $105 million in the Mayking corridor; $105 million for the Ranger liquids line project and Kentucky Hydrocarbon processing plant upgrade; and $35 million for completion of the Big Sandy Pipeline. Approximately $84 million of 2008 capital expenditures related to compliance, line loss, facilities and information technology.

Capital expenditures for well development and midstream infrastructure increased in 2007 as compared to 2006 primarily due to an increased drilling and development program in 2007, capital expended for the continued construction of the Big Sandy Pipeline, upgrades to the Kentucky Hydrocarbon plant and increased investment in gathering system compression and pipelines. Capital expenditures for distribution infrastructure decreased in 2007 as compared to 2006 primarily due to the installation of electronic meter reading technology on meters in 2006, a project that was substantially completed in the third quarter of 2006.

Financing Activities

Cash flows provided by financing activities totaled $785.1 million for 2008 as compared to $245.1 million of cash flows provided by financing activities for 2007. The increase in cash flows provided by financing activities was attributable largely to the following:

- net proceeds of $560.7 million from a public offering of 8.625 million shares of common stock in the second quarter of 2008. The proceeds from the offering were used for general corporate purposes, including the Company's natural gas drilling, development and midstream infrastructure projects;

- a public offering during the first quarter of 2008 of $500.0 million in aggregate principal of 6.50% Senior Notes. The proceeds were used to repay short-term borrowings under the Company's revolving credit facility.

Cash flows provided by financing activities totaled $245.1 million for 2007 as compared to $286.5 million of cash flows used in financing activities for 2006, a net increase of $531.6 million in cash flows provided by financing activities between years. The increase in cash flows provided by financing activities was attributable largely to a $314.0 million increase in amounts borrowed under short-term loans in 2007 compared to a $229.3 million decrease in short-term borrowings in 2006. The increase in short-term borrowings in 2007 was for the purposes of funding capital expenditures and working capital requirements.

Short-term Borrowings

Cash required for operations is affected primarily by the seasonal nature of the Company's natural gas distribution operations and the volatility of oil and natural gas commodity prices. In addition to funding working capital requirements, which are significantly impacted by seasonality, the Company utilizes short-term borrowings to fund margin deposit requirements until the underlying transactions are settled or the deposits are returned and to finance capital expenditures until they can be permanently financed. The Company's $1.5 billion revolving credit facility matures on October 26, 2011. The facility may be used for working capital, capital expenditures, share repurchases and other purposes including support of a commercial paper program.

The credit facility is underwritten by a syndicate of 15 financial institutions, each of which is obligated to fund its pro-rata portion of any borrowings by the Company. Lehman Brothers Bank, FSB (Lehman) is one of the 15 financial institutions in the syndicate and has committed to make loans not exceeding $95 million under the facility. Lehman failed to fund its portion of all recent borrowings by the Company which effectively reduces the total amount available under the facility to $1,405 million. Otherwise, the Company’s large syndicate group and relatively low percentage of participation by each lender is expected to limit the Company’s exposure if further problems or consolidation occur in the banking industry.

As of December 31, 2008, the Company had outstanding under the revolving credit facility loans of $319.9 million in support of corporate purposes and an irrevocable standby letter of credit of $25.8 million. The weighted average interest rates on the Company’s short-term borrowings was 3.5% for 2008. The interest rate on the revolving credit facility fluctuates with the LIBOR rate.

The Company’s short-term borrowings generally have original maturities of three months or less.

Security Ratings* and *Financing Triggers

The table below reflects the current credit ratings for the outstanding debt instruments of the Company. Changes in credit ratings may affect the Company’s cost of short-term and long-term debt and its access to the credit markets.

Rating Service	Unsecured Medium-Term Notes	Commercial Paper
Moody’s Investors Service	Baa1	P-2
Standard & Poor’s Ratings Services	BBB	A-3

On October 15, 2008, S&P placed its ratings on EQT, as well as three other diversified energy companies, on CreditWatch with negative implications “in light of an increasing percentage of operating income and capital spending that is related to oil and gas exploration and production (E&P) activities.” S&P stated that it expected to resolve the CreditWatch listing within three months but has not yet announced a decision.

On November 4, 2008, Moody’s reaffirmed its ratings on EQT and stated that the “rating reflects the diversification and vertical integration among its three business segments as well as the Baa stand-alone quality of both its E&P and LDC (local distribution company) operations.”

The Company’s credit ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating. The Company cannot ensure that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a credit rating agency if, in its judgment, circumstances so warrant. If the credit rating agencies downgrade the Company’s ratings, particularly below investment grade, the Company’s access to the capital markets may be limited, borrowing costs and margin deposits would increase, counterparties may request additional assurances and the potential pool of investors and funding sources may decrease. The required margin is subject to significant change as a result of other factors besides credit rating such as gas prices and credit thresholds set forth in agreements between the hedging counterparties and the Company.

The Company’s debt instruments and other financial obligations include provisions that, if not complied with, could require early payment, additional collateral support or similar actions. The most significant default events include maintaining covenants with respect to maximum leverage ratio, insolvency events, nonpayment of scheduled principal or interest payments, acceleration of other financial obligations and change of control provisions. The Company’s current credit facility’s financial covenants require a total debt-to-total capitalization ratio of no greater than 65%. The calculation of this ratio excludes the effects of accumulated other comprehensive income (loss). As of December 31, 2008, the Company is in compliance with all existing debt provisions and covenants.

Commodity Risk Management

The Company's overall objective in its hedging program is to protect earnings from undue exposure to the risk of changing commodity prices. The Company's risk management program includes the use of exchange-traded natural gas futures contracts and options and OTC natural gas swap agreements and options (collectively, derivative commodity instruments) to hedge exposures to fluctuations in natural gas prices and for trading purposes. The derivative commodity instruments currently utilized by the Company are primarily fixed price swaps or collars.

The approximate volumes and prices of the Company's total hedge position for 2009 through 2011 are:

	2009	2010	2011
Swaps			
Total Volume (Bcf)	37	23	19
Average Price per Mcf (NYMEX)*	$ 5.91	$ 5.12	$ 5.10
Collars			
Total Volume (Bcf)	23	21	18
Average Floor Price per Mcf (NYMEX)*	$ 7.34	$ 7.29	$ 7.16
Average Cap Price per Mcf (NYMEX)*	$ 13.68	$ 13.51	$ 13.48

* The above price is based on a conversion rate of 1.05 MMBtu/Mcf

The Company's current hedged position provides price protection for greater than 65% of expected production in 2009 and 40% of expected production through 2011. The Company's earnings per share exposure to a $0.10 change in average NYMEX natural gas price is approximately $0.03 per diluted share for 2009 and ranges from $0.04 to $0.05 per diluted share per year for 2010 and 2011. The Company also engages in a limited number of basis swaps to protect earnings from undue exposure to the risk of geographic disparities in commodity prices.

See the "Quantitative and Qualitative Disclosures About Market Risk," in Item 7A and Note 3 to the Company's Consolidated Financial Statements for further discussion.

Other Items

Off-Balance Sheet Arrangements

In connection with the sale of its NORESCO domestic business in 2005, the Company agreed to maintain certain guarantees which benefit NORESCO. These guarantees, the majority of which predate the sale of NORESCO, became off-balance sheet arrangements upon the closing of the sale of NORESCO. These arrangements include guarantees of NORESCO's obligations to the purchasers of certain of NORESCO's contract receivables and agreements to maintain guarantees supporting NORESCO's obligations under certain customer contracts. In addition, NORESCO and the purchaser agreed that NORESCO would fully perform its obligations under each underlying agreement and that the purchaser or NORESCO would reimburse the Company for losses under the guarantees. The purchaser's obligations to reimburse the Company are capped at $6 million. The total maximum potential obligation under these arrangements is estimated to be approximately $318 million as of December 31, 2008, and decreases over time as the guarantees expire or the underlying obligations are fulfilled by NORESCO. In 2008, the original purchaser of NORESCO sold its interest in NORESCO and transferred its obligations to a third party. In connection with that event, the new owner is expected to deliver to the Company a $1 million letter of credit supporting its obligations. The Company determined that the likelihood the Company will be required to perform on these arrangements is remote, and as such, the Company has not recorded any liabilities in its Consolidated Balance Sheets related to these guarantees.

In November 1995, EQT, through a subsidiary, guaranteed a tax indemnification to the limited partners of Appalachian Basin Partners, LP (ABP) for any tax losses resulting from a disallowance of the nonconventional fuels tax credits, if certain representations and warranties of the Company were not true. The Company guaranteed the tax indemnification until the tax statute of limitations closes. The Company does not have any recourse provisions with third parties or any collateral held by third parties associated with this guarantee that could be liquidated to recover amounts paid, if any, under the guarantee. As of December 31, 2008, the maximum amount of future payments the Company could be required to make is estimated to be approximately $12 million. The Company has not recorded a liability for this guarantee, as the guarantee was issued prior to the effective date of FIN 45, and has not been modified subsequent to issuance. Additionally, based on the status of the Company's IRS examinations, the Company has determined that any potential loss from this guarantee is remote.

The Company has a non-equity interest in a variable interest entity, Appalachian NPI, LLC (ANPI), in which EQT was not deemed to be the primary beneficiary. Thus, ANPI is not consolidated within the Company's Consolidated Financial Statements. In determining the primary beneficiary, the Company estimated the expected losses and expected residual returns of ANPI under various scenarios in order to identify the party that would absorb the majority of the losses or benefit from the majority of the returns. The primary assumptions utilized in the scenarios included commodity price and production volumes. As of December 31, 2008, ANPI had $181 million of total assets and $227 million of total liabilities (including $102 million of long-term debt, including current maturities), excluding minority interest. ANPI is financed primarily through cash provided by operating activities.

The Company provides a liquidity reserve guarantee to ANPI, which is subject to certain restrictions and limitations that limit the amount of the guarantee to the calculated present value of the project's future cash flows from the preceding year-end until the termination date of the agreement. This liquidity reserve guarantee is secured by the fair market value of the assets purchased by the Appalachian Natural Gas Trust (ANGT). The Company received a market-based fee for the issuance of the reserve guarantee. As of December 31, 2008, the maximum amount of future payments the Company could be required to make under the liquidity reserve guarantee is estimated to be approximately $22 million. The Company has not recorded a liability for this guarantee, as the guarantee was issued prior to the effective date of FIN 45 and has not been modified subsequent to issuance. The terms of the ANPI liquidity reserve guarantee require the Company to provide a letter of credit in favor of ANPI as security for the Company's obligations. The amount of this letter of credit requirement at December 31, 2008 was approximately $25.8 million and is expected to decline over time under the terms of the liquidity reserve guarantee.

The Company has entered into an agreement with ANGT to provide gathering and operating services to deliver ANGT's gas to market. In addition, the Company receives a marketing fee for the sale of gas based on the net revenue for gas delivered. The revenue earned from these fees totaled approximately $15.9 million, $15.8 million and $16.8 million for 2008, 2007 and 2006, respectively.

See Note 21 to the Consolidated Financial Statements for further discussion of the Company's guarantees.

Pension Plans

Total pension expense recognized by the Company in 2008, 2007 and 2006, excluding special termination benefits, settlement losses and curtailment losses, totaled $0.5 million, $0.6 million and $0.1 million, respectively. The Company recognized special termination benefits, settlement losses and curtailment losses in 2008, 2007 and 2006 of $9.4 million, $1.4 million and $3.0 million, respectively.

During the fourth quarter of 2008, the Company settled its pension obligations under a plan covering employees of the former Kentucky West Virginia Gas Company LLC, an EQT subsidiary which merged into Equitable Gathering LLC. The former Kentucky West Virginia employees transferred to Equitable Gathering LLC or Equitable Production Company. As a result of the settlement, the Company recognized pension settlement expense of approximately $8 million. An additional $1.4 million of pension settlement losses were recognized in 2008 for lump sum payments made during the normal course of plan operations.

During 2007, the Company recognized a settlem ent expense of $0.5 million due to a plan design change for a specific union and an additional settlement expense for $0.5 million due to the transfer of some current active employees to non-union employment. During the fourth quarter of 2006, the Company recognized a settlement expense of approximately $2.7 million for an early retirement program.

The Company made cash contributions to its pension plan of approximately $3.4 million, $1.3 million and $1.8 million during 2008, 2007 and 2006, respectively, as a result of the previously described settlements. Under current law, the Company expects to make cash payments related to its pensions of approximately $15 million in 2009 which will meet the 80% funding obligations on its remaining plans. Pension contributions will be funded by cash flow from operations or by borrowings under the Company's revolving credit facility.

Rate Regulation

The Company's distribution operations, transmission and storage operations and a portion of its gathering operations are subject to various forms of regulation as previously discussed. Accounting for the Company's regulated operations is performed in accordance with the provisions of SFAS No. 71. As described in Notes 1 and 11 to the Consolidated Financial Statements, regulatory assets and liabilities are recorded to reflect future collections or payments through the regulatory process. The Company believes that it will continue to be subject to rate regulation that will provide for the recovery of the deferred costs.

Schedule of Contractual Obligations

The following table details the undiscounted future projected payments associated with the Company's contractual obligations as of December 31, 2008.

	Total	2009	2010-2011	2012-2013	2014+
			(Thousands)		
Purchase obligations	$ 1,973,032	$ 128,822	$ 126,076	$ 277,235	$ 1,440,899
Long-term debt	1,253,500	4,300	6,000	210,000	1,033,200
Interest payments	709,328	76,709	152,860	139,657	340,102
Operating leases	186,630	32,468	46,753	16,960	90,449
Pension and other post-retirement benefits	107,339	14,850	23,142	21,737	47,610
Other liabilities	19,354	—	19,354	—	—
Total contractual obligations	$ 4,249,183	$ 257,149	$ 374,185	$ 665,589	$ 2,952,260

Purchase obligations primarily are for commitments for demand charges under existing long-term contracts with pipeline suppliers as well as under binding precedent agreements. Approximately $19.4 million of these obligations each year are believed to be recoverable in customer rates.

Operating leases are primarily entered into for various office locations and warehouse buildings, as well as dedicated drilling rigs in support of the Company's drilling program. In 2008, the Company entered into an agreement with Liberty Avenue Holdings, LLC to provide office space for the Company's new corporate headquarters. The obligations for the Company's various office locations and warehouse buildings totaled approximately $132.8 million as of December 31, 2008. The Company has agreements with Highlands Drilling, LLC (Highlands) and Patterson UTI Drilling Company, LLC (Patterson) for Highlands and Patterson to provide drilling equipment and services to the Company. These obligations totaled approximately $53.8 million as of December 31, 2008.

The other liabilities line represents commitments for total estimated payouts for the 2007 Supply Long-Term Incentive Program and the 2008 Executive Performance Incentive Program. See section titled "Critical Accounting Policies Involving Significant Estimates" and Note 17 to the Consolidated Financial Statements for further discussion regarding factors that affect the ultimate amount of the payout of these obligations. The Company adopted the 2009 Shareholder Value Plan in December 2008 and the Company may adopt other plans in the future. The contractual obligations do not include any payments under the 2009 Shareholder Value Plan or any potential future plans.

As discussed in Note 7 to the Consolidated Financial Statements, the Company had a total FIN 48 liability for unrecognized tax benefits at December 31, 2008 of $47.6 million. The Company is currently unable to make reasonably reliable estimates of the period of cash settlement of these potential liabilities with taxing authorities; therefore, this amount has been excluded from the schedule of contractual obligations presented above.

Contingent Liabilities and Commitments

Several West Virginia lessors claimed in a suit filed on July 31, 2006 that Equitable Production Company had underpaid royalties on gas produced and marketed from leases. The suit sought compensatory and punitive damages, an accounting, and other relief. The plaintiffs later amended their complaint to name Equitable Resources, Inc. as an additional defendant. While the Company believes that it paid the proper royalty, it established a reserve to cover any potential liability. The Company has settled the litigation. The settlement covers all of the Company's lessors in West Virginia and is subject to court approval. The Company believes the reserve established for royalty matters is sufficient.

In the ordinary course of business, various other legal claims and proceedings are pending or threatened against the Company. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company has established reserves for pending litigation, which it believes are adequate, and after consultation with counsel and giving appropriate consideration to available insurance, the Company believes that the ultimate outcome of any matter currently pending against the Company will not materially affect the financial position of the Company.

See Note 20 to the Consolidated Financial Statements for further discussion of the Company's contingent liabilities and commitments.

Critical Accounting Policies Involving Significant Estimates

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements included in Item 8 of this Form 10-K. The discussion and analysis of the Consolidated Financial Statements and results of operations are based upon EQT's Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. The following critical accounting policies, which were reviewed and approved by the Company's Audit Committee, relate to the Company's more significant judgments and estimates used in the preparation of its Consolidated Financial Statements. There can be no assurance that actual results will not differ from those estimates.

Accounting for Oil and Gas Producing Activities : The Company uses the successful efforts method of accounting for its oil and gas production activities. Under this method, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether the property has proved reserves. If an exploratory well does not result in proved reserves, the costs of drilling the well are charged to expense and included within cash flows from investing activities in the Consolidated Statements of Cash Flows pursuant to SFAS No. 19. The costs of development wells are capitalized whether productive or nonproductive. Depletion is calculated based on the annual actual production multiplied by the depletion rate per unit. The depletion rate is derived by dividing the total costs capitalized over the number of units expected to be produced over the life of the reserves.

The carrying values of the Company's proved oil and gas properties are reviewed for indications of impairment whenever events or circumstances indicate that the remaining carrying value may not be recoverable. In order to determine whether impairment has occurred, the Company estimates the expected future cash flows (on an undiscounted basis) from its proved oil and gas properties and compares those future cash flows to the carrying values of the applicable properties. The estimated future cash flows used to test properties for recoverability are based on proved reserves, utilizing assumptions about the use of the asset, market prices for oil and gas and future operating costs. Proved oil and gas properties that have carrying amounts in excess of estimated future cash flows would be deemed unrecoverable. Those properties would be written down to fair value, which would be estimated by discounting the estimated future cash flows using discount rate assumptions that marketplace participants would use in their estimates of fair value.

Capitalized costs of unproved properties are evaluated at least annually for recoverability on an aggregated prospect basis. Indicators of potential impairment include changes brought about by economic factors, potential shifts in business strategy employed by management and historical experience. If it is determined that the properties will not yield proved reserves, the related costs are expensed in the period in which that determination is made. Unproved properties had a net book value of $83.5 million in 2008. There were no significant unproved properties balances at December 31, 2007 or 2006.

The Company believes that the accounting estimate related to the accounting for oil and gas producing activities is a “critical accounting estimate” because the Company must assess the remaining recoverable proved reserves, a process which can be significantly impacted by assumed market prices for oil and gas. Should the Company begin to develop new producing regions or begin more significant exploration activities, future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company’s assumptions.

Oil and Gas Reserves : Proved oil and gas reserves, as defined by SEC Regulation S-X Rule 4-10, are the estimated quantities of crude oil, natural gas, and NGLs that geological and engineering data demonstrate, with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., prices and costs as of the date the estimate is made).

The Company’s estimates of proved reserves are made and reassessed annually using geological and reservoir data as well as production performance data. Reserve estimates are prepared and updated by the Company’s engineers and reviewed by the Company’s independent engineers. Revisions may result from changes in, among other things, reservoir performance, prices, economic conditions and governmental restrictions. Decreases in prices, for example, may cause a reduction in some proved reserves due to reaching economic limits sooner. A material change in the estimated volumes of reserves could have an impact on the depletion rate calculation and the financial statements.

The Company estimates future net cash flows from natural gas and oil reserves based on selling prices and costs at year-end price levels. Operating costs, production and ad valorem taxes and future development costs are based on current costs with no escalation. Income tax expense is computed using expected future tax rates and giving effect to tax deductions and credits available under current laws and which relate to oil and gas producing activities.

The Company believes that the accounting estimate related to oil and gas reserves is a “critical accounting estimate” because the Company must periodically reevaluate proved reserves along with estimates of future production and the estimated timing of development expenditures. Future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company’s assumptions.

Income Taxes: The Company accounts for income taxes under the provisions of SFAS No. 109, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company’s Consolidated Financial Statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. See Note 7 to the Company’s Consolidated Financial Statements for further discussion.

The Company has recorded deferred tax assets principally resulting from mark-to-market hedging losses recorded in other comprehensive loss, deferred revenues and expenses, federal and state net operating loss carryforwards, and an alternative minimum tax credit carryforward. The Company has established a valuation allowance against a portion of the deferred tax assets related to the state net operating loss carryforwards, as it is believed that it is more likely than not that these deferred tax assets will not all be realized. The Company also recorded a $0.2 million charge in 2008 and $0.1 million charge in 2007 and 2006 related to compensation deferred and accrued under certain compensation plans, as it was determined that this compensation will not be deductible under Section 162(m) of the IRC. No other valuation allowances have been established, as it is believed that future sources of taxable income, reversing temporary differences and other tax planning strategies will be sufficient to realize these deferred tax assets. Any change in the valuation allowance would impact the Company’s income tax expense and net income in the period in which such a determination is made.

The Company accounts for uncertainty in income taxes under the provisions of FIN 48. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The recognition threshold requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position in order to record any financial statement benefit. If the first step is satisfied, then the Company must measure the tax position. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. See Note 7 to the Company's Consolidated Financial Statements for further discussion.

The Company believes that accounting estimates related to income taxes are "critical accounting estimates" because the Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and provide judgment on the amount of financial statement benefit that an uncertain tax position will realize upon ultimate settlement. To the extent the Company believes it is more likely than not (a likelihood of more than 50%) that some portion or all of the deferred tax assets will not be realized, a valuation allowance must be established. Significant management judgment is required in determining any valuation allowance recorded against deferred tax assets and in determining the amount of financial statement benefit to record for uncertain tax positions. The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of the evidence, a valuation allowance is needed and considers the amounts and probabilities of the outcomes that could be realized upon ultimate settlement of an uncertain tax position using the facts, circumstances and information available at the reporting date to establish the appropriate amount of financial statement benefit. Evidence used for the valuation allowance includes information about the Company's current financial position and results of operations for the current and preceding years, as well as all currently available information about future years, including the Company's anticipated future performance, the reversal of deferred tax assets and liabilities and tax planning strategies available to the Company. To the extent that a valuation allowance or uncertain tax position is established or increased or decreased during a period, the Company must include an expense or benefit within tax expense in the income statement.

Derivative Commodity Instruments : The Company enters into derivative commodity instrument contracts to mitigate exposure to commodity price risk associated with future natural gas production. Under SFAS No. 133, derivative instruments are required to be recorded on the balance sheet as either an asset or a liability measured at fair value. If the derivative qualifies for cash flow hedge accounting, the change in fair value of the derivative is recognized in accumulated other comprehensive income (equity) to the extent that the hedge is effective and in the income statement to the extent it is ineffective. If the derivative does not qualify as a hedge or is not designated as a hedge under SFAS No. 133, the change in fair value of the derivative is recognized currently in earnings. See "Commodity Risk Management" above and Item 7A—"Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding hedging activities.

The Company estimates the fair value of all derivative instruments using quoted market prices, where available. If quoted market prices are not available, fair value is based upon models that use as inputs market-based parameters, including but not limited to forward curves, discount rates, broker quotes, volatilities, and nonperformance risk. Nonperformance risk considers the effect of the Company's credit standing on the fair value of liabilities and the effect of the counterparty's credit standing on the fair value of assets. The Company estimates nonperformance risk by analyzing publicly available market information, including a comparison of the yield on debt instruments with credit ratings similar to the Company's or counterparty's credit rating and the yield of a risk free instrument and credit default swap rates where available. The values reported in the financial statements change as these estimates are revised to reflect actual results, changes in market conditions or other factors, many of which are beyond the Company's control.

A substantial majority of the Company's derivative financial instruments are designated as cash flow hedges. Should these instruments fail to meet the criteria for hedge accounting or be de-designated, the subsequent changes in fair value of the instruments would be recorded in earnings, which could materially impact the results of operations. One of the requirements for hedge accounting is that a derivative instrument be highly effective at offsetting the changes in cash flows of the transaction being hedged. Effectiveness is impacted by counterparty credit rating as it must be probable that the counterparty will perform in order for the hedge to be effective. The

Company monitors counterparty credit quality by reviewing counterparty credit spreads, credit ratings, credit default swap rates and market activity.

In addition, the derivative commodity instruments used to mitigate exposure to commodity price risk associated with future natural gas production may limit the benefit the Company would receive from increases in the prices for oil and natural gas and may expose the Company to margin requirements. Given the Company's price risk management position and price volatility, the Company may be required from time to time to deposit cash with or provide letters of credit to its counterparties in order to satisfy these margin requirements.

The Company believes that the accounting estimates related to derivative commodity instruments are "critical accounting estimates" because t he Company's financial condition and results of operations can be significantly impacted by changes in the market value of our derivative instruments due to the volatility of natural gas prices, changes in the effectiveness of cash flow hedge's due to changes in estimates of non-performance risk, and by changes in margin requirements. As of December 31, 2008 and 2007 the net market value of our derivatives was an asset of $16.3 million and a liability of $479.5 million, respectively.

Contingencies and Asset Retirement Obligations : The Company is involved in various regulatory and legal proceedings that arise in the ordinary course of business. The Company records a liability for contingencies based upon its assessment that a loss is probable and the amount of the loss can be reasonably estimated. The recording of contingencies is guided by the principles of SFAS No. 5. The Company considers many factors in making these assessments, including history and specifics of each matter. Estimates are developed in consultation with legal counsel and are based upon an analysis of potential results.

In addition to the obligation to record contingent liabilities, SFAS No. 143 requires that the Company accrue a liability for legal asset retirement obligations based on an estimate of the timing and amount of their settlement. For oil and gas wells, t he fair value of the Company's plugging and abandonment obligations is required to be recorded at the time the obligations are incurred, which is typically at the time the wells are drilled. Upon initial recognition of an asset retirement obligation, the Company increases the carrying amount of the long-lived asset by the same amount as the liability. Over time, the liabilities are accreted for the change in their present value, through charges to depreciation, depletion, and amortization, and the initial capitalized costs are depleted over the useful lives of the related assets.

The Company is required to operate and maintain its natural gas pipeline and storage systems, and intends to do so as long as supply and demand for natural gas exists, which the Company expects for the foreseeable future. Therefore, the Company believes that the substantial majority of its natural gas pipeline and storage system assets have indeterminate lives.

The Company believes that the accounting estimates related to contingencies and asset retirement obligations are "critical accounting estimates" because the Company must assess the probability of loss related to contingencies and the expected amount and timing of asset retirement obligations. In addition, the Company must determine the estimated present value of future liabilities. Future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company's assumptions.

Share Based Compensation: The Company awards share-based compensation in connection with specific programs established under the 1999 Long-Term Incentive Plan. The Company accounts for all of its share-based payment awards in accordance with SFAS No. 123R. The Company treats its Executive Performance Incentive Programs, including the 2008 Executive Performance Incentive Program (2008 EPIP) and the 2007 Supply Long-Term Incentive Program (2007 Supply Program) as liability awards. The actual cost to be recorded for these plans will not be known until the measurement date, requiring the Company to estimate the total expense to be recognized at each reporting date. The Company reviews the assumptions for both programs on a quarterly basis and adjusts its accrual when changes in these assumptions result in a material change in the fair value of the ultimate payouts.

Approximately 70,000 units were granted under the 2008 EPIP. The payout of this program will be between zero and three times this number of units valued at the price of the Company's common stock at the end of the performance period, December 31, 2011. The payout multiple is dependent upon the level of total shareholder return relative to a predefined peer group's total shareholder return and the downward discretion of the Compensation

Committee of the Board of Directors. The Company granted approximately 165,000 awards under the 2007 Supply Program. The awards earned may be increased to a maximum of three times the initial award or reduced to zero based upon achievement of the predetermined production sales revenue targets. The performance period for the 2007 Supply Program ends on December 31, 2010.

Assuming no change in the current payout multiple assumptions for both programs, a 10% increase in the Company's stock price assumptions for the 2008 EPIP plan and the 2007 Supply Program would result in an increase in 2009 compensation expense under these plans of approximately $0.7 million.

The Compensation Committee of the Board of Directors adopted the 2009 Shareholder Value Plan (2009 SVP) in December 2008. A total of 977,600 units were granted under the plan. The payout of this award will depend on a combination of the level of total shareholder return relative to a predefined peer group and the Company's average absolute return on total capital during the performance period of January 1, 2005 to December 31, 2009. Payout of awards will be between zero and 250% the number of units awarded at the price of the Company's common stock at the end of the performance period, December 31, 2009. Assuming a payout multiple of 175% and a 10% increase in the Company's year-end stock price, the 2009 SVP plan would result in compensation expense of approximately $7.7 million in 2009.

The 1999 Long-Term Incentive Plan permits the grant of restricted stock awards and non-qualified stock options to employees of the Company. For time restricted stock awards, compensation expense, which is based on the grant date fair value, is recognized in the Company's financial statements over the vesting period. The majority of the time-based restricted shares granted will vest at the end of the three-year period commencing with the date of grant. For non-qualified stock options, compensation expense is based on the grant date fair value and is recognized in the Company's financial statements over the vesting period. The Company utilizes the Black-Scholes option pricing model to measure the fair value of stock options, which includes assumptions for a risk-free interest rate, dividend yield, volatility factor and expected term. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is based on the historical dividend yield of the Company's stock. Expected volatilities are based on historical volatility of the Company's stock. The expected term of options granted represents the period of time that options granted are expected to be outstanding based on historical option exercise experience.

The Company believes that the accounting estimates related to share-based compensation are "critical accounting estimates" because they are likely to change from period to period based on changes in the market price of the Company's shares and the various performance factors. The impact on net income of these changes can be material and management's assumptions regarding these performance factors require significant judgment.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Derivative Commodity Instruments

The Company's primary market risk exposure is the volatility of future prices for natural gas and natural gas liquids, which can affect the operating results of the Company primarily through the EQT Production and EQT Midstream segments. The Company's use of derivatives to reduce the effect of this volatility is described in Notes 1 and 3 to the Consolidated Financial Statements and under the caption "Commodity Risk Management" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) of this Form 10-K. The Company uses non-leveraged derivative commodity instruments that are placed with major financial institutions whose creditworthiness is continually monitored. The Company also enters into energy trading contracts to leverage its assets and limit its exposure to shifts in market prices. The Company's use of these derivative financial instruments is implemented under a set of policies approved by the Company's Corporate Risk Committee and Board of Directors.

Commodity Price Risk

The following sensitivity analysis estimates the potential effect on fair value or future earnings from derivative commodity instruments due to a 10% increase and a 10% decrease in commodity prices.

For the derivative commodity instruments used to hedge the Company's forecasted production, the Company sets policy limits relative to the expected production and sales levels, which are exposed to price risk. For the derivative commodity instruments used to hedge forecasted natural gas purchases and sales, which are exposed to price risk, the Company sets limits related to acceptable exposure levels. The Company holds an immaterial amount of derivative commodity instruments for trading purposes.

The financial instruments currently utilized by the Company include futures contracts, swap agreements and collar agreements, which may require payments to or receipt of payments from counterparties based on the differential between a fixed and variable price for the commodity. The Company also considers options and other contractual agreements in determining its commodity hedging strategy.

Management monitors price and production levels on a continuous basis and will make adjustments to quantities hedged as warranted. Due to the significant well development and infrastructure investment at EQT Production and EQT Midstream, the Company's overall objective in its hedging program has been to ensure an adequate level of return for these investments. To the extent that the Company has hedged its production at prices below the current market price, the Company is unable to benefit fully from increases in the price of natural gas.

With respect to the derivative commodity instruments held by the Company for purposes other than trading as of December 31, 2008, the Company hedged portions of expected equity production through 2015 and portions of forecasted purchases and sales by utilizing futures contracts, swap agreements and collar agreements covering approximately 210.4 Bcf of natural gas. See the "Commodity Risk Management" in the "Capital Resources and Liquidity" sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) of this Form 10-K for further discussion. A hypothetical decrease of 10% in the market price of natural gas from the December 31, 2008 levels would increase the fair value of non-trading natural gas derivative instruments by approximately $54.9 million. A hypothetical increase of 10% in the market price of natural gas from the December 31, 2008 levels would decrease the fair value of non-trading natural gas derivative instruments by approximately $52.4 million.

The Company determined the change in the fair value of the derivative commodity instruments using a model similar to its normal change in fair value as described in Note 1 to the Consolidated Financial Statements. The Company assumed a 10% change in the price of natural gas from its levels at December 31, 2008. The price change was then applied to the derivative commodity instruments recorded on the Company's balance sheet, resulting in the change in fair value.

The above analysis of the derivative commodity instruments held by the Company for purposes other than trading does not include the offsetting impact that the same hypothetical price movement may have on the Company and its subsidiaries' physical sales of natural gas. The portfolio of derivative commodity instruments held for risk management purposes approximates the notional quantity of a portion of the expected or committed transaction volume of physical commodities with commodity price risk for the same time periods. Furthermore, the derivative commodity instrument portfolio is managed to complement the physical transaction portfolio, reducing overall risks within limits. Therefore, an adverse impact to the fair value of the portfolio of derivative commodity instruments held for risk management purposes associated with the hypothetical changes in commodity prices referenced above would be offset by a favorable impact on the underlying hedged physical transactions, assuming the derivative commodity instruments are not closed out in advance of their expected term, the derivative commodity instruments continue to function effectively as hedges of the underlying risk and the anticipated transactions occur as expected.

If the underlying physical transactions or positions are liquidated prior to the maturity of the derivative commodity instruments, a loss on the financial instruments may occur, or the derivative commodity instruments might be worthless as determined by the prevailing market value on their termination or maturity date, whichever comes first.

Other Market Risks

The Company is exposed to credit loss in the event of nonperformance by counterparties to derivative contracts. This credit exposure is limited to derivative contracts with a positive fair value. The Company believes that NYMEX-traded futures contracts have minimal credit risk because the Commodity Futures Trading

Commission regulations are in place to protect exchange participants, including the Company, from any potential financial instability of the exchange members. The Company manages the credit risk of the other derivative contracts by limiting dealings to those counterparties who meet the Company's criteria for credit and liquidity strength and continually monitoring counterparty risk factors.

The Company utilizes various information technology systems to monitor and evaluate its credit risk exposures. This includes closely monitoring current market conditions, counterparty credit spreads and credit default swap rates. Credit exposure is controlled through credit approvals and limits. To manage the level of credit risk, the Company enters transactions with financial counterparties that are of investment grade, enters into netting agreements whenever possible and may obtain collateral or other security.

Approximately 52%, or $154.4 million, of OTC derivative contracts outstanding at December 31, 2008 have a positive fair value. All derivative contracts outstanding as of December 31, 2008 are with counterparties having an S&P rating of A- or above at that date.

In September 2008, the credit support provider of one counterparty (Lehman Brothers) declared bankruptcy resulting in a default under various derivative contracts with the Company. As a result, those contracts were terminated and a reserve of $5.2 million was recorded against the entire balance due to the Company. There is no additional income statement exposure to Lehman Brothers beyond the reserve recorded this year. As of December 31, 2008, the Company is not in default under any derivative contracts and has no knowledge of default by any other counterparty to derivative contracts. The Company will continue to monitor market conditions that may impact the fair value of derivative contracts reported in the Condensed Consolidated Balance Sheet.

The Company is also exposed to the risk of nonperformance by credit customers on physical sales of natural gas. A significant amount of revenues and related accounts receivable from EQT Production are generated from the sale of produced natural gas to certain marketers, including the Company's wholly owned marketing subsidiary Equitable Energy, and utility and industrial customers located mainly in the Appalachian area. Additionally, a significant amount of revenues and related accounts receivable at EQT Midstream are generated from the sale of produced natural gas liquids to a gas processor in Kentucky and gathering of natural gas in Kentucky, Virginia, Pennsylvania and West Virginia.

The Company has a $1.5 billion revolving credit facility that matures on October 26, 2011. The credit facility is underwritten by a syndicate of 15 financial institutions each of which is obligated to fund its pro-rata portion of any borrowings by the Company. Lehman is one of the 15 financial institutions in the syndicate and has committed to make loans not exceeding $95 million under the facility. Lehman failed to fund its portion of all recent borrowings by the Company which effectively reduces the total amount available under the facility to $1,405 million. As of December 31, 2008, the Company has outstanding under the facility $319.9 million of loans in support of corporate activities and a $25.8 million irrevocable standby letter of credit.

No one lender in the syndicate holds more than 10% of the facility. The Company's large syndicate group and relatively low percentage of participation by each lender is expected to otherwise limit the Company's exposure if further problems or consolidation occur in the banking industry.

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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
EQT Corporation

We have audited the accompanying consolidated balance sheets of EQT Corporation and Subsidiaries (formerly Equitable Resources, Inc.) as of December 31, 2008 and 2007, and the related consolidated statements of income, common stockholders' equity and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EQT Corporation and Subsidiaries (formerly Equitable Resources, Inc.) at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

In 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans.* In 2007, the Company adopted the provisions of FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No.109* .

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of EQT Corporation and Subsidiaries' (formerly Equitable Resources, Inc.) internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2009, expressed an unqualified opinion thereon.

Ernst & Young LLP

Pittsburgh, Pennsylvania
February 17, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
EQT Corporation

We have audited EQT Corporation and Subsidiaries' (formerly Equitable Resources, Inc.) internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). EQT Corporation and Subsidiaries' (formerly Equitable Resources, Inc.) management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, EQT Corporation and Subsidiaries (formerly Equitable Resources, Inc.) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of EQT Corporation and Subsidiaries (formerly Equitable Resources, Inc.) as of December 31, 2008 and 2007, and the related consolidated statements of income, common shareholders' equity and cash flows for each of the three years in the period ended December 31, 2008 and our report dated February 17, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Pittsburgh, Pennsylvania
February 17, 2009

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
YEARS ENDED DECEMBER 31,

	2008	2007	2006
	(Thousands except per share amounts)		
Operating revenues	$ 1,576,488	$ 1,361,406	$ 1,267,910
Cost of sales	645,136	574,466	504,329
Net operating revenues (see Note 1)	931,352	786,940	763,581
Operating expenses:			
Operation and maintenance	129,502	106,965	104,620
Production	80,068	62,273	62,471
Exploration	9,064	862	802
Selling, general and administrative	111,096	195,365	125,951
Office consolidation impairment charges	—	—	(2,908)
Depreciation, depletion and amortization	136,816	109,802	100,122
Total operating expenses (see Note 1)	466,546	475,267	391,058
Operating income	464,806	311,673	372,523
Other than temporary impairment of available-for-sale securities	(7,835)	—	—
Gain on sale of assets, net	—	126,088	—
Gain on sale of available-for-sale securities, net	—	1,042	—
Other income	6,233	7,645	1,442
Equity in earnings of nonconsolidated investments	5,714	3,099	260
Interest expense	58,394	47,669	48,494
Income from continuing operations before income taxes	410,524	401,878	325,731
Income taxes	154,920	144,395	109,706
Income from continuing operations	255,604	257,483	216,025
Income from discontinued operations, net of tax benefit of $3,246 for the year ended December 31, 2006	—	—	4,261
Net income	$ 255,604	$ 257,483	$ 220,286
Earnings per share of common stock:			
Basic:			
Income from continuing operations	$ 2.01	$ 2.12	$ 1.79
Income from discontinued operations	—	—	0.04
Net income	$ 2.01	$ 2.12	$ 1.83
Diluted:			
Income from continuing operations	$ 2.00	$ 2.10	$ 1.77
Income from discontinued operations	—	—	0.03
Net income	$ 2.00	$ 2.10	$ 1.80

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
YEARS ENDED DECEMBER 31,

	2008	2007	2006
		(Thousands)	
Cash flows from operating activities:			
Net income	$ 255,604	$ 257,483	$ 220,286
Adjustments to reconcile net income to net cash provided by operating activities:			
Income from discontinued operations, net of tax	—	—	(4,261)
Provision for losses on accounts receivable	11,744	353	4,715
Depreciation, depletion and amortization	136,816	109,802	100,122
Other than temporary impairment of available-for-sale securities	7,835	—	—
Gain on sale of assets, net	—	(126,088)	—
Gain on sale of available-for-sale securities, net	—	(1,042)	—
Other income	(6,233)	(7,645)	(1,442)
Equity in earnings of nonconsolidated investments	(5,714)	(3,099)	(260)
Deferred income taxes	245,801	33,020	32,325
Excess tax benefits from share-based payment arrangements	(946)	(15,687)	(15,739)
Office consolidation impairment charges	—	—	(2,908)
Changes in other assets and liabilities:			
Accounts receivable and unbilled revenues	(33,377)	2,455	63,527
Margin deposits	1,496	(5,919)	317,821
Inventory	(4,697)	(14,357)	20,793
Prepaid expenses and other	(100,532)	39,155	(27,135)
Regulatory assets	(6)	6,120	576
Accounts payable	77,475	65,931	(29,292)
Derivative instruments, at fair value	(82,564)	10,863	(53,846)
Deferred income taxes	—	—	33,375
Pension and other post-retirement benefits	5,673	(9,179)	(1,751)
Other current liabilities	(58,326)	99,357	(31,878)
Other items, net	59,108	(14,803)	(7,182)
Net cash provided by operating activities	509,157	426,720	617,846
Cash flows from investing activities:			
Capital expenditures	(1,343,996)	(776,667)	(403,094)
Capital contributions to Nora Gathering, LLC	(29,000)	—	—
Purchase of working interest	—	(28,092)	—
Proceeds from sale of assets	—	193,451	—
Proceeds from contribution of assets	—	23,584	—
Proceeds from sale of available-for-sale securities	—	7,295	—
Investment in available-for-sale securities	(3,000)	(9,709)	(2,471)
Net cash used in continuing investing activities	(1,375,996)	(590,138)	(405,565)
Net cash used in discontinued investing activities	—	—	(724)
Net cash used in investing activities	(1,375,996)	(590,138)	(406,289)
Cash flows from financing activities:			
Dividends paid	(111,403)	(107,086)	(104,871)
Proceeds from issuance of common stock	560,739	—	—
Proceeds from issuance of long-term debt	500,000	—	—
Debt issuance costs	(6,645)	—	—
(Decrease) increase in short-term loans	(130,083)	314,001	(229,301)
Repayments and retirements of long-term debt	—	(10,000)	(3,000)
Proceeds from note payable to Nora Gathering, LLC	—	69,786	—
Repayments of note payable to Nora Gathering, LLC	(29,329)	(40,457)	—
Proceeds from exercises under employee compensation plans	903	3,198	34,910
Excess tax benefits from share-based payment arrangements	946	15,687	15,739
Net cash provided by (used in) financing activities	785,128	245,129	(286,523)
Net (decrease) increase in cash and cash equivalents	(81,711)	81,711	(74,966)
Cash and cash equivalents at beginning of year	81,711	—	74,966
Cash and cash equivalents at end of year	$ —	$ 81,711	$ —
Cash paid (received) during the year for:			
Interest, net of amount capitalized	$ 51,234	$ 48,464	$ 48,702
Net income taxes (received) paid	$ (13,963)	$ 63,384	$ 58,631

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	2008	2007
	(Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ —	$ 81,711
Accounts receivable (less accumulated provision for doubtful accounts: 2008, $26,636; 2007, $19,829)	209,008	188,561
Unbilled revenues	49,930	48,744
Margin deposits with financial institutions	4,434	5,930
Inventory	288,182	283,485
Derivative instruments, at fair value	192,191	37,143
Prepaid expenses and other	183,437	96,673
Total current assets	927,182	742,247
Equity in nonconsolidated investments	169,241	135,366
Property, plant and equipment	5,503,921	4,207,402
Less: accumulated depreciation and depletion	1,406,402	1,287,911
Net property, plant and equipment	4,097,519	2,919,491
Investments, available-for-sale	25,880	35,675
Regulatory assets	83,525	78,015
Other	26,315	26,177
Total assets	$ 5,329,662	$ 3,936,971

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	2008	2007
	(Thousands)	
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 4,300	$ —
Short-term loans	319,917	450,000
Note payable to Nora Gathering, LLC	—	29,329
Accounts payable	356,732	279,257
Derivative instruments, at fair value	175,889	516,626
Other current liabilities	185,770	244,096
Total current liabilities	1,042,608	1,519,308
Long-term debt	1,249,200	753,500
Deferred income taxes and investment tax credits	781,520	400,465
Unrecognized tax benefits	47,553	50,845
Pension and other post-retirement benefits	69,409	41,768
Other credits	89,279	73,613
Total liabilities	3,279,569	2,839,499
Common stockholders' equity:		
Common stock, no par value, authorized 320,000 shares; shares issued: 2008, 157,630 and 2007, 149,008	948,497	382,191
Treasury stock, shares at cost: 2008, 26,764, 2007, 26,853; (net of shares and cost held in trust for deferred compensation of 163, $2,784 and 180, $3,085)	(483,464)	(485,051)
Retained earnings	1,653,797	1,509,596
Accumulated other comprehensive loss	(68,737)	(309,264)
Total common stockholders' equity	2,050,093	1,097,472
Total liabilities and common stockholders' equity	$ 5,329,662	$ 3,936,971

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF COMMON STOCKHODLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	Common Stock				
	Shares Outstanding	No Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stockholders' Equity
			(Thousands)		
Balance, December 31, 2005	119,906	$ (137,827)	$ 1,247,895	$ (755,600)	$ 354,468
Comprehensive income (net of tax):					
Net income			220,286		220,286
Net change in cash flow hedges:					
Natural gas, net of tax of $272,066 (see Note 3)				454,817	454,817
Interest rate				116	116
Unrealized gain on available-for-sale securities				2,399	2,399
Pension and other post-retirement benefits liability adjustment prior to the adoption of SFAS No. 158, net of tax benefit of $730				(1,024)	(1,024)
Total comprehensive income					676,594
Pension and other post-retirement benefits liability adjustment due to the adoption of SFAS No. 158, net of tax benefit of $9,988				(15,010)	(15,010)
Dividends ($0.87 per share)			(104,871)		(104,871)
Stock-based compensation plans, net	1,697	35,099			35,099
Balance, December 31, 2006	121,603	$ (102,728)	$ 1,363,310	$ (314,302)	$ 946,280
Comprehensive income (net of tax):					
Net income			257,483		257,483
Net change in cash flow hedges:					
Natural gas, net of tax of $370 (see Note 3)				(20)	(20)
Interest rate				115	115
Unrealized loss on available-for-sale securities				(97)	(97)
Pension and other post-retirement benefits liability adjustment, net of tax benefit of $3,700				5,040	5,040
Total comprehensive income					262,521
Liability adjustment due to the adoption of FIN 48			(4,111)		(4,111)
Dividends ($0.88 per share)			(107,086)		(107,086)
Stock-based compensation plans, net	549	(132)			(132)
Balance, December 31, 2007	122,152	$ (102,860)	$ 1,509,596	$ (309,264)	$ 1,097,472
Comprehensive income (net of tax):					
Net income			255,604		255,604
Net change in cash flow hedges:					
Natural gas, net of tax of $150,934 (see Note 3)				249,620	249,620
Interest rate				115	115
Unrealized loss on available-for-sale securities				(3,872)	(3,872)
Pension and other post-retirement benefits liability adjustment, net of tax benefit of $8,697				(13,158)	(13,158)
Total comprehensive income					488,309
Adoption of SFAS No. 157, net of tax of $4,744				7,822	7,822
Dividends ($0.88 per share)			(111,403)		(111,403)
Stock-based compensation plans, net	89	7,154			7,154
Issuance of common shares	8,625	560,739			560,739
Balance, December 31, 2008	130,866	$ 465,033	$ 1,653,797	$ (68,737)	$ 2,050,093

Common shares authorized: 320,000,000 shares. Preferred shares authorized: 3,000,000 shares. There are no preferred shares issued or outstanding.

See notes to consolidated financial statements.

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. Summary of Significant Accounting Policies

Principles of Consolidation: The Consolidated Financial Statements include the accounts of EQT Corporation and all subsidiaries, ventures and partnerships in which a controlling equity interest is held ("EQT" or "the Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. EQT utilizes the equity method of accounting for companies where its ownership is less than or equal to 50% and significant influence exists.

On June 30, 2008, the former Equitable Resources, Inc. (Old EQT) entered into and completed an Agreement and Plan of Merger (the Plan) under which Old EQT reorganized into a holding company structure such that a newly formed Pennsylvania corporation, also named Equitable Resources, Inc. (New EQT), became the publicly traded holding company of Old EQT and its subsidiaries. The primary purpose of this reorganization (the Reorganization) was to separate Old EQT's state-regulated distribution operations into a new subsidiary in order to better segregate its regulated and unregulated businesses and improve overall financing flexibility. To effect the Reorganization, Old EQT formed New EQT, a wholly-owned subsidiary, and New EQT, in turn, formed EGC Merger Co., a Pennsylvania corporation owned solely by New EQT (MergerSub). Under the Plan, MergerSub merged with and into Old EQT with Old EQT surviving (the Merger). The Merger resulted in Old EQT becoming a direct, wholly-owned subsidiary of New EQT. New EQT changed its name to EQT Corporation effective February 9, 2009. Throughout these statements, references to EQT, EQT Corporation and the Company refer collectively to New EQT and its consolidated subsidiaries.

Reclassification: Certain previously reported amounts have been reclassified to conform to the current year presentation.

Use of Estimates: The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents: The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. These investments are accounted for at cost. Interest earned on cash equivalents is included as a reduction of interest expense.

Inventories: Generally, the Company's inventory balance consists of natural gas stored underground and materials and supplies recorded at the lower of average cost or market. At December 31, 2008, $36.7 million of the inventory balance relates to coated steel pipe which was purchased for use in the Company's midstream infrastructure projects. This pipe is valued at average cost which is lower than the current market value. The Company is re-evaluating the use of this pipe inventory and expects it will either be sold or used in infrastructure projects in the next 12 months.

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Property, Plant and Equipment: The Company's property, plant and equipment consists of the following:

	December 31, 2008	December 31, 2007
	(Thousands)	
Oil and gas producing properties, successful efforts method	$ 2,709,162	$ 2,029,932
Accumulated depletion	692,327	621,881
Net oil and gas producing properties	2,016,835	1,408,051
Distribution plant	917,052	877,955
Accumulated depreciation and amortization	293,478	282,379
Net distribution plant	623,574	595,576
Midstream plant	1,749,153	1,201,665
Accumulated depreciation and amortization	352,896	319,214
Net midstream plant	1,396,257	882,451
Other properties, at cost less accumulated depreciation	60,853	33,413
Net property, plant and equipment	$ 4,097,519	$ 2,919,491

Oil and gas producing properties use the successful efforts method of accounting for production activities. Under this method, the cost of productive wells, including mineral interests, wells and related equipment, development dry holes, as well as productive acreage, are capitalized and depleted on the unit-of-production method. These capitalized costs include salaries, benefits and other internal costs directly attributable to these activities. The Company capitalized internal costs of $35.6 million, $14.4 million and $11.3 million in 2008, 2007 and 2006, respectively. Depletion expense is calculated based on the annual actual production multiplied by the depletion rate per unit. The depletion rate is derived by dividing the total costs capitalized over the number of units expected to be produced over the life of the reserves. EQT Production calculates a single depletion field including all reserves located in Kentucky, West Virginia, Virginia and Pennsylvania. Costs of exploratory dry holes, geological and geophysical, delay rentals and other property carrying costs are charged to expense. The majority of the Company's oil and gas producing properties consist of gas producing properties which were depleted at a rate of $0.81/Mcf, $0.70/Mcf and $0.62/Mcf produced for the years ended December 31, 2008, 2007 and 2006, respectively.

The carrying values of the Company's proved oil and gas properties are reviewed for indications of impairment whenever events or circumstances indicate that the remaining carrying value may not be recoverable. In order to determine whether impairment has occurred, the Company estimates the expected future cash flows (on an undiscounted basis) from its proved oil and gas properties and compares these estimates to their respective carrying values. The estimated future cash flows used to test those properties for recoverability are based on proved reserves, utilizing assumptions about the use of the asset, market prices for oil and gas and future operating costs. Proved oil and gas properties that have carrying amounts in excess of estimated future cash flows would be deemed unrecoverable. Those properties would be written down to fair value, which would be estimated by discounting the estimated future cash flows using discount rate assumptions that marketplace participants would use in their estimates of fair value. For the years ended December 31, 2008, 2007 and 2006, the Company did not recognize impairment charges on oil and gas properties.

Capitalized costs of unproved properties are evaluated at least annually for recoverability on an aggregated prospect basis. Indicators of potential impairment included changes brought about by economic factors, potential shifts in business strategy employed by management and historical experience. If it is determined that the properties will not yield proved reserves, the related costs are expensed in the period in which that determination is made. Unproved properties had a net book value of $83.5 million at December 31, 2008. The Company had capitalized exploratory well costs pending the determination of proved reserves at December 31, 2008 of $6.9 million. All of these costs were incurred in 2008. There were no significant unproved properties balances at December 31, 2007 or 2006. For additional information on oil and gas properties see Note 24 (unaudited).

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Midstream property, plant and equipment is carried at cost. Depreciation is calculated using the straight-line method based on estimated service lives. Midstream property consists largely of gathering and transmission systems (25-60 year estimated service life), buildings (35 year estimated service life), office equipment (3-7 year estimated service life), vehicles (5 year estimated service life), and computer and telecommunications equipment and systems (3-7 year estimated service life).

Distribution property, plant and equipment, principally regulated property, is carried at cost. Depreciation is recorded using composite rates on a straight-line basis. The overall rate of depreciation for the years ended December 31, 2008, and December 31, 2007, was approximately 4% and 3% of net properties.

Major maintenance projects that do not increase the overall life of the related assets are expensed. When the major maintenance materially increases the life or value of the underlying asset, the cost is capitalized.

Sales and Retirements Policies: No gain or loss is recognized on the partial sale of oil and gas reserves from the depletion pool unless non-recognition would significantly alter the relationship between capitalized costs and remaining proved reserves for the affected amortization base. When gain or loss is not recognized, the amortization base is reduced by the amount of the proceeds. Due to the significance of the transaction, a gain was recognized on the sale and contribution of Nora assets in 2007. See Note 5.

Regulatory Accounting: EQT Midstream's regulated operations consist of interstate pipeline operations subject to regulation by the FERC and certain state-regulated gathering operations. Equitable Distribution's rates, terms of service, and contracts with affiliates are subject to comprehensive regulation by the Pennsylvania Public Utility Commission (PA PUC) and the West Virginia Public Service Commission (WV PSC). The issuance of securities by Equitable Gas Company, the Company's gas distribution subsidiary, is subject to regulation by the PA PUC . Equitable Distribution also provides field line service, also referred to as "farm tap" service, in Kentucky which is subject only to rate regulation by the Kentucky Public Service Commission. Accounting for the Company's regulated operations is performed in accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71). The application of this accounting policy allows the Company to defer expenses and income on its Consolidated Balance Sheets as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the rate setting process in a period different from the period in which they would have been reflected in the Statements of Consolidated Income for a non-regulated company. The deferred regulatory assets and liabilities are then recognized in the Statements of Consolidated Income in the period in which the same amounts are reflected in rates.

Where permitted by regulatory authority under purchased natural gas adjustment clauses or similar tariff provisions, Equitable Distribution defers the difference between its purchased natural gas cost, less refunds, and the billing of such cost and amortizes the deferral over subsequent periods in which billings either recover or repay such amounts. Such amounts are reflected on the Company's Consolidated Balance Sheets as other current assets or liabilities. For further information regarding regulatory assets, see Note 11.

When any portion of Equitable Distribution 's or EQT Midstream's regulated operations ceases to meet the criteria for application of regulatory accounting treatment for all or part of their operations, the regulatory assets and liabilities related to those portions are eliminated from the Consolidated Balance Sheets and are included in the Statements of Consolidated Income in the period in which the discontinuance of regulatory accounting treatment occurs.

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

The following table presents the total regulated net revenues and operating expenses of the Company:

	Years Ended December 31, 2008	2007 (Thousands)	2006
Distribution revenues	$ 695,631	$ 455,506	$ 445,168
Midstream revenues	83,374	69,245	73,799
Total regulated revenue	$ 779,005	$ 524,751	$ 518,967
Distribution purchased gas costs	$ 527,057	$ 305,706	$ 301,833
Midstream purchased gas costs	—	—	—
Total purchased gas costs	$ 527,057	$ 305,706	$ 301,833
Distribution net revenue	$ 168,574	$ 149,800	$ 143,335
Midstream net revenue	83,374	69,245	73,799
Total regulated net revenue	$ 251,948	$ 219,045	$ 217,134
Distribution operating expenses	$ 110,512	$ 125,729	$ 108,528
Midstream operating expenses	53,825	41,156	39,156
Total regulated operating expenses	$ 164,337	$ 166,885	$ 147,684

The following table presents the regulated net property, plant and equipment of the Company:

	As of December 31, 2008	2007
Distribution property, plant & equipment, net	$ 623,574	$ 595,576
Midstream property, plant & equipment, net	489,985	418,351
Total regulated property, plant & equipment, net	$ 1,113,559	$ 1,013,927

Derivative Instruments: Derivatives are held as part of a formally documented risk management program. The Company's risk management activities are subject to the management, direction and control of the Company's Corporate Risk Committee (CRC). The CRC reports to the Audit Committee of the Board of Directors and is comprised of the chief executive officer, the president and chief operating officer, the chief financial officer and other officers and employees.

The Company's risk management program includes the consideration and, when appropriate, the use of (i) exchange-traded natural gas futures contracts and options and OTC natural gas swap agreements and options (collectively, derivative commodity instruments) to hedge exposures to fluctuations in natural gas prices and for trading purposes and (ii) interest rate swap agreements to hedge exposures to fluctuations in interest rates. At contract inception, the Company designates its derivative instruments as hedging or trading activities.

All derivative instruments are accounted for in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133), as amended. As a result, the Company recognizes all derivative instruments as either assets or liabilities at fair value. The measurement of fair value is based upon actively quoted market prices when available. In the absence of actively quoted market prices, the Company seeks indicative price information from external sources, including broker quotes and industry publications. If pricing information from external sources is not available, measurement involves judgment and estimates. These estimates are based upon valuation methodologies deemed appropriate by the Company's CRC.

The accounting for the changes in fair value of the Company's derivative instruments depends on the use of the derivative instruments. To the extent that a derivative instrument has been designated and qualifies as a cash flow hedge, the effective portion of the change in fair value of the derivative instrument is reported as a component of accumulated other comprehensive income (loss), net of tax, and is subsequently reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The Company assesses the effectiveness of hedging relationships, the degree that the gain (loss) for the hedging instrument offsets the loss (gain) on the hedged item, both at the inception of the hedge and on an on-going basis. If the gain (loss) for the hedging instrument is greater than the loss (gain) on the hedged item, the ineffective portion of the cash flow hedge is immediately recognized in operating revenues in the Statements of Consolidated Income.

If a cash flow hedge is terminated or de-designated as a hedge before the settlement date of the hedged item, the amount of accumulated other comprehensive income (loss) recorded up to that date remains accrued provided that the forecasted transaction remains probable of occurring, and going forward, the change in fair value of the derivative instrument is recorded in earnings. The derivative instruments that comprise the amount recorded in accumulated other comprehensive income (loss) are primarily instruments which are designated and qualify as cash flow hedges. During 2008, the Company entered into derivative transactions which had the effect of offsetting existing cash flow hedges, resulting in an effective reduction in the hedge position for years 2010 - 2013. The Company concurrently de-designated the original transactions. The fair value of these derivative instruments was an $18.4 million liability at December 31, 2008. This amount will be recognized as part of the realized sales price in the Consolidated Statement of Income when the underlying physical transactions occur. The Company does not treat these derivatives as hedging instruments under SFAS No. 133. These amounts are included in the Consolidated Balance Sheet as derivative instruments, at fair value.

The Company reports all gains and losses on its energy trading contracts net on its Statements of Consolidated Income in accordance with EITF No. 02-3.

Allowance for Funds Used During Construction: The Company capitalizes the carrying costs for the construction of certain long-term assets and amortizes the costs over the life of the related assets. The calculated allowance for funds used during construction (AFUDC) includes capitalization of the cost of financing construction of assets subject to regulation by the PA PUC, the WV PSC or the FERC, in accordance with SFAS No. 71. A computed interest cost and a designated cost of equity for financing the construction of these regulated assets are recorded in the Company's income statement. The debt portion is calculated based on the average cost of debt and is included as a reduction of interest expense in the Statements of Consolidated Income. AFUDC interest costs were $2.1 million, $2.6 million and $0.2 million for the years ended December 31, 2008, 2007 and 2006, respectively.

The equity portion of AFUDC is calculated using the most recent equity rate of return approved by the applicable regulator. Equity amounts capitalized are included in other income in the Statements of Consolidated Income. The AFUDC equity amounts capitalized were $6.2 million, $7.6 million and $1.4 million for the years ended December 31, 2008, 2007 and 2006 respectively. Prior to 2007, AFUDC equity was not significant and was included as an offset to interest expense in the Statements of Consolidated Income. As a result of the significance of the carrying costs related to the construction of the Big Sandy Pipeline, the equity portion has been reclassified to other income in the Statements of Consolidated Income for all periods presented.

Capitalized Interest: Interest costs for the construction of certain long-term assets in unregulated Company businesses are capitalized and amortized over the related assets' estimated useful lives. Interest costs during 2008, 2007 and 2006 of $14.9 million, $4.2 million and $0.4 million, respectively, were capitalized as a portion of the cost of the related long-term assets.

Impairment of Long-Lived Assets: In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable, the Company reviews its long-lived assets for impairment by first comparing the carrying value of the assets to the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the assets. If the carrying value exceeds the sum of the assets' undiscounted cash flows, the Company estimates an impairment loss by taking the difference between the carrying value and fair value of the assets.

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Revenue Recognition: Revenue is recognized for production and gathering activities when deliveries of natural gas, crude oil and NGLs are made. Revenues from natural gas transportation and storage activities are recognized in the period service is provided. Sales of natural gas to distribution customers are billed on a monthly cycle basis; however, the billing cycle periods for certain customers do not necessarily coincide with accounting periods used for financial reporting purposes. The Company follows the revenue accrual method of accounting for distribution segment revenue whereby revenues applicable to gas delivered to customers but not yet billed under the cycle billing method are estimated and accrued and the related costs are charged to expense. Revenues from energy marketing activities are recognized when deliveries occur. In accordance with EITF No. 02-3, only revenues associated with energy trading activities that do not result in physical delivery of an energy commodity (i.e. are settled in cash) are recorded using mark-to-market accounting. The revenues associated with the physical delivery of an energy commodity are recognized at contract value when delivered. Revenues associated with the Company's natural gas advance sales contracts are recognized as natural gas is gathered and delivered. The Company accounts for gas-balancing arrangements under the entitlement method. The Company uses the gross method to account for overhead cost reimbursements from joint operating partners.

Investments : Investments in companies in which the Company has the ability to exert significant influence over operating and financial policies (generally 20% to 50% ownership) are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and adjusted for dividends and undistributed earnings and losses. These investments are classified as equity in nonconsolidated investments on the Consolidated Balance Sheets. APB No. 18 requires a company to recognize a loss in the value of an equity method investment that is other than a temporary decline. The Company analyzes its equity method investments based on its share of estimated future cash flows from the investment to determine whether the carrying amount will be recoverable.

Other investments in equity securities which are generally under 20% ownership and where the Company does not exert significant influence over operating and financial polices are accounted for as available-for-sale in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115), and are classified as investments, available-for-sale on the Consolidated Balance Sheets. Available-for-sale securities are required to be carried at fair value, with any unrealized gains and losses reported on the Consolidated Balance Sheets within a separate component of equity, accumulated other comprehensive income (loss). The Company utilizes the specific identification method to determine the cost of the securities sold. In accordance with SFAS No. 115, the Company continually reviews its available-for-sale investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the Statements of Consolidated Income. The Company recorded an other than temporary impairment of $7.8 million in 2008. See Note 10. No other than temporary decline in fair value was recorded in 2007 or 2006.

Income Taxes: The Company files a consolidated Federal income tax return and utilizes the asset and liability method to account for income taxes. The provision for income taxes represents amounts paid or estimated to be payable, net of amounts refunded or estimated to be refunded, for the current year and the change in deferred taxes, exclusive of amounts recorded in other comprehensive income. Any refinements to prior years' taxes made due to subsequent information are reflected as adjustments in the current period. Separate income taxes are calculated for income from continuing operations, discontinued operations, and items charged or credited directly to stockholders' equity.

Deferred income tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities in accordance with SFAS No. 109, Accounting for Income Taxes (SFAS No. 109), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of such temporary differences. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Where deferred tax liabilities will be passed through to customers in regulated rates, the Company establishes a corresponding regulatory asset for the increase in future revenues that will result when the temporary differences reverse.

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Investment tax credits realized in prior years were deferred and are being amortized over the estimated service lives of the related properties where required by ratemaking rules.

The Company accounts for uncertainty in income taxes under the provisions of FIN 48. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The recognition threshold requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position in order to record any financial statement benefit. If it is more likely than not that a tax position will be sustained, then the Company must measure the tax position to determine the amount of benefit to recognize in financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

Provision for Doubtful Accounts: Judgment is required to assess the ultimate realization of the Company's accounts receivable, including assessing the probability of collection and the credit-worthiness of certain customers. Reserves for uncollectible accounts are recorded as part of selling, general and administrative expense on the Statements of Consolidated Income. The reserves are based on historical experience, current and expected economic trends and specific information about customer accounts. Accordingly, actual results may differ from these estimates under different assumptions or conditions.

Earnings Per Share (EPS): Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, without considering any dilutive items. Diluted EPS is computed by dividing net income by the weighted average number of common shares and potentially dilutive securities, net of shares assumed to be repurchased using the treasury stock method. Purchases of treasury shares are calculated using the average share price for the Company's common stock during the period. Potentially dilutive securities arise from the assumed conversion of outstanding stock options and other share-based awards. See Note 15.

Asset Retirement Obligations : SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143), requires that the Company accrue a liability for legal asset retirement obligations based on an estimate of the timing and amount of their settlement. For oil and gas wells, t he fair value of the Company's plugging and abandonment obligations is required to be recorded at the time the obligations are incurred, which is typically at the time the wells are drilled. Upon initial recognition of an asset retirement obligation, the Company increases the carrying amount of the long-lived asset by the same amount as the liability. Over time, the liabilities are accreted for the change in their present value, through charges to depreciation, depletion, and amortization, and the initial capitalized costs are depleted over the useful lives of the related assets.

The Company is required to operate and maintain its natural gas pipeline and storage systems, and intends to do so as long as supply and demand for natural gas exists, which the Company expects for the foreseeable future. Therefore, the Company believes that the substantial majority of its natural gas pipeline and storage system assets have indeterminate lives.

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The following table presents a reconciliation of the beginning and ending carrying amounts of the Company's asset retirement obligations. The Company does not have any assets that are legally restricted for purposes of settling these obligations.

	Year ended December 31, 2008 (Thousands)
Asset retirement obligation as of beginning of period	$ 51,143
Accretion expense	3,896
Liabilities incurred	1,885
Divestitures	(129)
Liabilities settled	(1,645)
Change in assumed cost of horizontal well plugging	(820)
Asset retirement obligation as of end of period	$ 54,330

Self-Insurance: The Company is self-insured for certain losses related to workers' compensation. The Company maintains stop loss coverage with third party insurers to limit the total exposure for general liability, automobile liability, environmental liability and workers' compensation. The recorded reserves represent estimates of the ultimate cost of claims incurred as of the balance sheet date. The estimated liabilities are based on analyses of historical data and actuarial estimates and are not discounted. The liabilities are reviewed by management quarterly and by independent actuaries annually to ensure that they are appropriate. While the Company believes these estimates are reasonable based on the information available, financial results could be impacted if actual trends, including the severity or frequency of claims or fluctuations in premiums, differ from estimates.

Recently Issued Accounting Standards:

Oil and Gas Reporting Requirements

In December 2008, the U.S. Securities and Exchange Commission (SEC) amended the oil and gas reporting requirements which exist in their current form in Regulation S-K and Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934, as well as Industry Guide 2. The revisions are intended to provide investors with a more meaningful and comprehensive understanding of oil and gas reserves by better aligning the oil and gas disclosure requirements with current practices and technology. The amendments are effective for annual reports for fiscal years ending on or after December 31, 2009. The Company is currently evaluating the impact the revised oil and gas reporting requirements will have on its consolidated financial statements.

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact that SFAS No. 161 will have on its consolidated financial statement disclosures.

Employers' Disclosures about Post-Retirement Benefit Plan Assets

In December 2008, the FASB issued final FSP No. FAS 132(R)-1, Employers' Disclosures about Post-Retirement Benefit Plan Assets . The FSP contains amendments to FASB Statement No. 132(R) that are intended to enhance the transparency surrounding the types of assets and associated risks in an employer's defined benefit pension or other post-retirement plan. The new disclosures are required to be included in the financial statements for

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fiscal years ending after December 15, 2009. The Company is currently evaluating the impact that FSP No. FAS 132(R)-1 will have on its consolidated financial statement disclosures.

2. Financial Information by Business Segment

Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally and are subject to evaluation by the Company's chief operating decision maker in deciding how to allocate resources.

In January 2008, the Company announced a change in organizational structure to better align the Company to execute its growth strategy for development and infrastructure expansion in the Appalachian Basin. These changes resulted in changes to the Company's reporting segments effective for fiscal year 2008.

The Company reports its operations in three segments, which reflect its lines of business. The EQT Production segment includes the Company's exploration for, and development and production of, natural gas and a limited amount of crude oil in the Appalachian Basin. EQT Midstream's operations include the natural gas gathering, processing, transportation and storage activities of the Company as well as sales of NGLs. Equitable Distribution's operations primarily comprise the state-regulated distribution activities of the Company.

Operating segments are evaluated on their contribution to the Company's consolidated results based on operating income, equity in earnings of nonconsolidated investments, and other income. Interest expense and income taxes are managed on a consolidated basis. Headquarters' costs are billed to the operating segments based upon a fixed allocation of the headquarters' annual operating budget. Differences between budget and actual headquarters' expenses are not allocated to the operating segments. Certain performance-related incentive expenses (income) and administrative expenses totaling ($17.4) million, $65.3 million and $21.9 million in 2008, 2007 and 2006, respectively, were not allocated to business segments. The unallocated income in 2008 primarily related to the reversal of previously recorded performance-related incentive expense, while the unallocated expense in 2007 and 2006 related to performance-related incentive expenses in those years.

Substantially all of the Company's operating revenues, income from continuing operations and assets are generated or located in the United States.

	Years Ended December 31,		
	2008	2007	2006
		(Thousands)	
Revenues from external customers:			
EQT Production	$ 457,144	$ 364,396	$ 359,526
EQT Midstream	681,475	591,608	554,071
Equitable Distribution	698,385	624,744	586,194
Less: intersegment revenues (a)	(260,516)	(219,342)	(231,881)
Total	$ 1,576,488	$ 1,361,406	$ 1,267,910
Total operating expenses:			
EQT Production	$ 204,360	$ 162,377	$ 144,103
EQT Midstream	168,568	121,483	116,215
Equitable Distribution	111,009	126,088	108,890
Unallocated (income) expenses (b)	(17,391)	65,319	21,850
Total	$ 466,546	$ 475,267	$ 391,058
Operating income:			
EQT Production	$ 252,784	$ 202,019	$ 215,423
EQT Midstream	134,772	140,432	137,177
Equitable Distribution	59,859	34,541	41,773
Unallocated income (expenses) (b)	17,391	(65,319)	(21,850)
Total operating income	$ 464,806	$ 311,673	$ 372,523

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	Years Ended December 31, 2008	2007	2006
	(Thousands)		
Reconciliation of operating income to net income:			
Total operating income	$ 464,806	$ 311,673	$ 372,523
Equity in earnings of nonconsolidated investments:			
EQT Production	$ 440	$ 301	$ 129
EQT Midstream	5,053	2,648	—
Unallocated	221	150	131
Total	$ 5,714	$ 3,099	$ 260
Other income:			
EQT Midstream	$ 5,678	$ 7,253	$ 1,149
Equitable Distribution	555	392	293
Total	$ 6,233	$ 7,645	$ 1,442
Other than temporary impairment of available-for-sale securities	(7,835)	—	—
Gain on sale of assets, net	—	126,088	—
Gain on sale of available-for-sale securities, net	—	1,042	—
Interest expense	58,394	47,669	48,494
Income taxes	154,920	144,395	109,706
Income from continuing operations	255,604	257,483	216,025
Income from discontinued operations	—	—	4,261
Net income	$ 255,604	$ 257,483	$ 220,286

	As of December 31, 2008	2007
	(Thousands)	
Segment assets:		
EQT Production	$ 2,338,695	$ 1,614,787
EQT Midstream	1,897,872	1,232,348
Equitable Distribution	951,179	906,113
Total operating segments	5,187,746	3,753,248
Headquarters assets, including cash and short-term investments	141,916	183,723
Total assets	$ 5,329,662	$ 3,936,971

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	Years Ended December 31,		
	2008	2007	2006
		(Thousands)	
Depreciation, depletion and amortization:			
EQT Production	$ 78,234	$ 62,084	$ 53,471
EQT Midstream	34,802	26,333	25,822
Equitable Distribution	22,055	20,021	19,938
Other	1,725	1,364	891
Total	$ 136,816	$ 109,802	$ 100,122
Expenditures for segment assets:			
EQT Production (c)	$ 700,745	$ 328,080	$ 205,047
EQT Midstream (c)	593,564	433,719	146,512
Equitable Distribution	45,770	41,684	48,721
Other	3,917	1,276	2,814
Total	$ 1,343,996	$ 804,759	$ 403,094

(a) Intersegment revenues primarily represent natural gas sales from EQT Production to EQT Midstream and transportation activities between EQT Midstream and Equitable Distribution.

(b) Unallocated (income) expenses consist primarily of incentive compensation and administrative costs that are not allocated to the operating segments.

(c) Expenditures for segment assets for 2007 include $24.4 million and $3.7 million, in the EQT Production and EQT Midstream segments, respectively, for the acquisition of additional working interest and related gathering assets in the Roaring Fork area.

3. Derivative Instruments

Natural Gas Hedging Instruments

The Company's overall objective in its hedging program is to ensure an adequate level of return for the significant well development and infrastructure investments at EQT Production and EQT Midstream. The various derivative commodity instruments used by the Company to hedge its exposure to variability in expected future cash flows associated with the fluctuations in the price of natural gas related to the Company's forecasted sale of equity production and forecasted natural gas purchases and sales have been designated and qualify as cash flow hedges. Futures contracts obligate the Company to buy or sell a designated commodity at a future date for a specified price and quantity at a specified location. Swap agreements involve payments to or receipts from counterparties based on the differential between a fixed and variable price for the commodity. Collar agreements require the counterparty to pay the Company if the index price falls below the floor price and the Company to pay the counterparty if the index price rises above the cap price. Exchange-traded instruments are generally settled with offsetting positions. Over the counter (OTC) arrangements require settlement in cash.

The fair value of the Company's derivative commodity instruments classified as cash flow hedges under SFAS No. 133 is presented below:

	As of December 31,	
	2008	2007
	(Thousands)	
Asset	$ 188,247	$ 34,921
Liability	(154,606)	(489,227)
Net asset (liability)	$ 33,641	$ (454,306)

These amounts are included in the Consolidated Balance Sheets as derivative instruments, at fair value. The net amount of derivative instruments, at fair value, changed between years primarily as a result of the decrease in natural gas prices and reduced hedged quantities due to derivative settlements. The absolute quantities of the Company's derivative commodity instruments that have been designated and qualify as cash flow hedges totaled 243.0 Bcf and

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287.3 Bcf as of December 31, 2008 and 2007, respectively, and are primarily related to natural gas swaps and collars. The open positions at December 31, 2008 had maturities extending through December 2015.

The Company had deferred net losses of $28.8 million and $286.2 million in accumulated other comprehensive loss, net of tax, as of December 31, 2008 and 2007, respectively, associated with the effective portion of the change in fair value of its derivative commodity instruments designated as cash flow hedges. Assuming no change in price or new transactions, the Company estimates that approximately $3.0 million of net unrealized gains on its derivative commodity instruments included in accumulated other comprehensive loss, net of tax, as of December 31, 2008 will be recognized in earnings during the next twelve months due to the physical settlement of hedged transactions. This recognition occurs through an adjustment to the Company's net operating revenues resulting in the average hedged price becoming the realized sales price.

The net change in accumulated other comprehensive loss, including the impact of adopting SFAS No. 157, Fair Value Measurements (SFAS No. 157), of $7.8 million, related to derivatives is presented below:

	Years Ended December 31,		
	2008	2007	2006
		(Thousands)	
Net unrealized gain (loss)	$ 163,731	$ (42,010)	$ 370,395
Net realized loss	93,711	41,990	84,422
Net gain (loss)	$ 257,442	$ (20)	$ 454,817

For the years ended December 31, 2008, 2007 and 2006, ineffectiveness associated with the Company's derivative instruments designated as cash flow hedges increased earnings by approximately $0.8 million, $1.4 million and $0.4 million, respectively. These amounts are included in operating revenues in the Statements of Consolidated Income.

In the fourth quarter 2008, the company entered into derivative transactions which had the effect of offsetting existing cash flow hedges and concurrently de-designated the original transactions as hedges. Thee transactions resulted in an effective reduction in the hedge position for years 2010 - 2013. The fair value of these derivative instruments was an $18.4 million liability at December 31, 2008. This amount will be recognized as part of the realized sales price in the Consolidated Statement of Income when the underlying physical transactions occur. The Company does not treat these derivatives as hedging instruments under SFAS No. 133. These amounts are included in the Consolidated Balance Sheet as derivative instruments, at fair value. In May 2007, the Company sold a portion of its interest in certain gas properties in the Nora area, as discussed in Note 5. As part of this transaction, the Company closed out certain cash flow hedges associated with forecasted production at this location by purchasing offsetting positions. The fair value of these derivative instruments was a $2.9 million liability at December 31, 2008.

The Company had an immaterial amount of other derivative commodity instruments held for trading purposes as of December 31, 2008 and December 31, 2007.

When the net fair value of any of the Company's swap agreements represents a liability to the Company which is in excess of the agreed-upon threshold between the Company and the financial institution acting as counterparty, the counterparty requires the Company to remit funds to the counterparty as a margin deposit for the derivative liability which is in excess of the threshold amount. The Company records these deposits as a receivable in the Consolidated Balance Sheet. When the net fair value of any of the Company's swap agreements represents an asset to the Company which is in excess of the agreed-upon threshold between the Company and the financial institution acting as counterparty, the Company requires the counterparty to remit funds as margin deposit in an amount equal to the portion of the derivative asset which is in excess of the threshold amount. The Company records a current liability for such amounts received. The Company had no such deposits in its Consolidated Balance Sheet as of December 31, 2008. As of December 31, 2007, the Company recorded such deposits held by counterparties in the amount of $1.6 million in its Consolidated Balance Sheet.

When the Company enters into exchange-traded natural gas contracts, exchanges may require the Company to remit funds to the corresponding broker as good-faith deposits to guard against the risks associated with changing market conditions. Participants must make such deposits based on an established initial margin requirement as well as the net liability position, if any, of the fair value of the associated contracts. In the case where the fair value of such contracts is in a net asset position, the broker may remit funds to the Company, in which case the Company records a current liability for such amounts received. The initial margin requirements are established by the exchanges based on prices, volatility and the time to expiration of the related contract and are subject to change at the exchanges' discretion. The Company recorded such deposits with brokers in the amount of $4.4 million and $4.3 million in its balance sheet as of December 31, 2008 and December 31, 2007, respectively.

4. Fair Value Measurements

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157 which established a framework for measuring fair value in accordance with generally accepted accounting principles and expanded disclosures about fair value measurements. The Company adopted the provisions of SFAS No. 157 on January 1, 2008. As a result of the implementation of SFAS No. 157, the Company recorded a gain in accumulated other comprehensive income of $7.8 million during the first quarter of 2008.

The Company has an established process for determining fair value for its financial instruments, principally derivative commodity instruments and available-for-sale investments. Fair value is based on quoted market prices, where available. If quoted market prices are not available, fair value is based upon models that use as inputs market-based parameters, including but not limited to forward curves, discount rates, broker quotes, volatilities, and nonperformance risk. Nonperformance risk considers the effect of the Company's credit standing on the fair value of liabilities and the effect of the counterparty's credit standing on the fair value of assets. The Company determines nonperformance risk by analyzing publicly available market information, including a comparison of the yield on debt instruments with credit ratings similar to the Company's or counterparty's credit rating and the yield of a risk free instrument. The Company also analyzes credit default swaps rates where available.

In accordance with SFAS No. 157, the Company has categorized its financial instruments into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Financial instruments included in Level 1 include the Company's futures contracts and available-for-sale investments, instruments included in Level 2 include the majority of the Company's swap agreements and instruments included in Level 3 include the Company's collar agreements and a portion of the Company's swap agreements. Since the adoption of SFAS No. 157, the Company has not made any changes to its classification of financial instruments in each category.

The fair value of financial instruments included in Level 2 is based on industry models that use significant observable inputs, including NYMEX forward curves and LIBOR-based discount rates. Swaps included in Level 3 are valued using internal models; these internal models are validated each period with non-binding broker price quotes. The Company has not experienced significant differences between internally calculated values and broker price quotes. Collars make up over 98% of derivative instruments included in Level 3 and are valued using internal models calculated with publicly available volatilities. The Company uses NYMEX forward curves to value futures, NYMEX swaps, and collars. The NYMEX forward curves are validated to external sources at least monthly.

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The following assets and liabilities were measured at fair value on a recurring basis during the period:

Description	December 31, 2008	Fair value measurements at reporting date using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(Thousands)			
Assets				
Investments, available-for-sale	$ 25,880	$ 25,880	$ —	$ —
Derivative instruments, at fair value	192,191	33,842	70,044	88,305
Total assets	$ 218,071	$ 59,722	$ 70,044	$ 88,305
Liabilities				
Derivative instruments, at fair value	$ (175,889)	$ (27,083)	$ (148,106)	$ (700)
Total liabilities	$ (175,889)	$ (27,083)	$ (148,106)	$ (700)

	Fair value measurements using significant unobservable inputs (Level 3): Derivative instruments, at fair value, net
	(Thousands)
Balance at January 1, 2008	$ (2,387)
Total gains or losses:	
Included in earnings	6,900
Included in other comprehensive income	105,452
Purchases, issuances, and settlements	(22,360)
Transfers in and/or out of Level 3	—
Balance at December 31, 2008	87,605
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets and liabilities still held as of December 31, 2008	$ (327)

Gains and losses related to derivative commodity instruments included in earnings for the period are reported in operating revenues in the Statements of Consolidated Income. Any gains or loses included in earnings related to available-for-sale securities are included as a separate component of earnings.

5. Sale of Properties

On April 13, 2007, the Company and Range Resources Corporation (Range) agreed to a development plan for the Nora area in Southwestern Virginia. The Company entered into a Purchase and Sale Agreement (Purchase Agreement) with Pine Mountain Oil and Gas, Inc. (PMOG), a subsidiary of Range, pursuant to which the Company agreed to sell to PMOG a portion of the Company's interests in certain gas properties in the Nora area. Additionally, the Company entered into a Contribution Agreement (Contribution Agreement) with PMOG relating to the contribution of certain Nora area gathering facilities and pipelines to Nora Gathering, LLC (Nora LLC), a newly formed entity that is equally owned by the Company and PMOG. This gathering system services production of the Company and Range. During the remainder of 2007, the Company completed a majority of the transactions contemplated by the Purchase Agreement by selling proved reserves of approximately 74 Bcf, including proved developed reserves of approximately 67 Bcf, to PMOG for proceeds of $193.5 million after purchase price adjustments.

Additionally in 2007, the Company entered into a Contribution Agreement with PMOG relating to the contribution of certain Nora area gathering facilities and pipelines to Nora Gathering, LLC (Nora LLC), a newly formed entity that is equally owned by the Company and PMOG. This gathering system services production of the Company and Range. The Company contributed Nora area gathering property to Nora LLC in exchange for a 50% interest in Nora LLC and cash of $23.6 million. The Company is accounting for its interest in Nora LLC under the equity method of accounting, as the Company determined that it has the ability to exert significant influence over the operating and financial policies of Nora LLC through its 50%, non-controlling interest. The Company and Nora LLC also entered into a demand note agreement whereby Nora LLC loaned to the Company $69.8 million on the initial closing date. At December 31, 2008, the note has been fully paid and cancelled.

The Company recorded a gain on these transactions of $154.5 million, net of costs to sell, in accordance with SFAS No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies (SFAS No. 19) . As a result of the working interest sale, the Company reduced its hedge position by approximately 7.3 Bcf, resulting in the Company recording a hedge loss of $28.4 million as of the date of sale. These items are recorded in gain on sale of assets, net ($126.1 million) in the Company's Statements of Consolidated Income for 2007.

6. Acquisitions

In September 2007, the Company purchased an additional working interest of approximately 13.5% in the Roaring Fork area in Virginia and certain gathering assets from a minority interest holder for $28.5 million subject to post-closing adjustments, which increased the Company's working interest to approximately 97.0%. The additional working interest of 13.5% represented approximately 12.3 Bcf of reserves, consisting of approximately 10.1 Bcf of proved developed reserves and approximately 2.2 Bcf of proved undeveloped reserves. The purchase price was funded using a portion of the proceeds received from the sale described in Note 5, as this transaction qualified as a like-kind exchange under the deferred exchange agreement.

On March 1, 2006, the Company entered into an agreement to acquire Dominion Resources, Inc.'s natural gas distribution assets in Pennsylvania and in West Virginia for approximately $970 million, subject to adjustments, in a cash transaction for the stock of The Peoples Natural Gas Company a nd Hope Gas, Inc. In light of the continued delay in achieving the final legal approvals for this transaction, the Company and Dominion agreed to terminate the agreement pursuant to a mutual termination agreement entered into on January 15, 2008. As a result of this previously proposed transaction and its termination, the Company recognized a total of $21 million in expense, including $9.8 million of deferred acquisition costs and $0.3 million of impairment charges in the 2007 Statements of Consolidated Income.

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7. Income Taxes

Income tax expense is summarized as follows:

	Years Ended December 31, 2008	2007 (Thousands)	2006
Current:			
Federal	$ (89,630)	$ 102,692	$ 75,875
State	(614)	9,323	2,564
Subtotal	(90,244)	112,015	78,439
Deferred:			
Federal	238,034	23,756	42,122
State	7,767	9,264	(9,797)
Subtotal	245,801	33,020	32,325
Amortization of deferred investment tax credit	(637)	(640)	(1,058)
Total	$ 154,920	$ 144,395	$ 109,706

The current federal tax benefit results in prepaid income taxes of approximately $93.5 million which is included in prepaid expenses and other assets in the Consolidated Balance Sheet.

Income tax expense differs from amounts computed at the federal statutory rate of 35% on pre-tax income from continuing operations as follows:

	Years Ended December 31, 2008	2007 (Thousands)	2006
Tax at statutory rate	$ 143,683	$ 140,657	$ 114,006
State income taxes	4,511	8,951	(8,130)
Federal tax credits and incentives	1,968	(5,066)	(1,238)
Book/Tax basis differences	(2,368)	(3,514)	(125)
Other	7,126	3,367	5,193
Income tax expense	154,920	$ 144,395	$ 109,706
Effective tax rate	37.7%	35.9%	33.7%

During 2008, state income taxes decreased as a result of a West Virginia law change enacted on March 31, 2008, providing for a graduated decrease in the statutory tax rate beginning in 2009 and reinstating separate financial organization apportionment. As a result of this change in West Virginia law, the Company recorded a tax benefit of $5.2 million to reflect an overall decrease in the Company's expected deferred tax liability.

The Qualified Production Activities Deduction under Section 199 of the IRC, which provides for a phased-in deduction related to qualifying production activities, was provided for the first time under the American Jobs Creation Act of 2004. The Company recorded an income tax benefit for certain qualifying production activities of approximately $4.5 million and $0.6 million in 2007 and 2006, respectively. Due to the Company's taxable loss position in 2008 and the resulting net operating loss carryback, no Section 199 benefit was recorded for 2008 and a portion of the prior years' benefits was reversed. The reversal of the prior years' Section 199 deduction was a detriment to the 2008 effective tax rate in the amount of $2.6 million in 2008.

During 2008, the Company applied for a change in accounting method that would allow current income tax deductions for certain repair costs that are capitalized for book purposes. The method request is a non-automatic change and requires the consent of the IRS, which the Company has not yet received. Thus, the impact of this method change has not yet been reflected in the Consolidated Financial Statements even though it is anticipated to increase the Company's net operating loss for 2008 and the related refund on the net operating loss carryback.

During 2007, state income taxes increased as a result of a West Virginia law change enacted on April 4, 2007 that was slated to be effective for the Company's tax year beginning January 1, 2009. This new law mandated unitary combined reporting, changed certain apportionment provisions for tax partnerships, changed certain definitions for financial organizations and made miscellaneous changes to other corporate net income tax statutes. As a result of this law change, the Company recorded additional tax expense of $3.3 million to reflect an overall increase in the Company's expected deferred tax liability as of the effective date.

During 2006, state income taxes decreased as a result of a change to state income tax rates as computed in accordance with SFAS No. 109 and the release of a state valuation allowance related to a state net operating loss carryover. During 2006, the Company reduced its valuation allowance for state net operating loss carryovers by $3.1 million as a result of an anticipated increase in prospective realization of those deferred tax assets.

The other category does not include any items that are individually significant.

The Company adopted the provisions of FIN 48 on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized a $4.1 million increase in the liability for unrecognized tax benefits which was accounted for as a reduction to the January 1, 2007 balance of retained earnings. Additionally, as a result of the implementation of FIN 48, the Company recorded $29.7 million of unrecognized tax benefits related to a balance sheet reclassification that did not impact retained earnings. A total of $16.9 million of this reclassification relates to the gross up of certain tax positions that were previously recorded net of tax benefit, tax positions which relate to temporary differences that were previously part of deferred taxes and tax positions that were previously offset against deferred tax assets. The remaining $12.8 million relates to tax positions previously categorized as current liabilities. After the recognition of these items in connection with the implementation of FIN 48, the total liability for unrecognized tax benefits, inclusive of interest and penalties, at January 1, 2007 was $33.8 million.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) is as follows:

	2008 (Thousands)	2007 (Thousands)
Balance at January 1	31,367	22,760
Additions based on tax positions related to current year	5,628	3,140
Additions for tax positions of prior years	2,286	9,676
Reductions for tax positions of prior years	(854)	(4,209)
Settlements	(3,170)	—
Lapse of statute of limitations	(1,086)	—
Balance at December 31	34,171	31,367

Included in the tabular reconciliation above at December 31, 2008 and December 31, 2007 are $20.2 million and $18.1 million, respectively, for tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the year ended December 31, 2008, the Company reversed approximately $6.1 million of interest expense and for the year ended December 31, 2007, the Company recognized approximately $8.5 million of interest expense. Included in the balance sheet reserve at December 31, 2008 and December 31, 2007 is $13.4 million and $19.5 million of interest and penalty.

The total amount of unrecognized tax benefits, inclusive of interest and penalties, was $47.6 million and $50.8 million as of December 31, 2008 and 2007, respectively. As of December 31, 2008, $10.7 million is the total amount of unrecognized tax benefits (excluding interest and penalties) that, if recognized, would affect the effective tax rate and the amount as of December 31, 2007 was $11.1 million.

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As of December 31, 2008, it is reasonably possible that the total amount of unrecognized tax benefits could decrease between $0.0 million and $21.1 million within the next 12 months due to potential settlements with taxing authorities, legal or administrative guidance by relevant taxing authorities and the lapse of an applicable statute of limitation.

The consolidated federal income tax liability of the Company has been settled with the Internal Revenue Service (IRS) through 2000. In December 2008, the Joint Committee on Taxation approved the settlement of all issues related to the 1998 through 2000 audit. The Company received a final net tax refund of $3.8 million, including interest, for these years.

The IRS has completed its audit and review of the Company's federal income tax filings for the 2001 through 2005 years and the Company expects a refund relating to the agreed upon audit adjustments for these years of approximately $3.4 million. The only unresolved issue relates to the research and experimentation tax credits claimed for years 2001 through 2005, which has been referred to the Appeals Division of the IRS. The Company also is the subject of various state income tax examinations. The Company believes that it is appropriately reserved for any uncertain tax positions claimed during these periods.

The following table summarizes the source and tax effects of temporary differences between financial reporting and tax bases of assets and liabilities.

	December 31,	
	2008	2007
	(Thousands)	
Deferred income taxes:		
Total deferred income tax assets	$ (163,707)	$ (339,135)
Total deferred income tax liabilities	920,878	699,476
Total net deferred income tax liabilities	757,171	$ 360,341
Total deferred income tax liabilities (assets)		
Drilling and development costs expensed for income tax reporting	609,490	$ 474,882
Tax depreciation in excess of book depreciation	257,353	123,633
Regulatory temporary differences	31,308	35,652
Deferred purchased gas cost	22,727	15,428
Financial instruments	(28)	(26,385)
Deferred compensation plans	(2,480)	(2,550)
Investment tax credit	(2,738)	(2,784)
Incentive compensation, net of valuation allowance of $182 and $0, respectively	(4,436)	(43,224)
Post-retirement benefits	(8,061)	(8,314)
Uncollectible accounts	(8,718)	(6,645)
Other comprehensive loss	(43,697)	(188,593)
Alternative minimum tax credit carryforward	(46,424)	—
NOL carryforwards, net of valuation allowance of $3,591 and $3,265, respectively	(47,085)	(6,756)
Other	(40)	(4,003)
Total (including amounts classified as current assets of $17,546 and $32,274, respectively)	$ 757,171	$ 360,341

The net deferred tax asset relating to the Company's accumulated other comprehensive loss balance as of December 31, 2008 was comprised of a $17.6 million deferred tax asset related to the Company's net unrealized loss from hedging transactions, a $8.7 million deferred tax asset related to other post-retirement benefits, and a $17.4 million deferred tax asset related to the Company's pension plans. The net deferred tax asset relating to the Company's accumulated other comprehensive loss balance as of December 31, 2007 was comprised of a $173.3 million deferred tax asset related to the Company's net unrealized loss from hedging transactions, a $7.5 million deferred tax asset related to other post-retirement benefits, a $9.9 million deferred tax asset related to the pension plans, and a $2.1 million deferred tax liability related to the Company's net unrealized gain on available-for-sale securities.

The Company expects a 2008 taxable loss that can be carried back to recover income taxes paid in tax years 2006 and 2007. The excess 2008 tax loss will be carried forward and the Company recorded a deferred tax benefit in the amount of $24.2 million for its net operating loss carryforward. The federal net operating loss carryforward period is 20 years and, if unused, the loss carryforward will expire in 2028. The Company is subject to alternative minimum tax (AMT) primarily due to limitations on deductions for intangible drilling costs. AMT taxes may be carried forward indefinitely and are creditable against regular income tax. The Company recorded a deferred tax asset in 2008 for AMT credits of $46.4 million.

The Company has recorded a deferred tax asset of $22.9 million, which is net of valuation allowances of $3.6 million, related to tax benefits from state net operating loss carryforwards with various expiration dates ranging from 2009 to 2028.

An income tax benefit of approximately $1 million, $18 million and $19 million for the years ended December 31, 2008, 2007 and 2006, respectively, triggered by the exercise of nonqualified employee stock options and vesting of restricted share awards is reflected as an addition to common stockholders' equity.

8. Discontinued Operations

In the fourth quarter of 2005, the Company sold its NORESCO domestic business for $82 million before customary purchase price adjustments. In the fourth quarter of 2006, the Company recorded a tax benefit of $3.2 million related to a reduced tax liability on the sale. The Company also reassessed its remaining reserves for costs incurred related to the sale and recorded after-tax income of $1.1 million as a result. These items are included in income from discontinued operations in the Company's Statement of Consolidated Income for the year ended December 31, 2006.

In 2006, the Company completed the sale of the remaining interest in its investment in IGC/ERI Pan-Am Thermal Generating Limited (Pan Am), previously included in the NORESCO business segment, for total proceeds of $2.6 million. The Company did not record a gain or loss on this sale.

Cash flows generated from the discontinued operations and the proceeds received from the sale of the Pan Am investment of $2.6 million are included in the Consolidated Statements of Cash Flows for the year ended December 31, 2006.

9. Equity in Nonconsolidated Investments

The Company has ownership interests in nonconsolidated investments that are accounted for under the equity method of accounting. The following table summarizes the equity in the nonconsolidated investments:

Investees	Location	Interest Type	Ownership as of December 31, 2008	December 31, 2008	December 31, 2007
				(Thousands)	
Nora Gathering, LLC (Nora LLC)	USA	Joint	50%	$ 131,037	$ 96,985
Appalachian Natural Gas Trust (ANGT)	USA	Limited	1%	38,204	38,381
Total equity in nonconsolidated investments				$ 169,241	$ 135,366

The Company's ownership share of the earnings for 2008, 2007 and 2006 related to the total investments was $5.7 million, $3.1 million and $0.3 million, respectively.

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EQT Midstream's equity investment in Nora LLC represents a 50% ownership interest which was obtained through a series of transactions with PMOG by contributing Nora area gathering property in exchange for the ownership interest, as discussed in Note 5. EQT Midstream's investment in Nora LLC totaled $131.0 million and $97.0 million as of December 31, 2008 and 2007, respectively. EQT Midstream made additional equity investments in Nora LLC of $29.0 million in 2008.

EQT Production's equity investment in ANGT represents an ownership interest in transactions by which natural gas producing properties located in the Appalachian Basin region of the United States were sold. As of December 31, 2008, EQT Production's investment in ANGT totaled $25.4 million while the Company's total investment was $38.2 million. As of December 31, 2007, EQT Production's investment in ANGT totaled $25.5 million, while the Company's total investment was $38.4 million. The portion of the investment not held by EQT Production is intended to fund plugging and abandonment and other liabilities for which the Company self-insures. The Company did not make any additional equity investments in ANGT during 2008.

The following tables summarize the unaudited condensed financial statements for nonconsolidated investments accounted for under the equity method of accounting for the periods noted:

Summarized Balance Sheets

	As of December 31, 2008	As of December 31, 2007
	(Thousands)	
Current assets	$ 20,994	$ 44,240
Noncurrent assets	421,152	337,247
Total assets	$ 442,146	$ 381,487
Current liabilities	$ 21,205	$ 11,068
Stockholders' equity	420,941	370,419
Total liabilities and stockholders' equity	$ 442,146	$ 381,487

Summarized Statements of Income

	Year Ended December 31, 2008	2007	2006
		(Thousands)	
Revenues	$ 140,658	$ 101,817	$ 94,477
Costs and expenses applicable to revenues	—	—	—
Net revenues	140,658	101,817	94,477
Operating expenses	64,273	51,345	43,056
Net income	$ 76,385	$ 50,472	$ 51,421

10. Investments, Available-For-Sale

As of December 31, 2008, the investments classified by the Company as available-for-sale consist of approximately $25.9 million of equity and bond funds intended to fund plugging and abandonment and other liabilities for which the Company self-insures.

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	December 31, 2008			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Thousands)			
Equity funds	$ 20,219	$ —	$ —	$ 20,219
Bond funds	5,661	—	—	5,661
Total investments	$ 25,880	$ —	$ —	$ 25,880

	December 31, 2007			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Thousands)			
Equity funds	$ 24,839	$ 5,914	$ —	$ 30,753
Bond funds	4,879	43	—	4,922
Total investments	$ 29,718	$ 5,957	$ —	$ 35,675

The Company accounts for these debt and equity securities in accordance with SFAS No. 115. These investments had a fair market value which was $7.8 million below cost as of December 31, 2008. The Company analyzed the decline in these investments based on the extent and duration of the impairment, nature of the underlying assets and the Company's intent and ability to hold the investments. Based on this analysis, the Company concluded that the decline in the securities values was other-than-temporary and recorded the decline in value as other than temporary impairment of available-for-sale securities within the Statements of Consolidated Income. This impaired value is the new (adjusted) cost of these investments for purposes of future impairment and unrealized gain or loss determinations. In 2007, increases in the value of these securities were recognized within the Condensed Consolidated Balance Sheets as a component of equity, accumulated other comprehensive income.

During the first three months of 2008, the Company purchased additional equity and bond funds with a cost basis totaling $3.0 million. During the first quarter of 2007, the Company reviewed its investment portfolio including its investment allocation and as a result sold equity funds with a cost basis of $6.3 million for total proceeds of $7.3 million, resulting in the Company recognizing a gain of $1.0 million. The Company used the proceeds from these sales and other available cash to purchase other bond and equity funds with a cost basis totaling $9.7 million during the first quarter of 2007. These investments are classified as available-for-sale in the Consolidated Balance Sheet.

The Company utilizes the specific identification method to determine the cost of all investment securities sold.

11. Regulatory Assets

The following table summarizes the Company's regulatory assets, net of amortization, as of December 31, 2008 and 2007. The Company believes that it will continue to be subject to rate regulation that will provide for the recovery of its regulatory assets.

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Description	December 31, 2008	2007
	(Thousands)	
Deferred taxes	$ 68,288	$ 62,897
Deferred purchased gas costs	56,451	39,081
Other post-retirement benefits (SFAS No. 106)	11,599	13,010
Transmission costs recoverable	2,929	367
Delinquency Reduction Opportunity Program	696	1,734
Other	13	7
Total regulatory assets	139,976	117,096
Amounts classified as other current assets	56,451	39,081
Total long-term regulatory assets	$ 83,525	$ 78,015

The regulatory asset associated with deferred taxes primarily represents deferred income taxes recoverable through future rates once the taxes become current. The Company expects to recover the amortization of this asset through rates. At December 31, 2008 and 2007, the deferred purchased gas costs regulatory asset was reduced by $10.3 million and $3.6 million, respectively, of unrealized gains on derivative contracts designated as cash flow hedges that would have been classified as other comprehensive income absent the probability of recovery through rates. Deferred purchased gas cost is included in prepaid expenses and other in the Consolidated Balance Sheet.

The Company amortizes post-retirement benefits other than pensions previously deferred as well as recognizing expenses for on-going post-retirement benefits other than pensions, which are subject to recovery in approved rates. The reduction in the Company's regulatory asset for amortization of post-retirement benefits other than pensions previously deferred was approximately $1.4 million for each of the years ended December 31, 2008 and 2007.

Transmission costs recoverable include costs related to Equitrans' 2006 rate case settlement with the Federal Energy Regulatory Commission which allows the Company to institute an annual surcharge for the tracking and recovery of all costs (operations, maintenance and return on invested capital) incurred on and after September 1, 2005, related to Equitrans' Pipeline Safety Program under the Pipeline Safety Improvement Act of 2002. Other costs that are allowed under tariff to be recovered over time from ratepayers are also included in this category.

The Company adopted SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R) (SFAS No. 158), as of December 31, 2006 and recorded a regulatory asset at that time for Equitrans' other post-retirement benefits. This regulatory asset was $8.9 million at December 31, 2008 and $8.8 million at December 31, 2007. The Company believes the future recovery of the unfunded status of the Equitrans other post-retirement benefits is probable in accordance with the requirements of SFAS No. 71.

The regulatory asset associated with a Delinquency Reduction Opportunity Program at Equitable Distribution relates to uncollectible accounts receivable resulting from unusually high natural gas prices and unseasonably cold weather experienced during the winter of 2000-2001. The regulatory asset was initially established based upon the Company's ability to recover these costs through a surcharge in rates. In 2002, the PA PUC issued an order approving a Delinquency Reduction Opportunity Program that gives incentives to low-income customers to make payments that exceed their current bill amount in order to receive additional credits from the Company intended to speed the reduction of the customer's delinquent balance. This program is funded through customer contributions and through the existing surcharge in rates.

The following regulatory assets do not earn a return on investment: deferred taxes, other post-retirement benefits (SFAS No. 106) and Delinquency Reduction Opportunity Program.

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12. Short-Term Loans

On October 27, 2006, the Company entered into a $1.5 billion, five-year revolving credit agreement, which replaced the Company's previous $1 billion, five-year revolving credit agreement. On December 15, 2006, the maturity date was extended to October 26, 2011 pursuant to its terms. Additionally, the Company may request two one-year extensions of the stated maturity date; however, these extensions require the approval of 51% of the lenders underwriting the credit facility. The revolving credit agreement may be used for working capital, capital expenditures, share repurchases and other purposes including support of a commercial paper program. Subject to certain terms and conditions, the Company may, on a one time basis, request that the lenders' commitments be increased to an aggregate amount of up to $2.0 billion. Each lender in the facility may decide if it will increase its commitment.

The credit facility is underwritten by a syndicate of 15 financial institutions each of which is obligated to fund its pro-rata portion of any borrowings by the Company. Lehman Brothers Bank, FSB (Lehman) is one of the 15 financial institutions in the syndicate and had committed to make loans not exceeding $95 million under the facility. Lehman failed to fund its portion of all recent borrowings by the Company which effectively reduces the total amount available under the facility to $1,405 million.

The Company is not required to maintain compensating bank balances. The Company's debt issuer credit ratings, as determined by either Standard & Poor's or Moody's on its non-credit-enhanced, senior unsecured long-term debt, determine the level of fees associated with its lines of credit in addition to the interest rate charged by the counterparties on any amounts borrowed against the lines of credit; the lower the Company's debt credit rating, the higher the level of fees and borrowing rate.

As of December 31, 2008, the Company had outstanding under the revolving credit facility loans of $319.9 million and an irrevocable standby letter of credit of $25.8 million. As of December 31, 2007, the Company had outstanding short-term loans under the revolving credit facility of $450.0 million. Commitment fees averaging one-twelfth of one percent and one-seventeenth of one percent in 2008 and 2007, respectively, were paid to maintain credit availability under the revolving credit facility.

The weighted average interest rates for short-term loans outstanding as of December 31, 2008 and 2007 were 0.84% and 5.26%, respectively. The maximum amount of outstanding short-term loans at any time during the year was $620.0 million in 2008 and $450.0 million in 2007. The average daily balance of short-term loans outstanding over the course of the year was approximately $199.6 million and $199.5 million at weighted average annual interest rates of 3.47% and 5.84% during 2008 and 2007, respectively.

13. Long-Term Debt

	December 31,	
	2008	2007
	(Thousands)	
5.15% notes, due March 1, 2018	$ 200,000	$ 200,000
5.15% notes, due November 15, 2012	200,000	200,000
5.00% notes, due October 1, 2015	150,000	150,000
6.50% notes, due April 1, 2018	500,000	—
7.75% debentures, due July 15, 2026	115,000	115,000
Medium-term notes:		
8.5% to 9.0% Series A, due 2009 thru 2021	50,500	50,500
7.3% to 7.6% Series B, due 2013 thru 2023	30,000	30,000
7.6% Series C, due 2018	8,000	8,000
	1,253,500	753,500
Less debt payable within one year	4,300	—
Total long-term debt	$ 1,249,200	$ 753,500

The indentures and other agreements governing the Company's indebtedness contain certain restrictive financial and operating covenants including covenants that restrict the Company's ability to incur indebtedness, incur liens, enter into sale and leaseback transactions, complete acquisitions, merge, sell assets and perform certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in Company's debt rating would not trigger a default under the indentures and other agreements governing the Company's indebtedness.

Aggregate maturities of long-term debt are $4.3 million in 2009, $0 in 2010, $6.0 million in 2011, $200.0 million in 2012 and $10.0 million in 2013.

14. Pension and Other Post-retirement Benefit Plans

During the fourth quarter of 2008, the Company settled its pension obligations under a plan covering employees of the former Kentucky West Virginia Gas Company LLC, an EQT subsidiary which merged into Equitable Gathering LLC. The former Kentucky West Virginia employees transferred to Equitable Gathering LLC or Equitable Production Company. As a result of the settlement, the Company recognized settlement expense of approximately $9.0 million, comprised of $8.0 million for pension benefits and $1.0 for other post-retirement benefits, for an early retirement program. Under this settlement, the affected employees were provided the option to either roll over the lump-sum value of their pension benefit to the Company's defined contribution plan or to receive an insured annuity benefit. The $9.0 million settlement expense is recorded as operating and maintenance expense included within operating expense of the EQT Midstream business segment (see Note 2). As a result of this settlement, the Company's projected benefit obligation decreased by approximately $3.9 million. The Company made a cash contribution to the pension plan in the fourth quarter of 2008 to fund the pension conversion payments. Additional funding to complete the plan termination will be made during 2009.

During 2007, the Company recognized a settlement expense of $0.5 million due to a plan design change for a specific union and an additional settlement expense for $0.5 million due to the transfer of some current active employees to non-union employment.

During the fourth quarter of 2006, the Company recognized a settlement expense of approximately $3.3 million, comprised of $2.7 million for pension benefits and $0.6 million for other post-retirement benefits, for an early retirement program . This settlement expense was primarily the result of special termination benefits. Under this settlement, the affected employees were provided the option to either receive the lump-sum value or an insured monthly annuity of their pension benefit or roll over the lump-sum value of their pension benefit to the Company's defined contribution plan. As a result of this settlement, the Company's projected benefit obligation decreased by approximately $1.4 million. The Company made a cash contribution of $1.3 million to the pension plan in the first quarter of 2007 to fund the early retirement program.

During 2006, the Company made certain retiree medical plan design changes that decreased the Company's other post-retirement benefits plan benefits obligation by approximately $10.2 million. These design changes included a decrease in the Company's capped contribution per retiree and the elimination of certain retiree benefits.

All other non-represented employees are participants in a defined contribution plan.

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The following table sets forth the defined benefit pension and other post-retirement benefit plans' funded status and amounts recognized for those plans in the Company's Consolidated Balance Sheets:

	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
	(Thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 73,228	$ 82,122	$ 40,266	$ 47,144
Service cost	176	252	441	493
Interest cost	4,321	4,373	2,438	2,542
Amendments	—	—	—	(1,055)
Actuarial loss (gain)	3,070	(1,985)	4,462	(3,338)
Benefits paid	(6,686)	(7,014)	(5,884)	(5,520)
Curtailments	—	—	961	—
Settlements	(6,067)	(4,718)	—	—
Special termination benefits	4,288	198	18	—
Benefit obligation at end of year	$ 72,330	$ 73,228	$ 42,702	$ 40,266
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 66,968	$ 72,616	$ —	$ —
Actual (loss) gain on plan assets	(16,785)	4,745	—	—
Employer contributions	3,373	1,339	—	—
Benefits paid	(6,686)	(7,014)	—	—
Settlements	(6,067)	(4,718)	—	—
Fair value of plan assets at end of year	$ 40,803	$ 66,968	$ —	$ —
Funded status at end of year	$ (31,527)	$ (6,260)	$ (42,702)	$ (40,266)

	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
	(Thousands)			
Amounts recognized in the statement of financial position consist of:				
Current liabilities	$ —	$ —	$ (4,820)	$ (4,758)
Noncurrent liabilities	(31,527)	(6,260)	(37,882)	(35,508)
Net amount recognized	$ (31,527)	$ (6,260)	$ (42,702)	$ (40,266)
Amounts recognized in accumulated other comprehensive loss consist of, net of tax:				
Net loss	$ 26,057	$ 14,556	$ 16,986	$ 15,371
Net prior service cost (credit)	33	305	(3,558)	(3,872)
Net amount recognized	$ 26,090	$ 14,861	$ 13,428	$ 11,499

The accumulated benefit obligation for all defined benefit pension plans was $72.3 million and $73.2 million at December 31, 2008 and 2007, respectively. The Company uses a December 31 measurement date for its defined benefit pension and other post-retirement plans.

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The Company's costs related to its defined benefit pension and other post-retirement benefit plans were as follows:

	Pension Benefits			Other Benefits		
	2008	2007	2006	2008	2007	2006
	(Thousands)					
Components of net periodic benefit cost:						
Service cost	$ 176	$ 252	$ 430	$ 441	$ 493	$ 553
Interest cost	4,321	4,373	4,389	2,438	2,542	2,899
Expected return on plan assets	(5,333)	(5,616)	(6,132)	—	—	—
Amortization of prior service cost	116	166	370	(902)	(859)	(137)
Recognized net actuarial loss	1,249	1,453	1,069	2,043	2,373	2,146
Settlement loss and special termination benefits	9,019	864	2,348	17	—	179
Curtailment loss	337	547	602	961	—	410
Net periodic benefit cost	$ 9,885	$ 2,039	$ 3,076	$ 4,998	$ 4,549	$ 6,050

Under the Equitrans rate case settlement, the Company began amortization of post-retirement benefits other than pensions previously deferred as well as recognizing expenses for on-going post-retirement benefits other than pensions, which are now subject to recovery from July 1, 2005 forward in the approved rates. Expenses recognized by the Company for the year ended December 31, 2008 for amortization of post-retirement benefits other than pensions previously deferred and on-going post-retirement benefits other than pensions were approximately $1.4 million and $1.2 million, respectively. Expenses recognized by the Company for the year ended December 31, 2007 for amortization of post-retirement benefits other than pensions previously deferred and on-going post-retirement benefits other than pensions were approximately $1.4 million and $1.2 million, respectively. In addition, as a part of the rate case settlement, the Company recognized expenses for year ended December 31, 2006 of approximately $1.3 million for amortization of post-retirement benefits other than pensions previously deferred and on-going post-retirement benefits other than pensions for the period July 1, 2005 to December 31, 2005.

	Pension Benefits			Other Benefits		
	2008	2007	2006	2008	2007	2006
	(Thousands)					
Other changes in plan assets and benefit obligations recognized in other comprehensive loss, net of tax:						
Net loss (gain).	$ 11,501	$ (1,834)	$ 1,024	$ 1,615	$ (2,574)	$ 17,945
Net prior service (credit) cost	(272)	(422)	727	314	(210)	(3,662)
Total recognized in other comprehensive loss, net of tax	11,229	(2,256)	1,751	1,929	(2,784)	14,283
Total recognized in net periodic benefit cost and other comprehensive loss, net of tax	$ 21,114	$ (217)	$ 4,827	$ 6,927	$ 1,765	$ 20,333

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $1.3 million. The estimated net loss and net prior service credit for the other post-retirement benefit plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $2.0 million and ($0.9 million).

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The following weighted average assumptions were used to determine the benefit obligations for the Company's defined benefit pension and other post-retirement benefit plans at December 31:

	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
Discount rate	5.75%	6.25%	5.75%	6.25%
Rate of compensation increase	N/A	N/A	N/A	N/A

The following weighted average assumptions were used to determine the net periodic benefit cost for the Company's defined benefit pension and other post-retirement benefit plans for the years ended December 31:

	Pension Benefits		Other Benefits	
	2008	2007	2008	2007
Discount rate	6.25%	5.75%	6.25%	5.75%
Expected return on plan assets	8.25%	8.25%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

The expected rate of return is established at the beginning of the fiscal year to which it relates based upon information available to the Company at that time, including the plans' investment mix and the forecasted rates of return on the types of securities held. The Company considered the historical rates of return earned on plan assets, an expected return percentage by asset class based upon a survey of investment managers and the Company's actual and targeted investment mix. Any differences between actual experience and assumed experience are deferred as an unrecognized actuarial gain or loss. The unrecognized actuarial gains or losses are amortized into the Company's net periodic benefit cost . The expected rate of return determined as of January 1, 2009 is 8%. This assumption will be used to derive the Company's 2009 net periodic benefit cost. The rate of compensation increase is not applicable in determining future benefit obligations as a result of plan design. Pension expense increases as the expected rate of return decreases or if the discount rate is lowered.

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits in 2009 is 9.5% for both the Pre-65 and Post-65 medical charges. The rates were assumed to decrease gradually to ultimate rates of 5.0% in 2018.

Assumed health care cost trend rates have an effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage-Point Increase			One-Percentage-Point Decrease		
		(Thousands)			(Thousands)	
	2008	2007	2006	2008	2007	2006
Increase (decrease) to total of service and interest cost components	$ 50	$ 55	$ 115	$ (49)	$ (54)	$ (109)
Increase (decrease) to post-retirement benefit obligation	$ 1,064	$ 751	$ 1,071	$ (1,007)	$ (717)	$ (1,000)

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The Company's pension asset allocation at December 31, 2008 and 2007 and target allocation for 2008 by asset category are as follows:

Asset Category	Target Allocation 2008	Percentage of Plan Assets at December 31, 2008	Percentage of Plan Assets at December 31, 2007
Domestic broadly diversified equity securities	40% - 60%	46%	46%
Fixed income securities and inflation hedge securities	20% - 50%	45%	40%
International broadly diversified equity securities	5% - 15%	9%	13%
Other	0% - 15%	—	1%
		100%	100%

The investment activities of the Company's pension plan are supervised and monitored by the Benefits Investment Committee (BIC). The BIC reports to the Compensation Committee of the Board of Directors and is comprised of the Chief Financial Officer and other officers and employees of the Company. The BIC has developed an investment strategy that focuses on asset allocation, diversification and quality guidelines. The investment goals of the BIC are to minimize high levels of risk at the total pension investment fund level. The BIC monitors the actual asset allocation on a quarterly basis and adjustments are made, as needed, to rebalance the assets within the prescribed target ranges. Comparative market and peer group benchmarks are utilized to ensure that each of the firm's investment managers is performing satisfactorily.

The Company made cash contributions of approximately $3.4 million and $1.3 million to its pension plan during 2008 and 2007, respectively, as a result of the previously described settlements. The Company expects to make cash payments of approximately $15 million related to its pensions during 2009.

The following pension benefit payments, which reflect expected future service, are expected to be paid by the plan during each of the next five years and the five years thereafter: $12.5 million in 2009; $6.6 million in 2010; $7.0 million in 2011; $6.6 million in 2012; $6.3 million in 2013; and $28.2 million in the five years thereafter.

The following benefit payments for post-retirement benefits other than pensions, which reflect expected future service, are expected to be paid by the Company during each of the next five years and the five years thereafter: $5.0 million in 2009; $4.8 million in 2010; $4.7 million in 2011; $4.5 million in 2012; $4.3 million in 2013; and $19.4 million in the five years thereafter.

Expense recognized by the Company related to its 401(k) employee savings plans totaled $8.8 million in 2008, $6.5 million in 2007 and $5.2 million in 2006.

15. Common Stock and Earnings Per Share

At December 31, 2008, shares of EQT's authorized and unissued common stock were reserved as follows:

	(Thousands)
Possible future acquisitions	20,457
Stock compensation plans	5,817
Total	26,274

Earnings Per Share

The computation of basic and diluted earnings per common share is shown in the table below:

	Years Ended December 31, 2008	2007	2006
	(Thousands, except per share amounts)		
Basic earnings per common share:			
Income from continuing operations	$ 255,604	$ 257,483	$ 216,025
Income from discontinued operations, net of tax	—	—	4,261
Net income applicable to common stock	$ 255,604	$ 257,483	$ 220,286
Average common shares outstanding	127,234	121,381	120,124
Basic earnings per common share	$ 2.01	$ 2.12	$ 1.83
Diluted earnings per common share:			
Income from continuing operations	$ 255,604	$ 257,483	$ 216,025
Income from discontinued operations, net of tax	—	—	4,261
Net income applicable to common stock	$ 255,604	$ 257,483	$ 220,286
Average common shares outstanding	127,234	121,381	120,124
Potentially dilutive securities:			
Stock options and awards (a)	872	1,458	1,989
Total	128,106	122,839	122,113
Diluted earnings per common share	$ 2.00	$ 2.10	$ 1.80

(a) Options to purchase 6,480, 7,298 and 53,093 shares of common stock were not included in the computation of diluted earnings per common share for 2008, 2007 and 2006, respectively, because the options' exercise prices were greater than the average market prices of the common shares.

16. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, net of tax, are as follows:

	2008	2007
	(Thousands)	
Net unrealized loss from hedging transactions	$ (29,219)	$ (286,776)
Unrealized gain on available-for-sale securities	—	3,872
Pension and other post-retirement benefits adjustment	$ (39,518)	(26,360)
Accumulated other comprehensive loss	$ (68,737)	$ (309,264)

Due to the significant decline in natural gas prices, the Company recorded a lower of cost or market adjustment related to hedged items (gas currently in storage for future sale) during fiscal year 2008. SFAS No. 133 allows companies to reclassify unrealized hedge gains deferred in accumulated other comprehensive income related to these items into earnings in the same period as the lower of cost or market adjustment. This resulted in $32.8 million of unrealized hedge gains, net of tax, being reclassified from accumulated other comprehensive income into earnings, offsetting the lower of cost or market adjustment, and is the primary cause of accumulated other comprehensive income continuing to be in a loss position at December 31, 2008.

17. Share-Based Compensation Plans

The Company accounts for its share-based payment awards in accordance with SFAS No. 123R, Share-Based Payment (SFAS No. 123R).

Share-based compensation (income) expense recorded by the Company was as follows:

	Years Ended December 31, 2008	2007	2006
		(Thousands)	
2005 Executive Performance Incentive Program	$ (41,778)	$ 63,515	$ 21,093
2008 Executive Performance Incentive Program	496	—	—
2007 Supply Long-Term Incentive Program	2,426	780	—
Restricted stock awards	5,394	2,830	3,450
Non-qualified stock options	1,306	201	976
Non-employee directors' share-based awards	(958)	1,801	1,111
Total share-based compensation (income) expense	$ (33,114)	$ 69,127	$ 26,630

Executive Performance Incentive Programs

In February 2005, the Compensation Committee of the Board of Directors adopted the 2005 Executive Performance Incentive Program (2005 Program) under the 1999 Long-Term Incentive Plan. The 2005 Program was established to provide additional incentive benefits to retain executive officers and certain other employees of the Company in order to further align the interests of the persons primarily responsible for the success of the Company with the interests of the shareholders. The vesting of the stock units granted under the 2005 Program occurred on December 31, 2008, after the ordinary close of the performance period. The vesting resulted in approximately 1.9 million units (175% of the award) with a value of approximately $64 million being distributed in cash and stock on December 31, 2008. Greater than 90% of the award was distributed in cash. The Company accounted for these awards as liability awards and as such recorded compensation expense for the remeasurement of the fair value of the awards at the end of each reporting period. The Company recorded a reversal of previously recorded compensation expense in 2008 primarily due to the reduction in the Company's stock price during the year. A portion of the 2005 Program expense is included as an unallocated expense in deriving total operating income for segment reporting purposes. See Note 2.

In the third quarter of 2008, the Compensation Committee of the Board of Directors adopted the 2008 Executive Performance Incentive Program (2008 Program) under the 1999 Long-Term Incentive Plan. The 2008 Program was established to provide additional long-term incentive opportunities to key executives to further align their interests with those of the Company's shareholders and with the strategic objectives of the Company. A total of 68,860 units were granted and no additional units may be granted. The vesting of these units will occur upon payment after the end of the performance period at a payout multiple dependent upon the level of total shareholder return relative to a predefined peer group's total shareholder return during the 3.5 year performance period. As a result, zero to approximately 210,000 units (reflecting a 300% payout multiple) may be distributed upon vesting. The Compensation Committee of the Board of Directors retained the discretion to reduce the payout multiple by up to 75% if the Company does not attain a specified revenue target. However, if the Company's total shareholder return ranking is median or above, the payout multiple may not be decreased below 100%. Payment of awards is expected to be in cash based on the price of the Company's common stock at the end of the performance period, December 31, 2011. The Company accounts for these awards as liability awards and as such records compensation expense for the remeasurement of the fair value of the awards at the end of each reporting period. The Company continually monitors its stock price and performance in order to assess the impact on the ultimate payout under the 2008 Program. The Company's current assumptions for the ultimate share price and payout multiple are $50 and 100% of the units awarded, respectively. The 2008 Program expense is classified as selling, general and administrative expense in the Statements of Consolidated Income.

The peer companies for the 2008 Program are as follows:

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Atlas Energy Resources, LLC
Cabot Oil & Gas Corp.
Chesapeake Energy Corp.
CNX Gas Corp.
El Paso Corp.
Enbridge Inc.
Energen Corp.
Markwest Energy Partners, L.P.
MDU Resources Group Inc.
National Fuel Gas Co.
ONEOK, Inc.
Penn Virginia Corp.
Questar Corp.
Range Resources Corp.
Sempra Energy
Southern Union Co.
Southwestern Energy Co.
Spectra Energy Corp.
TransCanada Corp.
The Williams Companies, Inc.

2009 Shareholder Value Plan

In December 2008, the Compensation Committee of the Board of Directors adopted the 2009 Shareholder Value Plan (SVP) under the 1999 Long-Term Incentive Plan. The SVP was established to ensure continued alignment with shareholders, to recognize the Company's evolution from a diversified utility to an integrated energy company and to continue to encourage sustained high performance and shareholder return. The effective date of the SVP was January 1, 2009 and as such no compensation expense was recorded in 2008. A total of 977,600 units were granted under the plan. The vesting of these units will occur upon payment after the end of the performance period. The payment will vary between zero and 2.5 times the number of units granted contingent upon a combination of the level of total shareholder return relative to a predefined peer group and the Company's average absolute return on total capital during the performance period of January 1, 2005 to December 31, 2009. Payout of awards is expected to be in cash based on the price of the Company's common stock at the end of the performance period, December 31, 2009.

2007 Supply Long-Term Incentive Program

On July 1, 2007, the Compensation Committee of the Board of Directors established the 2007 Supply Long-Term Incentive Program (2007 Supply Program) to provide a long-term incentive compensation opportunity to key employees in the EQT Production and EQT Midstream segments. Awards granted may be earned by achieving pre-determined total sales targets and by satisfying certain applicable employment requirements. The awards earned may be increased to a maximum of three times the initial award or reduced to zero based upon achievement of the predetermined performance levels. Payment of awards will be made in cash based on the price of the Company's common stock at the end of the performance period, December 31, 2010. The Company accounts for these awards as liability awards and as such records compensation expense for the remeasurement of the fair value of the awards at the end of each reporting period. Approximately 162,000 awards were outstanding under this program as of December 31, 2008. In the third quarter of 2008, the Company decreased its assumption for the ultimate share price at the vesting date for the 2007 Supply Program to $45.00. In the fourth quarter of 2008, the Company increased its assumption for the payout multiple to approximately 200% of the units awarded. Total compensation cost recorded for the 2007 Supply Program was $5.1 million for the year ended December 31, 2008, which included $2.7 million of cost capitalized as part of oil and gas-producing properties and $2.4 million recorded as expense in the Company's Consolidated Statement of Income.

Restricted Stock Awards

The Company granted 157,730, 77,540, and 112,700 restricted stock awards during the years ended December 31, 2008, 2007, and 2006, respectively, to key employees of the Company. The majority of the shares granted will be fully vested at the end of the three-year period commencing with the date of grant. The weighted average fair value of these restricted stock grants, based on the grant date fair value of the Company's stock, was approximately $59, $44 and $36 for the years ended December 31, 2008, 2007, and 2006, respectively. The total fair value of restricted stock awards vested during the years ended December 31, 2008, 2007, and 2006 was $3.7 million, $6.7 million and $1.5 million, respectively.

As of December 31, 2008, there was $6.0 million of total unrecognized compensation cost related to nonvested restricted stock awards. That cost is expected to be recognized over a remaining weighted average vesting term of approximately 23 months.

A summary of restricted stock activity as of December 31, 2008, and changes during the year then ended, is presented below:

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Restricted Stock	Non-Vested Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (months)	Aggregate Fair Value
Outstanding at January 1, 2008	275,350	$ 37.66		$ 10,370,200
Granted	157,730	$ 58.54		$ 9,233,920
Vested	(107,228)	$ 34.66		$ (3,716,035)
Forfeited	(19,792)	$ 47.14		$ (932,978)
Outstanding at December 31, 2008	306,060	$ 48.86	23	$ 14,955,107

Non-Qualified Stock Options

In the third quarter of 2008, the Compensation Committee of the Board of Directors approved the grant of 905,700 non-qualified stock options to key employees at a weighted average grant date fair value of $10.32.

The fair value of the Company's option grants was estimated at the dates of grant using a Black-Scholes option-pricing model with the assumptions indicated in the table below for the years ended December 31, 2008, 2007, and 2006. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is based on the historical dividend yield of the Company's stock. Expected volatilities are based on historical volatility of the Company's stock. The expected term of options granted represents the period of time that options granted are expected to be outstanding based on historical option exercise experience.

	Years Ended December 31,		
	2008	2007	2006
Risk-free interest rate	3.28%	3.99% to 4.97%	4.51% to 5.04%
Dividend yield	1.51%	1.77% to 2.29%	2.34% to 2.38%
Volatility factor	.22	.15 to .18	.21 to .23
Expected term	5 years	3 - 6 years	7 years

The Company granted 905,700, 27,421, and 84,935 stock options during the years ended December 31, 2008, 2007, and 2006, respectively. All of the 2007 and 2006 stock option grants were options granted for reload rights associated with previously-awarded options. The weighted average grant date fair value of these options was $10.32, $7.33 and $9.43 for the years ended December 31, 2008, 2007, and 2006, respectively. The total intrinsic value of options exercised during the years ended December 31, 2008, 2007, and 2006 was $2.3 million, $47.6 million and $52.2 million, respectively.

As of December 31, 2008, there was $7.6 million of total unrecognized compensation cost related to outstanding nonvested stock options.

A summary of option activity as of December 31, 2008, and changes during the year then ended, is presented below:

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Non-qualified Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2008	1,629,922	$ 16.76		
Granted	905,700	$ 48.91		
Exercised	(53,701)	$ 16.82		
Forfeited	—	$ —		
Outstanding at December 31, 2008	2,481,921	$ 28.49	4.1 years	$ 27,070,281
Exercisable at December 31, 2008	1,576,221	$ 16.75	2.6 years	$ 27,070,281

Non-employee Directors' Share-Based Awards

At December 31, 2008, 101,500 options were outstanding under the 1999 Non-employee Directors' Stock Incentive Plan at prices ranging from $7.66 to $19.56 per share. The exercise price for each award is equal to the market price of the Company's common stock on the date of grant. Each option is subject to time-based vesting provisions and expires 5 to 10 years after date of grant. No options have been granted to non-employee directors since 2002 and all previously granted options are vested.

The Company has also historically granted to non-employee directors share-based awards which vest upon award. The value of the share-based awards will be paid in cash on the earlier of the director's death or retirement from the Company's Board of Directors. The Company accounts for these awards as liability awards and as such records compensation expense for the remeasurement of the fair value of the awards at the end of each reporting period. A total of 96,956 non-employee director share based awards were outstanding as of December 31, 2008. A total of 12,800, 15,570, and 18,000 share based awards were granted to non-employee directors during the years ended December 31, 2008, 2007, and 2006, respectively. The weighted average fair value of these grants, based on the grant date fair value of the Company's stock, was $68.22, $49.88 and $35.12 for the years ended December 31, 2008, 2007, and 2006, respectively.

Cash received from exercises under all share-based payment arrangements for employees and directors for the years ended December 31, 2008, 2007, and 2006, was $0.9 million, $3.2 million and $34.9 million, respectively. The actual tax benefits realized for tax deductions from share-based payment arrangements for the years ended December 31, 2008, 2007, and 2006, was $2.2 million, $19.4 million and $18.9 million, respectively.

18. Fair Value of Financial Instruments

The carrying value of cash equivalents and short-term loans approximates fair value due to the short maturity of the instruments. The fair value of the available-for-sale securities is based on quoted market prices for those investments. See Note 4.

The estimated fair value of long-term debt described in Note 13 at December 31, 2008 and 2007 was $1,200 million and $777 million, respectively. The fair value was estimated based on discounted values using a current discount rate reflective of the remaining maturity.

The estimated fair value of liabilities for derivative instruments described, excluding trading activities which are marked-to-market, was a $188.2 million asset and a $154.6 million liability at December 31, 2008, and a $34.9 million asset and a $489.2 million liability at December 31, 2007. See Note 3 and Note 4.

19. Concentrations of Credit Risk

Revenues and related accounts receivable from the EQT Production segment's operations are generated primarily from the sale of produced natural gas and limited amounts of crude oil to certain marketers, Equitable Energy, LLC (an affiliate), other Appalachian Basin purchasers and utility and industrial customers located mainly in the Appalachian area. For the year ended December 31, 2008, sales to one marketer accounted for approximately 13% of revenues for EQT Production. No customers accounted for more than 10% of revenues in 2007 or 2006. EQT Midstream's gathering and processing revenues include the sale of produced NGLs to a gas processor in Kentucky and the gathering of natural gas in Kentucky, Virginia, Pennsylvania and West Virginia.

The transmission and storage operations of EQT Midstream include FERC-regulated interstate pipeline transportation and storage service for Equitable Distribution, as well as other utility and end-user customers located in the northeastern United States. These operations also provide commodity procurement and delivery, physical natural gas management operations and control and customer support services to energy consumers including large industrial, utility, commercial, institutional and certain marketers primarily in the Appalachian and mid-Atlantic regions.

Equitable Distribution's operating revenues and related accounts receivable are generated primarily from state-regulated distribution natural gas sales and transportation to approximately 275,800 residential, commercial and industrial customers located in southwestern Pennsylvania, northern West Virginia and eastern Kentucky. Equitable Distribution continues to aggressively monitor and analyze various customer-related metrics and their impact on accounts receivable. The Company employs a firm collections strategy which is comprised of various collections tactics, including termination of service if necessary, as well as outreach to low income customers to provide information regarding energy assistance programs. The outreach to low income customers includes enrolling customers into the Customer Assistance Program which is an affordable payment plan for low income customers based on a percentage of total household income. This program is subsidized by the Company and recovered through rates charged to other residential customers.

Approximately 68% and 65% of the Company's accounts receivable balance as of December 31, 2008 and 2007, respectively, represent amounts due from marketers. The Company manages the credit risk of sales to marketers by limiting its dealings to those marketers who meet the Company's criteria for credit and liquidity strength and by proactively monitoring these accounts. The Company may require letters of credit, guarantees, performance bonds or other credit enhancements from a marketer in order for that marketer to meet the Company's credit criteria. As a result, the Company did not experience any significant defaults on sales of natural gas to marketers during the years ended December 31, 2008 and 2007.

The Company is exposed to credit loss in the event of nonperformance by counterparties to derivative contracts. This credit exposure is limited to derivative contracts with a positive fair value. The Company believes that NYMEX-traded future contracts have minimal credit risk because Commodity Futures Trading Commission regulations are in place to protect exchange participants, including the Company, from any potential financial instability of the exchange members. The Company monitors counterparty credit quality by reviewing counterparty credit spreads, credit ratings, credit default swap rates, and market activity.

The Company utilizes various processes and information technology systems to monitor and evaluate its credit risk exposures. This includes closely monitoring current market conditions, counterparty credit spreads and credit default swap rates. Credit exposure is controlled through credit approvals and limits. To manage the level of credit risk, the Company deals with financial counterparties that are of investment grade or better, enters into netting agreements whenever possible, and may obtain collateral or other security.

In September 2008, the credit support provider of one counterparty (Lehman Brothers) declared bankruptcy resulting in the default under various derivative contracts with the Company. As a result, those contracts were terminated and a reserve of $5.2 million was recorded against the entire balance due to the Company. There is no additional income statement exposure to Lehman Brothers beyond the reserve recorded in 2008. As of December 31, 2008, the Company is not in default under any derivative contracts and has no knowledge of default by any other counterparty to derivative contracts. The Company will continue to monitor market conditions that may impact the fair value of derivative contracts reported in the Consolidated Balance Sheet.

20. Commitments and Contingencies

The Company has commitments for demand charges under existing long-term contracts with pipeline suppliers and under binding precedent agreements. Future payments for these items as of December 31, 2008 totaled $1,886.0 million (2009 - $41.8 million, 2010 - $47.9 million, 2011 - $78.2 million, 2012 - $147.7 million, 2013 - $129.5 million and thereafter - $1,440.9 million). The Company believes that approximately $19.4 million of the demand charges are recoverable in customer rates.

The Company has agreements with Highlands Drilling, LLC (Highlands) and Patterson UTI Drilling Company, LLC (Patterson) for Highlands and Patterson to provide drilling equipment and services to the Company. These obligations totaled approximately $53.8 million as of December 31, 2008. Operating lease rentals for Highlands and Patterson, office locations (including the new corporate headquarters) and warehouse buildings, as well as a limited amount of equipment, amounted to approximately $40.4 million in 2008, $12.0 million in 2007 and $6.0 million in 2006. Future lease payments under non-cancelable operating leases as of December 31, 2008 totaled $186.6 million (2009 - $32.5 million, 2010 - $30.5 million, 2011 - $16.3 million, 2012 - $8.9 million, 2013 - $8.0 million and thereafter - $90.4 million)

Several West Virginia lessors claimed in a suit filed on July 31, 2006 that Equitable Production Company had underpaid royalties on gas produced and marketed from leases. The suit sought compensatory and punitive damages, an accounting and other relief. The plaintiffs later amended their complaint to name Equitable Resources, Inc. as an additional defendant. While the Company believes that it paid the proper royalty, it established a reserve to cover any potential liability. The Company has settled the litigation. The settlement covers all of the Company's lessors in West Virginia and is subject to court approval. The Company believes the reserve established for royalty matters is sufficient.

The Company is subject to various federal, state and local environmental and environmentally related laws and regulations. These laws and regulations, which are constantly changing, can require expenditures for remediation and may in certain instances result in assessment of fines. The Company has established procedures for ongoing evaluation of its operations to identify potential environmental exposures and to assure compliance with regulatory policies and procedures. The estimated costs associated with identified situations that require remedial action are accrued. However, certain costs are deferred as regulatory assets when recoverable through regulated rates. Ongoing expenditures for compliance with environmental laws and regulations, including investments in plant and facilities to meet environmental requirements, have not been material. Management believes that any such required expenditures will not be significantly different in either their nature or amount in the future and does not know of any environmental liabilities that will have a material effect on the Company's financial position or results of operations. The Company has identified situations that require remedial action for which approximately $1.4 million is included in other credits in the Consolidated Balance Sheet as of December 31, 2008.

In the ordinary course of business, various other legal claims and proceedings are pending or threatened against the Company. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company has established reserves for pending litigation, which it believes are adequate, and after consultation with counsel and giving appropriate consideration to available insurance, the Company believes that the ultimate outcome of any matter currently pending against the Company will not materially affect the financial position of the Company.

21. Guarantees

NORESCO Guarantees

In connection with the sale of its NORESCO domestic operations in December 2005, the Company agreed to maintain in place guarantees of certain of NORESCO's obligations previously issued to the purchasers of NORESCO's receivables. The guaranteed obligations of NORESCO include certain receivable sales and customer contracts, for which the undiscounted maximum aggregate payments that may be due is approximately $318 million as of December 31, 2008, extending at a decreasing amount for approximately 20 years. In addition, the Company agreed to maintain in place certain outstanding payment and performance bonds, letters of credit and other guarantee obligations supporting NORESCO's obligations under certain customer contracts, existing leases and other items with an undiscounted maximum exposure to the Company as of December 31, 2008 of approximately $42 million, of which approximately $34 million relates to work already completed under the associated contracts. In addition, approximately $35 million of these guarantee obligations will end or be terminated not later than December 30, 2010.

In exchange for the Company's agreement to maintain these guarantee obligations, the purchaser of the NORESCO business and NORESCO agreed, among other things, that NORESCO would fully perform its obligations under each underlying agreement and agreed to reimburse the Company for any loss under the guarantee obligations, provided that the purchaser's reimbursement obligation will not exceed $6 million in the aggregate and will expire on November 18, 2014. In 2008, the original purchaser of NORESCO sold its interest in NORESCO and transferred its obligations to a third party. In connection with that event, the new owner is expected to deliver to the Company a $1 million letter of credit supporting its obligations.

The Company has determined that the likelihood it will be required to perform on these arrangements is remote and has not recorded any liabilities in its Consolidated Balance Sheet related to these guarantees.

Other Guarantees

In November 1995, EQT, through a subsidiary, guaranteed a tax indemnification to the limited partners of Appalachian Basin Partners, LP (ABP) for any tax losses resulting from a disallowance of the nonconventional fuels tax credits, if certain representations and warranties of the Company were not true. The Company guaranteed the tax indemnification until the tax statute of limitations closes. The Company does not have any recourse provisions with third parties or any collateral held by third parties associated with this guarantee that could be liquidated to recover amounts paid, if any, under the guarantee. As of December 31, 2008, the maximum potential amount of future payments the Company could be required to make is estimated to be approximately $12 million. The Company has not recorded a liability for this guarantee, as the guarantee was issued prior to the effective date of FIN 45, and has not been modified subsequent to issuance. Additionally, based on the status of the Company's IRS examinations, the Company has determined that the likelihood of loss from this guarantee is remote.

In December 2000, the Company entered into a transaction with ANGT by which natural gas producing properties located in the Appalachian Basin region of the United States were sold. ANGT manages the assets and produces, markets, and sells the related natural gas from the properties. Appalachian NPI, LLC (ANPI) contributed cash to ANGT. The assets of ANPI, including its interest in ANGT, collateralize ANPI's debt.

The Company has a non-equity interest in a variable interest entity, Appalachian NPI, LLC (ANPI), in which EQT was not deemed to be the primary beneficiary. Thus, ANPI is not consolidated within the Company's Consolidated Financial Statements. In determining the primary beneficiary, the Company estimated the expected losses and expected residual returns of ANPI under various scenarios in order to identify the party that would absorb the majority of the losses or benefit from the majority of the returns. The primary assumptions utilized in the scenarios included commodity price and production volumes. As of December 31, 2008, ANPI had $181 million of total assets and $227 million of total liabilities (including $102 million of long-term debt, including current maturities), excluding minority interest. ANPI is financed primarily through cash provided by operating activities.

The Company provided ANPI with a liquidity reserve guarantee secured by the fair market value of the assets purchased by ANGT. This guarantee is subject to certain restrictions that limit the amount of the guarantee to the calculated present value of the project's future cash flows from the preceding year-end until the termination date of the agreement. The agreement also defines events of default, use of proceeds and demand procedures. The Company receives a market-based fee for providing the guarantee. As of December 31, 2007, the maximum amount of future payments the Company could be required to make under the liquidity reserve guarantee is estimated to be approximately $22 million. The Company has not recorded a liability for this guarantee as the guarantee was issued prior to the effective date of FIN 45, has not been modified subsequent to issuance and the Company determined that the likelihood it will be required to perform on this arrangement is remote. The terms of this guarantee require the Company to provide a letter of credit in favor of ANPI as security for its obligations under the liquidity reserve guarantee. The amount of the letter of credit outstanding at December 31, 2008 was approximately $25.8 million and is expected to decline over time under the terms of the liquidity reserve guarantee.

22. Office Consolidation / Impairment Charges

In May 2005, the Company completed the relocation of its corporate headquarters and other operations to a newly constructed office building located at the North Shore in Pittsburgh. The relocation resulted in the early termination of several operating leases and the early retirement of assets and leasehold improvements at several locations. In accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS No. 146), the Company recognized a loss of $5.3 million on the early termination of operating leases during 2005 for facilities deemed to have no economic benefit to the Company. During 2006, the Company began to utilize certain of the leased space previously deemed to have no economic benefit to the Company and reversed approximately $2.4 million of the associated early termination liability for these leases. Additionally, the Company recorded a $0.5 million reduction in the early termination liability during the second quarter of 2006 resulting from a revision of the amount of estimated cash flows for one of its operating leases.

23. Interim Financial Information (Unaudited)

The following quarterly summary of operating results reflects variations due primarily to the seasonal nature of the Company's distribution and storage businesses and volatility of natural commodity prices.

	March 31	June 30	September 30	December 31
	(Thousands, except per share amounts)			
2008 (a)				
Operating revenues	$ 535,774	$ 334,009	$ 297,827	$ 408,878
Net operating revenues	264,596	215,657	215,713	235,386
Operating income	119,423	101,133	162,726	81,524
Net income	70,520	55,391	96,198	33,495
Earnings per share of common stock:				
Net income				
Basic	$ 0.58	$ 0.44	$ 0.74	$ 0.26
Diluted	$ 0.57	$ 0.44	$ 0.73	$ 0.26

	March 31	June 30(b)	September 30	December 31
	(Thousands, except per share amounts)			
2007 (a)				
Operating revenues	$ 456,546	$ 293,240	$ 226,806	$ 384,814
Net operating revenues	236,534	176,287	158,084	216,035
Operating income	98,854	61,519	57,368	93,932
Net income	56,618	107,343	32,925	60,597
Earnings per share of common stock:				
Net income				
Basic	$ 0.47	$ 0.88	$ 0.27	$ 0.50
Diluted	$ 0.46	$ 0.87	$ 0.27	$ 0.49

(a) The sum of the quarterly data in some cases may not equal the yearly total due to rounding.
(b) Amounts for the quarter ended June 30, 2007, include $119.4 million gain on the sale of assets in the Nora area.

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

24. Natural Gas Producing Activities (Unaudited)

The supplementary information summarized below presents the results of natural gas and oil activities for the EQT Production segment in accordance with SFAS No. 69, Disclosures About Oil and Gas Producing Activities — an amendment of FASB Statements 19, 25, 33 and 39 (SFAS No. 69).

Production Costs

The following table presents the costs incurred relating to natural gas and oil production activities (a):

	2008	2007 (Thousands)	2006
At December 31:			
Capitalized costs	$ 2,709,162	$ 2,029,932	$ 1,752,222
Accumulated depreciation and depletion	692,327	621,881	566,118
Net capitalized costs	2,016,835	$ 1,408,051	$ 1,186,104
Costs incurred for the years ended December 31:			
Property acquisition:			
Proved properties	$ 1,686	$ 24,376	$ —
Unproved properties	83,525	—	—
Exploration (b)	15,950	862	802
Development (c)	599,256	298,665	200,652

(a) Amounts exclude capital expenditures for facilities and information technology.
(b) Amounts include capitalizable exploratory costs and exploration expense.
(c) Amounts include $85.7 million, $59.0 million, and $57.2 million of costs incurred during 2008, 2007 and 2006, respectively, to develop the Company’s proved undeveloped reserves. The Company estimates that its future total development costs will be comprised of a similar percentage of costs incurred to develop the Company’s proved undeveloped reserves.

Results of Operations for Producing Activities

The following table presents the results of operations related to natural gas and oil production for the years ended December 31:

	2008	2007 (Thousands)	2006
Revenues:			
Affiliated	$ 19,128	$ 14,368	$ 14,879
Nonaffiliated	438,016	350,028	344,647
Production costs	78,877	61,484	62,016
Exploration costs	9,064	862	802
Depreciation, depletion and accretion	78,234	62,084	53,471
Income tax expense	110,568	91,187	92,430
Results of operations from producing activities (excluding corporate overhead)	$ 180,401	$ 148,779	$ 150,807

Reserve Information

The information presented below represents estimates of proved natural gas and oil reserves prepared by Company engineers, which were reviewed by the independent consulting firm of Ryder Scott Company L.P., who is hired by the Company’s management. Proved developed reserves represent only those reserves expected to be recovered from existing wells and support equipment. There were no differences between the internally prepared and externally reviewed estimates. Proved undeveloped reserves represent proved reserves expected to be recovered from new wells after substantial development costs are incurred. Ryder Scott Company L.P. reviewed 100 percent of the total net gas and liquid hydrocarbon reserves attributable to the Company's interests as of December 31, 2008. Ryder Scott conducted a detailed, well by well, review of the Company's largest properties. This review covered 80 percent of the Company's proved reserves. Ryder Scott's review of the remaining 20% of the Company's properties consisted of a review of aggregated groups not exceeding 200 well per group. The review utilized the performance method and the analogy method. Where historical reserve or production data was definitive the performance method, which extrapolates historical data, was utilized. In other cases the analogy method, which calculates reserves based on correlations to comparable surrounding wells, was utilized. All of the Company's proved reserves are in the United States.

	Years Ended December 31,		
	2008	2007	2006
		(Millions of Cubic Feet)	
Natural Gas			
Proved developed and undeveloped reserves:			
Beginning of year	2,669,865	2,487,545	2,359,200
Revision of previous estimates	(66,327)	5,818	(20,255)
Purchase of natural gas in place	—	12,185	—
Sale of natural gas in place	(1,214)	(74,253)	(1,418)
Extensions, discoveries and other additions (a)	584,897	320,971	230,716
Production	(89,961)	(82,401)	(80,698)
End of year	3,097,260	2,669,865	2,487,545
Proved developed reserves:			
Beginning of year	1,746,095	1,715,775	1,666,990
End of year	1,881,767	1,746,095	1,715,775

	Years Ended December 31,		
	2008	2007	2006
		(Thousands of Bbls)	
Oil (b)			
Proved developed and undeveloped reserves:			
Beginning of year	2,091	1,635	1,008
Revision of previous estimates	138	551	739
Purchase of oil in place	—	24	—
Sale of oil in place	—	—	—
Production	(104)	(119)	(112)
End of year	2,125	2,091	1,635
Proved developed reserves:			
Beginning of year	2,091	1,635	1,008
End of year	2,125	2,091	1,635

(a) Includes 243,870 MMcf, 122,169 MMcf and 59,374 MMcf of proved developed reserve extensions, discoveries and other additions during 2008, 2007 and 2006, respectively, which were not previously classified as proved undeveloped. The remaining balance represents additional proved undeveloped reserves.

(b) One thousand Bbl equals approximately 6 MMcf.

During 2008, the Company recorded downward revisions of 65.5 Bcfe to the December 31, 2007 estimates of its reserves due to decreased prices and other revisions. The reserves were computed using a $ $41.85 per Bbl price at December 31, 2008, the Columbia Gas Transmission Corp. 2008 year-end price of $6.095 per Dth, and the Dominion Transmission, Inc. 2008 year-end price of $6.225 per Dth. The Company's 2008 extensions, discoveries and other additions, resulting from extensions of the proved acreage of previously discovered reservoirs through additional drilling in periods subsequent to discovery, of 584.9 Bcfe exceeded the 2008 production of 90.6 Bcfe.

EQT CORPORATION AND SUBSIDIARIES
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During 2007, the Company sold to Pine Mountain Oil and Gas, Inc., a portion of the Company's interests in certain gas properties in the Nora area totaling approximately 74 Bcf of proved reserves. Also during 2007, the Company purchased an additional working interest of approximately 13.5% in certain gas properties in the Roaring Fork area totaling 12.3 Bcf of proved reserves. During 2007, the Company recorded upward revisions of 9.1 Bcfe to the December 31, 2006 estimates of its reserves due to increased prices and other revisions. The reserves were computed using a $93.28 per Bbl price at December 31, 2007, the Columbia Gas Transmission Corp. 2007 year-end price of $7.030 per Dth, and the Dominion Transmission, Inc. 2007 year-end price of $7.200 per Dth. The company's 2007 extensions, discoveries and other additions, resulting from extensions of the proved acreage of previously discovered reservoirs through additional drilling in periods subsequent to discovery, of 321.0 Bcfe exceeded the 2007 production of 83.1 Bcfe.

During 2006, the Company recorded downward revisions of 15.8 Bcfe to the December 31, 2005 estimates of its reserves due to decreased prices and other revisions. The reserves were computed using a $58.40 per Bbl price at December 31, 2006 the Columbia Gas Transmission Corp. 2006 year-end price of $5.625 per Dth, and the Dominion Transmission, Inc. 2006 year-end price of $5.765 per Dth. The Company's 2006 extensions, discoveries and other additions, resulting from extensions of the proved acreage of previously discovered reservoirs through additional drilling in periods subsequent to discovery, of 230.7 Bcfe exceeded the 2006 production of 81.4 Bcfe.

Standard Measure of Discounted Future Cash Flow

Management cautions that the standard measure of discounted future cash flows should not be viewed as an indication of the fair market value of natural gas and oil producing properties, nor of the future cash flows expected to be generated therefrom. The information presented does not give recognition to future changes in estimated reserves, selling prices or costs and has been discounted at a rate of 10%.

Estimated future net cash flows from natural gas and oil reserves based on selling prices and costs at year-end price levels are as follows at December 31:

	2008	2007	2006
		(Thousands)	
Future cash inflows (a)	$ 16,600,260	$ 17,546,789	$ 13,260,521
Future production costs	(3,532,686)	(3,488,772)	(2,738,366)
Future development costs	(1,959,482)	(1,286,924)	(989,549)
Future net cash flow before income taxes	11,108,092	12,771,093	9,532,606
10% annual discount for estimated timing of cash flows	(7,862,712)	(8,782,137)	(6,539,463)
Discounted future net cash flows before income taxes	3,245,380	3,988,956	2,993,143
Future income tax expenses, discounted at 10% annually	(1,233,245)	(1,515,803)	(1,137,394)
Standardized measure of discounted future net cash flows	$ 2,012,135	$ 2,473,153	$ 1,855,749

(a) The majority of the Company's production is sold through liquid trading points on interstate pipelines. Accordingly, the price of gas on these pipelines was determined using the year-end prices published in the December 31, 2008 edition of *Platts Gas Daily* (Columbia Gas Transmission Corp. 2008 year-end price was $6.095 per Dth; Dominion Transmission, Inc. 2008 year-end price was $6.225 per Dth).

Holding production and development costs constant, a change in price of $1 per Dth for natural gas and $10 per barrel for oil would result in a change in the December 31, 2008 discounted future net cash flows before income taxes of the Company's proved reserves of approximately $1,042 million and $7 million, respectively.

EQT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Summary of changes in the standardized measure of discounted future net cash flows for the years ended December 31:

	2008	2007	2006
		(Thousands)	
Sales and transfers of natural gas and oil produced — net	$ (378,267)	$ (331,448)	$ (315,132)
Net changes in prices, production and development costs	(1,861,454)	356,045	(5,710,391)
Extensions, discoveries and improved recovery, less related costs	611,555	478,232	276,804
Development costs incurred	219,601	129,753	110,023
Purchase of minerals in place — net	—	18,370	—
Sale of minerals in place — net	(1,809)	(89,085)	(4,560)
Revisions of previous quantity estimates	(68,776)	13,507	(18,977)
Accretion of discount	398,849	289,942	759,813
Net change in income taxes	282,558	(378,409)	1,471,631
Other	336,725	130,497	293,510
Net increase (decrease)	(461,018)	617,404	(3,137,279)
Beginning of year	2,473,153	1,855,749	4,993,028
End of year	$ 2,012,135	$ 2,473,153	$ 1,855,749

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Company's Principal Executive Officer and Principal Financial Officer, an evaluation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act), was conducted as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the fourth quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The management of EQT is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)). EQT's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Accordingly, even effective controls can provide only reasonable assurance with respect to financial statement preparation and presentation.

EQT's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* . Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2008.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's Consolidated Financial Statements, has issued an attestation report on the Company's internal control over financial reporting. Ernst & Young's attestation report on the Company's internal control over financial reporting appears in Part II, Item 8 of this Annual report on Form 10-K and is incorporated by reference herein.

Item 9B. Other Information

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following information is incorporated herein by reference from the Company's definitive proxy statement relating to the annual meeting of the shareholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company's fiscal year ended December 31, 2008:

- Information required by Item 401 of Regulation S-K with respect to directors is incorporated herein by reference from the sections captioned "Item No. 1 - Election of Directors," "Nominees to Serve for a Three-Year Term Expiring in 2012", "Directors Whose Terms Expire in 2011," "Directors Whose Terms Expire in 2010" and "Corporate Governance and Board Matters" in the Company's definitive proxy statement;

- Information required by Item 405 of Regulation S-K with respect to compliance with Section 16(a) of the Exchange Act is incorporated herein by reference from the section captioned "Stock Ownership — Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement;

- Information required by Item 407(d)(4) of Regulation S-K with respect to disclosure of the existence of the Company's separately designated standing Audit Committee and the identification of the members of the Audit Committee is incorporated herein by reference from the section captioned "Corporate Governance and Board Matters - Meetings of the Board of Directors and Committee Membership-Audit Committee" in the Company's definitive proxy statement; and

- Information required by Item 407(d)(5) of Regulation S-K with respect to disclosure of audit committee financial expert is incorporated herein by reference from the section captioned "Meetings of the Board of Directors and Committee Membership-Audit Committee" in the Company's definitive proxy statement.

Information required by Item 401 of Regulation S-K with respect to executive officers is included after Item 4 at the end of Part I of this Form 10-K under the heading "Executive Officers of the Registrant (as of February 20, 2009)," and is incorporated herein by reference.

The Company has adopted a code of ethics applicable to all directors and employees, including the principal executive officer, principal financial officer and principal accounting officer. The code of ethics is posted on the Company's website, http://www.eqt.com (accessible through the "Corporate Governance" link on the main page or under the "Corporate Governance" caption of the Investor page) and a printed copy will be delivered on request by writing to the corporate secretary at EQT Corporation, c/o corporate secretary, 225 North Shore Drive, Pittsburgh, Pennsylvania 15212. The Company intends to satisfy the disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of ethics by posting such information on the Company's website.

By certification dated May 19, 2008, the Company's Chief Executive Officer certified to the New York Stock Exchange (NYSE) that he was not aware of any violation by the Company of the NYSE corporate governance listing standards.

Item 11. Executive Compensation

The following information is incorporated herein by reference from the Company's definitive proxy statement relating to the annual meeting of the shareholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company's fiscal year ended December 31, 2008:

- Information required by Item 402 of Regulation S-K with respect to executive and director compensation is incorporated herein by reference from the sections captioned "Executive Compensation" and "Directors' Compensation" in the Company's definitive proxy statement; and

- Information required by paragraphs (e)(4) and (e)(5) of Item 407 of Regulation S-K with respect to certain matters related to the Compensation Committee is incorporated herein by reference from the sections captioned “Corporate Governance and Board Matters — Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” in the Company’s definitive proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by Item 403 of Regulation S-K with respect to stock ownership of significant shareholders, directors and executive officers is incorporated herein by reference to the section captioned “Stock Ownership - Significant Shareholders” and “Stock Ownership - Stock Ownership of Directors and Executive Officers” in the Company’s definitive proxy statement relating to the annual meeting of shareholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company’s fiscal year ended December 31, 2008.

Information required by Item 201(d) of Regulation S-K with respect to shares of EQT’s common stock that may be issued under the Company’s existing equity compensation plans is incorporated herein by reference to the sections captioned “Executive Compensation -Equity Compensation Plan Information” in the Company’s definitive proxy statement relating to the annual meeting of shareholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company’s fiscal year ended December 31, 2008.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference to the sections captioned “Corporate Governance and Board Matters - Director Independence” and “Corporate Governance and Board Matters - Certain Relationships and Related Transactions” in the Company’s definitive proxy statement relating to the annual meeting of shareholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company’s fiscal year ended December 31, 2008.

Item 14. Principal Accounting Fees and Services

Information required by Item 9(e) of Schedule 14A is incorporated herein by reference to the section captioned “Item No. 2 — Ratification of Appointment of Independent Registered Public Accounting Firm” in the Company’s definitive proxy statement relating to the annual meeting of stockholders to be held on April 22, 2009, which will be filed with the Commission within 120 days after the close of the Company’s fiscal year ended December 31, 2008.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements
The financial statements listed in the accompanying index to financial statements are filed as part of this Annual Report on Form 10-K.

2. Financial Statement Schedule
The financial statement schedule listed in the accompanying index to financial statements and financial schedule is filed as part of this Annual Report on Form 10-K.

3. Exhibits
The exhibits listed on the accompanying index to exhibits (pages 109 through 115) are filed as part of this Annual Report on Form 10-K.

EQT CORPORATION

INDEX TO FINANCIAL STATEMENTS COVERED BY REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Item 15 (a)

1. The following Consolidated Financial Statements of EQT Corporation and Subsidiaries are included in Item 8:

2. Schedule for the Years Ended December 31, 2008, 2007 and 2006 included in Part IV:

All other schedules are omitted since the subject matter thereof is either not present or is not present in amounts sufficient to require submission of the schedules.

EQT CORPORATION AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE THREE YEARS ENDED DECEMBER 31, 2008

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts (a)	Deductions (b)	Balance at End of Period
			(Thousands)		
Allowance for doubtful accounts:					
2008	$ 19,829	$ 11,744	$ —	$ 4,937	$ 26,636
2007	$ 20,442	$ 353	$ 7,041	$ 8,007	$ 19,829
2006	$ 23,329	$ 4,715	$ 4,589	$ 12,191	$ 20,442

Note:

(a) CAP surcharge included in residential rates.
(b) Customer accounts written off, less recoveries.

INDEX TO EXHIBITS

Exhibits	Description	Method of Filing
2.01	Stock Purchase Agreement dated as of March 1, 2006 between Equitable Resources, Inc. and Dominion Resources, Inc. (as successor by merger to Consolidated Natural Gas Company). Schedules (or similar attachments) to the Stock Purchase Agreement are not filed. The Registrant will furnish supplementally a copy of any omitted schedule to the Commission upon request.	Filed as Exhibit 2.1 to Form 8-K filed on March 3, 2006
2.02	Letter agreement dated as of July 3, 2007 between Equitable Resources, Inc. and Dominion Resources, Inc. (as successor by merger to Consolidated Natural Gas Company)	Filed as Exhibit 2.1 to Form 10-Q for the quarter ended June 30, 2007
2.03	Mutual Termination Agreement dated as of January 15, 2008 between Equitable Resources, Inc. and Dominion Resources, Inc. (as successor by merger to Consolidated Natural Gas Company)	Filed as Exhibit 10.1 to Form 8-K filed on January 17, 2008
3.01	Restated Articles of Incorporation (amended through February 9, 2009)	Filed as Exhibit 3.1 to Form 8-K filed on February 9, 2009
3.02	By-Laws of Equitable Resources, Inc. (amended through February 9, 2009)	Filed as Exhibit 3.2 to Form 8-K filed on February 9, 2009
4.01(a)	Indenture dated as of April 1, 1983 between the Company and Pittsburgh National Bank	Filed as Exhibit 4.1(a) to Form 10-K for the year ended December 31, 2008
4.01(b)	Instrument appointing Bankers Trust Company as successor trustee to Pittsburgh National Bank	Filed as Exhibit 4.01(b) to Form 10-K for the year ended December 31, 1998
4.01(c)	Supplemental Indenture dated as of March 15, 1991 with Bankers Trust Company eliminating limitations on liens and additional funded debt	Filed as Exhibit 4.01(f) to Form 10-K for the year ended December 31, 1996
4.01(d)	Resolution adopted August 19, 1991 by the Ad Hoc Finance Committee of the Board of Directors of the Company Addenda Nos. 1 through 27, establishing the terms and provisions of the Series A Medium-Term Notes	Filed as Exhibit 4.01(g) to Form 10-K for the year ended December 31, 1996
4.01(e)	Resolutions adopted July 6, 1992 and February 19, 1993 by the Ad Hoc Finance Committee of the Board of Directors of the Company and Addenda Nos. 1 through 8, establishing the terms and provisions of the Series B Medium-Term Notes	Filed as Exhibit 4.01(h) to Form 10-K for the year ended December 31, 1997

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
4.01(f)	Resolution adopted July 14, 1994 by the Ad Hoc Finance Committee of the Board of Directors of the Company and Addenda Nos. 1 and 2, establishing the terms and provisions of the Series C Medium-Term Notes	Filed as Exhibit 4.01(i) to Form 10-K for the year ended December 31, 1995
4.01(g)	Supplemental Indenture dated as of June 30, 2008 between Equitable Resources, Inc. and Deutsche Bank Trust Company Americas	Field as Exhibit 4.01(g) to Form 8-K filed on July 1, 2008
4.02(a)	Indenture with The Bank of New York, as successor to Bank of Montreal Trust Company, as Trustee, dated as of July 1, 1996	Filed as Exhibit 4.01(a) to Form S-4 Registration Statement (#333-103178) filed on February 13, 2003
4.02(b)	Resolution adopted January 18 and July 18, 1996 by the Board of Directors of the Company and Resolutions adopted July 18, 1996 by the Executive Committee of the Board of Directors of the Company, establishing the terms and provisions of the 7.75% Debentures issued July 29, 1996	Filed as Exhibit 4.01(j) to Form 10-K for the year ended December 31, 1996
4.02(c)	Officer's Declaration dated as of February 20, 2003 establishing the terms of the issuance and sale of the Notes of the Company in an aggregate amount of up to $200,000,000	Filed as Exhibit 4.01(c) to Form S-4 Registration Statement (#333-104392) filed on April 8, 2003
4.02(d)	Officer's Declaration dated as of November 7, 2002 establishing the terms of the issuance and sale of the Notes of the Company in an aggregate amount of up to $200,000,000	Filed as Exhibit 4.01(c) to Form S-4/A Registration Statement (#333-103178) filed on March 12, 2003
4.02(e)	Officer's Declaration dated as of September 27, 2005 establishing the terms of the issuance and sale of the Notes of the Company in an aggregate amount of $150,000,000	Filed as Exhibit 4.01(b) to Form S-4 Registration Statement (#333-104392) filed on October 28, 2005
4.02(f)	Supplemental Indenture dated as of June 30, 2008 between Equitable Resources, Inc. and The Bank of New York	Filed as Exhibit 4.02(f) to Form 8-K filed on July 1, 2008
4.03(a)	Indenture dated as of March 18, 2008 between Equitable Resources, Inc. and The Bank of New York, as Trustee	Filed as Exhibit 4.1 to Form 8-K filed on March 18, 2008
4.03(b)	First Supplemental Indenture (including the form of senior note) dated as of March 18, 2008 between Equitable Resources, Inc. and The Bank of New York, as Trustee, pursuant to which the 6.5% Senior Notes due 2018 were issued	Filed as Exhibit 4.2 to Form 8-K filed on March 18, 2008

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
4.03(c)	Second Supplemental Indenture dated as of June 30, 2008 between Equitable Resources, Inc. and The Bank of New York	Filed as Exhibit 4.03(c) to Form 8-K filed on July 1, 2008
* 10.01(a)	1999 Equitable Resources, Inc. Long-Term Incentive Plan (amended and restated December 3, 2008)	Filed herewith as Exhibit 10.01(a)
* 10.01(b)	Form of Participant Award Agreement (Restricted Stock) under 1999 Equitable Resources, Inc. Long-Term Incentive Plan (2007 and later)	Filed as Exhibit 10.01(b) to Form 10-K for the year ended December 31, 2006
* 10.01(c)	Form of Participant Award Agreement (Restricted Stock) under 1999 Equitable Resources, Inc. Long-Term Incentive Plan (Pre-2007)	Filed as Exhibit 10.05 to Form 10-K for the year ended December 31, 2004
* 10.01(d)	Form of Participant Award Agreement (Stock Option) under 1999 Equitable Resources, Inc. Long-Term Incentive Plan (Pre-2007)	Filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2004
* 10.01(e)	Form of Participant Award Agreement (Stock Option) under the 1999 Long-Term Incentive Plan (post 2007)	Filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2008
* 10.01(f)	Equitable Resources, Inc. 2005 Executive Performance Incentive Program	Filed as Exhibit 10.01 to Form 8-K filed on March 1, 2005
* 10.01(g)	Form of Participant Award Agreement under the Equitable Resources, Inc. 2005 Executive Performance Incentive Program	Filed as Exhibit 10.02 to Form 8-K filed on March 1, 2005
* 10.01(h)	Equitable Resources, Inc. 2007 Supply Long-Term Incentive Program	Filed herewith as Exhibit 10.01(h)
* 10.01(i)	Form of Participant Award Agreement under the Equitable Resources, Inc. 2007 Supply Long-Term Incentive Program	Filed herewith as Exhibit 10.01(i)
* 10.01(j)	Equitable Resources, Inc. 2008 Executive Performance Incentive Program	Filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2008
* 10.01(k)	Form of Participant Award Agreement under the Equitable Resources, Inc. 2008 Executive Performance Incentive Program	Filed as Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2008
* 10.01(l)	Equitable Resources, Inc. 2009 Shareholder Value Plan	Filed herewith as Exhibit 10.01(l)

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
* 10.01(m)	Form of Participant Award Agreement under the Equitable Resources, Inc. 2009 Shareholder Value Plan	Filed herewith as Exhibit 10.01(m)
* 10.02(a)	1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan (as amended and restated December 3, 2008)	Filed herewith as Exhibit 10.02(a)
* 10.02(b)	Form of Participant Award Agreement (Stock Option) under 1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan	Filed as Exhibit 10.04(b) to Form 10-K for the year ended December 31, 2006
* 10.02(c)	Form of Participant Award Agreement (Phantom Units Award) under 1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan	Filed as Exhibit 10.04(c) to Form 10-K for the year ended December 31, 2006
* 10.03	Equitable Resources, Inc. Executive Short-Term Incentive Plan (as amended and restated December 3, 2008)	Filed herewith as Exhibit 10.03
* 10.04	Equitable Resources, Inc. 2005 Short-Term Incentive Plan	Filed as Exhibit 10.1 to Form 8-K filed on December 6, 2004
* 10.05	Equitable Resources, Inc. 2006 Payroll Deduction and Contribution Program (as amended and restated December 3, 2008)	Filed herewith as Exhibit 10.05
* 10.06	Equitable Resources, Inc. Directors' Deferred Compensation Plan (as amended and restated May 15, 2003)	Filed as Exhibit 10.10 to Form 10-Q for the quarter ended June 30, 2003
* 10.07	Equitable Resources, Inc. 2005 Directors' Deferred Compensation Plan (as amended and restated December 3, 2008)	Filed herewith as Exhibit 10.07
* 10.8(a)	Agreement dated as of September 23, 2008 with Murry S. Gerber	Filed as Exhibit 10.4 to Form 10-Q for the quarter ended September 30, 2008
* 10.8(b)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Murry S. Gerber	Filed as Exhibit 10.5 to Form 10-Q for the quarter ended September 30, 2008
* 10.8(c)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Murry S. Gerber	Filed as Exhibit 10.6 to Form 10-Q for the quarter ended September 30, 2008

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
* 10.9(a)	Agreement dated as of September 23, 2008 with David L. Porges	Filed as Exhibit 10.7 to Form 10-Q for the quarter ended September 30, 2008
* 10.9(b)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and David L. Porges	Filed as Exhibit 10.8 to Form 10-Q for the quarter ended September 30, 2008
* 10.9(c)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and David L. Porges	Filed as Exhibit 10.9 to Form 10-Q for the quarter ended September 30, 2008
* 10.10(a)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Philip P. Conti	Filed as Exhibit 10.10 to Form 10-Q for the quarter ended September 30, 2008
* 10.10(b)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Philip P. Conti	Filed as Exhibit 10.11 to Form 10-Q for the quarter ended September 30, 2008
* 10.11(a)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Theresa Z. Bone	Filed herewith as Exhibit 10.11(a)
* 10.11(b)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Theresa Z. Bone	Filed herewith as Exhibit 10.11(b)
* 10.12(a)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Randall L. Crawford	Filed as Exhibit 10.12 to Form 10-Q for the quarter ended September 30, 2008
* 10.12(b)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Randall L. Crawford	Filed as Exhibit 10.13 to Form 10-Q for the quarter ended September 30, 2008
* 10.13(a)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Lewis B. Gardner	Filed herewith as Exhibit 10.13(a)
* 10.13(b)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Lewis B. Gardner	Filed herewith as Exhibit 10.13(b)
* 10.14	Employment Agreement dated as of October 31, 2008 between Equitable Resources, Inc. and Joseph E. O'Brien.	Filed as Exhibit 10.1 to Form 8-K filed on November 6, 2008

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
* 10.15	Employment Agreement dated as of March 14, 2008 between Equitable Resources, Inc. and Johanna G. O'Loughlin	Filed as Exhibit 10.1 to Form 8-K filed on March 20, 2008
* 10.16(a)	Confidentiality, Non-Solicitation and Non-Competition Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Steven T. Schlotterbeck	Filed herewith as Exhibit 10.16(a)
* 10.16(b)	Change of Control Agreement dated as of September 8, 2008 between Equitable Resources, Inc. and Steven T. Schlotterbeck	Filed herewith as Exhibit 10.16(b)
* 10.16(c)	Horizontal Drilling Special Grant Award Letters dated as of May 17, 2006 and August 22, 2008 between Equitable Resources, Inc., and Steven T. Schlotterbeck	Filed herewith as Exhibit 10.16(c)
* 10.17(a)	Agreement dated as of May 24, 1996 with Phyllis A. Domm for deferred payment of 1996 director fees beginning May 24, 1996	Filed as Exhibit 10.14(a) to Form 10-K for the year ended December 31, 1996
* 10.17(b)	Agreement dated as of November 27, 1996 with Phyllis A. Domm for deferred payment of 1997 director fees	Filed as Exhibit 10.14(b) to Form 10-K for the year ended December 31, 1996
* 10.17(c)	Agreement dated as of November 30, 1997 with Phyllis A. Domm for deferred payment of 1998 director fees	Filed as Exhibit 10.14(c) to Form 10-K for the year ended December 31, 1997
* 10.17(d)	Agreement dated as of December 5, 1998 with Phyllis A. Domm for deferred payment of 1999 director fees	Filed as Exhibit 10.20(d) to Form 10-K for the year ended December 31, 1998
* 10.18	Form of Indemnification Agreement between Equitable Resources, Inc. and all executive officers and outside directors	Filed herewith as Exhibit 10.18
* 10.19	Directors' Compensation	Filed herewith as Exhibit 10.19
10.20(a)	Revolving Credit Agreement, dated as of October 27, 2006, among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender and a Letter of Credit Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent and a Letter of Credit Issuer, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Houston Agency, Citibank, N.A., and PNC Bank, National Association, as Co-Documentation Agents, and other lender parties thereto.	Filed as Exhibit 10.1 to Form 8-K filed on October 30, 2006

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
10.20(b)	Assignment and Assumption Agreement and Amendment to Credit Agreement, among Equitable Resources, Inc., a Pennsylvania corporation formed in 1926, Equitable Resources, Inc., a Pennsylvania corporation formed in 2008 and Bank of America, N.A.	Filed as Exhibit 10.23(b) to Form 8-K filed on July 1, 2008
10.21	Purchase and Sale Agreement dated as of April 13, 2007 between Equitable Production Company and Pine Mountain Oil and Gas, Inc.	Filed as Exhibit 10.1 to Form 8-K filed on April 16, 2007
10.22	Contribution Agreement dated as of April 13, 2007 between Equitable Production Company and Pine Mountain Oil and Gas, Inc.	Filed as Exhibit 10.2 to Form 8-K filed on April 16, 2007
10.23	Agreement and Plan of Merger	Filed as Exhibit 10.24(a) to Form 8-K filed on July 1, 2008
10.24	Assignment and Assumption Agreement (for Benefit Plans)	Filed as Exhibit 10.24(b) to Form 8-K filed on July 1, 2008
10.25	Master Assignment, Assumption and Acknowledgment Agreement	Filed as Exhibit 10.24(c) to Form 8-K filed on July 1, 2008
21	Schedule of Subsidiaries	Filed herewith as Exhibit 21
23.01	Consent of Independent Registered Public Accounting Firm	Filed herewith as Exhibit 23.01
23.02	Consent of Independent Petroleum Engineers	Filed herewith as Exhibit 23.02
31.1	Rule 13(a)-14(a) Certification of Principal Executive Officer	Filed herewith as Exhibit 31.1
31.2	Rule 13(a)-14(a) Certification of Principal Financial Officer	Filed herewith as Exhibit 31.2
32	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer	Filed herewith as Exhibit 32

The Company agrees to furnish to the Commission, upon request, copies of instruments with respect to long-term debt, which have not previously been filed.

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EQT CORPORATION

By: /s/ MURRY S. GERBER
Murry S. Gerber
Chairman and Chief Executive Officer
February 18, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ MURRY S. GERBER Murry S. Gerber (Principal Executive Officer)	Chairman and Chief Executive Officer	February 18, 2009
/s/ PHILIP P. CONTI Philip P. Conti (Principal Financial Officer)	Senior Vice President and Chief Financial Officer	February 18, 2009
/s/ THERESA Z. BONE Theresa Z. Bone (Principal Accounting Officer)	Vice President and Corporate Controller	February 18, 2009
/s/ VICKY A. BAILEY Vicky A. Bailey	Director	February 18, 2009
/s/ PHILIP G. BEHRMAN Philip G. Behrman	Director	February 18, 2009
/s/ A. BRAY CARY, JR. A. Bray Cary, Jr.	Director	February 18, 2009
/s/ PHYLLIS A. DOMM Phyllis A. Domm	Director	February 18, 2009
/s/ BARBARA S. JEREMIAH Barbara S. Jeremiah	Director	February 18, 2009
/s/ GEORGE L. MILES, JR. George L. Miles, Jr.	Director	February 18, 2009
/s/ DAVID L. PORGES David L. Porges	President, Chief Operating Officer and Director	February 18, 2009
/s/ JAMES E. ROHR James E. Rohr	Director	February 18, 2009

/s/ DAVID S. SHAPIRA David S. Shapira	Director	February 18, 2009
/s/ LEE T. TODD, JR. Lee T. Todd, Jr.	Director	February 18, 2009
/s/ JAMES W. WHALEN James W. Whalen	Director	February 18, 2009

Exhibit 10.01(a)

1999 EQUITABLE RESOURCES, INC.

LONG-TERM INCENTIVE PLAN

(As amended and restated through December 3, 2008)

SECTION 1. PURPOSES

1.01 The purpose of the 1999 Equitable Resources, Inc. Long-Term Incentive Plan (the "Plan") is to assist the Company in attracting, retaining and motivating employees of outstanding ability and to align their interests with those of the shareholders of the Company.

SECTION 2. DEFINITIONS; CONSTRUCTION

2.01 **Definitions.** In addition to the terms defined elsewhere in the Plan, the following terms as used in the Plan shall have the following meanings when used with initial capital letters:

2.01.1 "Award" means any Option, Restricted Stock, Performance Award or Other Stock-Based Award, or any other right or interest relating to Shares or cash granted under the Plan.

2.01.2 "Award Agreement" means any written agreement, contract or other instrument or document evidencing an Award.

2.01.3 "Board" means the Company's Board of Directors.

2.01.4 "Cause," when used with respect to the termination of employment of a Participant, means:

(a) the willful and continued failure by the Participant to substantially perform his duties with the Company or a Subsidiary (other than any such failure resulting from the Participant's disability), after a written demand for substantial performance is delivered to the Participant by the Board which specifically identifies the manner in which the Board believes that the Participant has not substantially performed his duties, and which failure has not been cured within 30 days after such written demand; or

(b) the willful and continued engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise, or

(c) the breach by the Participant of any obligation of confidentiality owed to the Company or a Subsidiary.

For purposes of this Section 2.01.4, no act, or failure to act, on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that such action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Participant shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the non-management members of the Board at a meeting of the Board called and held for that purpose (after reasonable notice to the Participant and an opportunity for the Participant, together with his counsel, to be heard before the Board) finding that in the good faith opinion of the Board the Participant is guilty of the conduct set forth above in clauses (a), (b) or (c) of this Section 2.01.4 and specifying the particulars thereof in detail.

2.01.5 “Code” means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. References to particular sections of the Code shall include any successor provisions.

2.01.6 “Change of Control” has the meaning provided in Section 9.03.

2.01.7 “Committee” means the Compensation Committee or such other Committee of the Board as may be designated by the Board to administer the Plan, as referred to in Section 3.01 hereof; provided however, that any member of the Committee participating in the taking of any action under the Plan shall qualify as a “non-employee director” as then defined under Rule 16b-3 and an “outside director” as then defined under Section 162(m) of the Code.

2.01.8 “Common Stock” means shares of the common stock, without par value, and such other securities of the Company or other corporation or entity as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.9 “Covered Employee” shall have the meaning provided in Section 162(m)(3) of the Code.

2.01.10 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.01.11 “Fair Market Value” of shares of any stock, including but not limited to Common Stock, or units of any other securities (herein “shares”), shall be the mean between the highest and lowest sales prices per share for the date as of which Fair Market Value is to be determined in the principal market in which such shares are traded, as quoted in *The Wall Street Journal* (or in such other reliable publication as the Committee, in its discretion, may determine to rely upon). If the Fair Market Value of shares on any date cannot be determined on the basis set forth in the preceding sentence, or if a determination is required as to the Fair Market Value on any date of property other than shares, the Committee shall in good faith determine the Fair Market Value of such shares or other property on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

2.01.12 “Incentive Stock Option” means an Option that is intended to meet the requirements of Section 422 of the Code and is designated as such in the Award Agreement relating thereto.

2.01.13 “Option” means a right, granted under Section 6.02 hereof, to purchase Shares at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a nonstatutory stock option, which is an Option not intended to be an Incentive Stock Option.

2.01.14 “Other Stock-Based Award” means an Award, granted under Section 6.05 hereof, that is denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.

2.01.15 “Participant” means an employee of the Company or any Subsidiary, including, but not limited to, Covered Employees, who is granted an Award under the Plan.

2.01.16 “Performance Award,” “Performance Goal” and “Performance Period” shall have the meanings provided in Section 6.04.

2.01.17 “Reload Option Rights” and “Reload Option” have the meanings provided in Section 6.02(v).

2.01.18 “Restricted Stock” means Shares, granted under Section 6.03 hereof, that are subject to certain restrictions.

2.01.19 “Rule 16b-3” means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor to such Rule promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

2.01.20 “Shares” means the common stock of the Company, without par value, and such other securities of the Company as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.21 “Subsidiary” means any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the chain owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.02 **Construction.** For purposes of the Plan, the following rules of construction shall apply:

2.02.1 The word “or” is disjunctive but not necessarily exclusive.

2.02.2 Words in the singular include the plural; words in the plural include the singular; words in the neuter gender include the masculine and feminine genders, and words in the masculine or feminine gender include the other and neuter genders.

SECTION 3. ADMINISTRATION

3.01 The Plan shall be administered by the Committee. The Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(i) to designate Participants;

(ii) to determine the type or types of Awards to be granted to each Participant;

(iii) to determine the number of Awards to be granted, the number of Shares or amount of cash or other property to which an Award will relate, the terms and conditions of any Award (including, but not limited to, any exercise price, grant price or purchase price, any limitation or restriction, any schedule for lapse of limitations, forfeiture restrictions or restrictions on exercisability or transferability, and accelerations or waivers thereof, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award;

(iv) to determine whether, to what extent and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards or other property, or an Award may be accelerated, vested, canceled, forfeited, exchanged or surrendered;

(v) to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;

(vi) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(vii) to adopt, amend, suspend, waive and rescind such rules and regulations as the Committee may deem necessary or advisable to administer the Plan;

(viii) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, any Award Agreement or other instrument entered into or Award made under the Plan;

(ix) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan; and

(x) to make such filings and take such actions as may be required from time to time by appropriate state, regulatory and governmental agencies.

Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all Persons, including the Company, Subsidiaries, Participants, any Person claiming any rights under the Plan from or through any Participant, employees and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Subsidiary the authority, subject to such terms as the Committee shall determine, to perform administrative functions under the Plan and, with respect to Participants who are not subject to Section 16 of the Exchange Act, to take such actions and perform such functions under the Plan as the Committee may specify. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him by an officer, manager or other employee of the Company or a Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

SECTION 4. SHARES SUBJECT TO THE PLAN

4.01 The maximum net number of Shares which may be issued and in respect of which Awards may be granted under the Plan shall be limited to (i) 6,000,000 shares of Common Stock, subject to adjustment as provided in Section 8.01, which may be used for all forms of Awards including Incentive Stock Options, and (ii) 5,000,000 shares of Common Stock, subject to adjustment as provided in Section 8.01, which may be used for all forms of Awards excluding Incentive Stock Options. For purposes of determining the number of Shares available under either of the foregoing categories, Shares issued with respect to Awards granted on or after May 17, 2001 shall be deemed to have been issued from category (ii) of the foregoing sentence unless such Award is an Incentive Stock Option or as otherwise determined by the Committee.

For purposes of this Section 4.01, the number of Shares to which an Award relates shall be counted against the number of Shares available under the Plan at the time of grant of the Award, unless such number of Shares cannot be determined at that time, in which case the number of Shares actually distributed pursuant to the Award shall be counted against the number of Shares available under the Plan at the time of distribution; provided, however, that Awards related to or retroactively added to, or granted in tandem with, substituted for or converted into, other Awards shall be counted or not counted against the number of Shares reserved and available under the Plan in accordance with procedures adopted by the Committee so as to ensure appropriate counting but avoid double counting.

If any Shares to which an Award relates are forfeited, or payment is made to the Participant in the form of cash, cash equivalents or other property other than Shares, or the Award otherwise terminates without payment being made to the Participant in the form of Shares, any Shares counted against the number of Shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture, alternative payment or termination, again be available for Awards under the Plan. If the exercise price of an Award is paid by delivering to the Company Shares previously owned by the Participant, the Shares covered by the Award equal to the number of Shares so delivered shall again be available for Awards under the Plan. Any Shares distributed pursuant to an Award, if granted pursuant to category (i) of the first sentence of this Section, may consist, in whole or part, of authorized and unissued Shares or of treasury Shares, including Shares repurchased by the Company for purposes of the Plan and, if granted pursuant to category (ii) of the first sentence of this Section, shall consist of treasury Shares.

SECTION 5. ELIGIBILITY

5.01 Awards may be granted only to individuals who are full-time employees (including, without limitation, employees who also are directors or officers and Covered Employees) of the Company or any Subsidiary; provided, however, that no Award shall be granted to any member of the Committee.

SECTION 6. SPECIFIC TERMS OF AWARDS

6.01 **General.** Subject to the terms of the Plan and any applicable Award Agreement, Awards may be granted as set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to the terms of Section 10.01), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including separate escrow provisions and terms requiring forfeiture of Awards in the event of termination of employment by the Participant. Except as required by applicable law, Awards may be granted for no consideration other than prior and/or future services.

6.02 **Options.** The Committee is authorized to grant Options to Participants on the following terms and conditions:

(i) *Exercise Price.* The exercise price per Share of an Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) *Option Term.* The term of each Option shall be determined by the Committee, except that no Incentive Stock Option shall be exercisable after the expiration of ten years from the date of grant.

(iii) *Times and Methods of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part, the methods by which the exercise price may be paid or deemed to be paid, and the form of such payment, including, without limitation, cash, Shares, or other property or any combination thereof, having a Fair Market Value on the date of exercise equal to the exercise price, provided, however, that (1) in the case of a Participant who is at the time of exercise subject to Section 16 of the Exchange Act, any portion of the exercise price representing a fraction of a Share shall in any event be paid in cash or in property other than any equity security (as defined by the Exchange Act) of the Company and (2) except as otherwise determined by the Committee, in its discretion, at the time the Option is granted, no shares which have been held for less than six months may be delivered in payment of the exercise price of an Option.

Delivery of Shares in payment of the exercise price of an Option, if authorized by the Committee, may be accomplished through the effective transfer to the Company of Shares held by a broker or other agent. Unless otherwise determined by the Committee, the Company will also cooperate with any person exercising an Option who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares received upon exercise of the Option are sold through the broker or other agent, for the purpose of paying the exercise price of an Option. Notwithstanding the preceding sentence, unless the Committee, in its discretion, shall otherwise determine, the exercise of the Option shall not be deemed to occur, and no Shares will be issued by the Company upon exercise of an Option, until the Company has received payment in full of the exercise price.

Notwithstanding any other provision contained in the Plan or in any Award Agreement, but subject to the possible exercise of the Committee's discretion contemplated in the last sentence of this Section 6.02(iii), the aggregate Fair Market Value, determined as of the date of grant, of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all plans of the corporation employing such employee, any parent or subsidiary corporation of such corporation and any predecessor corporation of any such corporation shall not exceed $100,000. If the date on which one or more of such Incentive Stock Options could first be exercised would be accelerated pursuant to any provision of the Plan or any Award Agreement, and the acceleration of such exercise date would result in a violation of the restriction set forth in the preceding sentence, then, notwithstanding any such provision, but subject to the provisions of the next succeeding sentence, the exercise dates of such Incentive Stock Options shall be accelerated only to the date or dates, if any, that do not result in a violation of such restriction and, in such event, the exercise dates of the Incentive Stock Options with the lowest option prices shall be accelerated to the earliest such dates. The Committee may, in its discretion, authorize the acceleration of the exercise date of one or more Incentive Stock Options even if such acceleration would violate the $100,000 restriction set forth in the first sentence of this paragraph and even if such Incentive Stock Options are thereby converted in whole or in part to nonstatutory stock options.

(iv) *Termination of Employment.* Unless otherwise determined by the Committee and reflected in the Award Agreement:

(A) if a Participant shall die while employed by the Company or a Subsidiary or during a period following termination of employment during which an Option otherwise remains exercisable under this Section 6.02(iv), Options granted to the Participant, to the extent exercisable at the time of the Participant's death, may be exercised within one year after the date of the Participant's death, but not later than the expiration date of the Option, by the executor or administrator of the Participant's estate or by the Person or Persons to whom the Participant shall have transferred such right by will, by the laws of descent and distribution or, if permitted by the Committee, by *inter vivos* transfer.

(B) if the employment of a Participant with the Company or a Subsidiary shall be involuntarily terminated under circumstances which would qualify the Participant for benefits under the Company's Separation Allowance Plan, or if a Participant shall retire under the terms of any retirement plan of the Company or a Subsidiary or shall terminate his or her employment with the written consent of the Company or a Subsidiary specifically permitting such exercise, Options granted to the Participant, to the extent exercisable at the date of the Participant's termination of employment, may be exercised within 90 days after the date of termination of employment, but not later than the expiration date of the Option.

(C) except to the extent an Option remains exercisable under paragraph (A) or (B) above or under Section 9.02, any Option granted to a Participant shall terminate immediately upon the termination of all employment of the Participant with the Company or a Subsidiary.

(v) *Reload Option Rights.* Reload Option Rights if awarded with respect to an Option, at the time of grant of the Option, shall entitle the holder of the Option, upon exercise of the Option or any portion thereof through delivery of previously owned Shares, to automatically be granted on the date of such exercise a new nonstatutory stock option (a “Reload Option”) (1) for a number of Shares not exceeding the number of full Shares delivered in payment of the option price of the original Option and any withholding taxes related thereto, (2) having an option price not less than 100% of the Fair Market Value per Share of the Common Stock on such date of grant, (3) having an expiration date not later than the expiration date of the original Option so exercised and (4) otherwise having terms permissible for the grant of an Option under the Plan. Subject to the preceding sentence and the other provisions of the Plan, Reload Option Rights and Reload Options shall have such terms and be subject to such restrictions and conditions, if any, as shall be determined, in its discretion, by the Committee. In granting Reload Option Rights, the Committee, may, in its discretion, provide for successive Reload Option grants upon the exercise of Reload Options granted thereunder. Unless otherwise determined, in its discretion, by the Committee, Reload Option Rights shall entitle the holder of an Option to be granted a Reload Option only if the underlying Option to which they relate is exercised during employment with the Company or a Subsidiary of the original grantee of the underlying Option. Except as otherwise specifically provided herein or required by the context, the term Option as used in this Plan shall include Reload Options granted hereunder.

(vi) *Individual Option Limit.* The aggregate number of Shares for which Options may be granted under the Plan to any single Participant shall not exceed 1,500,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code and, to the extent consistent with Section 162(m) of the Code, in accordance with Section 4.01 hereof. To the extent consistent with Section 162(m) of the Code, in applying this limitation a Reload Option shall not be deemed to increase the number of Shares covered by the original underlying Option grant.

6.03 **Restricted Stock.** The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

(i) *Issuance and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends thereon), which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments or otherwise, as the Committee shall determine at the time of grant or thereafter. The restriction period applicable to Restricted Stock shall, in the case of a time-based restriction period, be not less than three years or, in the case of a performance-based restriction period, be not less than one year.

(ii) *Forfeiture.* Except as otherwise determined by the Committee at the time of grant or thereafter, upon termination of employment (as determined under criteria established by the Committee) during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, that restrictions on Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions on Restricted Stock.

(iii) *Certificates for Shares.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine, including, without limitation, issuance of certificates representing Shares, which may be held in escrow. Certificates representing Shares of Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

6.04 **Performance Awards.** The Committee is authorized to grant Performance Awards to Participants on the following terms and conditions:

(i) *Right to Payment.* A Performance Award shall represent a right to receive Shares, cash, other property or any combination thereof based on the achievement, or the level of achievement, during a specified Performance Period of one or more Performance Goals established by the Committee at the time of the Award.

(ii) *Terms of Performance Awards.* At the time a Performance Award is granted, the Committee shall cause to be set forth in the Award Agreement or otherwise in writing (1) the Performance Goals applicable to the Award and the Performance Period during which the achievement of the Performance Goals shall be measured, (2) the amount which may be earned by the Participant based on the achievement, or the level of achievement, of the Performance Goals or the formula by which such amount shall be determined and (3) such other terms and conditions applicable to the Award as the Committee may, in its discretion, determine to include therein. The terms so established by the Committee shall be objective such that a third party having knowledge of the relevant facts could determine whether or not any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance. The Committee may retain the discretion to reduce (but not to increase) the amount of a Performance Award which will be earned based on the achievement of Performance Goals.

(iii) *Performance Goals.* “Performance Goals” shall mean one or more preestablished, objective measures of performance during a specified “Performance Period”, selected by the Committee in its discretion. Performance Goals may be based upon one or more of the following objective performance measures and expressed in either, or a combination of, absolute or relative values: earnings per share, earnings per share growth, net income, revenue growth, revenues, expenses, return on equity, return on total capital, return on assets, earnings (including EBITDA and EBIT), cash flow, share price, economic value added, gross margin, operating income, or total shareholder return. Performance Goals based on such performance measures may be based either on the performance of the Company, a Subsidiary or Subsidiaries, any branch, department, business unit or other portion thereof under such measure for the Performance Period and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Company performance or other measure selected or defined by the Committee at the time of making a Performance Award. The Committee may in its discretion also determine to use other objective performance measures as Performance Goals.

(iv) *Committee Certification.* Following completion of the applicable Performance Period, and prior to any payment of a Performance Award to the Participant, the Committee shall determine in accordance with the terms of the Performance Award and shall certify in writing whether the applicable Performance Goal or Goals were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Committee at which certification is made shall be sufficient to satisfy the requirement of a written certification. Performance Awards are not intended to provide for the deferral of compensation, such that payment for earned Performance Awards shall be paid within two and one-half months following the end of the calendar year in which the Performance Period ends or upon vesting, as may be required to avoid characterization of such Awards as deferred compensation under Section 409A of the Code.

(v) *Maximum Individual Performance Award Payments.* In any one calendar year, the maximum amount which may be earned by any single Participant under (a) Performance Awards granted under the Plan and payable in cash or property (other than Shares) shall be limited to $3,000,000 and (b) Performance Awards granted under the Plan and payable in Shares shall be limited to 70,000 shares. In the case of multi-year Performance Periods, the amount which is earned in any one calendar year is the amount paid for the Performance Period divided by the number of calendar years in the period. In applying this limit, the amount of any cash or the Fair Market Value of any Shares or other property earned by a Participant shall be measured as of the close of the applicable calendar year which ends the Performance Period, regardless of the fact that certification by the Committee and actual payment to the Participant may occur in a subsequent calendar year or years.

6.05 **Other Stock-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to Participants, in lieu of salary or cash bonus, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, purchase rights, Shares awarded which are not subject to any restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the Committee in its discretion may determine. In the discretion of the Committee, such Other Stock-Based Awards, including Shares, or other types of Awards authorized under the Plan, may be used in connection with, or to satisfy obligations of the Company or a Subsidiary under, other compensation or incentive plans, programs or arrangements of the Company or any Subsidiary for eligible Participants, including without limitation the Short-Term Incentive Compensation Plan and executive contracts.

The Committee shall determine the terms and conditions of Other Stock-Based Awards. Shares or securities delivered pursuant to a purchase right granted under this Section 6.05 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the Committee shall determine, but the value of such consideration shall not be less than the Fair Market Value of such Shares or other securities on the date of grant of such purchase right. Delivery of Shares or other securities in payment of a purchase right, if authorized by the Committee, may be accomplished through the effective transfer to the Company of Shares or other securities held by a broker or other agent. Unless otherwise determined by the Committee, the Company will also cooperate with any person exercising a purchase right who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares or securities received upon exercise of a purchase right are sold through the broker or other agent, or under which the broker or other agent makes a loan to such person, for the purpose of paying the exercise price of a purchase right. Notwithstanding the preceding sentence, unless the Committee, in its discretion, shall otherwise determine, the exercise of the purchase right shall not be deemed to occur, and no Shares or other securities will be issued by the Company upon exercise of a purchase right, until the Company has received payment in full of the exercise price. Shares, securities, cash or other payments made with respect to particular Other Stock-Based Awards that may constitute deferred compensation under Section 409A of the Code may only be payable upon a permissible payment event under Section 409A of the Code and the terms and conditions of such awards shall be in compliance with such, and all related, requirements.

SECTION 7. GENERAL TERMS OF AWARDS

7.01 **Stand-Alone, Tandem and Substitute Awards.** Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, or in tandem with, any other Award granted under the Plan or any award granted under the Management Incentive Compensation Plan, or any other plan, program or arrangement of the Company or any Subsidiary (subject to the terms of Section 10.01) or any business entity acquired or to be acquired by the Company or a Subsidiary, except that an Incentive Stock Option may not be granted in tandem with other Awards or awards. Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

7.02 **Certain Restrictions Under Rule 16b-3.** Upon the effectiveness of any amendment to Rule 16b-3, this Plan and any Award Agreement for an outstanding Award held by a Participant then subject to Section 16 of the Exchange Act shall be deemed to be amended, without further action on the part of the Committee, the Board or the Participant, to the extent necessary for Awards under the Plan or such Award Agreement to qualify for the exemption provided by Rule 16b-3, as so amended, except to the extent any such amendment requires shareholder approval.

7.03 **Decisions Required to be Made by the Committee.** Other provisions of the Plan and any Award Agreement notwithstanding, if any decision regarding an Award or the exercise of any right by a Participant, at any time such Participant is subject to Section 16 of the Exchange Act, is required to be made or approved by the Committee in order that a transaction by such Participant will be exempt under Rule 16b-3, then the Committee shall retain full and exclusive power and authority to make such decision or to approve or disapprove any such decision by the Participant.

7.04 **Term of Awards.** The term of each Award shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any Incentive Stock Option exceed a period of ten years from the date of its grant.

7.05 **Form of Payment of Awards.** Subject to the terms of the Plan and any applicable Award Agreement, payments or substitutions to be made by the Company upon the grant, exercise or other payment or distribution of an Award may be made in such forms as the Committee shall determine at the time of grant or thereafter (subject to the terms of Section 10.01), including, without limitation, cash, Shares, or other property or any combination thereof, in each case in accordance with rules and procedures established, or as otherwise determined, by the Committee.

7.06 **Limits on Transfer of Awards; Beneficiaries.** No right or interest of a Participant in any Award shall be pledged, encumbered or hypothecated to or in favor of any Person other than the Company, or shall be subject to any lien, obligation or liability of such Participant to any Person other than the Company or a Subsidiary. Except to the extent otherwise determined by the Committee, no Award and no rights or interests therein shall be assignable or transferable by a Participant otherwise than by will or the laws of descent and distribution, and any Option or other right to purchase or acquire Shares granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant. A beneficiary, guardian, legal representative or other Person claiming any rights under the Plan from or through any Participant shall be subject to all the terms and conditions of the Plan and any Award Agreement applicable to such Participant as well as any additional restrictions or limitations deemed necessary or appropriate by the Committee.

7.07 **Registration and Listing Compliance.** No Award shall be paid and no Shares or other securities shall be distributed with respect to any Award in a transaction subject to the registration requirements of the Securities Act of 1933, as amended, or any state securities law or subject to a listing requirement under any listing agreement between the Company and any national securities exchange, and no Award shall confer upon any Participant rights to such payment or distribution until such laws and contractual obligations of the Company have been complied with in all material respects. Except to the extent required by the terms of an Award Agreement or another contract between the Company and the Participant, neither the grant of any Award nor anything else contained herein shall obligate the Company to take any action to comply with any requirements of any such securities laws or contractual obligations relating to the registration (or exemption therefrom) or listing of any Shares or other securities, whether or not necessary in order to permit any such payment or distribution.

7.08 **Stock Certificates.** All certificates for Shares delivered under the terms of the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Shares are listed or quoted. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions or any other restrictions or limitations that may be applicable to Shares. In addition, during any period in which Awards or Shares are subject to restrictions or limitations under the terms of the Plan or any Award Agreement, the Committee may require any Participant to enter into an agreement providing that certificates representing Shares issuable or issued pursuant to an Award shall remain in the physical custody of the Company or such other Person as the Committee may designate.

SECTION 8. ADJUSTMENT PROVISIONS

8.01 If a dividend or other distribution shall be declared upon the Common Stock payable in shares of Common Stock, the number of shares of Common Stock then subject to any outstanding Options, Performance Awards or Other Stock-Based Awards, the number of shares of Common Stock which may be issued under the Plan but are not then subject to outstanding Options, Performance Awards or Other Stock-Based Awards and the maximum number of shares as to which Options or Performance Awards may be granted and as to which shares may be awarded under Sections 6.02(vi) and 6.04(v), shall be adjusted by adding thereto the number of shares of Common Stock which would have been distributable thereon if such shares had been outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. Shares of Common Stock so distributed with respect to any Restricted Stock held in escrow shall also be held by the Company in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock on which they were distributed.

If the outstanding shares of Common Stock shall be changed into or exchangeable for a different number or kind of shares of stock or other securities of the Company or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then there shall be substituted for each share of Common Stock subject to any then outstanding Option, Performance Award or Other Stock-Based Award, and for each share of Common Stock which may be issued under the Plan but which is not then subject to any outstanding Option, Performance Award or Other Stock-Based Award, the number and kind of shares of stock or other securities (and in the case of outstanding Options, Performance Awards or Other Stock-Based Awards, the cash or other property) into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchangeable. Unless otherwise determined by the Committee in its discretion, any such stock or securities, as well as any cash or other property, into or for which any Restricted Stock held in escrow shall be changed or exchangeable in any such transaction shall also be held by the Company in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was issued or distributed.

In case of any adjustment or substitution as provided for in this Section 8.01, the aggregate option price for all Shares subject to each then outstanding Option, Performance Award or Other Stock-Based Award, prior to such adjustment or substitution shall be the aggregate option price for all shares of stock or other securities (including any fraction), cash or other property to which such Shares shall have been adjusted or which shall have been substituted for such Shares. Any new option price per share or other unit shall be carried to at least three decimal places with the last decimal place rounded upwards to the nearest whole number.

If the outstanding shares of the Common Stock shall be changed in value by reason of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash, or extraordinary distribution to shareholders of the Common Stock, (a) the Committee shall make any adjustments to any then outstanding Option, Performance Award or Other Stock-Based Award, which it determines are equitably required to prevent dilution or enlargement of the rights of optionees and awardees which would otherwise result from any such transaction, and (b) unless otherwise determined by the Committee in its discretion, any stock, securities, cash or other property distributed with respect to any Restricted Stock held in escrow or for which any Restricted Stock held in escrow shall be exchanged in any such transaction shall also be held by the Company in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was distributed or exchanged.

No adjustment or substitution provided for in this Section 8.01 shall require the Company to issue or sell a fraction of a Share or other security. Accordingly, all fractional Shares or other securities which result from any such adjustment or substitution shall be eliminated and not carried forward to any subsequent adjustment or substitution. Owners of Restricted Stock held in escrow shall be treated in the same manner as owners of Common Stock not held in escrow with respect to fractional Shares created by an adjustment or substitution of Shares, except that, unless otherwise determined by the Committee in its discretion, any cash or other property paid in lieu of a fractional Share shall be subject to restrictions similar to those applicable to the Restricted Stock exchanged therefor.

If any such adjustment or substitution provided for in this Section 7 requires the approval of shareholders in order to enable the Company to grant Incentive Stock Options, then no such adjustment or substitution shall be made without the required shareholder approval. Notwithstanding the foregoing, in the case of Incentive Stock Options, if the effect of any such adjustment or substitution would be to cause the Option to fail to continue to qualify as an Incentive Stock Option or to cause a modification, extension or renewal of such Option within the meaning of Section 424 of the Code, the Committee may elect that such adjustment or substitution not be made but rather shall use reasonable efforts to effect such other adjustment of each then outstanding Option as the Committee, in its discretion, shall deem equitable and which will not result in any disqualification, modification, extension or renewal (within the meaning of Section 424 of the Code) of such Incentive Stock Option. All adjustments shall be made in a manner compliant with Section 409A of the Code.

SECTION 9. CHANGE OF CONTROL PROVISIONS

9.01 **Acceleration of Exercisability and Lapse of Restrictions.** Unless otherwise determined by the Committee at the time of grant of an Award or unless otherwise provided in the applicable Award Agreement, if the shareholders of the Company shall approve a transaction which upon consummation would constitute a Change of Control of the Company, or if any Change of Control of the Company not subject to shareholder approval shall occur:

(i) all outstanding Awards pursuant to which the Participant may have rights, the exercise of which is restricted or limited, shall become fully exercisable;

(ii) all restrictions or limitations (including risks of forfeiture) on outstanding Awards subject to restrictions or limitations under the Plan shall lapse; and

(iii) all performance criteria and other conditions to payment of Awards under which payments of cash, Shares or other property are subject to conditions shall be deemed to be achieved or fulfilled and shall be waived by the Company; *provided further* , that such Awards identified in this subsection (iii) shall remain payable on the date(s) provided in the underlying Award Agreements.

9.02 **Termination of Employment Following Change of Control.** If within three years following the date of any Change of Control the employment of a Participant shall be terminated voluntarily or involuntarily for any reason other than for Cause, then unless otherwise provided in the applicable Award Agreement, and in addition to any other rights of post-termination exercise which the Participant (or other holder of the Award) may have under the Plan or the applicable Award Agreement, any Option or other Award granted to the Participant and outstanding on the date of the Change of Control, the payment or receipt of which is dependent upon exercise by the Participant (or other holder of the Award) shall be exercisable for a period of 90 days following the date of such termination of employment but not later than the expiration date of the Award.

9.03 **Definition of Change of Control.** For purposes of this Section 9, a "Change of Control" of the Company shall mean any of the following events:

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Common Stock and voting power immediately prior to such sale or disposition;

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board; provided, however, the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company's termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding Common Stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than sixty percent (60%) of the outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the Common Stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of Common Stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Board immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the effective date of the Plan or whose appointment, election or nomination for election was previously so approved.

SECTION 10. AMENDMENTS TO AND TERMINATION OF THE PLAN

10.01 The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of shareholders or Participants, except that, without the approval of the shareholders of the Company, no amendment, alteration, suspension, discontinuation or termination shall be made if shareholder approval is required by any federal or state law or regulation or by the rules of any stock exchange on which the Shares may then be listed, or if the amendment, alteration or other change materially increases the benefits accruing to Participants, increases the number of Shares available under the Plan or modifies the requirements for participation under the Plan, or if the Board in its discretion determines that obtaining such shareholder approval is for any reason advisable; provided, however, that except as provided in Section 7.02, without the consent of the Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him. The Committee may, consistent with the terms of the Plan, waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retrospectively; provided, however, that except as provided in Section 7.02, without the consent of a Participant, no amendment, alteration, suspension, discontinuation or termination of any Award may materially and adversely affect the rights of such Participant under any Award theretofore granted to him; and provided further that, except as provided in Section 8.01 of the Plan, the exercise price of any outstanding Option may not be reduced, whether through amendment, cancellation or replacement, unless such reduction is approved by the shareholders of the Company.

SECTION 11. GENERAL PROVISIONS

11.01 **No Right to Awards; No Shareholder Rights.** No Participant or employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants and employees, except as provided in any other compensation arrangement. No Award shall confer on any Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such Participant in connection with such Award.

11.02 **Withholding.** To the extent required by applicable Federal, state, local or foreign law, the Participant or his successor shall make arrangements satisfactory to the Company, in its discretion, for the satisfaction of any withholding tax obligations that arise in connection with an Award. The Company shall not be required to issue any Shares or make any cash or other payment under the Plan until such obligations are satisfied.

The Company is authorized to withhold from any Award granted or any payment due under the Plan, including from a distribution of Shares, amounts of withholding taxes due with respect to an Award, its exercise or any payment thereunder, and to take such other action as the Committee may deem necessary or advisable to enable the Company and Participants to satisfy obligations for the payment of such taxes. This authority shall include authority to withhold or receive Shares, Awards or other property and to make cash payments in respect thereof in satisfaction of such tax obligations.

11.03 **No Right to Employment.** Nothing contained in the Plan or any Award Agreement shall confer, and no grant of an Award shall be construed as conferring, upon any Participant any right to continue in the employ of the Company or to interfere in any way with the right of the Company to terminate his employment at any time or increase or decrease his compensation from the rate in existence at the time of granting of an Award, except as provided in any Award Agreement or other compensation arrangement.

11.04 **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company’s obligations under the Plan to deliver cash, Shares or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the “unfunded” status of the Plan unless the Committee otherwise determines.

11.05 **No Limit on Other Compensatory Arrangements.** Nothing contained in the Plan shall prevent the Company from adopting other or additional compensation arrangements (which may include, without limitation, employment agreements with executives and arrangements which relate to Awards under the Plan), and such arrangements may be either generally applicable or applicable only in specific cases. Notwithstanding anything in the Plan to the contrary, the terms of each Award shall be construed so as to be consistent with such other arrangements in effect at the time of the Award.

11.06 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

11.07 **Governing Law.** The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the Commonwealth of Pennsylvania (without regard to the conflicts of laws thereof), and applicable Federal law.

11.08 **Severability.** If any provision of the Plan or any Award is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or Award, it shall be deleted and the remainder of the Plan or Award shall remain in full force and effect; provided, however, that, unless otherwise determined by the Committee, the provision shall not be construed or deemed amended or deleted with respect to any Participant whose rights and obligations under the Plan are not subject to the law of such jurisdiction or the law deemed applicable by the Committee.

SECTION 12. EFFECTIVE DATE AND TERM OF THE PLAN

12.01 The effective date and date of adoption of the Plan was February 25, 2004, the date of adoption of the Plan by the Board, and the Plan was approved by a majority of the votes cast at a duly held meeting of shareholders held on April 14, 2004, at which a quorum representing a majority of the outstanding voting stock of the Company was, either in person or by proxy, present and voting. As amended, the effective date and date of adoption of the Plan is December 3, 2008. Absent additional shareholder approval, (1) no Performance Award may be granted under the Plan subsequent to the Company’s Annual Meeting of Shareholders in 2009, and (2) no other Award may be granted under the Plan subsequent to March 16, 2009, except that Reload Options may be granted pursuant to Reload Option Rights then outstanding.

Exhibit 10.01(h)

EQUITABLE RESOURCES, INC.
2007 SUPPLY LONG-TERM INCENTIVE PROGRAM
(as amended and restated December 3, 2008)

EQUITABLE RESOURCES, INC. (the "Company") hereby establishes this EQUITABLE RESOURCES, INC. 2007 SUPPLY LONG-TERM INCENTIVE PROGRAM (the "Program") as of this 1st day of July, 2007, as amended and restated December 3, 2008, in accordance with the terms provided herein.

WHEREAS, the Company maintains certain long-term incentive award plans including the 1999 Equitable Resources, Inc. Long-Term Incentive Plan (the "1999 Plan") for the benefit of its employees and executives, of which the Program is a subset;

WHEREAS, in order to align the interests of employees with the interests of the shareholders, customers and the strategic objectives of the Company, the Company desires to provide long-term incentive award opportunities through the Program in the form of awards qualifying as "Performance Awards" under the 1999 Plan;

NOW, THEREFORE, the Company hereby adopts the Program on the following terms and conditions:

Section 1. Incentive Program Purpose. The purpose of the Program is to provide long-term incentive award opportunities to key employees in the Company's Supply segment (the "Supply Segment" business unit) and align their interests with those of the Company's shareholders and customers and with the strategic objectives of the Company. Awards granted hereunder may be earned by achieving pre-determined absolute performance levels and by satisfying certain applicable employment requirements, and are forfeited if defined performance levels or applicable employment requirements are not achieved. By placing a portion of the employee's compensation at risk, the Company has an opportunity to reward exceptional performance or reduce the compensation opportunity when performance does not meet expectations. The Program shall be construed consistent with the provision of the 1999 Plan with respect to awards to Covered Employees, as such term is defined in the 1999 Plan, and the deductibility of such awards under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 2. Effective Date. The effective date of this Program is July 1, 2007. The Program will remain in effect until the earlier of December 31, 2010 or the closing date of a Change of Control of the Company, determined in accordance with Section 5, unless otherwise amended or terminated as provided in Section 18 ("Termination Date").

Section 3. Eligibility. The Chief Executive Officer of the Company (the "CEO") shall, in his or her sole discretion, recommend the employees of the Company who shall be eligible to participate in the Program. The CEO's selections will become participants in the Program (the "Participants") only upon approval by the Compensation Committee of the Board of Directors (the "Committee"), comprised in accordance with the requirements of the 1999 Plan. In the event that an employee is hired or promoted by the Company during any Performance Period, as defined below, the employee may become eligible to participate in the Program, subject to Committee approval, in the next succeeding Performance Period.

Section 4. Performance Incentive Share Unit Awards. Each Participant shall be allocated a number of performance incentive share units (the "Target Share Units") relative to one or more of the Performance Periods, as may be specified in the award and subject to the conditions provided herein, the value of which is determined by reference to the Company's stock. Allocations of Target Share Units shall be proposed by the CEO and approved by the Committee. The Target Share Units may be increased by as much as three times the number awarded or reduced to zero, based solely on the achievement of the Performance Condition as described in Section 5. The Committee shall have no discretion to increase the Target Share Units.

The Target Share Units shall be held in escrow by the Company subject to satisfaction of the terms and conditions described below. A Participant shall have no right to exchange the Target Share Units for cash, stock or any other benefit and shall be a mere unsecured creditor of the Company with respect to such share units and any future rights to benefits.

Section 5. Performance Condition. Subject to Section 6, the total number of Target Share Units that may be issued ("Awarded Share Units") to a Participant will be based on Supply Segment Revenues, as calculated below, (the "Performance Condition").

(a) Performance Periods. The Performance Condition shall be measured over three Performance Periods as follows:

Performance Period	Dates
#1	July 1, 2007 — December 31, 2008
#2	January 1, 2009 — December 31, 2009
#3	January 1, 2010 — December 31, 2010

(i) For purposes of this Program, Supply Segment Revenues shall be measured as the Sales Price multiplied by Total Sales Volume for each Performance Period. Sales Price shall equal $4.82 for each Performance Period.

(ii) Total Sales Volume. For purposes of this Program, Total Sales Volume for each Performance Period equals the sum of the production total sales volumes (mmcfe) reported in the applicable Form 10-Q for each quarter and, in the case of the fourth quarter of any year, the volumes calculated for the fourth quarter by reducing the annual production total sales volume reported in the Form 10-K by the quarterly production total sales volumes reported in the Forms 10-Q for the first three quarters of such year. For the avoidance of doubt, (a) Total Sales Volume is determined solely by the volumes reported, regardless of any subsequently identified prior period adjustment, (b) Total Sales Volume represents the Company's interest in gas and oil sales during the applicable period and (c) gathered volumes are not included. For each individual and the collective Performance Periods, Total Sales Volume shall be measured on a basis consistent with current practice on the date of adoption of the Program.

(iii) Allocation of Target Share Units among Performance Periods. Unless otherwise specifically allocated for a particular Performance Period or Periods, the Target Share Units for each Participant will be divided into 20%, 30% and 50% increments for the first, second and third Performance Periods, respectively.

(iv) Application of Performance Condition to Individual Performance Periods. Except as provided in Section 5(b), the Target Share Units for each Performance Period will be multiplied by the Payout Factor identified on the 2007 Supply Long-Term Incentive Program Payout Matrix (Attachment A) that corresponds to the Supply Segment Revenues, as calculated in accordance with this Program, for the relevant Performance Period. The result of the calculation is the number of Awarded Share Units for the Performance Period which may be issued to a Participant contingent upon satisfaction of the Initial and Continuing Employment Conditions set forth in Sections 6(a) and (b).

(v) Potential Three-Year Cumulative Performance Award. Participants who have participated in the Program and remained employed with the Company during each of the three Performance Periods are eligible to receive a three-year cumulative performance award, calculated in accordance with this Section 5(a)(v), subject to satisfaction of the Initial and Continuing Employment Conditions set forth in Sections 6(a) and (b). Upon completion of the third Performance Period, the cumulative Supply Segment Revenues for the three Performance Periods shall be calculated and measured against the Payout Factor identified on Attachment A for such cumulative Supply Segment Revenues. If the resulting cumulative Payout Factor is greater than or equal to each individual Performance Period Payout Factor identified in accordance with subsection (iv), above, then the Target Share Units for each Performance Period for such eligible Participants shall be adjusted to the higher amount by using the cumulative Payout Factor. In the event that any Performance Period terminates due to a Change of

Control, as provided in Section 5(b), no cumulative performance awards shall be payable pursuant to this Section 5(a)(v).

(vi) Potential Two-Year Cumulative Performance Award. Participants who have participated in the Program and remained employed during each of the second and third, but not the first, Performance Periods are eligible to receive a two-year cumulative performance award, calculated in accordance with this Section 5(a)(vi), subject to satisfaction of the Initial and Continuing Employment Conditions set forth in Sections 6(a) and (b). Upon completion of the third Performance Period, the cumulative Supply Segment Revenues for the second and third Performance Periods shall be calculated and measured against the Payout Factor identified on Attachment A for such cumulative Supply Segment Revenues. If the resulting cumulative Payout Factor is greater than or equal to each individual Performance Period Payout Factor identified for the second and third Performance Periods in accordance with subsection (iv), above, then the Target Share Units for the second and third Performance Periods for such eligible Participants shall be adjusted to the higher amount by using the cumulative Payout Factor. In the event that any Performance Period terminates due to a Change of Control, as provided in Section 5(b), no cumulative performance awards shall be payable pursuant to this Section 5(a)(vi).

(b) Change of Control. Notwithstanding Section 9 of the 1999 Plan, the performance criteria and other restrictions and conditions on any outstanding award shall not automatically lapse or be deemed to be achieved, fulfilled or waived in the event of a Change of Control, as then defined in the 1999 Plan. The Committee may, in the event of a Change of Control, cause the then-current Performance Period to terminate on the date of the Change of Control. If the Performance Period terminates, the Supply Segment Revenues shall be calculated for the number of reported calendar quarters in the Performance Period. The Supply Segment Revenue amounts identified on Exhibit A for the then-current Performance Period shall be divided by four (or six in the case of the first Performance Period) and multiplied by the number of reported calendar quarters in such Performance Period, and compared to actual Supply Segment Revenues, calculated in accordance with this Program to determine the corresponding Payout Factor. The Target Share Units for the then-current Performance Period will be multiplied by the corresponding Payout Factor. The result of this calculation will then be multiplied by a fraction, the numerator of which is the number of completed days within the then-current Performance Period and the denominator of which is the number of days in the Performance Period, to calculate the Awarded Share Units for such Performance Period that will be paid to a Participant, contingent upon satisfaction of the Initial and Continuing Employment Conditions set forth in Sections 6(a) and (b).

Section 6. Employment Conditions. Payments under the Program are expressly contingent upon satisfaction of the condition set forth in subsection 6(a) (the "Initial Employment Condition") and subsection 6(b) (the "Continuing Employment Condition"). The Initial Employment Condition and the Continuing Employment Condition are collectively referred to herein as the "Employment Conditions". Awarded Share Units calculated in accordance with Section 5 shall vest upon satisfaction of the Employment Conditions.

(a) Initial Employment Condition: Termination during or prior to commencement of a Performance Period. Target Share Units applicable to a particular Performance Period shall be forfeited if the Participant's employment is terminated for any reason during, or if the Participant is not otherwise employed by the Company throughout, the Performance Period.

(b) Continuing Employment Condition: Termination following a Performance Period.

(i) Awarded Share Units applicable to the first Performance Period shall be forfeited if the Participant's employment is terminated for any reason after the end of the first Performance Period and prior to the earlier of (x) the second anniversary of the end of the first Performance Period or (y) the early termination of the then-current Performance Period by reason of a Change of Control or otherwise, except for (i) an involuntary termination of Participant's employment by the Company for reasons other than misconduct, failure to perform or other cause, (ii) the Participant's death or (iii) the Participant's disability, as defined in Section 409A(a)(2)(C) of the Code.

(ii) Awarded Share Units applicable to the second Performance Period shall be forfeited if the Participant's employment is terminated for any reason after the end of the second Performance Period and prior to the earlier of (x) the first anniversary of the end of the second Performance Period or (y) the early termination of the then-current Performance Period by reason of a Change of Control or otherwise, except for (i) an involuntary termination of Participant's employment by the Company for reasons other than misconduct, failure to perform or other cause, (ii) the Participant's death or (iii) the Participant's disability, as defined in Section 409A(a)(2)(C) of the Code.

(iii) Awarded Share Units applicable to the third Performance Period and the cumulative Performance Periods, as set forth in Section 5(a)(v) and (vi), shall be forfeited if the Participant's employment is terminated for any reason prior to the end of the third Performance Period.

Notwithstanding the foregoing, Awarded Share Units shall be forfeited if the Participant's employment is terminated by reason of voluntary resignation prior to the date of payment. For purposes of this Program, the effective date of a Participant's termination shall be the date on which the Participant ceased to perform services as an employee of the Company, without regard to accrued vacation, severance or other benefits or the characterization thereof on the payroll records of the Company.

Section 7. Dividends . Following the end of the Performance Period and until payment therefor or forfeiture thereof, each Awarded Share Unit for such Performance Period, as calculated in accordance with Section 5, will be cumulatively credited with dividends that are paid on the Company's common stock in the form of additional share units. These additional share units shall be deemed to have been purchased on the last business day of the month in which the record date for the dividend occurs using the closing stock price for the Company as reported in *The Wall Street Journal* and shall be subject to all the same conditions and restrictions as provided in this Program applicable to the underlying Awarded Share Units.

Section 8. Payment . Subject to Sections 5 and 6, Awarded Share Units shall be payable within two and one-half months following the end of the year in which the Awarded Share Units have vested and are no longer subject to a substantial risk of forfeiture; *provided, however* , in the event that any such amounts are conditioned upon a separation from service and not compensation the Participant could receive without separating from service, then no such payments may be made to a Participant who is a "specified employee" under Section 409A of the Code until the first day following the six-month anniversary of the Participant's separation from service.

Such Awarded Share Units will be distributed in cash, the amount of which shall be calculated based upon each Awarded Share Unit being equal in value to a corresponding share of Company stock as determined under the 1999 Plan as of the date on which the final Performance Period ends, or in any case if such day is not a business day, the next succeeding business day.

Payments under the Program are expressly contingent upon achievement of the Performance Condition and may not exceed the value calculated in accordance with the terms hereof. The maximum amount payable to any one Participant under the Program in any one calendar year shall be the amount set forth and as calculated in the 1999 Plan, as approved by shareholders of the Company.

Section 9. Responsibilities of the Committee . The Committee has responsibility for all aspects of the Program's administration, including:

- Determining and certifying in writing the extent to which the Performance Condition and other conditions have been achieved prior to any payments under the Program,
- Ensuring that the Program is administered in accordance with its provisions,

- Approving Program Participants,
- Interpreting and administering the Program and any instrument or agreement relating to, or award made under, the Program,
- Authorizing Target Share Unit awards to Participants,
- Ruling on any disagreement between Program Participants, the Company, and any other interested parties to the Program,
- Adopting, amending, suspending, waiving and rescinding such rules and regulations as deemed necessary or advisable to administer the Program,
- Making decisions and determinations as required under the Program or as deemed necessary or advisable for administration of the Program,
- Prescribing the form of any award agreement, which need not be identical for each Participant, and
- Maintaining final authority to modify or terminate the Program at any time.

The interpretation and construction by the Committee of any provisions of the Program or of any Target Share Units or Awarded Share Units shall be final. All conditions of the Target Share Units must be approved by the Committee. As early as practicable prior to or during the Performance Period, the Committee shall approve the number of Target Share Units to be awarded to each Participant. The associated terms and conditions of the Program will be communicated to Participants as close as possible to the date an award is made. The Participant will sign and return a participant agreement to the Chief Human Resources Officer or his or her designee.

Section 10. Tax Consequences to Participants. It is intended that: (i) until the Performance Condition and applicable Employment Conditions are satisfied and payment is made, a Participant's right to an award under this Program shall be considered to be subject to a substantial risk of forfeiture in accordance with those terms as defined or referenced in Sections 83(a), 409A and 3121(v)(2) of the Code; (ii) the Awarded Share Units shall be subject to employment taxes only upon the satisfaction of the Performance Condition and applicable Employment Conditions; and (iii) until the Awarded Share Units are actually paid to the Participant, the Participants shall have merely an unfunded, unsecured promise to be paid the benefit, and such unfunded promise shall not consist of a transfer of "property" within the meaning of Code Section 83. It is further intended that, because a Participant cannot actually or constructively receive the Target or Awarded Share Units prior to payment, the Participant will not be in actual or constructive receipt of the Target or Awarded Share Units within the meaning of Code Section 451 until they are actually paid.

Section 11. Nonassignment. A Participant shall not be permitted to assign, alienate or otherwise transfer his or her Target or Awarded Share Units and any attempt to do so shall be void.

Section 12. Impact on Benefit Plans. Payments under the Program shall not be considered as earnings for purposes of the Company's qualified retirement plans or any such retirement or benefit plan unless specifically provided for and defined under such plans. Nothing herein shall prevent the Company from maintaining additional compensation plans and arrangements, provided however that no payments shall be made under such plans and arrangements if the effect thereof would be the payment of compensation otherwise payable under this Program regardless of whether the Performance Condition was attained.

Section 13. Successors; Changes in Stock. The obligation of the Company under the Program shall be binding upon the successors and assigns of the Company. If a dividend or other distribution shall be declared upon the Company's common stock payable in shares of Company common stock, the Target and Awarded Share Units shall be adjusted by adding thereto the number of shares of Company common stock which would have been distributable thereon if such Target and Awarded Share Units had been actual Company shares and outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. In the event of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash, or extraordinary distribution to shareholders of the Company's common stock, the Target and Awarded Share Units shall be appropriately adjusted to prevent dilution or enlargement of the rights of Participants which would otherwise result from any such transaction, provided such adjustment shall be consistent with Code Section 162(m).

In the case of a Change of Control, any obligation under the Program shall be handled in accordance with the terms of Section 5 (b) hereof. In any case in which the Company's common stock is changed into or becomes exchangeable for a different number or kind of shares of stock or other securities of the Company or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then there shall be substituted for each performance incentive share units constituting an award, units representing the number and kind of shares of stock or other securities (or cash or other property) into which each outstanding share of the Company's common stock shall be so changed or for which each such share shall be exchangeable (and substituting the Federal one-year Treasury Bill interest rate for dividends in the case of units represented by cash or property). In the case of any such adjustment, the Target and Awarded Share Units shall remain subject to the terms of the Program.

Section 14. Dispute Resolution. The Participant may make a claim to the Committee with regard to a payment of benefits provided herein. If the Committee receives a claim in writing, the Committee must advise the Participant of its decision on the claim in writing in a reasonable period of time after receipt of the claim (not to exceed 120 days). The notice shall set forth the following information:

(a) The specific basis for its decision,

(b) Specific reference to pertinent Program provisions on which the decision is based,

(c) A description of any additional material or information necessary for the Participant to perfect a claim and an explanation of why such material or information is necessary, and

(d) An explanation of the Program's claim review procedure.

Section 15. Applicable Law. This Program shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to its conflict of law provisions.

Section 16. Severability. In the event that any one or more of the provisions of this Program shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 17. Headings. The descriptive headings of the Sections of this Program are inserted for convenience of reference only and shall not constitute a part of this Program.

Section 18. Amendment or Termination of this Program. This Program may be amended, suspended or terminated by the Company at any time upon approval by the Committee without liability therefor, including without limitation any potential liability for potential cumulative performance awards described in Section 5(a)(v) and (vi) hereof; provided, however, the Committee may not amend, suspend or terminate the Program with respect to the then-current Performance Period except within the first 30 days of such Performance Period and no amendment, suspension or termination shall adversely affect a Participant's rights to his or her award for prior Performance Periods, subject to satisfaction of the applicable Employment Conditions set forth in Section 6. Notwithstanding the foregoing, the Company may amend this Program from time to time without any Participant's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Participants. Upon termination of the Program, all Target Share Units shall automatically be forfeited and terminate without further action required of the Company. Amendment, suspension or termination must be approved by the Committee .

* * *

Exhibit 10.01(i)

EQUITABLE RESOURCES

225 North Shore Drive, 6 th Floor
Pittsburgh, PA 15212-5861

Phone: 412.553.5700

September , 2007

«FirstName» «MiddleIni» «LastName»
«Address1»
«City» , «State» «ZipCode»

Dear «Nickname»:

Pursuant to the terms and conditions of the Company's 1999 Long-Term Incentive Plan (the "Plan") and the 2007 Supply Long-Term Incentive Program (the "Program"), on August 15, 2007, the Compensation Committee of the Board of Directors of Equitable Resources, Inc. (the "Committee") granted you **«NumberUnits» Target Share Units** (the "Award"), the value of which is determined by reference to the Company's common stock. The terms and conditions of the Award, including, without limitation, vesting, allocation of Target Share Units among Performance Periods (as defined in the Program) and distribution, shall be governed by the provisions of the Program document attached hereto as Exhibit A.

Johanna G. O'Loughlin
For the Compensation Committee

The undersigned hereby acknowledges receipt of this award granted on the date shown above, the terms of which are subject to the terms and conditions of the Program as referenced above. The undersigned further acknowledges receipt of a copy of the Program document and agrees to be bound by all the provisions hereof and thereof.

Signature: ____________________ Date: ____________________
«FirstName» «MiddleIni» «LastName»

Exhibit 10.01(l)

EQUITABLE RESOURCES, INC.
2009 SHAREHOLDER VALUE PLAN

EQUITABLE RESOURCES, INC. (the “Company”) hereby establishes this EQUITABLE RESOURCES, INC. 2009 SHAREHOLDER VALUE PLAN (the “Plan”) as of this 23rd day of December, 2008, in accordance with the terms provided herein.

WHEREAS, the Company maintains certain long-term incentive award plans including the 1999 Equitable Resources, Inc. Long-Term Incentive Plan (the “1999 Plan”) for the benefit of its employees and executives, of which this Plan is a subset; and

WHEREAS, in order to further align the interests of executives with the interests of the shareholders, the Company desires to provide incentive benefits through this Plan, in the form of awards qualifying as “Other Stock-Based Awards” under Section 6.05 of the 1999 Plan.

NOW, THEREFORE, the Company hereby provides for incentive benefits for certain executive employees of the Company and adopts the terms of the Plan on the following terms and conditions:

Section 1. Purpose. The main purpose of the Plan is to provide incentive opportunities to key executives to further align their interests with those of the Company’s shareholders and with the strategic objectives of the Company. Awards granted hereunder may be earned by achieving relative performance levels against a pre-determined peer group and other absolute and relative performance levels, and are forfeited if defined performance levels are not achieved. By placing a portion of the executive’s compensation at risk, the Company has an opportunity to reward exceptional performance or reduce the compensation opportunity when performance does not meet expectations. As a subset of the 1999 Plan, this Plan is subject to and shall be governed by the terms and conditions of the 1999 Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the 1999 Plan. The Share Units granted under this Plan are intended to be “Other Stock-Based Awards” under Section 6.05 of the 1999 Plan, are not intended to meet the performance-based compensation exemption from Section 162(m) of the Code, and therefore are not subject to the conditions and limits of 6.04 of the 1999 Plan.

Section 2. Effective Date . The effective date of this Plan is January 1, 2009. The Plan will remain in effect until the earlier of December 31, 2009 or the closing date of a Change of Control event defined in Section 5 unless otherwise amended or terminated as provided in Section 17 (“Termination Date”).

Section 3. Eligibility. The Chief Executive Officer of the Company (the “CEO”) shall, in his or her sole discretion, select the employees of the Company who shall be eligible to participate in the Plan, up to a maximum of 35 employees. The CEO’s selections will become participants in the Plan (the “Participants”) only upon approval by the Compensation Committee of the Board of Directors (the “Committee”). In the event that an employee is hired by the Company during the Performance Period, as defined below, the CEO shall, in his or her sole discretion, determine whether the employee will be eligible to participate in the Plan, provided that the Committee must approve all new participants to the Plan.

Section 4. Performance Incentive Share Unit Awards. Awards under the Plan are designated in the form of performance incentive share units (the “Share Units”), which are awards to be settled in cash, the amount per unit of which is determined by reference to one share of the Company’s common stock. Upon being selected to participate in the Plan, each Participant shall be awarded a number of Share Units, which award shall be proposed by the CEO and approved by the Committee. The maximum number of Share Units that may be awarded under the Plan is 1,000,000, subject to adjustment as provided in Section 12.

The Share Units shall be held in book entry form by the Company until settled in cash as described herein. Share Units do not represent actual shares of stock. A Participant shall have no right to exchange the Share Units for cash, stock or any other benefit and shall be a mere unsecured creditor of the Company with respect to such Share Units and any future rights to benefits.

Section 5. Performance Condition. Subject to Section 7, the amount to be distributed to a Participant will be based on (i) the Company’s total shareholder return relative to the peer group’s (Attachment A) total shareholder return for the period described in (a) below, and (ii) the Company’s average absolute return on total capital during the Performance Period (collectively, the “Performance Condition”), for the Performance Period of January 1, 2005 to the close of business at 5:00 p.m., Eastern Standard Time, on the Termination Date (the “Performance Period”).

(a) Total Shareholder Return . For purposes of this Plan, total shareholder return will be calculated as follows:

Step 1

The "Beginning Point" for the Company and each company in the peer group is defined as one share of common stock with a value equal to the average closing stock price as reported in the Nationally Recognized Reporting Service for the ten (10) business day period ending on and including February 23, 2005, for each company. All references in this Plan to the "Nationally Recognized Reporting Service" shall be references to either the print or electronic version of a nationally recognized publication that reports the daily closing stock price of New York Stock Exchange listed companies.

Step 2

Dividends paid for each company from the beginning of the Performance Period will be cumulatively added to the Beginning Point as additional shares of such company's common stock. The closing price on the last business day of the month in which the record date for the dividend occurs will be used as the basis for determining the number of shares to be added. The resulting total number of shares accumulated during the Performance Period is referred to as the Total Shares Held at Ending Point.

Step 3

Except as provided in the following sentence, the "Ending Point" is defined as Total Shares Held at Ending Point for each company times the average closing stock price as reported in Nationally Recognized Reporting Service for the last ten (10) business days of the Performance Period for that company. In the event of a change of control (as then defined in the 1999 Plan) of the Company (a "Change of Control"), the Ending Point for each company in the peer group shall be the Total Shares Held at Ending Point for that company times the average of the closing price of such company's common stock as reported in Nationally Recognized Reporting Service for the ten (10) business days preceding the closing of the Change of Control transaction.

Step 4

Total Shareholder Return ("TSR") will be expressed as a percentage and is calculated by dividing the Ending Point by the Beginning Point and then subtracting 1 from the result. Each company including the Company will be ranked in descending order by the TSR so calculated.

If the common stock of any company in the peer group ceases to be publicly traded during the Performance Period, such company shall be assigned a TSR value of negative 100% for purposes of the Plan.

(b) Average Absolute Return on Total Capital ("ROTC") . For purposes of this Plan, average absolute return on total capital will be calculated for each completed calendar quarter within the Performance Period as follows:

Net Income After Tax + (Interest x (1 - Effective Tax Rate)), with such sum divided by (Debt + Preferr ed Stock + Book Equity - Cash).

The annualized average of those amounts, calculated by dividing the sum of the quarterly ROTC values by the number of whole completed quarters in the Performance Period and multiplying by four (4), shall equal the average absolute return on total capital for the Performance Period.

The above amounts shall be calculated as reported on the Company's financial statements. The Committee may base such calculation on unaudited financial statements provided that the methodology for determining each financial component used in the calculation of Average Absolute ROTC is the same as that which would be used in the preparation of the Company's audited financial statements.

In the event of a Change of Control or other Termination Date occurring after the end of a calendar quarter, the immediately preceding calendar quarter shall be the final quarter considered for purposes of the above calculation.

(c) Application of Performance Condition . A Participant's Performance Adjusted Unit Value shall be calculated by dividing (i) the product of (A) the sum of such Participant's Adjusted Share Units and Dividend Units (calculated as described below and, if appropriate, modified as described in Section 12) multiplied by (B) the payout factor identified on the payout matrix (Attachment B) that corresponds to (X) the Company's relative TSR ranking on the payout matrix for the period specified herein combined with (Y) the Company's average absolute return on total capital performance on the payout matrix for the Performance Period multiplied by (C) the closing price of the Company's common stock at the end of the Performance Period or, in the case of a Change of Control, the average of the closing price of the Company's common stock for the ten (10) business days preceding the Change of Control transaction, in each case as reported in the Nationally Recognized Reporting Service by (ii) such Participant's Adjusted Share Units. Solely for the purpose of calculating the Performance Adjusted Unit Value, Share Units will be cumulatively credited with cash dividends that are paid on the Company's common stock on or after January 1, 2005 in the form of additional units and such units shall be referred to as the "Dividend Units". These Dividend Units shall be deemed to have been purchased on the last business day of the month in which the record date for the dividend occurs, using the closing stock price for the Company as reported in the Nationally Recognized Reporting Service.

Payments under the Plan are expressly contingent upon achievement of the Performance Condition.

Section 6. Issuance and Distribution. Subject to Section 7, each Participant will be paid an amount (the "Awarded Value") equal to such Participant's number of Adjusted Share Units multiplied by the excess, if any, of (a) the Performance Adjusted Unit Value over (b) the "Threshold Unit Value" approved by the Compensation Committee and, if appropriate, modified as described in Section 12. Except as provided in the remainder of this Section 6, the Awarded Value will be distributed in cash no later than Friday, March 13, 2010. Subject to Section 7, in the event of a Change of Control, the Awarded Value will be distributed in cash on the closing date of the transaction. Notwithstanding the foregoing, to the extent required under Section 409A of the Code or the regulations thereunder, no distributions may be made earlier than the time permitted under such regulations to any affected Participant.

Section 7. Change of Status; Overall Limit. In making decisions regarding employees' participation in the Plan and the extent to which awards are payable in the case of an employee who terminates employment during the Performance Period, the Committee may consider any factors that it may consider relevant. The following guidelines are provided as general information about the effect of employee status changes prior to payment.

(a) Retirement and Resignation. Adjusted Share Units are forfeited.

(b) Death and Disability. Participants who die or become Disabled, as defined below, before the end of the Performance Period, will retain their Adjusted Share Units for the Performance Period, contingent upon achievement of the Performance Condition set forth in Section 5, as follows, and any remainder shall be forfeited:

Date of Death or Disability	**Percent Retained**
Prior to April 1, 2009	0%
April 1, 2009 – June 30, 2009	50%
July 1, 2009 – September 30, 2009	75%
October 1, 2009 and thereafter	100%

"Disabled" means a Participant is "disabled" as defined in Section 409A(a)(2)(C) of the Code.

(c) Termination. Adjusted Share Units are forfeited and no award shall be paid to any employee whose services are terminated prior to the payment of Adjusted Share Units for reasons of misconduct, failure to perform, or other cause. If the termination is due to reasons such as reorganization, and not due to the fault of the employee, the employee will retain his or her Adjusted Share Units for the Performance Period, contingent upon achievement of the Performance Condition set forth in Section 5, as follows, and the remainder shall be forfeited:

Termination Date	**Percent Retained**
Prior to July 1, 2009	0%
July 1, 2009 – September 30, 2009	25%
October 1, 2009 – December 30, 2009	50%
December 31, 2009 and thereafter	100%

Section 8. Responsibilities of the Committee. The Committee has responsibility for all aspects of the Plan's administration, including:

- Determining and certifying in writing the extent to which the Performance Condition has been achieved prior to any payments under the Plan,
- Ensuring that the Plan is administered in accordance with its provisions,
- Approving Plan Participants,
- Authorizing Share Unit awards to Participants,
- Adjusting Performance Adjusted Unit Value to account for extraordinary events,
- Ruling on any disagreement between Plan Participants, Company management, Plan administrators, and any other interested parties to the Plan, and

- Maintaining final authority to modify or terminate the Plan at any time.

The interpretation and construction by the Committee of any provisions of the Plan or of any Adjusted Share Units shall be final. No member of the Committee shall be liable for any action or determination made in good faith on the Plan or any Share Units thereunder. The Committee may designate another party to administer the Plan, including Company management or an outside party. All conditions of the Share Units must be approved by the Committee. The Committee shall approve the number of Share Units to be awarded to each Participant. The associated terms and conditions of the Plan will be communicated to Participants as close as possible to the date an award is made. The Participants will sign and return a participant agreement to the Committee.

Section 9. Tax Consequences to Participants. It is intended that: (i) until the Performance Condition is satisfied, a Participant's right to payment for an award under this Plan shall be considered to be subject to a substantial risk of forfeiture in accordance with those terms as defined or referenced in Sections 83(a), 409A and 3121(v)(2) of the Code; (ii) the Awarded Value shall be subject to employment taxes only upon the satisfaction of the Performance Condition; and (iii) until the Awarded Value is actually paid to the Participant, the Participants shall have merely an unfunded, unsecured promise to be paid the benefit, and such unfunded promise shall not consist of a transfer of "property" within the meaning of Code Section 83. The payment of awards under this Plan is not intended to meet the performance-based compensation exemption from Section 162(m) of the Code.

Section 10. Nonassignment. A Participant shall not be permitted to assign, alienate or otherwise transfer his or her Adjusted Share Units and any attempt to do so shall be void.

Section 11. Impact on Benefit Plans. Payments under the Plan shall not be considered as earnings for purposes of the Company's qualified retirement plans or any such retirement or benefit plan unless specifically provided for and defined under such plans. Nothing herein shall prevent the Company from maintaining additional compensation plans and arrangements, provided however that no payments shall be made under such plans and arrangements if the effect thereof would be the payment of compensation otherwise payable under this Plan regardless of whether the Performance Condition was attained.

Section 12. Successors; Changes in Stock. The obligation of the Company under the Plan shall be binding upon the successors and assigns of the Company. If a dividend or other distribution shall be declared upon the Company's common stock payable in shares of Company common stock, each Participant's Share Units and Dividend Units and the Threshold Unit Value shall be adjusted by adding thereto the number of shares of Company common stock that would have been distributable thereon if such units had been actual Company shares and outstanding on the date fixed for determining the shareholders entitled to receive such stock dividend or distribution. In the event of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash or Company common stock, or extraordinary distribution to shareholders of the Company's common stock, each Participant's Share Units and Dividend Units and the Threshold Unit Value shall be appropriately adjusted to prevent dilution or enlargement of the rights of Participants which would otherwise result from any such transaction, provided such adjustment shall be consistent with Section 409A of the Code. A Participant's Share Units as adjusted by this Section 12 shall be such Participant's "Adjusted Share Units".

In the case of a Change of Control, any obligation under the Plan shall be handled in accordance with the terms of Section 6 hereof. In any case not constituting a Change of Control in which the Company's common stock is changed into or becomes exchangeable for a different number or kind of shares of stock or other securities of the Company or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then (i) the Performance Adjusted Unit Value shall be calculated based on the closing price of such common stock on the closing date of the transaction on the principal market on which such common stock is traded, (ii) there shall be substituted for each Adjusted Share Unit constituting an award, the number and kind of shares of stock or other securities (or cash or other property) into which each outstanding share of the Company's common stock shall be so changed or for which each such share shall be exchangeable, and (iii) the Threshold Unit Value shall be appropriately and equitably adjusted; provided that any such adjustment shall be consistent with Section 409A of the Code. In the case of any such adjustment, the Share Units shall remain subject to the terms of the Plan.

Section 13. Dispute Resolution. The Participant may make a claim to the Committee with regard to a payment of benefits provided herein. If the Committee receives a claim in writing, the Committee must advise the Participant of its decision on the claim in writing in a reasonable period of time after receipt of the claim (not to exceed 120 days). The notice shall set forth the following information:

(a) The specific basis for its decision,

(b) Specific reference to pertinent Plan provisions on which the decision is based,

(c) A description of any additional material or information necessary for the Participant to perfect a claim and an explanation of why such material or information is necessary, and

(d) An explanation of the Plan's claim review procedure.

Section 14. Applicable Law. This Plan shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to its conflict of law provisions.

Section 15. Severability. In the event that any one or more of the provisions of this Plan shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 16. Headings. The descriptive headings of the Sections of this Plan are inserted for convenience of reference only and shall not constitute a part of this Plan.

Section 17. Amendment or Termination of this Plan. This Plan may be amended, suspended or terminated by the Company at any time upon approval by the Committee and following a determination that the Plan is no longer meaningful in relation to the Company's strategy. Any suspension or termination shall automatically cause a Termination Date effective as of the date of the Committee's approval. Notwithstanding the foregoing, (i) no amendment, suspension or termination shall adversely affect a Participant's rights to his or her award after the date of the award, provided however that to the extent an award is determined with respect to a Termination Date, including a Termination Date pursuant to the preceding sentence, Participants' rights to awards are deemed not to be adversely affected thereby, and the Company may amend this Plan from time to time without any participant's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to participants, (ii) no amendment may alter the time of payment as provided in Section 6 of the Plan, and (iii) no amendment may be made following a Change of Control.

Exhibit 10.01(m)

«Date»

«FirstName» «MiddleIni» «LastName»
«Address1»
«City» , «State» «ZipCode»

Dear «Nickname»:

Pursuant to the terms and conditions of the Company's 1999 Long-Term Incentive Plan (the "Plan") and the 2009 Shareholder Value Plan (the "Program"), on December 23, 2008, the Compensation Committee of the Board of Directors of Equitable Resources, Inc. (the "Committee") granted you **«NumberUnits» Share Units** (the "Award"), the value of which is determined by reference to the Company's common stock. The terms and conditions of the Award, including, without limitation, vesting and distribution, shall be governed by the provisions of the Program document attached hereto as Exhibit A, provided that the Award is also subject to the terms and limits included within the Plan.

____
Kimberly L. Sachse
For the Compensation Committee

The undersigned hereby acknowledges receipt of this award granted on the date shown above, the terms of which are subject to the terms and conditions referenced above, and receipt of a copy of the Program document, and agrees to be bound by all the provisions hereof and thereof.

Signature: ______________________________ Date: ______________________________
«FirstName» «MiddleIni» «LastName»

Exhibit 10.02(a)

1999 EQUITABLE RESOURCES, INC.
NON-EMPLOYEE DIRECTORS' STOCK INCENTIVE PLAN
(As amended and restated December 3, 2008)

SECTION 1 PURPOSE

1.01 The purpose of the 1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan (the "Plan") is to assist the Company in attracting and retaining the services of non-employee directors who exhibit a high degree of business responsibility, personal integrity and professionalism.

SECTION 2 DEFINITIONS; CONSTRUCTION

2.01 Definitions. In addition to the terms defined elsewhere in the Plan, the following terms as used in the Plan shall have the following meanings when used with initial capital letters:

2.01.1 "Award" means any Option or Other Stock-Based Award granted under the Plan.

2.01.2 "Award Agreement" means any written agreement, contract or other instrument or document evidencing an Award.

2.01.3 "Board" means the Company's Board of Directors.

2.01.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. References to particular sections of the Code shall include any successor provisions.

2.01.5 "Change of Control" has the meaning provided in Section 9.03.

2.01.6 "Committee" means the Compensation Committee or such other Committee of the Board as may be designated by the Board to administer the Plan, as referred to in Section 3.01 hereof; provided however, that any member of the Committee participating in the taking of any action under the Plan shall qualify as a "non-employee director" as then defined under Rule 16b-3.

2.01.7 "Common Stock" means shares of the common stock, without par value, and such other securities of the Company as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.8 "Disability" means that a Participant is disabled within the meaning of Section 422(c)(6) of the Code.

2.01.9 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.01.10 "Fair Market Value" of shares of any stock, including but not limited to Common Stock, or units of any other securities (herein "shares"), shall be the closing price for the date as of which Fair Market Value is to be determined in the principal market in which such shares are traded, as quoted in The Wall Street Journal (or in such other reliable publication as the Committee, in its discretion, may determine to rely upon). If the Fair Market Value of shares on any date cannot be determined on the basis set forth in the preceding sentence, or if a determination is required as to the Fair Market Value on any date of property other than shares, the Committee shall in good faith determine the Fair Market Value of such shares or other property on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

2.01.11 "Option" means a right granted under Section 6.02 hereof to purchase Shares at a specified price during specified time periods as provided in Section 6.02. Each Option shall be a nonstatutory stock option, which is an Option not intended to meet the requirements of Section 422 of the Code.

2.01.12 "Other Stock-Based Award" means an Award, granted under Section 6.04 hereof, that is denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.

2.01.13 "Participant" means at any time any person who is a member of the Board, but who is not at the time a full-time employee of the Company or any Subsidiary nor has been a full-time employee during the preceding 12-month period. The term "Participant" does not include advisory, emeritus or honorary directors.

2.01.14 "Reload Option Rights" and "Reload Option" have the meanings provided in Section 6.02.2(v).

2.01.15 "Retirement" means that a Participant ceases to be a member of the Board for any reason on or after reaching the age of fifty-eight (58) years with at least sixty (60) months of service as a director. Service shall include the time a director was an employee director.

2.01.16 "Rule 16b-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor to such Rule promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

2.01.17 "Shares" means the common stock of the Company, without par value, and such other securities of the Company as may be substituted for Shares pursuant to Section 8.01 hereof.

2.01.18 "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the chain owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.02 Construction. For purposes of the Plan, the following rules of construction shall apply:

2.02.1 The word “or” is disjunctive but not necessarily exclusive.

2.02.2 Words in the singular include the plural; words in the plural include the singular; words in the neuter gender include the masculine and feminine genders, and words in the masculine or feminine gender include the other and neuter genders.

SECTION 3 ADMINISTRATION

3.01 The Plan shall be administered by the Committee. The Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(i) to interpret and administer the Plan and any instrument or agreement relating to, or Award granted under, the Plan;

(ii) to adopt, amend, suspend, waive and rescind such rules and regulations as the Committee may deem necessary or advisable to administer the Plan;

(iii) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, any Award Agreement or other instrument entered into or Award granted under the Plan;

(iv) to determine the type or types of Other Stock-Based Awards to be granted to each Participant;

(v) to determine the number of Other Stock-Based Awards to be granted, the number of Shares or amount of cash or other property to which an Other Stock-Based Award will relate, the terms and conditions of any other Stock-Based Award (including, but not limited to, any exercise price, grant price or purchase price, any limitation or restriction, any schedule for lapse of limitations, forfeiture restrictions or restrictions on exercisability or transferability, and accelerations or waivers thereof, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Other Stock-Based Award;

(vi) to determine whether, to what extent and under what circumstances an Other Stock-Based Award may be settled in, or the exercise price of an Other Stock-Based Award may be paid in cash, Shares, other Awards or other property, or an Other Stock-Based Award may be vested, canceled, forfeited, exchanged or surrendered;

(vii) to determine whether, to what extent and under what circumstances cash, Shares, other Awards, other property and other amounts payable with respect to an Other Stock-Based Award shall be deferred, whether automatically or at the election of the Committee or at the election of the Participant;

(viii) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(ix) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan; and

(x) to make such filings and take such actions as may be required from time to time by appropriate state, regulatory and governmental agencies.

Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all Persons, including the Company, Participants, any Person claiming any rights under the Plan from or through any Participant and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company the authority, subject to such terms as the Committee shall determine, to perform administrative functions under the Plan. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him by any officer, manager or other employee of the Company, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan. Any and all powers, authorizations and discretions granted by the Plan to the Committee shall likewise be exercisable at any time by the Board.

SECTION 4 SHARES SUBJECT TO THE PLAN

4.01 The maximum net number of Shares which may be issued and in respect of which Awards may be granted under the Plan shall be limited to 1,200,000 shares of Common Stock, subject to adjustment as provided in Section 8.01.

For purposes of this Section 4.01, the number of Shares to which an Award relates shall be counted against the number of Shares available under the Plan at the time of grant of the Award, unless such number of shares cannot be determined at that time, in which case the number of Shares actually distributed pursuant to the Award shall be counted against the number of Shares available under the Plan at the time of distribution; provided, however, that Awards related to or retroactively added to, or granted in tandem with, substituted for or converted into, other Awards shall be counted or not counted against the number of Shares reserved and available under the Plan in accordance with procedures adopted by the Committee so as to ensure appropriate counting but avoid double counting.

If any Shares to which an Award relates are forfeited, or payment is made to the Participant in the form of cash, cash equivalents or other property other than Shares, or the Award otherwise terminates without payment being made to the Participant in the form of Shares, any Shares counted against the number of Shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture, alternative payment or termination, again be available for Awards under the Plan. If the exercise price of an Award is paid by delivering to the Company Shares previously owned by the Participant, the Shares covered by the Award equal to the number of Shares so delivered shall again be available for Awards under the Plan. Any Shares distributed pursuant to an Award may consist, in whole or part, of authorized and unissued Shares or of treasury Shares, including Shares repurchased by the Company for purposes of the Plan.

SECTION 5 ELIGIBILITY

5.01 Awards shall be granted only to Participants as defined in Section 2.01.13.

SECTION 6 SPECIFIC TERMS OF AWARDS

6.01 General . Subject to the terms of the Plan and any applicable Award Agreement, Awards may be granted as set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to the terms of Section 10.01), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine. Except as required by applicable law, Awards may be granted for no consideration other than prior and/or future services.

6.02 Automatic Option Grants .

6.02.1 Annual Option Grants . Subject to Section 12.01 hereof, on the first day of June (or if not a day on which the New York Stock Exchange is open for trading, then on the first such trading day thereafter) in each year during the term of the Plan, each Person who is then a Participant shall automatically be granted an Option for 500 Shares.

6.02.2 Terms of Options . The Options granted under Section 6.02.1 shall be granted to Participants on the following terms and conditions:

(i) Exercise Price . The exercise price per Share of an Option shall be 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) Option Term . The term of each Option shall be five (5) years from the date of grant, provided however, that the Option shall expire upon the Participant’s termination of service as a director of the Company for any reason other than Retirement, Disability or death.

(iii) Exercisability . The Option shall become exercisable upon the expiration of three years from the date of grant or, if earlier, upon the Participant’s termination of service as a director of the Company by reason of Retirement, Disability or death.

(iv) Methods of Exercise . The exercise price of any Option may be paid in cash or Shares, or any combination thereof, having a Fair Market Value on the date of exercise equal to the exercise price, provided, however, that (1) any portion of the exercise price representing a fraction of a Share shall in any event be paid in cash and (2) no Shares which have been held for less than six months may be delivered in payment of the exercise price of an Option. Delivery of Shares in payment of the exercise price of an Option may be accomplished through the effective transfer to the Company of Shares held by a broker or other agent. The Company will also cooperate with any person exercising an Option who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares received upon exercise of the Option are sold through the broker or other agent, for the purpose of paying the exercise price of an Option. Notwithstanding the preceding sentence, the exercise of the Option shall not be deemed to occur, and no Shares will be issued by the Company upon exercise of an Option, until the Company has received payment in full of the exercise price.

(v) Reload Option Rights. Options granted under this Section 6.02 shall have Reload Option Rights which shall entitle the holder of the Option, upon exercise of the Option or any portion thereof through delivery of previously owned Shares, to automatically be granted on the date of such exercise a new nonstatutory stock option (a “Reload Option”) (1) for a number of Shares equal to the number of full Shares delivered in payment of the option price of the original Option, (2) having an option price equal to 100% of the Fair Market Value per Share of the Common Stock on such date of grant, (3) becoming exercisable six months from such date of grant, (4) having the same expiration date as the original Option so exercised and (5) having the same other terms and conditions as apply to an Option granted under Section 6.02.1. Subject to the preceding sentence and the other provisions of the Plan, Reload Option Rights and Reload Options shall have such additional terms and be subject to such additional restrictions and conditions, if any, as shall be determined, in its discretion, by the Committee. The Committee may, in its discretion, provide in an Award Agreement for such limitations on the number or frequency of exercises of Reload Option Rights, or the minimum numbers of Shares for which such rights may be exercised, as the Committee may deem advisable for the efficient administration of the Plan. Reload Option Rights granted under this Section 6.02 shall entitle the holder of an Option to be granted a Reload Option only if the underlying Option to which they relate is exercised during service as a director of the Company of the original grantee of the underlying Option. Except as otherwise specifically provided herein or required by the context, the term Option as used in this Plan shall include Reload Options granted under this paragraph.

6.02.3 Allocation of Shares. If on any date on which Options would otherwise be granted under this Section 6.02 the number of Shares remaining available under Section 4.01 is not sufficient for each Participant otherwise entitled to the grant of an Option to be granted an Option for the full number of Shares provided in this Section 6.02, then each such Participant shall automatically be granted an Option for the number of whole Shares (if any) equal to (a) the number of Shares then remaining available under the Plan, multiplied by (b) a fraction of which (1) the numerator is the number of Shares for which such Participant would otherwise be granted an Option on such date and (2) the denominator is the number of Shares for which all Participants would otherwise be granted Options on such date, with any fractional shares being disregarded.

6.03 Nature of Automatic Award Grants; Award Agreements. The grant of the Awards provided for in Section 6.02 shall be automatic and not subject to the discretion of the Committee or any other Person; provided that the Committee may suspend the automatic award grants prior to the grant of an Option under Section 6.02 and grant Other Stock-Based Awards to Participants. In addition, the Committee may condition the right of a Participant to be granted any such Award upon the execution and delivery by the Participant of an Award Agreement setting forth the terms and conditions of the Award as provided herein and such other terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee in its discretion may determine.

6.04 Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, stock options or purchase rights having terms and conditions similar to or different from Options granted under 6.02, Shares awarded subject to restrictions, Shares awarded which are not subject to any restrictions or conditions, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the Committee in its discretion may determine. In the discretion of the Committee, such Other Stock-Based Awards, including Shares, or other types of Awards authorized under the Plan, may be used in connection with, or to satisfy obligations of the Company under, other compensation or incentive plans, programs or arrangements of the Company for eligible Participants; provided, however, that no Awards constituting deferred compensation under this Plan may be substituted for or in respect of amounts payable under other plans, programs or arrangements.

The Committee shall determine the terms and conditions of other Stock-Based Awards. Except as provided in this Section 6.04, Shares or securities delivered pursuant to a stock option or other purchase right granted under this Section 6.04 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the Committee shall determine, but the value of such consideration shall not be less than the Fair Market Value of such Shares or other securities on the date of grant of such purchase right. Delivery of Shares or other securities in payment of a purchase right, if authorized by the Committee, may be accomplished through the effective transfer to the Company of Shares or other securities held by a broker or other agent. Unless otherwise determined by the Committee, the Company will also cooperate with any person exercising a purchase right who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares or securities received upon exercise of a purchase right are sold through the broker or other agent, or under which the broker or other agent makes a loan to such person, for the purpose of paying the exercise price of a purchase right. Notwithstanding the preceding sentence, unless the Committee, in its discretion, shall otherwise determine, the exercise of the purchase right shall not be deemed to occur, and no Shares or other securities will be issued by the Company upon exercise of a purchase right, until the Company has received payment in full of the exercise price.

Shares, securities, cash or other payments made with respect to an Other Stock-Based Award that constitutes deferred compensation under Section 409A of the Code may only be payable upon a permissible payment event under Section 409A and the terms and conditions of such Award shall be in compliance with such, and all related, requirements.

Awards granted under this Section 6.04 may, in the discretion of the Committee, be granted either alone or in addition to, or in tandem with any other Award under the Plan or any award under any other plan, program or arrangement of the Company (subject to the terms of Section 10.01) or any business entity acquired or to be acquired by the Company or a Subsidiary.

6.05 Exchange Provisions. The Committee may at any time offer to exchange or buy out any previously granted Award for a payment in cash, Shares, another Award or other property, based on such terms and conditions as the Committee shall determine and communicate to the Participant at the time that such offer is made.

SECTION 7 GENERAL TERMS OF AWARDS

7.01 Certain Restrictions Under Rule 16b-3. Upon the effectiveness of any amendment to Rule 16b-3, this Plan and any Award Agreement for an outstanding Award held by a Participant then subject to Section 16 of the Exchange Act shall be deemed to be amended, without further action on the part of the Committee, the Board or the Participant, to the extent necessary for Awards under the Plan or such Award Agreement to qualify for the exemption provided by Rule 16b-3, as so amended, except to the extent any such amendment requires shareholder approval.

7.02 Decisions Required to be Made by the Committee. Other provisions of the Plan and any Award Agreement notwithstanding, if any decision regarding an Award or the exercise of any right by a Participant, at any time such Participant is subject to Section 16 of the Exchange Act, is required to be made or approved by the Committee in order that a transaction by such Participant will be exempt under Rule 16b-3, then the Committee shall retain full and exclusive power and authority to make such decision or to approve or disapprove any such decision by the Participant.

7.03 Limits on Transfer of Awards; Beneficiaries. No right or interest of a Participant in any Award shall be pledged, encumbered or hypothecated to or in favor of any Person other than the Company, or shall be subject to any lien, obligation or liability of such Participant to any Person other than the Company or a Subsidiary. Except to the extent otherwise determined by the Committee, no Award and no rights or interests therein shall be assignable or transferable by a Participant otherwise than by will or the laws of descent and distribution, and any Option or other right to purchase or acquire Shares granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant. A beneficiary, guardian, legal representative or other Person claiming any rights under the Plan from or through any Participant shall be subject to all the terms and conditions of the Plan and any Award Agreement applicable to such Participant as well as any additional restrictions or limitations deemed necessary or appropriate by the Committee.

7.04 Registration and Listing Compliance. No Award shall be paid and no Shares shall be distributed with respect to any Award in a transaction subject to the registration requirements of the Securities Act of 1933, as amended, or any state securities law or subject to a listing requirement under any listing agreement between the Company and any national securities exchange, and no Award shall confer upon any Participant rights to such payment or distribution until such laws and contractual obligations of the Company have been complied with in all material respects. Neither the grant of any Award nor anything else contained herein shall obligate the Company to take any action to comply with any requirements of any such securities laws or contractual obligations relating to the registration (or exemption therefrom) or listing of any Shares or other securities, whether or not necessary in order to permit any such delivery or distribution.

7.05 Stock Certificates. All certificates for Shares delivered under the terms of the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Shares are listed or quoted. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions or any other restrictions or limitations that may be applicable to Shares.

SECTION 8 ADJUSTMENT PROVISIONS

8.01 In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of Participants' rights under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of Shares which may thereafter be issued in connection with Awards; (ii) the number and kind of Shares issued or issuable in respect of outstanding Awards; and (iii) the exercise price, grant price or purchase price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award; provided, however, no acceleration of payment of any deferred compensation amounts may occur.

SECTION 9 CHANGE OF CONTROL PROVISIONS

9.01 Acceleration of Exercisability and Lapse of Restrictions . Unless otherwise determined by the Committee at the time of grant of an Award or unless otherwise provided in the applicable Award Agreement, if the shareholders of the Company shall approve a transaction which upon consummation would constitute a Change of Control of the Company, or if any Change of Control of the Company not subject to shareholder approval shall occur:

(i) all outstanding Awards pursuant to which the Participant may have rights, the exercise of which is restricted or limited, shall become fully exercisable; and

(ii) all restrictions or limitations (including risks of forfeiture and deferrals) on outstanding Awards subject to restrictions or limitations under the Plan shall lapse.

(iii) all conditions to payment of Awards under which payments of cash, Shares or other property are subject to conditions shall be deemed to be achieved or fulfilled and shall be waived by the Company; *provided further* , that such Awards identified in this subsection (iii) shall remain payable on the date(s) provided in the underlying Award Agreements.

9.02 Termination of Service Following Change of Control . If within three years following the date of any Change of Control the service of a Participant as a director of the Company shall be terminated voluntarily or involuntarily for any reason, then unless otherwise provided in the applicable Award Agreement, and in addition to any other rights of post-termination exercise which the Participant (or other holder of the Award) may have under the Plan or the applicable Award Agreement, any Option or other Award granted to the Participant and outstanding on the date of the Change of Control, the payment or receipt of which is dependent upon exercise by the Participant (or other holder of the Award) shall be exercisable for a period of 90 days following the date of such termination of service but not later than the expiration date of the Award.

9.03 Definition of Change of Control . For purposes of this Section 9, a "Change of Control" of the Company shall mean any of the following events:

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Common Stock and voting power immediately prior to such sale or disposition;

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board; provided, however, the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company's termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding Common Stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than sixty percent (60%) of the outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the Common Stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of Common Stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Board immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the effective date of the Plan or whose appointment, election or nomination for election was previously so approved.

SECTION 10 AMENDMENTS TO AND TERMINATION OF THE PLAN

10.01 The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of shareholders or Participants, except that, without the approval of the shareholders of the Company, no amendment, alteration, suspension, discontinuation or termination shall be made if shareholder approval is required by any federal or state law or regulation or by the rules of any stock exchange on which the Shares may then be listed, or if the Board determines that obtaining such shareholder approval is for any reason advisable; provided, however, that except as provided in Section 7.01, without the consent of the Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him.

10.02 Notwithstanding any of the provision of this Plan to the contrary, except as provided in Section 8.01 of the Plan, the exercise price of any outstanding Option or the exercise price or minimum purchase price of any Other Stock-Based Award may not be reduced, whether through amendment, cancellation or replacement, unless such reduction is approved by the shareholders of the Company.

SECTION 11 GENERAL PROVISIONS

11.01 No Shareholder Rights . No Award shall confer on any Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such Participant in connection with such Award.

11.02 No Right to Directorship . Nothing contained in the Plan or any Award Agreement shall confer, and no grant of an Award shall be construed as conferring, upon any Participant any right to continue as a director of the Company or interfere in any way with the rights of the shareholders of the Company or the Board to elect and remove directors.

11.03 Unfunded Status of Awards; Creation of Trusts . The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any Shares not yet issued or payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines.

11.04 No Unit on Other Compensatory Arrangements . Nothing contained in the Plan shall prevent the Company from adopting other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases. To the extent consistent with the Plan, the terms of each Award shall be construed so as to be consistent with such other arrangements in effect at the time the Award is granted.

11.05 No Fractional Shares . No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

11.06 Governing Law . The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the Commonwealth of Pennsylvania (without regard to the conflicts of laws thereof), and applicable federal law.

11.07 Severability . If any provision of the Plan or any Award is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or Award, it shall be deleted and the remainder of the Plan or Award shall remain in full force and effect; provided, however, that, unless otherwise determined by the Committee, the provision shall not be construed or deemed amended or deleted with respect to any Participant whose rights and obligations under the Plan are not subject to the law of such jurisdiction or the law deemed applicable by the Committee.

SECTION 12 EFFECTIVE DATE AND TERM OF THE PLAN

12.01 The effective date and date of adoption of the Plan is March 17, 1999, the date of adoption of the Plan by the Board, and the Plan was approved by a majority of the votes cast at a duly held meeting of shareholders held on May 26, 1999, at which a quorum representing a majority of the outstanding voting stock of the Company was, either in person or by proxy, present and voting. As amended and restated, the Plan is effective December 3, 2008.

Exhibit 10.03

EQUITABLE RESOURCES, INC.
EXECUTIVE SHORT-TERM INCENTIVE PLAN

(as amended and restated December 3, 2008)

Section 1. Incentive Plan Purposes. The main purposes of the Equitable Resources, Inc. (the "Company") Executive Short-Term Incentive Plan (the "Plan") are to maintain a competitive level of total cash compensation and to align the interests of the Company's executive employees with those of the Company's shareholders, customers and with the strategic objectives of the Company. By placing a portion of executive employee compensation at risk, the Company can reward performance based on the overall performance of the Company.

Section 2. Effective Date. The original effective date of this Plan is January 1, 2001. The Plan was amended and restated subject to shareholder approval on December 7, 2005 and amended and restated December 3, 2008 to reflect final regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan will remain in effect from year to year (each calendar year shall be referred to herein as a "Plan Year") until formally amended or terminated in writing by the Company's Board of Directors or the Compensation Committee of the Board of Directors ("Committee") and as provided in Section 13 or the occurrence of a Change of Control as provided in Section 11.

Section 3. Eligibility.

(a) All executive officers of the Company shall be eligible to participate in the Plan; provided, however, that no employee who participates in the Company's annual Short-Term Incentive Plan shall be eligible to participate in the Plan.

(b) The Committee may designate any other employee for participation in the Plan in its complete and sole discretion. Eligible employees who are designated to participate in the Plan for any Plan Year will be notified in writing of their participation and given a Plan document for their reference.

Section 4. Administration of the Plan. The Plan shall be administered by the Committee, which shall be comprised solely of two or more outside directors within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder. On an annual basis, the Committee shall designate the participants and determine the Performance Goals, as defined in Section 5 of the Plan, and the Incentive Targets, as defined in Section 6 of the Plan. Prior to payment of any Incentive Awards, as defined in Section 6 of the Plan, the Committee shall certify in writing that the Performance Goals and other material terms were satisfied, which writing may include meeting minutes of the Committee. The Committee shall also review and approve any proposed amendments to the Plan throughout the Plan Year.

Section 5. Performance Goals.

(a) Each participant shall have specific performance goals (the "Performance Goals") determined for his or her position for the subject Plan Year. These Performance Goals will support the approved business plan of the Company, affiliate or business unit, as applicable, and be based upon the specific performance measures established by the Committee for the Plan Year.

(b) A copy of each participant's Performance Goals shall be determined in writing, and kept on file by the Committee and with the appropriate business segment Human Resources Department, not later than 90 days after the commencement of the Plan Year to which they relate; provided that in no event will Performance Goals be established after 25 percent of the Plan Year has elapsed or when the outcome of such Performance Goals is no longer substantially uncertain.

(c) The Performance Goals determined by the Committee will be based upon one or more of the following objective performance measures and expressed in either, or a combination of, absolute or relative values: earnings per share, earnings per share growth, net income, revenue growth, revenues, expenses, return on equity, return on total capital, return on assets, earnings (including EBITDA and EBIT), cash flow, share price, economic value added, gross margin, operating income, or total shareholder return. The Performance Goals may be based either on the performance of the Company, a subsidiary or subsidiaries, any branch, department, business unit, or other portion thereof under such measure for the Plan Year and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Company performance or other comparative measure selected by the Committee at the time of making an Incentive Award.

(d) When the Performance Goals are determined by the Committee, the Committee shall specify the manner in which the Performance Goals shall be calculated and may also determine that unusual items or certain specified events or occurrences, including changes in accounting standards or tax laws, shall be excluded from the calculation of the Performance Goal.

Section 6. Incentive Targets and Awards.

(a) Incentive compensation targets ("Incentive Targets") shall be determined by the Committee and expressed as a percentage of the participants' base salary in effect at the time the Performance Goal is established. The Incentive Targets shall be based upon the level of achievement of the Performance Goals, and shall be determined in writing by the Committee at the commencement of each Plan Year.

(b) Incentive awards ("Incentive Awards") may be earned by participants during a Plan Year; provided, however, that payment of any Incentive Award under the Plan to a participant (i) shall be contingent upon the attainment of the Performance Goals established by the Committee for the Plan Year and (ii) may not exceed the participant's Incentive Target established for the actual level of achievement attained.

(c) The Committee shall have no discretion to increase any Incentive Target or Incentive Award payable that would otherwise be due upon attainment of the Performance Goals, but the Committee may in its discretion reduce or eliminate such Incentive Target or Incentive Award; provided, however, that the exercise of such negative discretion shall not be permitted to result in any increase in the amount of any Incentive Target or Incentive Award payable to any other participant.

(d) The maximum Incentive Award payable to any participant for any Plan Year is $5,000,000.

(e) Except as provided in Section 7 of the Plan, Incentive Awards shall be paid in cash within 2½ months of the end of a Plan Year in which the right to payment is no longer subject to a substantial risk of forfeiture; provided, further, that the Committee has determined and certified in writing the extent to which the Performance Goals have been attained and the Incentive Awards have been earned.

Section 7. Form of Payment. The Committee may, in its discretion, determine to satisfy, in whole or in part, an obligation for any Incentive Award by issuing, in substitution for a cash payment, shares of Company common stock having a value equal to the cash payment, under and pursuant to the terms of the Company's 1999 Long-Term Incentive Plan, or any successor or substitute plan, in the case of a participant who at the time of payment has not met the stock ownership requirements set by the Committee.

Section 8. Impact on Benefit Plans. Payments under the Plan shall not be considered as earnings for purposes of the Company's qualified retirement plans or any such retirement or benefit plan unless specifically provided for and defined under such plans.

Section 9. Tax Consequences. It is intended that nothing in this Plan shall change the tax consequences of the Plan under Federal or State law and specifically shall not cause the participants in the Plan to be taxed currently under the Constructive Receipt or Economic Benefit Doctrines and as expressed in Sections 451 and 83 of the Code or any amounts to be considered as deferred compensation under Section 409A of the Code. The terms, requirements and limitations of this Plan shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

Section 10. Change of Status. In making decisions regarding employees' participation in the Plan, the Committee may consider any factors that they may consider relevant. The following guidelines are provided as general information regarding employee status changes:

(a) New Hire, Transfer, Promotion. A newly hired employee qualifying for participation will participate in the Plan Year following the year in which they are hired, unless otherwise specified in their employment offer. An employee who is promoted or transferred during the first 90 day period of the Plan Year to a position qualifying for participation *may* be recommended for a pro rata Incentive Award under the Plan based on the level of participation in his or her previous program and the percentage of the Plan Year the employee is in the participating position. This includes employees who leave positions that qualify for incentive payments in other Company business segments. These potential payments shall be considered when determining the employee's Incentive Target and Incentive Award under this Plan; provided, however, that no amounts of deferred compensation under other plans and arrangements may be substituted for or in respect of amounts payable under the Plan.

(b) Demotion. No Incentive Award shall be paid to an employee who has been demoted during the Plan Year because of performance. If the demotion is due to an organizational change, a pro rata Incentive Award *may* be made, provided the employee otherwise qualifies for payment of an Incentive Award.

(c) Termination. No Incentive Award shall be paid to any employee whose services are terminated during the Plan Year for reasons of misconduct, failure to perform, or other cause. If the termination is due to reasons such as reorganization, and not due to the fault of the employee, the employee *may* be considered for a pro rata Incentive Award, provided the employee otherwise qualifies for payment of an Incentive Award.

(d) Resignation. No Incentive Award shall be paid to an employee who resigns for any reason before Incentive Awards are paid; provided, however, if the employee has voluntarily terminated his or her employment with the Company's consent a pro rata Incentive Award *may* be made, provided the employee otherwise qualifies for payment of an Incentive Award.

(e) Death and Disability. An employee whose status as an active employee is changed during the Plan Year for any reason other than the reasons cited above, including termination for death or disability, *may* be considered for a pro rata Incentive Award, provided the employee otherwise qualifies for payment of an Incentive Award. In the event that an Incentive Award is paid on behalf of an employee who has terminated employment by reason of death, any such payments or other amounts due shall be paid to the employee's estate.

Nothing in the Plan or in any Incentive Target or Incentive Award shall confer any right on any employee to continue in the employ of the Company, its affiliates or any business unit. In the event any payments are made under the guidelines provided in this Section 10, the timing of such payments shall be in accordance with the provisions of Section 6(e); provided, however, if the participant is a "specified employee" under Section 409A of the Code at the time of his or her separation from service and the amounts are conditioned upon a separation from service and not compensation the participant could receive without separating from service, then payment may not be made until the first day following the six-month anniversary of the participant's separation from service.

Section 11. Change of Control. In the event of a Change of Control of the Company, as then defined under the Company's 1999 Long-Term Incentive Plan, or its successor, the Plan Year shall end on the date of the Change of Control, the Performance Goals shall be deemed to have been achieved for the pro-rata portion of the calendar year that elapsed through the date of the Change of Control, at target levels or, if, actual performance is greater, at actual levels. In such event, any Incentive Awards earned shall be paid to participants on such pro-rata basis in accordance with the provisions of Section 6(e), but subject to the Committee's overall discretion as provided in Section 6(c).

Section 12. Dispute Resolution. The following is the exclusive procedure to be followed by all participants in resolving disputes arising from payments made under this Plan. All disputes relative to a given Plan Year must be presented to the Committee within thirty (30) days following the payment date of the Incentive Award for that Plan Year, or the participant's right to dispute a payment will be irrevocably waived. The employee with the concern will be given an opportunity to present his or her issues to the Committee. A decision will be rendered by the Committee within ten (10) business days of the meeting. The Chairperson of the Committee will be responsible for preparing a written version of the decision. The decision by the Committee regarding the matter is final and binding on all Plan participants.

Section 13. Amendment or Termination of this Plan. The Company's Board of Directors and the Committee shall each have the right to amend or terminate the Plan at any time, provided, however, that the material terms of the Performance Goals, including any amendments to the class of employees eligible to receive compensation pursuant to, or participate in, the Plan, the criteria upon which the Performance Goals are based or the maximum amount of compensation payable to any employee hereunder, may not be amended without shareholder approval. No employee or participant shall have any vested right, interest or entitlement to any Incentive Award hereunder prior to its payment. The Company shall notify affected employees in writing of any amendment or Plan termination.

Exhibit 10.05

Equitable Resources, Inc.

2006 PAYROLL DEDUCTION

AND

CONTRIBUTION PROGRAM

(as amended and restated December 3, 2008)

EQUITABLE RESOURCES, INC.
2006 PAYROLL DEDUCTION AND CONTRIBUTION PROGRAM

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ARTICLE I

1.1 Statement of Purpose

This is the Equitable Resources, Inc. 2006 Payroll Deduction and Contribution Program (the "Program") made in the form of this Program and in related payroll deduction authorization forms between the Employer and certain management or highly compensated employees. The purpose of the Program is to provide a select group of management and highly compensated employees of the Employer with the ability to deposit portions of their compensation payable for services rendered to the Employer in a Personal Retirement Annuity. It is intended that the Program will assist in attracting and retaining qualified individuals to serve as officers and managers of the Employer.

ARTICLE II

DEFINITIONS

When used in this Program and initially capitalized, the following words and phrases shall have the meanings indicated:

2.1 Base Salary.

"Base Salary" means a Participant's base earnings paid by the Employer to a Participant without regard to any increases or decreases in base earnings as a result of an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 125 or 401 (k) of the Code.

2.2 Code.

"Code" means the Internal Revenue Code of 1986, as amended.

2.3 Committee.

"Committee" has the meaning set forth in Section 6.1.

2.4 Company.

"Company" means Equitable Resources, Inc. and any successor thereto.

2.5 Company Benefit.

"Company Benefit" means the benefit payable to the Personal Retirement Annuity on behalf of the Participant pursuant to Section 4.2.

2.6 Compensation.

"Compensation" means the Base Salary payable with respect to an Eligible Employee for each Program Year in excess of the salary taken into account for purposes of determining a Participant's deferrals under the Equitable 401(k) Plan, as hereinafter defined.

2.7 Contribution Amount.

"Contribution Amount" means the amount contributed to the Personal Retirement Annuity by a Participant under Section 4.1.

2.8 Eligible Employee.

"Eligible Employee" means a highly compensated or management employee of the Employer who is designated by the Committee, by name or group or description, in accordance with Section 3.1, as eligible to participate in the Program.

2.9 Employer.

"Employer" means, with respect to a Participant, the Company or the Selected Affiliate which pays such Participant's Compensation.

2.10 Participant.

"Participant" means any Eligible Employee who elects to participate by filing a Payroll Deduction Authorization.

2.11 Payroll Deduction Authorization.

"Payroll Deduction Authorization" means the written authorization made by a Participant to permit the Employer to deduct amounts from the Participant's Compensation and contribute such amounts to the Personal Retirement Annuity on the Participant's behalf.

2.12 Personal Retirement Annuity.

"Personal Retirement Annuity" means the annuity described in Section 5.1.

2.13 Program Year.

"Program Year" means each twelve-month period commencing January 1 and ending December 31, except that the first Program Year shall commence on August 14, 2006 and end on December 31, 2006.

2.14 Program.

"Program" means the Equitable Resources, Inc. 2006 Payroll Deduction and Contribution Program, as amended from time to time.

2.15 Selected Affiliate.

"Selected Affiliate" means (1) any company in an unbroken chain of companies beginning with the Company if each of the companies other than the last company in the chain owns or controls, directly or indirectly, stock possessing not less than 50 percent of the total combined voting power of all classes of stock in one of the other companies, or (2) any partnership or joint venture in which one or more of such companies is a partner or venturer, each of which shall be selected by the Committee.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 Eligibility.

Eligibility to participate in the Program is limited to Eligible Employees. From time to time, and subject to Section 3.4, the Committee shall prepare, and attach to the Program as Exhibit A, a complete list of the Eligible Employees, by individual name or by reference to an identifiable group of persons or by descriptions of individuals which would qualify as individuals who are eligible to participate, and all of whom shall be a select group of management or highly compensated employees.

3.2 Participation.

Participation in the Program shall be limited to Eligible Employees who elect to participate in the Program by filing a Payroll Deduction Authorization with the Committee. An Eligible Employee shall commence participation in the Program upon the first day of each Program Year, following the receipt of his or her Payroll Deduction Authorization by the Committee in the preceding calendar year or within 30 days of first becoming eligible to participate in the Program, if such date occurs after the commencement of the Program Year; provided further that, for the first Program Year the Participant may file his or her Payroll Deduction Authorization within thirty days after commencement of the first Program Year. Unless and until terminated, Payroll Deduction Authorizations will remain effective from year to year.

3.3 Change in Participation Status.

A Participant may terminate his or her participation in the Program at any time during a Program Year.

3.4 Ineligible Participant

Notwithstanding any other provisions of this Program to the contrary, if the Committee determines that any Participant may not qualify as a member of a select group of “management or highly compensated employee” within the meaning of the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”) or regulations thereunder, the Committee may determine, in its sole discretion, that such Participant shall cease to be eligible to participate in this Program.

ARTICLE IV

CONTRIBUTIONS AND COMPANY BENEFITS

4.1 Contribution Amounts.

With respect to each Program Year, a Participant may elect a payroll deduction of a specified percentage of his or her Compensation as provided in Exhibit B by filing a Payroll Deduction Authorization prior to the commencement of the Program Year or, in the case of the first Program Year or the first year in which a Participant becomes eligible to participate after commencement of the Program Year, within 30 days after the commencement of the first Program Year or initial eligibility, as the case may be. A Participant may change the percentage of his or her Compensation to be deducted at any time during a Program Year.

4.2 Company Benefit.

The Employer shall provide a Company Benefit under this Program with respect to each Participant who is eligible to be allocated matching contributions and/or performance contributions (also known as “retirement contributions”) under the Equitable Resources, Inc. Employee Savings Plan, originally adopted September 1, 1985, as amended (“Equitable 401(k) Plan”). The total Company Benefit under this Program on behalf of a Participant for a Program Year shall be equal to the matching and performance contributions which would be credited to the Participant under the Equitable 401(k) Plan based upon the Participant’s Contribution Amount, absent the limitations of Sections 402(g), 401 (a)(17), and 415 of the Code. Except as expressly provided herein, which express provisions include the time and form of payment applicable to Contribution Amounts and Company Benefits, the terms and conditions of any Company Benefit provided under this Program shall be the same as provided in the Equitable 401(k) Plan.

4.3 Contribution Amounts and Company Benefit Amounts.

(a) Contribution Amounts . Participant’s Contribution Amounts shall be contributed by the Employer to the Participant’s Personal Retirement Annuity on an after-tax basis in accordance with the Employer’s normal payroll practices. To the extent that the Employer is required to withhold any taxes or other amounts from Participants’ Contribution Amounts pursuant to any state, federal or local law, such amounts shall be withheld from the Participants’ Contribution Amounts.

(b) Company Benefits . The Company Benefit under the Program for each Participant shall be contributed by the Employer to the Participant’s Personal Retirement Annuity on an after-tax basis on the last business day of each calendar month, provided that the Participant is employed by the Employer or selected Affiliated on such date and has not terminated his or her participation in the Plan; provided, further, that in no event shall any Company Benefit be contributed to the Participant’s Personal Retirement Annuity later than 2½ months following the year in which the Participant received a vested right to such amounts and such amounts were no longer subject to a substantial risk of forfeiture, within the meaning of Section 409A of the Code. If a Participant ceases to be employed by the Company prior to the last business day of a month or has terminated his or her participation in the Plan prior to such day, the Company Benefit for such month shall be forfeited without any further action required by the Company.

ARTICLE V

PERSONAL RETIREMENT ANNUITIES

5.1 General.

The Personal Retirement Annuity to which Contribution Amounts and Company Benefits will be contributed is listed on Exhibit C , hereto, and may be changed by the Committee in its discretion, on a prospective basis, from time to time.

5.2 Terms of Personal Retirement Annuity.

The terms of the Personal Retirement Annuity, which is owned by the Participant, shall be as provided solely by the sponsor of such annuity, including the investment returns and elections, payment and withdrawal provisions and statements of account. The election of investments within a Personal Retirement Annuity shall be the sole responsibility of each Participant. The Company, the Employer, their employees and Committee members are not authorized to make any recommendation to any Participant with respect to such election. Each Participant assumes all risk connected with any adjustment to the value of his or her Personal Retirement Annuity. Neither the Committee, the Company, nor the Employer in any way guarantees against loss or depreciation.

ARTICLE VI

ADMINISTRATION

6.1 Committee.

The administrative committee for the Program (the “Committee”) shall be the Benefits Administration Committee of the Company. The Committee shall have (i) complete discretion to supervise the administration and operation of the Program, (ii) complete discretion to adopt rules and procedures governing the Program from time to time, and (iii) sole authority to give interpretive rulings with respect to the Program.

6.2 Agents.

The Committee may appoint an individual, who may be an employee of the Company, to be the Committee’s agent with respect to the day-to-day administration of the Program. In addition, the Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

6.3 Binding Effect of Decisions.

Any decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Program shall be final and binding upon all persons having any interest in the Program.

6.4 Indemnification of Committee.

The Company shall indemnify and hold harmless the members of the Committee and the Benefits Investment Committee and their duly appointed agents under Section 6.2 against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Program, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee or Benefits Investment Committee.

ARTICLE VII

AMENDMENT AND TERMINATION OF PROGRAM

7.1 Amendment.

The Company, on behalf of itself and of each Selected Affiliate may at any time amend, suspend or reinstate any or all of the provisions of the Program, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Personal Retirement Annuity as it existed as of the day before the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent. Written notice of any amendment or other action with respect to the Program shall be given to each Participant.

7.2 Termination.

The Company, on behalf of itself and of each Selected Affiliate, in its sole discretion, may terminate this Program at any time and for any reason whatsoever. A termination of the Program shall not adversely affect any Participant's Personal Retirement Annuity as it existed on the day before such termination, without the Participant's prior written consent.

ARTICLE VIII

MISCELLANEOUS

8.1 Funding.

Participants and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Employer or the Company. The Employer's and the Company's obligation under the Program to deposit Contribution Amounts and Company Benefits to a Participant's Personal Retirement Annuity shall be merely that of an unfunded and unsecured promise. To the extent that any Participant or other person acquires a right to receive payments under the Program, such right shall be no greater than the right, and each Participant shall at all times have the status, of a general unsecured creditor of the Company or any Employer.

8.2 Nonassignability.

No right or interest under the Program of a Participant (or any person claiming through or under him or her) shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant. If any Participant shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then the Committee, in its discretion, may terminate his or her interest in any such benefit to the extent the Committee considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be effected by filing a written “termination declaration” with the Clerk of the Company and making reasonable efforts to deliver a copy to the Participant whose interest is adversely affected (the “Terminated Participant”).

8.3 No Acceleration of Benefits; No Deferred Compensation.

This Program is not intended to provide for the deferral of compensation and there shall be no acceleration of the time or schedule of any payments or contributions under the Program.

8.4 Captions.

The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

8.5 Governing Law.

The provisions of the Program shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws provisions.

8.6 Successors.

The provisions of the Program shall bind and inure to the benefit of the Company, the Employer, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or an Employer and successors of any such Company or other business entity.

8.7 No Right to Continued Service.

Nothing contained herein shall be construed to confer upon any Eligible Employee the right to continue to serve as an Eligible Employee of an Employer or in any other capacity.

8.8 Benefit Claims.

(a) **Initial Claims** . To make a claim for a benefit, a Participant may file a written request for such benefit with the Committee, setting forth the claim. The Committee shall reply to the claim within 90 days of its receipt (but may extend such time up to an additional 90 days for reasonable cause).

(b) **Denied Claims** . If the Committee denies a claim, the Committee shall send the Participant a denial notice setting forth the specific reasons for such denial; references to pertinent provisions of this Plan; a description of any additional material or information necessary to perfect the claim and an explanation why such material or such information is necessary; information as to the steps to be taken to submit the claim for review and the applicable time limit for requesting a review; and a statement of the Participant's right to bring an action under Section 502 of ERISA upon the denial of the appeal of a previously denied claim.

(c) **Appealing a Claim** . The Participant or the Participant's authorized representative may make a written request within 60 days of the denial to the Committee to review the denial. The Participant may review the pertinent documents and submit issues and comment in writing for consideration by the Committee. If the Participant does not request a review of the initial determination within such 60-day period, he or she will be barred from challenging the determination. Within 60 days after the Committee's receipt of the Participant's request for review, the Participant will receive notice of the Committee's decision. If the claim is denied, the notice will contain the specific reasons for the decision; specific references to the pertinent provisions of this Plan upon which the decision is based; and a statement of the Participant's right to bring an action under Section 502 of ERISA. If special circumstances require that the 60-day time period be extended, the Committee will notify the Participant and will render the decision as soon as possible, but no later than 120 days after receipt of the request for review.

Exhibit 10.07

Equitable Resources, Inc.
2005 DIRECTORS' DEFERRED COMPENSATION PLAN
(amended and restated December 3, 2008)

ARTICLE I

1.1 Purpose of Plan.

This Equitable Resources, Inc. 2005 Directors' Deferred Compensation Plan (the " **2005 Plan** ") hereby is created to provide an opportunity for the members of the Board of Directors of Equitable Resources, Inc. (the " **Board** ") to defer payment of all or a portion of the fees to which they are entitled as compensation for their services as members of the Board. The 2005 Plan also shall administer the payment of stock units and phantom stock awarded pursuant to the 1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan (the " **NEDSIP** ").

ARTICLE II

DEFINITIONS

When used in this 2005 Plan and initially capitalized, the following words and phrases shall have the meanings indicated:

2.1 **"Account"** means the total of a Participant's Deferral Account and Phantom Stock Account under the 2005 Plan.

2.2 **"Beneficiary"** means the person or persons designated or deemed to be designated by the Participant pursuant to Section 7.1 of the 2005 Plan to receive benefits payable under the 2005 Plan in the event of the Participant's death.

2.3 **"Change in Control"** means any of the following events:

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Company common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board of Directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company common stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Company common stock and voting power immediately prior to such sale or disposition.

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board; provided, however, the following shall not constitute a Change in Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company's termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than sixty percent (60%) of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the common stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company , or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of common stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Board immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the effective date of the Plan or whose appointment, election or nomination for election was previously so approved.

2.4 **"Code"** means the Internal Revenue Code of 1986, as amended.

2.5 **"Committee"** means the Compensation Committee of the Board.

2.6 **"Company"** means Equitable Resources, Inc. and any successor thereto.

2.7 **"Deferral Account"** means the recordkeeping account established on the books and records of the Company to record a Participant's deferral amounts under Section 5.1 of the 2005 Plan, plus or minus any investment gain or loss allocable thereto under Section 5.4 of the 2005 Plan.

2.8 **"Directors' Fees"** means the fees that are paid by the Company to members of the Board as compensation for services performed by them as members of the Board.

2.9 **"Enrollment Form"** means the agreement to participate and related elections filed by a Participant pursuant to Section 5.1 of the 2005 Plan, in the form prescribed by the Committee, directing the Company to reduce the amount of Directors' Fees otherwise currently payable to the Participant and credit such amount to the Participant's Deferral Account hereunder.

2.10 **"Hardship Withdrawal"** shall have the meaning set forth in Section 6.3 of the 2005 Plan.

2.11 **"Investment Options"** means the investment options described in Exhibit A to the 2005 Plan into which a Participant may direct all or part of his or her Deferral Account.

2.12 **"Investment Return Rate"** means:

(a) In the case of an Investment Option named in Exhibit A of a fixed income nature, the interest deemed to be credited as determined in accordance with the procedures applicable to the same investment option provided under the Equitable Resources, Inc. Employee Savings Plan, originally adopted September 1, 1985, as amended (**"Equitable 401(k) Plan"**);

(b) In the case of a Investment Option named in Exhibit A of an equity investment nature, the increase or decrease in deemed value and any dividends deemed to be credited as determined in accordance with the procedures applicable to the same investment option provided under the Equitable 401(k) Plan; or

(c) In the case of the Equitable Resources Common Stock Fund, the increase or decrease in the deemed value, and the reinvestment in the Equitable Resources Common Stock Fund of any dividends deemed to be credited, as determined in accordance with the procedures applicable to investments in the Equitable Resources Common Stock Fund under the Equitable 401(k) Plan.

2.13 **"Irrevocable Trust"** means a grantor trust that **may** be established prior to the occurrence of a Change in Control of the Company to assist the Company in fulfilling its obligations under this 2005 Plan but which **shall** be established by the Company in the event of a Change in Control of the Company. All amounts held in such Irrevocable Trust shall remain subject to the claims of the general creditors of the Company and Participants in this 2005 Plan shall have no greater rights to any amounts held in any such Irrevocable Trust than any other unsecured general creditor of the Company.

2.14 **"Participant"** means any non-employee member of the Board (i) who receives an award of Phantom Stock under the NEDSIP and/or (ii) who elects to participate in the 2005 Plan for purposes of deferring his or her Directors' Fees by filing an Enrollment Form with the Committee pursuant to Section 5.1 of the 2005 Plan.

2.15 **"Phantom Stock"** means those shares of the common stock or stock units of the Company:

(i) awarded pursuant to the NEDSIP, and

(ii) which will be distributed to eligible 2005 Plan Participants in the medium elected by the 2005 Plan Participant and on the date or permissible payment event specified in the Phantom Stock Agreement, which date or permissible payment event is deemed to be incorporated by reference herein.

2.16 **"Phantom Stock Account"** means the recordkeeping account established on the books and records of the Company to record the number of shares of Phantom Stock allocated to a Participant under the 2005 Plan.

2.17 **"Phantom Stock Agreement"** means any agreements and/or terms of award of Phantom Stock under the NEDSIP pursuant to which Phantom Stock is or may be payable.

2.18 **"2005 Plan"** means this Equitable Resources, Inc. 2005 Directors' Deferred Compensation Plan, as amended from time to time.

2.19 **"Plan Year"** means the twelve-month period commencing each January 1 and ending on December 31.

2.20 **"Valuation Date"** means the last day of each calendar quarter and any other date determined by the Committee or specified herein.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 Eligibility for Phantom Stock Account.

Eligibility to participate in the 2005 Plan for purposes of the Phantom Stock Account under Article IV of the 2005 Plan is limited to those non-employee members of the Board who receive Phantom Stock pursuant to the terms of the NEDSIP. An eligible Board member shall commence participation in the 2005 Plan for purposes of the Phantom Stock Account on the date on which an award of Phantom Stock is made pursuant to the terms of the NEDSIP.

3.2 Eligibility for Deferral Account.

Eligibility to participate in the 2005 Plan for purposes of deferring Directors' Fees under Section 5.1 of the 2005 Plan is limited to non-employee members of the Board. An eligible Board member shall commence participation in the 2005 Plan for purposes of deferring Directors' Fees as of the first day of the Plan Year following the receipt of his or her Enrollment Form by the Committee in the preceding calendar year or within 30 days of first becoming eligible to participate in the 2005 Plan, aggregated within the meaning of Section 409A of the Code, if such date occurs after the commencement of the Plan Year.

ARTICLE IV

PHANTOM STOCK ACCOUNT

4.1 Phantom Stock Award.

As of the date of any Phantom Stock award pursuant to the terms of the NEDSIP, the Phantom Stock Account of a Participant eligible for such award shall be credited with the number of Phantom Stock units as specified in such award. The Company shall not be required to contribute any shares or other property to the Irrevocable Trust for such awards.

4.2 Valuation of Phantom Stock Account; Deemed Reinvestment of Dividends.

As of each Valuation Date, the value of a Participant's Phantom Stock Account shall equal (i) the value of the number of shares of Phantom Stock credited to such account as of the last Valuation Date, plus (ii) the value of the number of shares of Phantom Stock deemed to have been credited to such account as a result of the deemed reinvestment of any dividends deemed to have been paid on such Phantom Stock since the last Valuation Date. Any dividends paid on the common stock of the Company shall be deemed to be paid on the Phantom Stock under the 2005 Plan in an equal amount; provided, however, that to the extent they are paid in a form other than additional shares of the common stock of the Company, they shall be deemed to be immediately reinvested in such number of shares of the common stock of the Company as are represented by the aggregate amount of the dividends divided by the value of one share of the common stock of the Company on the date the dividend is paid.

For purposes of this 2005 Plan, the "value" of a share of Phantom Stock shall be deemed to equal the closing price of a share of Company common stock as listed on the New York Stock

Exchange (**"NYSE"**) on any date of reference. In the event that the date of reference is a date on which the NYSE is not open for business, the value of a share of Phantom Stock shall equal the average of the closing prices on the dates immediately preceding and following the date of reference during which the NYSE was open for business. Notwithstanding anything in this 2005 Plan to the contrary, the Company may adopt alternate procedures for determining the value of Phantom Stock in the event Company common stock ceases to be traded on the NYSE or to reflect the occurrence of a Conversion Event described in Section 4.3.

For purposes of determining the value of the Phantom Stock credited to a Participant's Phantom Stock Account as of any time of reference, each share of Phantom Stock shall be deemed equivalent in value to one share of the outstanding shares of common stock of the Company. For purposes of valuing a Participant's Phantom Stock Account upon the termination of his or her membership on the Board, the Valuation Date shall be the business day coincident with the termination of the Participant's Board membership.

4.3 Adjustment and Substitution of Phantom Stock.

In the event of: (a) a stock split (or reverse stock split) with respect to the common stock of the Company; (b) the conversion of the common stock of the Company into another form of security or debt instrument of the Company; (c) the reorganization, merger or consolidation of the Company into or with another person or entity; or (d) any other action which would alter the number of, and/or shareholder rights of, holders of outstanding shares of the common stock of the Company (collectively, a **"Conversion Event"**), then, notwithstanding the fact that 2005 Plan Participants have no rights to the shares of Company common stock represented by their Phantom Stock Account nor to the shares of such Company common stock which may be contributed by the Company to the Irrevocable Trust, the number of shares of Phantom Stock then allocated to a Participant's Phantom Stock Account shall be deemed to be converted, to the extent possible, to reflect any such Conversion Event to the same extent as the shares of holders of outstanding shares of Company common stock would have been converted upon the occurrence of the Conversion Event. On and after any such Conversion Event, this 2005 Plan shall be applied, *mutatis mutandis*, as if the Participant's Phantom Stock Account was comprised of the cash, securities, notes or other instruments into which the outstanding shares of Company common stock was converted. Following the occurrence of a Conversion Event, the Board is authorized to amend the 2005 Plan as it, in its sole discretion, determines to be necessary or appropriate to address any administrative or operational details presented by the Conversion Event which are not addressed in the 2005 Plan.

4.4 Shareholder Rights.

Except as specifically provided herein, an award of Phantom Stock under the 2005 Plan shall not entitle a Participant to voting rights or any other rights of a shareholder of the Company.

4.5 Statement of Phantom Stock Account.

As soon as administratively feasible following the last day of each calendar quarter, the Committee shall provide to each eligible Participant a statement of the value of his or her Phantom Stock Account as of the most recent Valuation Date.

ARTICLE V

DEFERRAL ACCOUNT

5.1 Deferral of Directors' Fees.

Any non-employee member of the Board may elect to defer a specified percentage of his or her Directors' Fees under the 2005 Plan by submitting to the Committee a written Enrollment Form. Such election shall be effective with respect to Directors' Fees paid for services performed by such Participant beginning the first day of the Plan Year following the receipt by the Committee of the Participant's Enrollment Form in the preceding calendar year and shall remain in effect for the Plan Year. A Participant may not withdraw or amend his or her Enrollment Form during the Plan Year.

5.2 Investment Direction.

A Participant may direct that amounts deferred pursuant to his or her Enrollment Form be deemed to be invested in one or more of the Investment Options listed in Exhibit A to the 2005 Plan (a **"New Money Election"**) and credited with shares or units in each such Investment Option in the same manner as equivalent contributions would be invested under the same Investment Options available under the Equitable 401 (k) Plan. Except as otherwise provided with respect to directions to invest in the Equitable Resources Common Stock Fund (**"Company Stock Fund"**), a Participant may direct that amounts previously credited to his or her Deferral Account and deemed invested in the available Investment Options be transferred between and among the then available Investment Options (a **"Reallocation Election"**). Special rules apply to directions to invest in the Company Stock Fund. No restrictions are placed on New Money Elections. Accordingly, a Participant may make a New Money Election to invest in the Company Stock Fund or to cease future investments in such Fund in the same manner as any other Investment Option. Reallocation Elections, however, may **not** direct that amounts previously credited to a Participant's Deferral Account and which were directed to be invested in the Company Stock Fund be transferred **out** of such Fund and into another Investment Option. Reallocation Elections **into** the Company Stock Fund are permitted. Accordingly, no restrictions apply to Reallocation Elections directing that amounts previously credited to a Participant's Deferral Account and which were directed to be invested in an Investment Option ***other than*** the Company Stock Fund be transferred out of such other Investment Option and into the Company Stock Fund.

Except as otherwise provided with respect to the Company common stock, regardless of whether the investment direction is a New Money Election or a Reallocation Election, a Participant's Deferral Account shall only be deemed to be invested in such Investment Options for purposes of crediting investment gain or loss under Section 5.4 of the 2005 Plan and the Company shall not be required to actually invest, on behalf of any Participant, in any Investment Option listed on Exhibit A to the 2005 Plan. Notwithstanding the preceding sentence, the Company may, but shall not be required to, elect to make contributions to an Irrevocable Trust in an amount equal to the amounts deferred by Participants and actually invest such contributions in the Investment Options elected by a particular Participant; provided, however, that the Company shall contribute shares of Company common stock to the Irrevocable Trust in an amount equal to the aggregate number of shares of Company common stock represented by Participant investment directions to the Company Stock Fund. Any such contributions to an Irrevocable Trust and related investments shall be solely to assist the Company in satisfying its obligations under this 2005 Plan and no Participant shall have any right, title or interest whatsoever in any such contributions or investments.

All investment elections shall be made by written notice to the Committee in accordance with uniform procedures established by the Committee; provided, however, that investment directions to an Investment Option must be in multiples of whole percents (1%) or whole dollars ($1.00). Any such investment election shall be effective as of the Valuation Date immediately following the date on which the written notice is received and shall remain in effect until changed by the Participant. In the event that a Participant fails to direct the investment of his or her account, the Committee shall direct such Participant's Deferral Account to an Investment Option named in Exhibit A of a fixed income nature.

5.3 No Right to Investment Options.

Notwithstanding anything in the 2005 Plan to the contrary, the Investment Options offered under the 2005 Plan may be changed or eliminated at any time in the sole discretion of the Benefits Investment Committee of the Company. Prior to the change or elimination of any Investment Option under the 2005 Plan, the Committee shall provide written notice to each Participant with respect to whom a Deferral Account is maintained under the 2005 Plan and any Participant who has directed any part of his or her Deferral Account to such Investment Option shall be permitted to redirect such portion of his or her Deferral Account to another Investment Option offered under the 2005 Plan.

5.4 Crediting of Investment Return.

Each Participant's Deferral Account shall be credited with deemed investment gain or loss at the Investment Return Rate as of each Valuation Date, based on the average daily balance of the Participant's Deferral Account since the immediately preceding Valuation Date, but after such Deferral Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Until a Participant or his or her Beneficiary receives his or her entire Deferral Account, the unpaid balance thereof shall be credited with investment gain or loss at the Investment Return Rate, as provided in this Section 5.4 of the 2005 Plan.

5.5 Valuation of Deferral Account.

As of each Valuation Date, a Participant's Deferral Account shall equal (i) the balance of the Participant's Deferral Account as of the immediately preceding Valuation Date, plus (ii) the Participant's deferred Directors' Fees since the immediately preceding Valuation Date, plus or minus (iii) investment gain or loss credited as of such Valuation Date pursuant to Section 5.4 of the 2005 Plan, and minus (iv) the aggregate amount of distributions, if any, made from such Deferral Account since the immediately preceding Valuation Date. For purposes of valuing a Participant's Deferral Account upon the termination of the Participant's membership on the Board, the Valuation Date shall be the business day coinciding with the date of the termination of the Participant's Board membership.

5.6 Statement of Deferral Account.

As soon as administratively feasible following the last day of each calendar quarter, the Committee shall provide to each Participant a statement of the value of his or her Deferral Account as of the most recent Valuation Date.

ARTICLE VI

PAYMENT OF BENEFITS

6.1 Payment of Phantom Stock Account.

On the date, or other permissible payment event under Section 409A of the Code, provided for payment pursuant to the terms of a Phantom Stock Agreement, which date or other permissible payment event under Section 409A of the Code is deemed to be incorporated by reference herein, the Company shall pay or distribute to the Participant or, in the event of the Participant's death, to his Beneficiary, either an amount equal to the value of the Participant's Phantom Stock Account then payable, or the number of shares of Company common stock then payable, whichever medium is elected by the Participant if so provided in the award, based on awards credited to the Participant's Phantom Stock Account pursuant to Section 4.1 of the 2005 Plan, as determined in accordance with Article IV of the 2005 Plan, less any income tax withholding required under applicable law.

6.2 Payment of Deferral Account.

Thirty (30) days following a Participant's termination of membership on the Board and in accordance with the election provided in Section 6.4 of the 2005 Plan, and without regard to whether the Participant is entitled to payment of his or her Phantom Stock Account, the Company shall pay, or commence payment to, the Participant or, in the event of the Participant's death, to his Beneficiary, an amount equal to the value of the Participant's Deferral Account, as determined in accordance with Article V of the 2005 Plan, less any income tax withholding required under applicable law. Except as otherwise provided in the following sentence, such payment shall be made in cash in the form elected by the Participant pursuant to Section 6.4 of the 2005 Plan. Notwithstanding the preceding sentence, to the extent the Participant had directed that any portion of his Deferral Account be invested in the Company Stock Fund, the Company shall distribute such portion in such number of shares of Equitable Resources Common Stock as would be represented by an equal amount invested in the Company Stock Fund under the Company 401 (k) Plan. For purposes of this 2005 Plan, the term "termination of membership", when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

6.3 Hardship Withdrawal from Deferral Account.

In the event that the Committee, in its sole discretion, determines upon the written request of a Participant in accordance with uniform procedures established from time to time by the Committee, that the Participant has suffered an unforeseeable emergency, the Company may pay to the Participant in a lump sum as soon as administratively feasible following such determination, an amount necessary to meet the emergency, but not exceeding the aggregate balance of such Participant's Deferral Account as of the date of such payment (a " **Hardship Withdrawal** "). Any such Hardship Withdrawal shall be subject to any income tax withholding required under applicable law. The Participant shall provide to the Committee such evidence as the Committee may require to demonstrate that such emergency exists and financial hardship would occur if the withdrawal were not permitted.

For purposes of this Section 6.3, an "unforeseeable emergency" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, or as otherwise defined in Section 409A of the Code from time to time. The amount of a Hardship Withdrawal may not exceed the amount the Committee reasonably determines to be necessary to meet such emergency needs (including taxes incurred by reason of a taxable distribution) after taking into account the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by the cessation of future deferrals under the 2005 Plan.

The form of payment of the Hardship Withdrawal shall be a lump sum cash payment. For purposes of reducing a Participant's Deferral Account and adjusting the balances in the various Investment Options in which such reduced Deferral Account is deemed to be invested to reflect such Hardship Withdrawal, amounts represented by such Hardship Withdrawal shall be deemed to have been withdrawn first, on a pro rata basis, from that portion of his Deferral Account deemed to be invested in Investment Options **other than** the Equitable Common Stock Fund (the **"Non Stock Investments"**) and, second, to the extent the Hardship Withdrawal cannot be fully satisfied by a deemed withdrawal of the Non Stock Investments, from the portion deemed invested in the Company Stock Fund.

Notwithstanding the preceding, to the extent the Participant had directed that any portion of his Deferral Account be invested in the Company Stock Fund, the Company shall distribute such portion in such number of shares of Equitable Resources Common Stock based on the value at the date of distribution.

6.4 Form of Payment.

(a) In General . A Participant may elect to receive that portion of his or her Deferral Account payable hereunder in one of the following forms:

(i) Annual payments of a fixed amount which shall amortize the value of the Deferral Account over a period of five, ten, or fifteen years (together, in the case of each annual payment, with interest and dividends credited thereto after the payment commencement date pursuant to Section 5.4 of the 2005 Plan); or

(ii) A lump sum.

Such an election must be made in writing in accordance with uniform procedures established by the Committee at the time of filing the Enrollment Form with respect to the Plan Year. In the event a Participant fails to make a distribution election within the time period prescribed, his or her Deferral Account shall be distributed in the form of a lump sum. Payment of the Deferral Account shall be made or commenced at the time specified in Section 6.2 upon the Participant's separation from service.

(b) Distribution of Company Common Stock. In the event the Company is required to distribute some or all of a Participant's Deferral Account in shares of Equitable Resources Common Stock in accordance with 2005 Plan Sections 6.1 and/or 6.2, the aggregate amount of such shares shall be distributed in the same manner as the Participant elected in subsection (a). To the extent the Participant elected an installment form of payment, the number of shares of Equitable Common Stock to be distributed in each installment shall be determined by multiplying (i) the aggregate number of shares of Equitable Resources Common Stock deemed credited to the Participant's Deferral Account as of the installment payment date by (ii) a fraction, the numerator of which is one and the denominator of which is the number of unpaid installments, and by rounding the resulting number down to the next whole number.

6.5 Payments to Beneficiaries.

In the event of a Participant's death prior to the Participant's termination of membership on the Board, the Participant's Beneficiary shall receive payment of the Phantom Stock Account (if any) in the form provided in the Phantom Stock Agreement and/or Participant's election as to medium of payment ninety (90) days following the Participant's death in the medium elected by the Participant pursuant to Section 6.4 of the 2005 Plan, less any income tax withholding required under applicable law. If no such election was made by the Participant, the Participant's Beneficiary shall receive payment of the Participant's Deferral Account in the form of a lump sum. In the event of the Participant's death after commencement of installment payments under the 2005 Plan, but prior to receipt of his or her entire Deferral Account, the Participant's Beneficiary shall receive the remaining installment payments at such times as such installments would have been paid to the Participant until the Participant's entire Deferral Account is paid.

6.6 Limited Account Size; Lump Sum Payment.

In the event that the value of a Participant's Account is not greater than the applicable dollar limit under Section 402(g)(1)(B) of the Code as of the Valuation Date immediately preceding the commencement of payment to the Participant under the 2005 Plan pursuant to this Section, the Committee may inform the Company and the Company, in its sole discretion, may choose to pay the benefit in the form of a lump sum, notwithstanding any provision of the 2005 Plan or an election of a Participant under Section 6.4 of the 2005 Plan to the contrary, provided that the payment results in a termination and liquidation of the entirety of the Participant's interest under the 2005 Plan, including all agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treas. Reg. §1.409A-1(c)(2) and the requirements of Treas. Reg. §1.409A-3(j)(v), or any successor regulation, are also satisfied with respect to such payment.

ARTICLE VII

BENEFICIARY DESIGNATION

7.1 Beneficiary Designation.

Each Participant shall have the sole right, at any time, to designate any person or persons as his or her Beneficiary to whom payment may be made of any amounts which may become payable in the event of his or her death prior to the complete distribution to the Participant of his or her Account. Any Beneficiary designation shall be made in writing in accordance with uniform procedures established by the Committee. A Participant's most recent Beneficiary designation shall supersede all prior Beneficiary designations. In the event a Participant does not designate a Beneficiary under the 2005 Plan, any payments due under the 2005 Plan shall be made first to the Participant's spouse; if no spouse, then in equal amounts to the Participant's children; if no children, then to the Participant's estate.

ARTICLE VIII

ADMINISTRATION

8.1 Committee.

The Committee shall have sole discretion to: (i) designate non-employee directors eligible to participate in the 2005 Plan; (ii) interpret the provisions of the 2005 Plan; (iii) supervise the administration and operation of the 2005 Plan; and (iv) adopt rules and procedures governing the 2005 Plan.

8.2 Investments.

The Benefits Investment Committee of the Company shall have the sole discretion to choose the Investment Options available under the 2005 Plan and to change or eliminate such Investment Options, from time to time, as it deems appropriate.

8.3 Agents.

The Committee may delegate its administrative duties under the 2005 Plan to one or more individuals, who may or may not be employees of the Company.

8.4 Binding Effect of Decisions.

Any decision or action of the Committee with respect to any question arising out of or in connection with the eligibility, participation, administration, interpretation, and application of the 2005 Plan shall be final and binding upon all persons having any interest in the 2005 Plan.

8.5 Indemnification of Committees.

The Company shall indemnify and hold harmless the members of the Committee and the Benefits Investment Committee and their duly appointed agents under Section 8.3 against any and all claims, losses, damages, expenses, or liabilities arising from any action or failure to act with respect to the 2005 Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee or Benefits Investment Committee.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment.

The Company (or its delegate) may at any time, or from time to time, modify or amend any or all of the provisions of the 2005 Plan. Where the action is to be taken by the Company, it shall be accomplished by written action of the Board at a meeting duly called at which a quorum is present and acting throughout. Where the action is to be taken by a delegate of the Company, it shall be accomplished pursuant to any procedures established in the instrument delegating the authority. Regardless of whether the action is taken by the Company or its delegate, no such modification or amendment shall have the effect of reducing the value of any Participant's Account under the 2005 Plan as it existed as of the day before the effective date of such modification or amendment, without such Participant's prior written consent. Written notice of any modification or amendment to the 2005 Plan shall be provided to each Participant under the 2005 Plan.

9.2 Termination.

The Company, in its sole discretion, may terminate this 2005 Plan at any time and for any reason whatsoever by written action of the Board at a meeting duly called at which a quorum is present and acting throughout; provided that such termination shall not have the effect of reducing the value of any Participant's Account under the 2005 Plan as it existed on the day before the effective date of the termination of the 2005 Plan without such Participant's prior written consent. Any termination of the 2005 Plan shall not affect the time and form of payment of any Accounts.

ARTICLE X

MISCELLANEOUS

10.1 Funding.

The Company's obligation to pay benefits under the 2005 Plan shall be merely an unfunded and unsecured promise of the Company to pay money in the future. Except as otherwise provided in Section 5.2, prior to the occurrence of a Change in Control, the Company, in its sole discretion, may elect to make contributions to an Irrevocable Trust to assist the Company in satisfying all or any portion of its obligations under the 2005 Plan. Regardless of whether the Company elects to or otherwise contributes to an Irrevocable Trust, 2005 Plan Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or right, title or claim in any property or assets of the Company.

Notwithstanding the foregoing, upon the occurrence of an event resulting in a Change in Control, the Company shall make a contribution to an Irrevocable Trust in an amount which, when added to the then value of any amounts previously contributed to an Irrevocable Trust to assist the

Company in satisfying all or any portion of its obligations under the 2005 Plan, shall be sufficient to bring the total value of assets held in the Irrevocable Trust to an amount not less than the total value of all Participants' Accounts under the 2005 Plan as of the Valuation Date immediately preceding the Change in Control; provided that any such funds contributed to an Irrevocable Trust pursuant to this Section 10.1 shall remain subject to the claims of the Company's general creditors and provided, further, that such contribution shall reflect any Conversion Event described in Section 4.3. Upon the occurrence of the Change in Control of the Company, any adjustments required by Section 4.3 shall be made and the Company shall provide to the trustee of the Irrevocable Trust all 2005 Plan records and other information necessary for the trustee to make payments to Participants under the 2005 Plan in accordance with the terms of the 2005 Plan.

10.2 Nonassignability.

No right or interest of a Participant or Beneficiary under the 2005 Plan may be assigned, transferred, or subjected to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary, or any other person.

10.3 Legal Fees and Expenses.

It is the intent of the Company that no Participant be required to incur the expenses associated with the enforcement of his or her rights under this 2005 Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Participant hereunder. Accordingly, if after a Change in Control it should appear that the Company has failed to comply with any of its obligations under this 2005 Plan, or in the event that the Company or any other person takes any action to declare this 2005 Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Participant the benefits intended to be provided to such Participant hereunder, the Company irrevocably authorizes such Participant to retain counsel of his or her choice, at the expense of the Company as hereafter provided, to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company in any jurisdiction. The Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Participant from the date of the Change in Control through the Participant's death as a result of the Company's failure to perform under this 2005 Plan or any provision thereof; or as a result of the Company or any person contesting the validity or enforceability of this 2005 Plan or any provision thereof. All expenses shall be reimbursed to the Participant providing the relevant expense statements to the Company duly certified by him. The expense reimbursements provided in this Section 10.3 shall be payable on a monthly basis following submission of expense statements for the prior month. Notwithstanding the foregoing sentence, to the extent reimbursed, all reimbursement payments with respect to expenses incurred within a particular year shall be made no later than the end of the Participant's taxable year following the taxable year in which the expense was incurred. The amount of reimbursable expenses incurred in one taxable year of the Participant shall not affect the amount of reimbursable expenses in a different taxable year, and such reimbursement shall not be subject to liquidation or exchange for another benefit.

10.4 No Acceleration of Benefits.

Notwithstanding anything to the contrary herein, there shall be no acceleration of the time or schedule of any payments under the 2005 Plan, except as may be provided in regulations under Section 409(A) of the Code.

10.5 Captions.

The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

10.6 Governing Law.

The provisions of the 2005 Plan shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania.

10.7 Successors.

The provisions of the 2005 Plan shall bind and inure to the benefit of the Company, its affiliates, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or a participating affiliate and successors of any such corporation or other business entity.

10.8 No Right to Continued Service.

Nothing contained herein shall be construed to confer upon any Participant the right to continue to serve as a member of the Board or in any other capacity.

Exhibit 10.11(a)

CONFIDENTIALITY, NON-SOLICITATION and NON-COMPETITION AGREEMENT

This Agreement is made as of September 8, 2008 by and between Equitable Resources, Inc., a Pennsylvania corporation (Equitable Resources, Inc. and its subsidiary companies are hereinafter collectively referred to as the "Company"), and Theresa Z. Bone (the "Employee").

WITNESSETH:

WHEREAS, the Company and the Employee are parties to a NonCompete Agreement dated as of December 1, 1999 (the "Existing Agreement"), which provides for the payment of certain benefits to the Employee if the Employee's employment terminates in certain circumstances; and

WHEREAS, during the course of Employee's employment with the Company, the Company has imparted and will continue to impart to Employee proprietary and/or confidential information and/or trade secrets of the Company; and

WHEREAS, in order to protect the business and goodwill of the Company, the Company desires to obtain or continue to obtain certain confidentiality, non-competition and non-solicitation covenants from the Employee and the Employee desires to provide for or continue to agree to such covenants in exchange for the Company's agreement to pay certain severance benefits in the event that the Employee's employment with the Company is terminated in certain circumstances; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to terminate the Existing Agreement and to enter into this Agreement which, among other things, reflects the parties' best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") to the benefit of the Employee; and

WHEREAS, the Employee is willing to enter into this Agreement, which contains, among other things, specific confidentiality, non-competition and non-solicitation agreements, in consideration of the foregoing and the simultaneous execution by the Company and the Employee of a new Change of Control Agreement (the "Change of Control Agreement"); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Restrictions on Competition and Solicitation. While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the

Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive, shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company.

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee's employment with the Company.

Employee agrees that for a period of twelve (12 **)** months following the termination of Employee's employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of Employee's employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee's employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

2. Confidentiality of Information and Nondisclosure. The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

3. Severance Benefit.

(a) If the employment of the Employee with the Company is terminated by the Company for any reason other than Cause (as defined below) or if the Employee terminates his or her employment with the Company for Good Reason (as defined below), the Company shall pay the Employee, from the date of termination, in addition to any payments to which the Employee is entitled under the Company's severance pay plan, twelve (12) months of base salary at the Employee's annual base salary level in effect at the time of such termination or immediately prior to the salary reduction that serves as the basis for termination for Good Reason. Employee will also be entitled to payment of an amount of cash equal to $20,000. The aggregate base salary and other cash amount payable shall be paid by the Company to the Employee in one lump sum on the first day following the six (6) month anniversary of the date of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

(b) Employee will also be entitled to twelve (12) months of health benefits continuation if terminated under circumstances described in subpart (a) above. To the extent any such benefits cannot be provided to the Employee on a non-taxable basis and the provision thereof would cause any part of the benefits to be subject to additional taxes and interest under Section 409A of the Code, then the provision of such benefits shall be deferred to the earliest date upon which such benefits can be provided without being subject to such additional taxes and interest.

(c) Solely for purposes of this Agreement, "Cause" shall include:

i. the conviction of a felony, a crime of moral turpitude or fraud or having committed fraud, misappropriation or embezzlement in connection with the performance of his duties hereunder,

ii. willful and repeated failures to substantially perform his assigned duties; or

iii. a violation of any provision of this Agreement or express significant policies of the Company.

(d) Solely for purposes of this Agreement, termination for "Good Reason" shall mean termination of employment by the Employee within ninety (90) days after:

i. being demoted, or

ii. being given notice of a reduction in his or her annual base salary (other than a reduction of not more than 10% applicable to all senior officers of the Company).

(e) The Company's obligation to provide continuing salary and health insurance benefits under this Section 3 shall be contingent upon the following:

i. Employee's execution of a release in a form reasonably acceptable to the Company, which releases any and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort, contract or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, and the Employee Retirement Income Security Act of 1974, all as amended; and

ii. Employee's compliance with his contractual obligations to the Company including, but not limited to, Employee's obligations set forth in Sections 1 and 2 of this Agreement.

4. Authorization to Modify Restrictions . The provisions of this Agreement are severable. To the extent that any provision of this Agreement is deemed unenforceable in any court of law the parties intend that such provision be construed by such court in a manner to make it enforceable.

5. Reasonable and Necessary Agreement . The Employee acknowledges and agrees that: (i) this Agreement is necessary for the protection of the legitimate business interests of the Company; (ii) the restrictions contained in this Agreement are reasonable; (iii) the Employee has no intention of competing with the Company within the limitations set forth above; (iv) the Employee acknowledges and warrants that Employee believes that Employee will be fully able to earn an adequate livelihood for Employee and Employee's dependents if the covenant not to compete contained in this Agreement is enforced against the Employee; and (v) the Employee has received adequate and valuable consideration for entering into this Agreement.

6. Injunctive Relief and Attorneys' Fees . The Employee stipulates and agrees that any breach of Sections 1 or 2 of this Agreement by the Employee will result in immediate and irreparable harm to the Company, the amount of which will be extremely difficult to ascertain, and that the Company could not be reasonably or adequately compensated by damages in an action at law. For these reasons, the Company shall have the right, without objection from the Employee, to obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as may be necessary to protect the Company against, or on account of, any breach by the Employee of the provisions of Sections 1 and 2 hereof. In the event the Company obtains any such injunction, order, decree or other relief, in law or in equity, (i) the duration of any violation of Section 1 shall be added to the twelve (12) month restricted period specified in Section 1, and (ii) the Employee shall be responsible for reimbursing the Company for all costs associated with obtaining the relief, including reasonable attorneys' fees and expenses and costs of suit. Such right to equitable relief is in addition to the remedies the Company may have to protect its rights at law, in equity or otherwise.

7. Binding Agreement. This Agreement (including the covenants contained in Sections 1 and 2) shall be binding upon and inure to the benefit of the successors and assigns of the Company.

8. Governing Law/Consent to Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. For the purpose of any suit, action or proceeding arising out of or relating to this Agreement, Employee irrevocably consents and submits to the jurisdiction and venue of any state or federal court located in Allegheny County, Pennsylvania. Employee agrees that service of the summons and complaint and all other process which may be served in any such suit, action or proceeding may be effected by mailing by registered mail a copy of such process to Employee at the address set forth below (or such other address as Employee shall provide to Company in writing). Employee irrevocably waives any objection which he may now or hereafter has to the venue of any such suit, action or proceeding brought in such court and any claim that such suit, action or proceeding brought in such court has been brought in an inconvenient forum and agrees that service of process in accordance with this Section will be deemed in every respect effective and valid personal service of process upon Employee. Nothing in this Agreement will be construed to prohibit service of process by any other method permitted by law. The provisions of this Section will not limit or otherwise affect the right of the Company to institute and conduct an action in any other appropriate manner, jurisdiction or court. The Employee agrees that final judgment in such suit, action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

9. Termination. The Company may terminate this Agreement by giving twelve (12) months' prior written notice to the Employee; provided that all provisions of this Agreement shall apply if any event specified in Section 3 occurs prior to the expiration of such twelve (12) month period. Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Change of Control as such term is defined in the Change of Control Agreement, this Agreement shall remain in full force and effect and may not thereafter be terminated by the Company (even if notice of termination has been given in the previous twelve (12) months under the first sentence of this Section).

10. Employment at Will. Employee shall be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

11. Executive Alternative Work Arrangement Employment Status. As an executive officer of Equitable, Employee also has the opportunity to elect now to participate in the newly-created status of "Executive Alternative Work Arrangement" upon discontinuing full-time status. The terms and conditions of Executive Alternative Work Arrangement Employment Status are described in the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A. Set forth below is an election form to elect to participate in this new classification. If Employee so elects to participate by signing the election form below, the Executive Alternative Work Arrangement classification will be automatically assigned to Employee if and when Employee gives Equitable (delivered to the Vice President and Chief Human Resources Officer) at least 90 days' advance written notice of Employee's intention to discontinue full-time status. By signing the election below, Employee thereby agrees to execute the attached Executive

Alternative Work Arrangement Employment Agreement, which will become effective automatically on the day following Employee's relinquishment of full-time status, provided however that Employee has retained executive officer status and is otherwise in good standing with Equitable (i.e. , has not been terminated for Cause nor left the Company for "Good Reason").

12. Entire Agreement . This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements (including the Existing Agreement) and understandings, oral or written (other than the Change of Control Agreement dated September 8, 2008). This Agreement may not be changed, amended, or modified, except by a written instrument signed by the parties; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. Notwithstanding anything in this Agreement, if Employee is entitled to receive payment of benefits under the Change of Control Agreement, or any successor agreement, he or she shall not receive benefits under this Agreement and, in lieu thereof, shall receive payment of benefits under the Change of Control Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/Kimberly L. Sachse	By: /s/Charlene Petrell
9-23-08	9-23-08
Date	Date
WITNESS	EMPLOYEE
Marlene K. Driscoll	/s/Theresa Z. Bone Theresa Z. Bone
9-15-08	9-15-08
Date	Date

ELECTION TO PARTICIPATE IN
EXECUTIVE ALTERNATIVE WORK ARRANGEMENT CLASSIFICATION

☒ I hereby elect to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement ("Non-Competition Agreement") and to execute the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A upon my discontinuation of full-time status as an Executive Officer in good standing with Equitable. I understand that if my full-time employment with Equitable is terminated for Cause or if I terminate my employment for Good Reason (as those terms are defined in the Non-Competition Agreement), I will no longer be eligible for Executive Alternative Work Arrangement Employment Status.

☐ I hereby decline to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement.

Theresa Z. Bone
Employee Name Printed

/s/Theresa Z. Bone
Employee Signature

9-15-08
Date

Exhibit 10.11(b)

CHANGE OF CONTROL AGREEMENT

THIS AGREEMENT (the "Agreement") dated as of the 8th day of September, 2008 (the "Effective Date") is made by and between EQUITABLE RESOURCES, INC., a Pennsylvania corporation with its principal place of business at Pittsburgh, Pennsylvania (the "Company"), and Theresa Z. Bone, an individual (the "Employee");

WITNESSETH:

WHEREAS, the Company and the Employee are parties to a Change of Control Agreement dated as of December 1, 1999, which provides for the payment of certain benefits to the Employee if the Employee's employment terminates in certain circumstances following a change of control of the Company (the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company (the "Board") continues to believe that it is in the best interest of the Company and its shareholders to assure that the Company will have the continued dedication of the Employee, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company; that it is imperative to diminish the inevitable distraction of the Employee by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Employee's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control; and that it is appropriate to provide the Employee with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Employee will be satisfied and which are competitive with those of other corporations in the industry in which the Company's principal business activity is conducted; and

WHEREAS, in consideration of the compensation and benefits payable to the Employee under this Agreement, the Company desires to restrict the Employee from competing with the Company and from soliciting customers and employees of the Company for one (1) year following the termination of the Employee's employment following a Change of Control. Employer also desires to require that Employee maintain the confidentiality of certain information for two years following any such termination, and the Employee is willing to agree to such restrictions in consideration of the compensation and benefits payable under this Agreement; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to terminate the Existing Agreement and to enter into this Agreement which, among other things, reflects the parties' best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") to the benefit of the Employee;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Term. The term of this Agreement shall commence on the Effective Date hereof and, subject to Sections 3(f), 5 and 8, shall terminate on the earlier of (i) the date of the termination of Employee’s employment with the Company for any reason prior to a Change of Control; (ii) the date of Employee’s transition to employment with the Company on a part-time basis, including without limitation assumption of “Executive Alternative Work Arrangement” status; or (iii) unless further extended as hereinafter set forth, the date which is twenty-four (24) months after the Effective Date; provided, that, commencing on the last day of the first full calendar month after the Effective Date and on the last day of each succeeding calendar month, the term of this Agreement shall be automatically extended without further action by either party (but not beyond the date of the termination of Employee’s employment or transition to part-time employment prior to a Change of Control) for one (1) additional month unless one party provides written notice to the other party that such party does not wish to extend the term of this Agreement. In the event that such notice shall have been delivered, the term of this Agreement shall no longer be subject to automatic extension and the term hereof shall expire on the date which is twenty-four (24) calendar months after the last day of the month in which such written notice is received.

2. Change of Control. Except as provided in Section 12, Change of Control shall mean any of the following events (each of such events being herein referred to as a “Change of Control”):

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Company common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board of Directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively of the outstanding Company common stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Company common stock and voting power immediately prior to such sale or disposition;

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board of Directors; provided, however, that the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company’s termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than 60% of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company’s assets through one or more subsidiaries (a “Parent Company”)) in substantially the same proportion as their ownership of the common stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of common stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Company’s Board of Directors immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause, (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as “Continuing Directors”) cease for any reasons to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved.

3. Salary and Benefits Continuation .

(a) "Salary and Benefits Continuation" shall be defined to mean the following:

(i) payment of an amount of cash equal to two (2) times the Employee's base salary at the rate of base salary per annum in effect immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher;

(ii) payment of an amount of cash equal to two (2) times the greater of (A) the highest annual incentive (bonus) payment earned by the Employee under the Company's applicable Short-Term Incentive Plan (or any successor plan) for any year in the five (5) years prior to the termination of Employee's employment or (B) the target incentive (bonus) award under the Company's applicable Short-Term Incentive Plan (or any successor plan) for the year in which the Change of Control or termination of Employee's employment occurs, whichever is higher;

(iii) provision to Employee and his/her eligible dependents of medical, long-term disability, dental and life insurance coverage (to the extent such coverage was in effect immediately prior to the Change of Control) for twenty-four (24) months (at the end of which period the Company shall make such benefits available to the Employee and his/her eligible dependents in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), whether or not the Company is then required to comply with COBRA); and if the Employee would have become entitled to benefits under the Company's post-retirement health care or life insurance plans (as in effect immediately prior to the Change of Control or the date of the Employee's termination of employment, whichever is most favorable to the Employee) had the Employee's employment terminated at any time during the period of twenty-four (24) months after such date of termination, the Company shall provide such post-retirement health care or life insurance benefits to the Employee (subject to any employee contributions required under the terms of such plans at the level in effect immediately prior to the Change of Control or the date of termination, whichever is more favorable to the Employee) commencing on the later of (i) the date that such coverage would have first become available or (ii) the date that benefits described in this subsection (iii) terminate;

(iv) contribution by the Company to Employee's account under the Company's defined contribution retirement plan (currently, the Equitable Resources, Inc. Employee Savings Plan) of an amount of cash equal to the amount that the Company would have contributed to such plan (including both retirement contributions and Company matching contributions in respect of Employee contributions to the plan) had the Employee continued to be employed by the Company for an additional twenty-four

(24) months at a base salary equal to the Employee's base salary immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher (and assuming for this purpose that the Employee continued to make the maximum permissible contributions to such plan during such period), such contribution being deemed to be made immediately prior to the termination of Employee's employment; provided, that to the extent that the amount of such contribution exceeds the amount then allowed to be contributed to the plan under the applicable rules relating to tax-qualified retirement plans, then the excess shall be paid to the Employee in cash in respect of both retirement and matching contributions under the Company's Employee Savings Plan (or any successor plan) because of applicable rules relating to tax-qualified retirement plans; and

(v) Payment of an amount of cash equal to $20,000.

(b) All amounts payable by the Company to the Employee pursuant to Sections 3(a)(i), (ii), (iv) **and (v)** shall be made in a lump sum on the first day following the six-month anniversary of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

(c) To the extent that medical, long-term disability, dental and life insurance benefits cannot be provided on a non-taxable basis to the Employee under appropriate Company group insurance policies pursuant to Section 3(a)(iii), an amount equal to the premium necessary for the Employee to purchase directly the same level of coverage in effect immediately prior to the Change of Control shall be added to the Company's payments to Employee pursuant to Section 3(a). Any such payment shall be made in a lump sum, payable on the first day following the six-month anniversary of Employee's termination. If Employee is required to pay income or other taxes on any medical, long-term disability, dental or life insurance benefits provided or paid to the Employee pursuant to Section 3(a)(iii) or this Section 3(c), then the Company shall pay to the Employee an amount of cash sufficient to "gross-up" such benefits or payments at the time specified in Section 10 hereof so that Employee's "net" benefits received under Section 3(a)(iii) and this Section 3(c) are not diminished by any such taxes that are imposed with respect to the same or the Company's gross-up hereunder with respect to such taxes.

(d) If there is a Change of Control as defined above, the Company will provide Salary and Benefits Continuation if at any time during the first twenty-four (24) months following the Change of Control, either (i) the Company terminates the Employee's employment other than for Cause as defined in Section 4 below or (ii) the Employee terminates his/her employment for "Good Reason" as defined below.

(e) For purposes of this Agreement, "Good Reason" is defined as:

(i) Removal of the Employee from the position he/she held immediately prior to the Change of Control (by reason other than death, disability or Cause);

(ii) The assignment to the Employee of any duties inconsistent with those performed by the Employee immediately prior to the Change of Control or a substantial alteration in the nature or status of the Employee's responsibilities which renders the Employee's position to be of less dignity, responsibility or scope;

(iii) A reduction by the Company in the overall level of compensation of the Employee for any year from the level in effect for the Employee in the prior year. For purposes of this subsection (iii), the following shall not constitute a reduction in the overall level of compensation of the Employee: (A) across-the-board reductions in base salary similarly affecting all executives of the Company and all executives of any person in control of the Company, provided, however, that the Employee's annual base salary rate shall not be reduced by an amount equal to ten percent or more of the Employee's annual base salary rate in effect immediately prior to the Change of Control; (B) changes in the mix of base salary payable to and the short-term incentive opportunity available to the Employee; provided, that in no event shall the Employee's base salary for any year be reduced below 90% of the annual base salary paid to such Employee in the prior year; (C) a reduction in the compensation of the Employee resulting from the failure to achieve corporate, business unit and/or individual performance goals established for purposes of incentive compensation for any year or other period; provided, that the aggregate short-term incentive opportunity, when combined with the Employee's annual base salary, provides, in the aggregate, an opportunity for the Employee to realize at least the same overall level of base salary and short term incentive compensation as was paid in the immediately prior year or period at target performance levels; and provided, further, that such target performance levels are reasonable at all times during the measurement period, taking into account the fact that one of the purposes of such compensation is to incentivize the Employee; (D) reductions in compensation resulting from changes to any Company benefit plan; provided, that such changes are generally applicable to all participants in such Company benefit plan; and (E) any combination of the foregoing;

(iv) The failure to grant the Employee an annual salary increase reasonably necessary to maintain such salary as reasonably comparable to salaries of senior executives holding positions equivalent to the Employee's in the industry in which the Company's then principal business activity is conducted;

(v) The Company requiring the Employee to be based anywhere other than the Company’s principal executive offices in the city in which the Employee is principally located immediately prior to the Change of Control, except for required travel on the Company’s business to an extent substantially consistent with the Employee’s business travel obligations prior to the Change of Control;

(vi) Any material reduction by the Company of the benefits enjoyed by the Employee under any of the Company’s pension, retirement, profit sharing, savings, life insurance, medical, health and accident, disability or other employee benefit plans, programs or arrangements, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefits, or the failure by the Company to provide the Employee with the number of paid vacation days to which he/she is entitled on the basis of years of service with the Company in accordance with the Company’s normal vacation policy, provided that this subparagraph (vi) shall not apply to any proportional across-the-board reduction or action similarly affecting all executives of the Company and all executives of any person in control of the Company; or

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 15 hereof, or any other material breach by the Company of its obligations contained in this Agreement.

(f) The Employee’s right to Salary and Benefits Continuation shall accrue upon the occurrence of either of the events specified in (i) or (ii) of Section 3(d) and shall continue as provided, notwithstanding the subsequent termination or expiration of this Agreement pursuant to Section 1 hereof. The Employee’s subsequent employment, death or disability following the Employee’s termination of employment in connection with a Change of Control shall not affect the Company’s obligation to continue making Salary and Benefits Continuation payments. The Employee shall not be required to mitigate the amount of any payment provided for in this Section 3 by seeking employment or otherwise. The rights to Salary and Benefits Continuation shall be in addition to whatever other benefits the Employee may be entitled to under any other agreement or compensation plan, program or arrangement of the Company; provided, that the Employee shall not be entitled to any separate or additional severance payments pursuant to the Company’s severance plan as then in effect and generally applicable to similarly situated employees. The Company shall be authorized to withhold from any payment to the Employee, his/her estate or his/her beneficiaries hereunder all such amounts, if any, that the Company may reasonably determine it is required to withhold pursuant to any applicable law or regulation.

4. Termination of Employee for Cause.

(a) Upon or following a Change of Control, the Company may at any time terminate the Employee's employment for Cause. Termination of employment by the Company for "Cause" shall mean termination upon: (i) the willful and continued failure by the Employee to substantially perform his/her duties with the Company (other than (A) any such failure resulting from Employee's disability or (B) any such actual or anticipated failure resulting from Employee's termination of his/her employment for Good Reason), after a written demand for substantial performance is delivered to the Employee by the Board of Directors which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed his/her duties, and which failure has not been cured within thirty days (30) after such written demand; or (ii) the willful and continued engaging by the Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise, or (iii) the breach by the Employee of any of the covenants set forth in Section 8 hereof.

(b) For purposes of this Section 4, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by the Employee in bad faith and without reasonable belief that such action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him/her a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board of Directors called and held for that purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with his/her counsel, to be heard before the Board of Directors) finding that in the good faith opinion of the Board of Directors the Employee is guilty of the conduct set forth above in clauses (a)(i), (ii) or (iii) of this Section 4 and specifying the particulars thereof in detail.

5. Prior Termination. Anything in this Agreement to the contrary notwithstanding, if the Employee's employment with the Company is terminated prior to the date on which a Change of Control occurs either (i) by the Company other than for Cause or (ii) by the Employee for Good Reason, and it is reasonably demonstrated by Employee that such termination of employment (a) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control, or (b) otherwise arose in connection with or anticipation of the Change of Control, and (iii) a Change of Control that constitutes a change in ownership or effective control of the Corporation or a change in the ownership of a substantial portion of the assets of the Company under Section 409A of the Code occurs within twenty-four (24) months following the Employee's termination, then for all purposes of this Agreement the termination shall be deemed to have occurred upon a Change of Control and the Employee will be entitled to Salary and Benefits Continuation as provided for in Section 3 hereof upon the date on which the Change of Control set forth in clause (iii) of this Section 5 occurs or, if later, the date specified in Section 3 hereof.

6. Employment at Will. Subject to the provisions of any other agreement between the Employee and the Company, the Employee shall remain an employee at will and nothing herein shall confer upon the Employee any right to continued employment and shall not affect the right of the Company to terminate the Employee for any reason not prohibited by law; provided, however, that any such removal shall be without prejudice to any rights the Employee may have to Salary and Benefits Continuation hereunder.

7. Construction of Agreement.

(a) Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to its conflict of law provisions.

(b) Severability. In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Headings. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement.

8. Covenant as to Confidential Information, Non-Competition and Non-Solicitation.

(a) Confidentiality of Information and Nondisclosure. The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

(b) Non-Competition and Non-Solicitation. While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive, shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company.

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee's employment with the Company.

Employee agrees that for a period of twelve (12) months following the termination of Employee's employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of Employee's employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee's employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

(c) Company Remedies. The Employee acknowledges and agrees that any breach of this Section 8 by him/her will result in immediate irreparable harm to the Company, and that the Company cannot be reasonably or adequately compensated by damages in an action at law. In the event of an actual or threatened breach by the Employee of the provisions of this Section 8, the Company shall be entitled, to the extent permissible by law, immediately to cease to pay or provide the Employee or his/her dependents any compensation or benefit being, or to be, paid or provided to him pursuant to Section 3 of this Agreement, and also to obtain immediate injunctive relief restraining the Employee from conduct in breach or threatened breach of the covenants contained in this Section 8. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Employee.

9. Reimbursement of Fees. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur for the period beginning upon the Effective Date and ending upon the Employee's death as a result of any contest by the Company, Internal Revenue Service or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of

performance thereof (including as a result of any contest by the Employee about the amount of any payment pursuant to Section 3 of this Agreement) or in connection with any dispute arising from this Agreement, regardless of whether Employee prevails in any such contest or dispute. The Company shall pay or reimburse such fees and expenses on a monthly basis, payable on the first of each month, and all reimbursement payments with respect to expenses incurred within a particular year shall be made no later than the end of the Employee's taxable year following the taxable year in which the expense was incurred. Any amounts not paid within such monthly reimbursement period shall bear interest at the rate per annum established by PNC Bank, National Association (or its successor) from time to time as its "prime" or equivalent rate. The amount of reimbursable expenses incurred in one taxable year of the Employee shall not affect the amount of reimbursable expenses in a different taxable year and such reimbursement shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, in the event such amounts are conditioned upon a separation from service and not compensation the Employee could receive without separating from service, then no such payments may be made to Employee until the first day following the six-month anniversary of the Employee's termination.

10. Tax Gross-Up

(a) Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payments, benefits and distributions due under this Agreement and those which are otherwise payable or distributable to or for the benefit of the Employee relating to the termination of the Employee's employment in connection with a change of control of the Company, including a Change of Control (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including without limitation (i) payments, benefits and distributions pursuant to Section 3 of this Agreement, and (ii) deemed amounts under the Code, resulting from the acceleration of the vesting of any stock options or other equity-based incentive award) (all such payments, benefits and distributions being referred to herein as "Gross Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Employee with respect to the excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Company shall pay to the Employee an additional payment (a "Gross-Up Payment") in an amount such that after the payment by the Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed on the Gross-Up Payment, the Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed on the Gross Payments. Notwithstanding the foregoing provisions of this Section 10(a), if it shall be determined that the Employee is entitled to a Gross-Up Payment, but that the Gross Payments would not be subject to the Excise Tax if the Gross Payments were reduced by an amount that is equal to or less than 10% of the portion of the Gross Payments that would be treated as "parachute payments" under Section 280G of the Code, then the amounts payable to the Employee under this

Agreement shall be reduced (but not below zero) to the maximum amount that could be paid to the Employee without giving rise to the Excise Tax (the “Safe Harbor Cap”), and no Gross-Up Payment shall be made to the Employee. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments under Sections 3(a)(i) and (ii), unless an alternative method of reduction is elected by the Employee in a manner consistent with Section 409A of the Code. For purposes of reducing the Gross Payments to the Safe Harbor Cap, only amounts payable under this Agreement (and no other Gross Payments) shall be reduced. If the reduction of the amounts payable hereunder would not result in a reduction of the Gross Payments to the Safe Harbor Cap, no amounts payable under this Agreement shall be reduced pursuant to this provision.

(b) Subject to the provisions of this Section 10, all determinations required to be made under this Section 10, including, whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm designated by the Company (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Employee within fifteen (15) business days after there has been a Payment, or such earlier time as requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 10, shall be paid by the Company to the Employee as provided in Section 10(e). Any determination by the Accounting Firm shall be binding upon the Company and the Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 10(c) and the Employee thereafter is required to make a payment of any income taxes or Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be paid by the Company to or for the benefit of the Employee on the thirtieth (30th) day following the final determination of the amount; provided, further, that all such amounts shall be paid by the end of the Employee’s taxable year next following the Employee’s taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee’s taxable year following the Employee’s taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee’s taxable year following the Employee’s taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

(c) The Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date any payment of taxes with respect to such claim is due). If the Company notifies the Employee in writing prior to the expiration of such period that it desires to contest such claim, the Employee shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest for the period commencing upon the Effective Date and ending upon the Employee's death and shall indemnify and hold the Employee harmless, on an after-tax basis, for any income taxes or Excise Tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Such costs and expenses incurred within a particular year shall be paid no later than the end of the Employee's taxable year following the taxable year in which the costs and expenses were incurred. The amount of costs and expenses incurred in one taxable year of the Employee shall not affect the amount of paid costs and expenses in a different taxable year and such payment shall not be subject to liquidation or exchange for another benefit. Without limitation on the foregoing provisions of this Section 10, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided , however , that if the Company directs the Employee to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Employee, on an interest-free basis, and shall indemnify and hold the Employee harmless, on an after-tax basis, from any income taxes or Excise Tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, the Employee becomes entitled to receive any refund with respect to such claim, the Employee shall (subject to the Company's complying with the requirements of Section 10) pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto), on the thirtieth (30th) day following the receipt of such refund. If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, a determination is made that the Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Employee in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven on the date such determination becomes final and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) The payments provided for in this Section 10 shall be made upon the first day following the six-month anniversary of the termination of the Employee's employment; provided , however , that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Employee on such day an estimate, as determined in good faith by the Employee, of the minimum amount of such payments to which the Employee is clearly entitled. The Company shall pay the remainder of such payments (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) on the thirtieth (30th) day after the date specified for payment of the initial estimate. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, the Employee shall repay such excess to the Company on the fifth (5th) business day after calculation of the correct amount and demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). In the event the Company should fail to pay when due the amounts described in this Section 10, the Employee shall also be entitled to receive from the Company an amount representing interest on any unpaid or untimely paid amounts from the due date, as determined under this Section 10, to the date of payment at a rate equal to 120% of the rate provided in Section 1274 (b)(2)(B) of the Code. Notwithstanding the foregoing provisions of this subsection 10(e), all such amounts payable by the Company shall be paid by the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee's taxable year following the Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

11. Resolution of Differences Over Breaches of Agreement. Except as otherwise provided herein, in the event of any controversy, dispute or claim arising out of, or relating to this Agreement, or the breach thereof, or arising out of any other matter relating to the Employee's employment with the Company or the termination of such employment, the parties may seek recourse only for temporary or preliminary injunctive relief to the courts having jurisdiction thereof and if any relief other than injunctive relief is sought, the Company and the Employee agree that such underlying controversy, dispute or claim shall be settled by arbitration conducted in Pittsburgh, Pennsylvania in accordance with this Section 11 of this Agreement and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The matter shall be heard and decided, and awards rendered by a panel of three (3) arbitrators (the "Arbitration Panel"). The Company and the Employee shall each select one arbitrator from the AAA National Panel of Commercial Arbitrators (the "Commercial Panel") and AAA shall select a third arbitrator from the Commercial Panel. The award rendered by the Arbitration Panel shall be final and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction thereof.

12. Treatment of Certain Incentive Awards. All "Awards" held by the Employee under the Company's 1999 Long-Term Incentive Plan (the "1999 Plan") shall, upon a Change of Control, be treated in accordance with the terms of the 1999 Plan and underlying award agreements when and as awarded, without regard to the subsequent amendment of the 1999 Plan. For purposes of this Section 12, the terms "Award" and "Change of Control" shall have the meanings ascribed to them in the 1999 Plan.

13. Release. The Employee hereby acknowledges and agrees that prior to the Employee's or his/her dependents' right to receive from the Company any compensation or benefit to be paid or provided to him/her or his/her dependents pursuant to Section 3 of this Agreement, the Employee may be required by the Company, in its sole discretion, to execute a release in a form reasonably acceptable to the Company, which releases any and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its

subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Protection Act, Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, or the Employee Retirement Income Security Act of 1974, all as amended.

14. Waiver. The waiver by a party hereto of any breach by the other party hereto of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by a party hereto.

15. Assignment. This Agreement, including the non-competition and non-solicitation covenant in Section 8(b) hereof, shall be binding upon and inure to the benefit of the successors and assigns of the Company. The Company shall be obligated to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the Company's business or assets, by a written agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. This Agreement shall inure to the extent provided hereunder to the benefit of and be enforceable by the Employee or his/her legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. The Employee may not delegate any of his/her duties, responsibilities, obligations or positions hereunder to any person and any such purported delegation by him shall be void and of no force and effect with respect to matters relating to his/her employment and termination of employment. Without limiting the foregoing, the Employee's rights to receive payments and benefits hereunder shall not be assignable or transferable, other than a transfer by Employee's will or by the laws of descent and distribution.

16. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing, and if personally delivered or when sent by first class certified or registered mail, postage prepaid, return receipt requested — in the case of the Employee, to his/her residence address as set forth below, and in the case of the Company, to the address of its principal place of business as set forth below, in care of the Chairman of the Board — or to such other person or at such other address with respect to each party as such party shall notify the other in writing.

17. Pronouns. Pronouns stated in either the masculine, feminine or neuter gender shall include the masculine, feminine and neuter.

18. Entire Agreement. Except as set forth in any confidentiality, non-solicitation or non-competition agreement to which you are a party, this Agreement contains the entire agreement of the parties concerning the matters set forth herein and all promises, representations, understandings, arrangements and prior agreements regarding the subject matter hereof (including the Existing Agreement, which the parties agree shall terminate as of the Effective Date hereof) are merged herein and superseded hereby. The provisions of this Agreement may not be amended, modified, repealed, waived, extended

or discharged except by an agreement in writing signed by the party against whom enforcement of any amendment, modification, repeal, waiver, extension or discharge is sought; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. No person acting other than pursuant to a resolution of the Board of Directors (or its designee) shall have authority on behalf of the Company to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto or to exercise any of the Company's rights to terminate or to fail to extend this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his/her hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/ Kimberly L. Sachse	/s/ Charlene Petrelli
	By: Charlene Petrelli
	Title: Vice President and Chief HR Officer
	Address:
	225 North Shore Drive, 6th Floor Pittsburgh, PA 15212
WITNESS:	
/s/ Marlene K. Driscoll	/s/ Theresa Z. Bone
	Name: Theresa Z. Bone
	Address:

Exhibit 10.13(a)

CONFIDENTIALITY, NON-SOLICITATION and NON-COMPETITION AGREEMENT

This Agreement is made as of September 8, 2008 by and between Equitable Resources, Inc., a Pennsylvania corporation (Equitable Resources, Inc. and its subsidiary companies are hereinafter collectively referred to as the "Company"), and Lewis B. Gardner (the "Employee").

WITNESSETH:

WHEREAS, during the course of Employee's employment with the Company, the Company has imparted and will continue to impart to Employee proprietary and/or confidential information and/or trade secrets of the Company; and

WHEREAS, in order to protect the business and goodwill of the Company, the Company desires to obtain or continue to obtain certain confidentiality, non-competition and non-solicitation covenants from the Employee and the Employee desires to provide for or continue to agree to such covenants in exchange for the Company's agreement to pay certain severance benefits in the event that the Employee's employment with the Company is terminated in certain circumstances; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to enter into this Agreement which, among other things, reflects the parties' best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") to the benefit of the Employee; and

WHEREAS, the Employee is willing to enter into this Agreement, which contains, among other things, specific confidentiality, non-competition and non-solicitation agreements, in consideration of the foregoing and the simultaneous execution by the Company and the Employee of a new Change of Control Agreement (the "Change of Control Agreement"); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Restrictions on Competition and Solicitation . While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive, shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being

produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company. Notwithstanding anything to the contrary in the foregoing paragraph or in this Agreement, Employee shall not in any way be restricted from being employed as an attorney in the oil and gas industry immediately following the date of Employee's termination of employment with the Company **.**

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee's employment with the Company.

Employee agrees that for a period of twelve (12) months following the termination of Employee's employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of

Employee's employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee's employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

2. Confidentiality of Information and Nondisclosure. The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

3. Severance Benefit.

(a) If the employment of the Employee with the Company is terminated by the Company for any reason other than Cause (as defined below) or if the Employee terminates his or her employment with the Company for Good Reason (as defined below), the Company shall pay the Employee, from the date of termination, in addition to any payments to which the Employee is entitled under the Company's severance pay plan, twelve (12) months of base salary at the Employee's annual base salary level in effect at the time of such termination or immediately prior to the salary reduction that serves as the basis for termination for Good Reason. Employee will also be entitled to payment of an amount of cash equal to $20,000. The aggregate base salary and other cash amount payable shall be paid by the Company to the Employee in one lump sum on the first day following the six (6) month anniversary of the date of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

(b) Employee will also be entitled to twelve (12) months of health benefits continuation if terminated under circumstances described in subpart (a) above. To the extent any such benefits cannot be provided to the Employee on a non-taxable basis and the provision thereof would cause any part of the benefits to be subject to additional taxes and interest under Section 409A of the Code, then the provision of such benefits shall be deferred to the earliest date upon which such benefits can be provided without being subject to such additional taxes and interest.

(c) Solely for purposes of this Agreement, "Cause" shall include:

i. the conviction of a felony, a crime of moral turpitude or fraud or having committed fraud, misappropriation or embezzlement in connection with the performance of his duties hereunder,

ii. willful and repeated failures to substantially perform his assigned duties; or

iii. a violation of any provision of this Agreement or express significant policies of the Company.

(d) Solely for purposes of this Agreement, termination for "Good Reason" shall mean termination of employment by the Employee within ninety (90) days after:

i. being demoted, or

ii. being given notice of a reduction in his or her annual base salary (other than a reduction of not more than 10% applicable to all senior officers of the Company).

(e) The Company's obligation to provide continuing salary and health insurance benefits under this Section 3 shall be contingent upon the following:

i. Employee's execution of a release in a form reasonably acceptable to the Company, which releases any and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort, contract or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, and the Employee Retirement Income Security Act of 1974, all as amended; and

ii. Employee's compliance with his contractual obligations to the Company including, but not limited to, Employee's obligations set forth in Sections 1 and 2 of this Agreement.

4. Authorization to Modify Restrictions . The provisions of this Agreement are severable. To the extent that any provision of this Agreement is deemed unenforceable in any court of law the parties intend that such provision be construed by such court in a manner to make it enforceable.

5. Reasonable and Necessary Agreement . The Employee acknowledges and agrees that: (i) this Agreement is necessary for the protection of the legitimate business interests of the Company; (ii) the restrictions contained in this Agreement are reasonable; (iii) the Employee has no intention of competing with the Company within the limitations set forth above; (iv) the Employee acknowledges and warrants that Employee believes that Employee will be fully able to earn an adequate livelihood for Employee and Employee's dependents if the covenant not to compete contained in this Agreement is enforced against the Employee; and (v) the Employee has received adequate and valuable consideration for entering into this Agreement.

6. Injunctive Relief and Attorneys' Fees . The Employee stipulates and agrees that any breach of Sections 1 or 2 of this Agreement by the Employee will result in immediate and irreparable harm to the Company, the amount of which will be extremely difficult to ascertain, and that the Company could not be reasonably or adequately compensated by damages in an action at law. For these reasons, the Company shall have the right, without objection from the Employee, to obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as may be necessary to protect the Company against, or on account of, any breach by the Employee of the provisions of Sections 1 and 2 hereof. In the event the Company obtains any such injunction, order, decree or other relief, in law or in equity, (i) the duration of any violation of Section 1 shall be added to the twelve (12) month restricted period specified in Section 1, and (ii) the Employee shall be responsible for reimbursing the Company for all costs associated with obtaining the relief, including reasonable attorneys' fees and expenses and costs of suit. Such right to equitable relief is in addition to the remedies the Company may have to protect its rights at law, in equity or otherwise.

7. Binding Agreement . This Agreement (including the covenants contained in Sections 1 and 2) shall be binding upon and inure to the benefit of the successors and assigns of the Company.

8. Governing Law/Consent to Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. For the purpose of any suit, action or proceeding arising out of or relating to this Agreement, Employee irrevocably consents and submits to the jurisdiction and venue of any state or federal court located in Allegheny County, Pennsylvania. Employee agrees that service of the summons and complaint and all other process which may be served in any such suit, action or proceeding may be effected by mailing by registered mail a copy of such process to Employee at the address set forth below (or such other address as Employee shall provide to Company in writing). Employee irrevocably waives any objection which he may now or hereafter has to the venue of any such suit, action or proceeding brought in such court and any claim that such suit, action or proceeding brought in such court has been brought in an inconvenient forum and agrees that service of process in accordance with this Section will be deemed in every respect effective and valid personal service of process upon Employee. Nothing in this Agreement will be construed to prohibit service of process by any other method permitted by law. The provisions of this Section will not limit or otherwise affect the right of the Company to institute and conduct an action in any other appropriate manner, jurisdiction or court. The Employee agrees that final judgment in such suit, action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

9. Termination. The Company may terminate this Agreement by giving twelve (12) months' prior written notice to the Employee; provided that all provisions of this Agreement shall apply if any event specified in Section 3 occurs prior to the expiration of such twelve (12) month period. Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Change of Control as such term is defined in the Change of Control Agreement, this Agreement shall remain in full force and effect and may not thereafter be terminated by the Company (even if notice of termination has been given in the previous twelve (12) months under the first sentence of this Section).

10. Employment at Will. Employee shall be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

11. Executive Alternative Work Arrangement Employment Status. As an executive officer of Equitable, Employee also has the opportunity to elect now to participate in the newly-created status of "Executive Alternative Work Arrangement" upon discontinuing full-time status. The terms and conditions of Executive Alternative Work Arrangement Employment Status are described in the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A. Set forth below is an election form to elect to participate in this new classification. If Employee so elects to participate by signing the election form below, the Executive Alternative Work Arrangement classification will be automatically assigned to Employee if and when Employee gives Equitable (delivered to the Vice President and Chief Human Resources Officer) at least 90 days' advance written notice of Employee's intention to discontinue full-time status. By signing the election below, Employee thereby agrees to execute the attached Executive Alternative Work Arrangement Employment Agreement, which will become effective automatically on the day following Employee's relinquishment of full-time status, provided however that Employee has retained executive officer status and is otherwise in good standing

with Equitable (i.e. , has not been terminated for Cause nor left the Company for "Good Reason").

12. Entire Agreement . This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written (other than the Change of Control Agreement dated September 8, 2008). This Agreement may not be changed, amended, or modified, except by a written instrument signed by the parties; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. Notwithstanding anything in this Agreement, if Employee is entitled to receive payment of benefits under the Change of Control Agreement, or any successor agreement, he or she shall not receive benefits under this Agreement and, in lieu thereof, shall receive payment of benefits under the Change of Control Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/ Kimberly L. Sachse	By: /s/ Charlene Petrelli
9-23-08	9-23-08
Date	Date
WITNESS	EMPLOYEE
/s/ David J. Smith	/s/ Lewis B. Gardner
	Lewis B. Gardner
9-15-08	9-15-08
Date	Date

ELECTION TO PARTICIPATE IN
EXECUTIVE ALTERNATIVE WORK ARRANGEMENT CLASSIFICATION

☒ I hereby elect to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement ("Non-Competition Agreement") and to execute the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A upon my discontinuation of full-time status as an Executive Officer in good standing with Equitable. I understand that if my full-time employment with Equitable is terminated for Cause or if I terminate my employment for Good Reason (as those terms are defined in the Non-Competition Agreement), I will no longer be eligible for Executive Alternative Work Arrangement Employment Status.

☐ I hereby decline to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement.

Lewis B. Gardner
Employee Name Printed

/s/ Lewis B. Gardner
Employee Signature

9-15-08
Date

Exhibit 10.13(b)

CHANGE OF CONTROL AGREEMENT

THIS AGREEMENT (the "Agreement") dated as of the 8th day of September, 2008 (the "Effective Date") is made by and between EQUITABLE RESOURCES, INC., a Pennsylvania corporation with its principal place of business at Pittsburgh, Pennsylvania (the "Company"), and Lewis B. Gardner, an individual (the "Employee");

WITNESSETH:

WHEREAS, the Company and the Employee are parties to a Change of Control Agreement dated as of November 11, 2003, which provides for the payment of certain benefits to the Employee if the Employee's employment terminates in certain circumstances following a change of control of the Company (the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company (the "Board") continues to believe that it is in the best interest of the Company and its shareholders to assure that the Company will have the continued dedication of the Employee, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company; that it is imperative to diminish the inevitable distraction of the Employee by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Employee's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control; and that it is appropriate to provide the Employee with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Employee will be satisfied and which are competitive with those of other corporations in the industry in which the Company's principal business activity is conducted; and

WHEREAS, in consideration of the compensation and benefits payable to the Employee under this Agreement, the Company desires to restrict the Employee from competing with the Company and from soliciting customers and employees of the Company for one (1) year following the termination of the Employee's employment following a Change of Control. Employer also desires to require that Employee maintain the confidentiality of certain information for two years following any such termination, and the Employee is willing to agree to such restrictions in consideration of the compensation and benefits payable under this Agreement; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to terminate the Existing Agreement and to enter into this Agreement which, among other things, reflects the parties' best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") to the benefit of the Employee;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Term. The term of this Agreement shall commence on the Effective Date hereof and, subject to Sections 3(f), 5 and 8, shall terminate on the earlier of (i) the date of the termination of Employee's employment with the Company for any reason prior to a Change of Control; (ii) the date of Employee's transition to employment with the Company on a part-time basis, including without limitation assumption of "Executive Alternative Work Arrangement" status; or (iii) unless further extended as hereinafter set forth, the date which is twenty-four (24) months after the Effective Date; provided, that, commencing on the last day of the first full calendar month after the Effective Date and on the last day of each succeeding calendar month, the term of this Agreement shall be automatically extended without further action by either party (but not beyond the date of the termination of Employee's employment or transition to part-time employment prior to a Change of Control) for one (1) additional month unless one party provides written notice to the other party that such party does not wish to extend the term of this Agreement. In the event that such notice shall have been delivered, the term of this Agreement shall no longer be subject to automatic extension and the term hereof shall expire on the date which is twenty-four (24) calendar months after the last day of the month in which such written notice is received.

2. Change of Control. Except as provided in Section 12, Change of Control shall mean any of the following events (each of such events being herein referred to as a "Change of Control"):

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Company common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board of Directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively of the outstanding Company common stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Company common stock and voting power immediately prior to such sale or disposition;

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board of Directors; provided, however, that the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company's termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than 60% of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the common stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of common stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Company's Board of Directors immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause, (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reasons to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved.

3. Salary and Benefits Continuation .

(a) "Salary and Benefits Continuation" shall be defined to mean the following:

(i) payment of an amount of cash equal to two (2) times the Employee's base salary at the rate of base salary per annum in effect immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher;

(ii) payment of an amount of cash equal to two (2) times the greater of (A) the highest annual incentive (bonus) payment earned by the Employee under the Company's applicable Short-Term Incentive Plan (or any successor plan) for any year in the five (5) years prior to the termination of Employee's employment or (B) the target incentive (bonus) award under the Company's applicable Short-Term Incentive Plan (or any successor plan) for the year in which the Change of Control or termination of Employee's employment occurs, whichever is higher;

(iii) provision to Employee and his/her eligible dependents of medical, long-term disability, dental and life insurance coverage (to the extent such coverage was in effect immediately prior to the Change of Control) for twenty-four (24) months (at the end of which period the Company shall make such benefits available to the Employee and his/her eligible dependents in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), whether or not the Company is then required to comply with COBRA); and if the Employee would have become entitled to benefits under the Company's post-retirement health care or life insurance plans (as in effect immediately prior to the Change of Control or the date of the Employee's termination of employment, whichever is most favorable to the Employee) had the Employee's employment terminated at any time during the period of twenty-four (24) months after such date of termination, the Company shall provide such post-retirement health care or life insurance benefits to the Employee (subject to any employee contributions required under the terms of such plans at the level in effect immediately prior to the Change of Control or the date of termination, whichever is more favorable to the Employee) commencing on the later of (i) the date that such coverage would have first become available or (ii) the date that benefits described in this subsection (iii) terminate;

(iv) contribution by the Company to Employee's account under the Company's defined contribution retirement plan (currently, the Equitable Resources, Inc. Employee Savings Plan) of an amount of cash equal to the amount that the Company would have contributed to such plan (including both retirement contributions and Company matching contributions in respect of Employee contributions to the plan) had the Employee continued to be employed by the Company for an additional twenty-four (24) months at a base salary equal to the Employee's base salary immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher (and assuming for this purpose that the Employee continued to make the maximum permissible contributions to such plan during such period), such contribution being deemed to be made immediately prior to the termination of Employee's employment; provided, that to the extent that the amount of such contribution exceeds the amount then allowed to be contributed to the plan under the applicable rules relating to tax-qualified retirement plans, then the excess shall be paid to the Employee in cash in respect of both retirement and matching contributions under the Company's Employee Savings Plan (or any successor plan) because of applicable rules relating to tax-qualified retirement plans; and

(v) reimbursement to Employee of reasonable costs incurred by Employee for outplacement services for the two (2) year period following termination of Employee's employment, in an amount not to exceed $10,000 per year.

(b) All amounts payable by the Company to the Employee pursuant to Sections 3(a)(i), (ii), and (iv) shall be made in a lump sum on the first day following the six-month anniversary of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code. All reimbursements for costs incurred for outplacement services payable by the Company to the Employee pursuant to Section 3(v) shall be paid or provided in accordance with the Company's standard payroll and reimbursement procedures, as in effect immediately prior to the Change of Control, provided that such expenses must be incurred before the end of the second taxable year of the Employee following the taxable year of the Employee in which the termination occurs and must be reimbursed before the end of the third taxable year of the Employee following the taxable year of the Employee in which the termination occurs.

(c) To the extent that medical, long-term disability, dental and life insurance benefits cannot be provided on a non-taxable basis to the Employee under appropriate Company group insurance policies pursuant to Section 3(a)(iii), an amount equal to the premium necessary for the Employee to purchase directly the same level of coverage in effect immediately prior to the Change of Control shall be added to the Company's payments to Employee pursuant to Section 3(a). Any such payment shall be made in a lump sum, payable on the first day following the six-month anniversary of Employee's termination. If Employee is required to pay income or other taxes on any medical, long-term disability, dental or life insurance benefits provided or paid to the Employee pursuant to Section 3(a)(iii) or this Section 3(c), then the Company shall pay to the Employee an amount of cash sufficient to "gross-up" such benefits or payments at the time specified in Section 10 hereof so that Employee's "net" benefits received under Section 3(a)(iii) and this Section 3(c) are not diminished by any such taxes that are imposed with respect to the same or the Company's gross-up hereunder with respect to such taxes.

(d) If there is a Change of Control as defined above, the Company will provide Salary and Benefits Continuation if at any time during the first twenty-four (24) months following the Change of Control, either (i) the Company terminates the Employee's employment other than for Cause as defined in Section 4 below or (ii) the Employee terminates his/her employment for "Good Reason" as defined below.

(e) For purposes of this Agreement, "Good Reason" is defined as:

(i) Removal of the Employee from the position he/she held immediately prior to the Change of Control (by reason other than death, disability or Cause);

(ii) The assignment to the Employee of any duties inconsistent with those performed by the Employee immediately prior to the Change of Control or a substantial alteration in the nature or status of the Employee's responsibilities which renders the Employee's position to be of less dignity, responsibility or scope;

(iii) A reduction by the Company in the overall level of compensation of the Employee for any year from the level in effect for the Employee in the prior year. For purposes of this subsection (iii), the following shall not constitute a reduction in the overall level of compensation of the Employee: (A) across-the-board reductions in base salary similarly affecting all executives of the Company and all executives of any person in control of the Company, provided, however, that the Employee's annual base salary rate shall not be reduced by an amount equal to ten percent or more of the Employee's annual base salary rate in effect immediately prior to the Change of Control; (B) changes in the mix of base salary payable to and the short-term incentive opportunity available to the Employee; provided, that in no event shall the Employee's base salary for any year be reduced below 90% of the annual base salary paid to such Employee in the prior year; (C) a reduction in the compensation of the Employee resulting from the failure to achieve corporate, business unit and/or individual performance goals established for purposes of incentive compensation for any year or other period; provided, that the aggregate short-term incentive opportunity, when combined with the Employee's annual base salary, provides, in the aggregate, an opportunity for the Employee to realize at least the same overall level of base salary and short term incentive compensation as was paid in the immediately prior year or period at target performance levels; and provided, further, that such target performance levels are reasonable at all times during the measurement period, taking into account the fact that one of the purposes of such compensation is to incentivize the Employee; (D) reductions in compensation resulting from changes to any Company benefit plan; provided, that such changes are generally applicable to all participants in such Company benefit plan; and (E) any combination of the foregoing;

(iv) The failure to grant the Employee an annual salary increase reasonably necessary to maintain such salary as reasonably comparable to salaries of senior executives holding positions equivalent to the Employee's in the industry in which the Company's then principal business activity is conducted;

(v) The Company requiring the Employee to be based anywhere other than the Company's principal executive offices in the city in which the Employee is principally located immediately prior to the Change of Control, except for required travel on the Company's business to an extent substantially consistent with the Employee's business travel obligations prior to the Change of Control;

(vi) Any material reduction by the Company of the benefits enjoyed by the Employee under any of the Company's pension, retirement, profit sharing, savings, life insurance, medical, health and accident, disability or other employee benefit plans, programs or arrangements, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefits, or the failure by the Company to provide the Employee with the number of paid vacation days to which he/she is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy, provided that this subparagraph (vi) shall not apply to any proportional across-the-board reduction or action similarly affecting all executives of the Company and all executives of any person in control of the Company; or

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 15 hereof, or any other material breach by the Company of its obligations contained in this Agreement.

(f) The Employee's right to Salary and Benefits Continuation shall accrue upon the occurrence of either of the events specified in (i) or (ii) of Section 3(d) and shall continue as provided, notwithstanding the subsequent termination or expiration of this Agreement pursuant to Section 1 hereof. The Employee's subsequent employment, death or disability following the Employee's termination of employment in connection with a Change of Control shall not affect the Company's obligation to continue making Salary and Benefits Continuation payments. The Employee shall not be required to mitigate the amount of any payment provided for in this Section 3 by seeking employment or otherwise. The rights to Salary and Benefits Continuation shall be in addition to whatever other benefits the Employee may be entitled to under any other agreement or compensation plan, program or arrangement of the Company; provided, that the Employee shall not be entitled to any separate or additional severance payments pursuant to the Company's severance plan as then in effect and generally applicable to similarly situated employees. The Company shall be authorized to withhold from any payment to the Employee, his/her estate or his/her beneficiaries hereunder all such amounts, if any, that the Company may reasonably determine it is required to withhold pursuant to any applicable law or regulation.

4. Termination of Employee for Cause .

(a) Upon or following a Change of Control, the Company may at any time terminate the Employee's employment for Cause. Termination of employment by the Company for "Cause" shall mean termination upon: (i) the willful and continued failure by the Employee to substantially perform his/her duties with the Company (other than (A) any such failure resulting from Employee's disability or (B) any such actual or anticipated failure resulting from Employee's termination of his/her employment for Good Reason), after a written demand for substantial performance is delivered to the Employee by the Board of Directors which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed his/her duties, and which failure has not been cured within thirty days (30) after such written demand; or (ii) the willful and continued engaging by the Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise, or (iii) the breach by the Employee of any of the covenants set forth in Section 8 hereof.

(b) For purposes of this Section 4, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by the Employee in bad faith and without reasonable belief that such action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him/her a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board of Directors called and held for that purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with his/her counsel, to be heard before the Board of Directors) finding that in the good faith opinion of the Board of Directors the Employee is guilty of the conduct set forth above in clauses (a)(i), (ii) or (iii) of this Section 4 and specifying the particulars thereof in detail.

5. Prior Termination . Anything in this Agreement to the contrary notwithstanding, if the Employee's employment with the Company is terminated prior to the date on which a Change of Control occurs either (i) by the Company other than for Cause or (ii) by the Employee for Good Reason, and it is reasonably demonstrated by Employee that such

termination of employment (a) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control, or (b) otherwise arose in connection with or anticipation of the Change of Control, and (iii) a Change of Control that constitutes a change in ownership or effective control of the Corporation or a change in the ownership of a substantial portion of the assets of the Company under Section 409A of the Code occurs within twenty-four (24) months following the Employee's termination, then for all purposes of this Agreement the termination shall be deemed to have occurred upon a Change of Control and the Employee will be entitled to Salary and Benefits Continuation as provided for in Section 3 hereof upon the date on which the Change of Control set forth in clause (iii) of this Section 5 occurs or, if later, the date specified in Section 3 hereof.

6. Employment at Will . Subject to the provisions of any other agreement between the Employee and the Company, the Employee shall remain an employee at will and nothing herein shall confer upon the Employee any right to continued employment and shall not affect the right of the Company to terminate the Employee for any reason not prohibited by law; provided, however, that any such removal shall be without prejudice to any rights the Employee may have to Salary and Benefits Continuation hereunder.

7. Construction of Agreement .

(a) Governing Law . This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to its conflict of law provisions.

(b) Severability . In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Headings . The descriptive headings of the several paragraphs of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement.

8. Covenant as to Confidential Information, Non-Competition and Non-Solicitation .

(a) Confidentiality of Information and Nondisclosure . The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

(b) Non-Competition and Non-Solicitation . While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive, shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company. Notwithstanding anything to the contrary in the foregoing paragraph or in this Agreement, Employee shall not in any way be restricted from being employed as an attorney in the oil and gas industry immediately following the date of Employee’s termination of employment with the Company.

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee’s employment with the Company.

Employee agrees that for a period of twelve (12) months following the termination of Employee’s employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee’s separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee’s separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of Employee’s employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee’s employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee’s termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

(c) Company Remedies. The Employee acknowledges and agrees that any breach of this Section 8 by him/her will result in immediate irreparable harm to the Company, and that the Company cannot be reasonably or adequately compensated by damages in an action at law. In the event of an actual or threatened breach by the Employee of the provisions of this Section 8, the Company shall be entitled, to the extent permissible by law, immediately to cease to pay or provide the Employee or his/her dependents any compensation or benefit being, or to be, paid or provided to him pursuant to Section 3 of this Agreement, and also to obtain immediate injunctive relief restraining the Employee from conduct in breach or threatened breach of the covenants contained in this Section 8. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Employee.

9. Reimbursement of Fees. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur for the period beginning upon the Effective Date and ending upon the Employee's death as a result of any contest by the Company, Internal Revenue Service or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Employee about the amount of any payment pursuant to Section 3 of this Agreement) or in connection with any dispute arising from this Agreement, regardless of whether Employee prevails in any such contest or dispute. The Company shall pay or reimburse such fees and expenses on a monthly basis, payable on the first of each month, and all reimbursement payments with respect to expenses incurred within a particular year shall be made no later than the end of the Employee's taxable year following the taxable year in which the expense was incurred. Any amounts not paid within such monthly reimbursement period shall bear interest at the rate per annum established by PNC Bank, National Association (or its successor) from time to time as its "prime" or equivalent rate. The amount of reimbursable expenses incurred in one taxable year of the Employee shall not affect the amount of reimbursable expenses in a different taxable year and such reimbursement shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, in the event such amounts are conditioned upon a separation from service and not compensation the Employee could receive without separating from service, then no such payments may be made to Employee until the first day following the six-month anniversary of the Employee's termination.

10. Tax Gross-Up

(a) Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payments, benefits and distributions due under this Agreement and those which are otherwise payable or distributable to or for the benefit of the Employee relating to the termination of the Employee's employment in connection with a change of control of the Company, including a Change of Control (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including without limitation (i) payments, benefits and distributions pursuant to Section 3 of this Agreement, and (ii) deemed amounts under the Code, resulting from the acceleration of the vesting of any stock options or other equity-based incentive award) (all such payments, benefits and distributions being referred to herein as “Gross Payments”), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Employee with respect to the excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Company shall pay to the Employee an additional payment (a “Gross-Up Payment”) in an amount such that after the payment by the Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed on the Gross-Up Payment, the Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed on the Gross Payments. Notwithstanding the foregoing provisions of this Section 10(a), if it shall be determined that the Employee is entitled to a Gross-Up Payment, but that the Gross Payments would not be subject to the Excise Tax if the Gross Payments were reduced by an amount that is equal to or less than 10% of the portion of the Gross Payments that would be treated as “parachute payments” under Section 280G of the Code, then the amounts payable to the Employee under this Agreement shall be reduced (but not below zero) to the maximum amount that could be paid to the Employee without giving rise to the Excise Tax (the “Safe Harbor Cap”), and no Gross-Up Payment shall be made to the Employee. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments under Sections 3(a)(i) and (ii), unless an alternative method of reduction is elected by the Employee in a manner consistent with Section 409A of the Code. For purposes of reducing the Gross Payments to the Safe Harbor Cap, only amounts payable under this Agreement (and no other Gross Payments) shall be reduced. If the reduction of the amounts payable hereunder would not result in a reduction of the Gross Payments to the Safe Harbor Cap, no amounts payable under this Agreement shall be reduced pursuant to this provision.

(b) Subject to the provisions of this Section 10, all determinations required to be made under this Section 10, including, whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm designated by the Company (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Employee within fifteen (15) business days after there has been a Payment, or such earlier time as requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 10, shall be paid by the Company to the Employee as provided in Section 10(e). Any determination by the Accounting Firm shall be binding upon the Company and the Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 10(c) and the Employee thereafter is required to make a payment of any income taxes or Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be paid by the Company to or for the benefit of the Employee on the thirtieth (30th) day following the final determination of the amount; provided, further, that all such amounts shall be paid by the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee's taxable year following the Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

(c) The Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date any payment of taxes with respect to such claim is due). If the Company notifies the Employee in writing prior to the expiration of such period that it desires to contest such claim, the Employee shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest for the period commencing upon the Effective Date and ending upon the Employee's death and shall indemnify and hold the Employee harmless, on an after-tax basis, for any income taxes or Excise Tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Such costs and expenses incurred within a particular year shall be paid no later than the end of the Employee's taxable year following the taxable year in which the costs and expenses were incurred. The amount of costs and expenses incurred in one taxable year of the Employee shall not affect the amount of paid costs and expenses in a different taxable year and such payment shall not be subject to liquidation or exchange for another benefit. Without limitation on the foregoing provisions of this Section 10, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Employee to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Employee, on an interest-free basis, and shall indemnify and hold the Employee harmless, on an after-tax basis, from any income taxes or Excise Tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, the Employee becomes entitled to receive any refund with respect to such claim, the Employee shall (subject to the Company's complying with the requirements of Section 10) pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto), on the thirtieth (30^{th}) day following the receipt of such refund. If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, a determination is made that the Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Employee in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven on the date such determination becomes final and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) The payments provided for in this Section 10 shall be made upon the first day following the six-month anniversary of the termination of the Employee's employment; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Employee on such day an estimate, as determined in good faith by the Employee, of the minimum amount of such payments to which the Employee is clearly entitled. The Company shall pay the remainder of such payments (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) on the thirtieth (30th) day after the date specified for payment of the initial estimate. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, the Employee shall repay such excess to the Company on the fifth (5th) business day after calculation of the correct amount and demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). In the event the Company should fail to pay when due the amounts described in this Section 10, the Employee shall also be entitled to receive from the Company an amount representing interest on any unpaid or untimely paid amounts from the due date, as determined under this Section 10, to the date of payment at a rate equal to 120% of the rate provided in Section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing provisions of this subsection 10(e), all such amounts payable by the Company shall be paid by the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee's taxable year following the Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

11. Resolution of Differences Over Breaches of Agreement. Except as otherwise provided herein, in the event of any controversy, dispute or claim arising out of, or relating to this Agreement, or the breach thereof, or arising out of any other matter relating to the Employee's employment with the Company or the termination of such employment, the parties may seek recourse only for temporary or preliminary injunctive relief to the courts having jurisdiction thereof and if any relief other than injunctive relief is sought, the Company and the Employee agree that such underlying controversy, dispute or claim shall be settled by arbitration conducted in Pittsburgh, Pennsylvania in accordance with this Section 11 of this Agreement and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The matter shall be heard and decided, and awards rendered by a panel of three (3) arbitrators (the "Arbitration Panel"). The Company and the Employee shall each select one arbitrator from the AAA National Panel of Commercial Arbitrators (the "Commercial Panel") and AAA shall select a third arbitrator from the Commercial Panel. The award rendered by the Arbitration Panel shall be final

and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction thereof.

12. Treatment of Certain Incentive Awards . All “Awards” held by the Employee under the Company’s 1999 Long-Term Incentive Plan (the “1999 Plan”) shall, upon a Change of Control, be treated in accordance with the terms of the 1999 Plan and underlying award agreements when and as awarded, without regard to the subsequent amendment of the 1999 Plan. For purposes of this Section 12, the terms “Award” and “Change of Control” shall have the meanings ascribed to them in the 1999 Plan.

13. Release . The Employee hereby acknowledges and agrees that prior to the Employee’s or his/her dependents’ right to receive from the Company any compensation or benefit to be paid or provided to him/her or his/her dependents pursuant to Section 3 of this Agreement, the Employee may be required by the Company, in its sole discretion, to execute a release in a form reasonably acceptable to the Company, which releases any and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Protection Act, Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, or the Employee Retirement Income Security Act of 1974, all as amended.

14. Waiver . The waiver by a party hereto of any breach by the other party hereto of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by a party hereto.

15. Assignment . This Agreement, including the non-competition and non-solicitation covenant in Section 8(b) hereof, shall be binding upon and inure to the benefit of the successors and assigns of the Company. The Company shall be obligated to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the Company’s business or assets, by a written agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. This Agreement shall inure to the extent provided hereunder to the benefit of and be enforceable by the Employee or his/her legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. The Employee may not delegate any of his/her duties, responsibilities, obligations or positions hereunder to any person and any such purported delegation by him shall be void and of no force and effect with respect to matters relating to his/her employment and termination of employment. Without limiting the foregoing, the Employee’s rights to receive payments and benefits hereunder shall not be assignable or transferable, other than a transfer by Employee’s will or by the laws of descent and distribution.

16. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing, and if personally delivered or when sent by first class certified or registered mail, postage prepaid, return receipt requested — in the case of the Employee, to his/her residence address as set forth below, and in the case of the Company, to the address of its principal place of business as set forth below, in care of the Chairman of the Board — or to such other person or at such other address with respect to each party as such party shall notify the other in writing.

17. Pronouns. Pronouns stated in either the masculine, feminine or neuter gender shall include the masculine, feminine and neuter.

18. Entire Agreement. Except as set forth in any confidentiality, non-solicitation or non-competition agreement to which you are a party, this Agreement contains the entire agreement of the parties concerning the matters set forth herein and all promises, representations, understandings, arrangements and prior agreements regarding the subject matter hereof (including the Existing Agreement, which the parties agree shall terminate as of the Effective Date hereof) are merged herein and superseded hereby. The provisions of this Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the party against whom enforcement of any amendment, modification, repeal, waiver, extension or discharge is sought; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. No person acting other than pursuant to a resolution of the Board of Directors (or its designee) shall have authority on behalf of the Company to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto or to exercise any of the Company's rights to terminate or to fail to extend this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his/her hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/ Kimberly L. Sachse	/s/ Charlene Petrelli By: Charlene Petrelli Title: Vice President and Chief HR Officer
	Address: 225 North Shore Drive, 6th Floor Pittsburgh, PA 15212
WITNESS:	
/s/ David J. Smith	/s/ Lewis B. Gardner Name: Lewis B. Gardner
	Address:

CONFIDENTIALITY, NON-SOLICITATION and NON-COMPETITION AGREEMENT

This Agreement is made as of September 8, 2008 by and between Equitable Resources, Inc., a Pennsylvania corporation (Equitable Resources, Inc. and its subsidiary companies are hereinafter collectively referred to as the “Company”), and Steven T. Schlotterbeck (the “Employee”).

WITNESSETH:

WHEREAS, the Company and the Employee are parties to a NonCompete Agreement dated as of June 1, 2000 (the “Existing Agreement”), which provides for the payment of certain benefits to the Employee if the Employee’s employment terminates in certain circumstances; and

WHEREAS, during the course of Employee’s employment with the Company, the Company has imparted and will continue to impart to Employee proprietary and/or confidential information and/or trade secrets of the Company; and

WHEREAS, in order to protect the business and goodwill of the Company, the Company desires to obtain or continue to obtain certain confidentiality, non-competition and non-solicitation covenants from the Employee and the Employee desires to provide for or continue to agree to such covenants in exchange for the Company’s agreement to pay certain severance benefits in the event that the Employee’s employment with the Company is terminated in certain circumstances; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to terminate the Existing Agreement and to enter into this Agreement which, among other things, reflects the parties’ best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the “Code”) to the benefit of the Employee; and

WHEREAS, the Employee is willing to enter into this Agreement, which contains, among other things, specific confidentiality, non-competition and non-solicitation agreements, in consideration of the foregoing and the simultaneous execution by the Company and the Employee of a Change of Control Agreement (the “Change of Control Agreement”); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Restrictions on Competition and Solicitation . While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee’s termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive,

shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company.

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee's employment with the Company.

Employee agrees that for a period of twelve (12 **)** months following the termination of Employee's employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of Employee's employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee's employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

2. Confidentiality of Information and Nondisclosure . The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

3. Severance Benefit .

(a) If the employment of the Employee with the Company is terminated by the Company for any reason other than Cause (as defined below) or if the Employee terminates his or her employment with the Company for Good Reason (as defined below), the Company shall pay the Employee, from the date of termination, in addition to any payments to which the Employee is entitled under the Company's severance pay plan, twelve (12) months of base salary at the Employee's annual base salary level in effect at the time of such termination or immediately prior to the salary reduction that serves as the basis for termination for Good Reason. Employee will also be entitled to payment of an amount of cash equal to $20,000. The aggregate base salary and other cash amount payable shall be paid by the Company to the Employee in one lump sum on the first day following the six (6) month anniversary of the date of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

(b) Employee will also be entitled to twelve (12) months of health benefits continuation if terminated under circumstances described in subpart (a) above. To the extent any such benefits cannot be provided to the Employee on a non-taxable basis and the provision thereof would cause any part of the benefits to be subject to additional taxes and interest under Section 409A of the Code, then the provision of such benefits shall be deferred to the earliest date upon which such benefits can be provided without being subject to such additional taxes and interest.

(c) Solely for purposes of this Agreement, "Cause" shall include:

i. the conviction of a felony, a crime of moral turpitude or fraud or having committed fraud, misappropriation or embezzlement in connection with the performance of his duties hereunder,

ii. willful and repeated failures to substantially perform his assigned duties; or

iii. a violation of any provision of this Agreement or express significant policies of the Company.

(d) Solely for purposes of this Agreement, termination for "Good Reason" shall mean termination of employment by the Employee within ninety (90) days after:

i. being demoted, or

ii. being given notice of a reduction in his or her annual base salary (other than a reduction of not more than 10% applicable to all senior officers of the Company).

(e) The Company's obligation to provide continuing salary and health insurance benefits under this Section 3 shall be contingent upon the following:

i. Employee's execution of a release in a form reasonably acceptable to the Company, which releases any and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort, contract or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, and the Employee Retirement Income Security Act of 1974, all as amended; and

ii. Employee's compliance with his contractual obligations to the Company including, but not limited to, Employee's obligations set forth in Sections 1 and 2 of this Agreement.

4. Authorization to Modify Restrictions . The provisions of this Agreement are severable. To the extent that any provision of this Agreement is deemed unenforceable in any court of law the parties intend that such provision be construed by such court in a manner to make it enforceable.

5. Reasonable and Necessary Agreement . The Employee acknowledges and agrees that: (i) this Agreement is necessary for the protection of the legitimate business interests of the Company; (ii) the restrictions contained in this Agreement are reasonable; (iii) the Employee has no intention of competing with the Company within the limitations set forth above; (iv) the Employee acknowledges and warrants that Employee believes that Employee will be fully able to earn an adequate livelihood for Employee and Employee's dependents if the covenant not to compete contained in this Agreement is enforced against the Employee; and (v) the Employee has received adequate and valuable consideration for entering into this Agreement.

6. Injunctive Relief and Attorneys' Fees . The Employee stipulates and agrees that any breach of Sections 1 or 2 of this Agreement by the Employee will result in immediate and irreparable harm to the Company, the amount of which will be extremely difficult to ascertain, and that the Company could not be reasonably or adequately compensated by damages in an action at law. For these reasons, the Company shall have the right, without objection from the Employee, to obtain such preliminary, temporary or permanent mandatory or restraining injunctions, orders or decrees as may be necessary to protect the Company against, or on account of, any breach by the Employee of the provisions of Sections 1 and 2 hereof. In the event the Company obtains any such injunction, order, decree or other relief, in law or in equity, (i) the duration of any violation of Section 1 shall be added to the twelve (12) month restricted period specified in Section 1, and (ii) the Employee shall be responsible for reimbursing the Company for all costs associated with obtaining the relief, including reasonable attorneys' fees and expenses and costs of suit. Such right to equitable relief is in addition to the remedies the Company may have to protect its rights at law, in equity or otherwise.

7. Binding Agreement. This Agreement (including the covenants contained in Sections 1 and 2) shall be binding upon and inure to the benefit of the successors and assigns of the Company.

8. Governing Law/Consent to Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. For the purpose of any suit, action or proceeding arising out of or relating to this Agreement, Employee irrevocably consents and submits to the jurisdiction and venue of any state or federal court located in Allegheny County, Pennsylvania. Employee agrees that service of the summons and complaint and all other process which may be served in any such suit, action or proceeding may be effected by mailing by registered mail a copy of such process to Employee at the address set forth below (or such other address as Employee shall provide to Company in writing). Employee irrevocably waives any objection which he may now or hereafter has to the venue of any such suit, action or proceeding brought in such court and any claim that such suit, action or proceeding brought in such court has been brought in an inconvenient forum and agrees that service of process in accordance with this Section will be deemed in every respect effective and valid personal service of process upon Employee. Nothing in this Agreement will be construed to prohibit service of process by any other method permitted by law. The provisions of this Section will not limit or otherwise affect the right of the Company to institute and conduct an action in any other appropriate manner, jurisdiction or court. The Employee agrees that final judgment in such suit, action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

9. Termination. The Company may terminate this Agreement by giving twelve (12) months' prior written notice to the Employee; provided that all provisions of this Agreement shall apply if any event specified in Section 3 occurs prior to the expiration of such twelve (12) month period. Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Change of Control as such term is defined in the Change of Control Agreement, this Agreement shall remain in full force and effect and may not thereafter be terminated by the Company (even if notice of termination has been given in the previous twelve (12) months under the first sentence of this Section).

10. Employment at Will. Employee shall be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

11. Executive Alternative Work Arrangement Employment Status. As an executive officer of Equitable, Employee also has the opportunity to elect now to participate in the newly-created status of "Executive Alternative Work Arrangement" upon discontinuing full-time status. The terms and conditions of Executive Alternative Work Arrangement Employment Status are described in the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A. Set forth below is an election form to elect to participate in this new classification. If Employee so elects to participate by signing the election form below, the Executive Alternative Work Arrangement classification will be automatically assigned to Employee if and when Employee gives Equitable (delivered to the Vice President and Chief Human Resources Officer) at least 90 days' advance written notice of Employee's intention to discontinue full-time status. By signing the election below, Employee thereby agrees to execute the attached Executive

Alternative Work Arrangement Employment Agreement, which will become effective automatically on the day following Employee's relinquishment of full-time status, provided however that Employee has retained executive officer status and is otherwise in good standing with Equitable (i.e. , has not been terminated for Cause nor left the Company for "Good Reason").

12. Entire Agreement . This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements (including the Existing Agreement) and understandings, oral or written (other than the Change of Control Agreement dated September 8, 2008). This Agreement may not be changed, amended, or modified, except by a written instrument signed by the parties ; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. Notwithstanding anything in this Agreement, if Employee is entitled to receive payment of benefits under the Change of Control Agreement, or any successor agreement, he or she shall not receive benefits under this Agreement and, in lieu thereof, shall receive payment of benefits under the Change of Control Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/ Kimberly L. Sachse	By: /s/ Charlene Petrelli
9-23-08	9-23-08
Date	Date
WITNESS	EMPLOYEE
/s/ Janet Bradish-Klein	/s/ Steven T. Schlotterbeck Steven T. Schlotterbeck
9-12-08	9-12-08
Date	Date

ELECTION TO PARTICIPATE IN
EXECUTIVE ALTERNATIVE WORK ARRANGEMENT CLASSIFICATION

☐ I hereby elect to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement ("Non-Competition Agreement") and to execute the Executive Alternative Work Arrangement Employment Agreement attached as Exhibit A upon my discontinuation of full-time status as an Executive Officer in good standing with Equitable. I understand that if my full-time employment with Equitable is terminated for Cause or if I terminate my employment for Good Reason (as those terms are defined in the Non-Competition Agreement), I will no longer be eligible for Executive Alternative Work Arrangement Employment Status.

☒ I hereby decline to participate in the Executive Alternative Work Arrangement Classification as described in paragraph 11 of the above Confidentiality, Non-Solicitation and Non-Competition Agreement.

Steven T. Schlotterbeck
Employee Name Printed

/s/ Steven T. Schlotterbeck
Employee Signature

9-12-08
Date

Exhibit 10.16(b)

CHANGE OF CONTROL AGREEMENT

THIS AGREEMENT (the "Agreement") dated as of the 8th day of September, 2008 (the "Effective Date") is made by and between EQUITABLE RESOURCES, INC., a Pennsylvania corporation with its principal place of business at Pittsburgh, Pennsylvania (the "Company"), and Steven T. Schlotterbeck, an individual (the "Employee");

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "Board") continues to believe that it is in the best interest of the Company and its shareholders to assure that the Company will have the continued dedication of the Employee, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company; that it is imperative to diminish the inevitable distraction of the Employee by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Employee's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control; and that it is appropriate to provide the Employee with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Employee will be satisfied and which are competitive with those of other corporations in the industry in which the Company's principal business activity is conducted; and

WHEREAS, in consideration of the compensation and benefits payable to the Employee under this Agreement, the Company desires to restrict the Employee from competing with the Company and from soliciting customers and employees of the Company for one (1) year following the termination of the Employee's employment following a Change of Control. Employer also desires to require that Employee maintain the confidentiality of certain information for two years following any such termination, and the Employee is willing to agree to such restrictions in consideration of the compensation and benefits payable under this Agreement; and

WHEREAS, in order to accomplish the foregoing objectives, the Company and the Employee desire to enter into this Agreement which, among other things, reflects the parties' best efforts to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") to the benefit of the Employee;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Term. The term of this Agreement shall commence on the Effective Date hereof and, subject to Sections 3(f), 5 and 8, shall terminate on the earlier of (i) the date of the termination of Employee's employment with the Company for any reason prior to a Change of Control; (ii) the date of Employee's transition to employment with the Company on a part-time basis, including without limitation assumption of "Executive Alternative Work Arrangement" status; or (iii) unless further extended as hereinafter set forth, the date which is twenty-four (24) months after the Effective Date; provided, that, commencing on the last day of the first full calendar month after the Effective Date and on the last day of each succeeding calendar month, the term of this Agreement shall be automatically extended without further action by either party (but not beyond the date of the termination of Employee's employment or transition to part-time employment prior to a Change of Control) for one (1) additional month unless one party provides written notice to the other party that such party does not wish to extend the term of this Agreement. In the event that such notice shall have been delivered, the term of this Agreement shall no longer be subject to automatic extension and the term hereof shall expire on the date which is twenty-four (24) calendar months after the last day of the month in which such written notice is received.

2. Change of Control. Except as provided in Section 12, Change of Control shall mean any of the following events (each of such events being herein referred to as a "Change of Control"):

(a) The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Company common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board of Directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively of the outstanding Company common stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Company common stock and voting power immediately prior to such sale or disposition;

(b) The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board of Directors; provided, however, that the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

(c) The Company's termination of its business and liquidation of its assets;

(d) There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than 60% of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the common stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (b)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of common stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Company's Board of Directors immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause, (i) above is satisfied in connection with the transaction, such Parent Company); or

(e) The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reasons to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved.

3. Salary and Benefits Continuation.

(a) "Salary and Benefits Continuation" shall be defined to mean the following:

(i) payment of an amount of cash equal to two (2) times the Employee's base salary at the rate of base salary per annum in effect immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher;

(ii) payment of an amount of cash equal to two (2) times the greater of (A) the highest annual incentive (bonus) payment earned by the Employee under the Company's applicable Short-Term Incentive Plan (or any successor plan) for any year in the five (5) years prior to the termination of Employee's employment or (B) the target incentive (bonus) award under the Company's applicable Short-Term Incentive Plan (or any successor plan) for the year in which the Change of Control or termination of Employee's employment occurs, whichever is higher;

(iii) provision to Employee and his/her eligible dependents of medical, long-term disability, dental and life insurance coverage (to the extent such coverage was in effect immediately prior to the Change of Control) for twenty-four (24) months (at the end of which period the Company shall make such benefits available to the Employee and his/her eligible dependents in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), whether or not the Company is then required to comply with COBRA); and if the Employee would have become entitled to benefits under the Company's post-retirement health care or life insurance plans (as in effect immediately prior to the Change of Control or the date of the Employee's termination of employment, whichever is most favorable to the Employee) had the Employee's employment terminated at any time during the period of twenty-four (24) months after such date of termination, the Company shall provide such post-retirement health care or life insurance benefits to the Employee (subject to any employee contributions required under the terms of such plans at the level in effect immediately prior to the Change of Control or the date of termination, whichever is more favorable to the Employee) commencing on the later of (i) the date that such coverage would have first become available or (ii) the date that benefits described in this subsection (iii) terminate;

(iv) contribution by the Company to Employee's account under the Company's defined contribution retirement plan (currently, the Equitable Resources, Inc. Employee Savings Plan) of an amount of cash equal to the amount that the Company would have contributed to such plan (including both retirement contributions and Company matching contributions in respect of Employee contributions to the plan) had the Employee continued to be employed by the Company for an additional twenty-four (24) months at a base salary equal to the Employee's base salary immediately prior to the Change of Control or the termination of Employee's employment, whichever is higher (and assuming for this purpose that the Employee continued to make the maximum permissible contributions to such plan during such period), such contribution being deemed to be made immediately prior to the termination of Employee's employment; provided, that to the extent that the amount of such contribution exceeds the amount then allowed to be contributed to the plan under the applicable rules relating to tax-qualified retirement plans, then the excess shall be paid to the Employee in cash in respect of both retirement and matching contributions under the Company's Employee Savings Plan (or any successor plan) because of applicable rules relating to tax-qualified retirement plans; and

(v) Payment of an amount of cash equal to $20,000.

(b) All amounts payable by the Company to the Employee pursuant to Sections 3(a)(i), (ii), (iv) **and (v)** shall be made in a lump sum on the first day following the six-month anniversary of the Employee's termination. For purposes of this Agreement, the term "termination" when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Code.

(c) To the extent that medical, long-term disability, dental and life insurance benefits cannot be provided on a non-taxable basis to the Employee under appropriate Company group insurance policies pursuant to Section 3(a)(iii), an amount equal to the premium necessary for the Employee to purchase directly the same level of coverage in effect immediately prior to the Change of Control shall be added to the Company's payments to Employee pursuant to Section 3(a). Any such payment shall be made in a lump sum, payable on the first day following the six-month anniversary of Employee's termination. If Employee is required to pay income or other taxes on any medical, long-term disability, dental or life insurance benefits provided or paid to the Employee pursuant to Section 3(a)(iii) or this Section 3(c), then the Company shall pay to the Employee an amount of cash sufficient to "gross-up" such benefits or payments at the time specified in Section 10 hereof so that Employee's "net" benefits received under Section 3(a)(iii) and this Section 3(c) are not diminished by any such taxes that are imposed with respect to the same or the Company's gross-up hereunder with respect to such taxes.

(d) If there is a Change of Control as defined above, the Company will provide Salary and Benefits Continuation if at any time during the first twenty-four (24) months following the Change of Control, either (i) the Company terminates the Employee's employment other than for Cause as defined in Section 4 below or

(ii) the Employee terminates his/her employment for “Good Reason” as defined below.

(e) For purposes of this Agreement, “Good Reason” is defined as:

(i) Removal of the Employee from the position he/she held immediately prior to the Change of Control (by reason other than death, disability or Cause);

(ii) The assignment to the Employee of any duties inconsistent with those performed by the Employee immediately prior to the Change of Control or a substantial alteration in the nature or status of the Employee’s responsibilities which renders the Employee’s position to be of less dignity, responsibility or scope;

(iii) A reduction by the Company in the overall level of compensation of the Employee for any year from the level in effect for the Employee in the prior year. For purposes of this subsection (iii), the following shall not constitute a reduction in the overall level of compensation of the Employee: (A) across-the-board reductions in base salary similarly affecting all executives of the Company and all executives of any person in control of the Company, provided, however, that the Employee’s annual base salary rate shall not be reduced by an amount equal to ten percent or more of the Employee’s annual base salary rate in effect immediately prior to the Change of Control; (B) changes in the mix of base salary payable to and the short-term incentive opportunity available to the Employee; provided, that in no event shall the Employee’s base salary for any year be reduced below 90% of the annual base salary paid to such Employee in the prior year; (C) a reduction in the compensation of the Employee resulting from the failure to achieve corporate, business unit and/or individual performance goals established for purposes of incentive compensation for any year or other period; provided, that the aggregate short-term incentive opportunity, when combined with the Employee’s annual base salary, provides, in the aggregate, an opportunity for the Employee to realize at least the same overall level of base salary and short term incentive compensation as was paid in the immediately prior year or period at target performance levels; and provided, further, that such target performance levels are reasonable at all times during the measurement period, taking into account the fact that one of the purposes of such compensation is to incentivize the Employee; (D) reductions in compensation resulting from changes to any Company benefit plan; provided, that such changes are generally applicable to all participants in such Company benefit plan; and (E) any combination of the foregoing;

(iv) The failure to grant the Employee an annual salary increase reasonably necessary to maintain such salary as reasonably comparable to salaries of senior executives holding positions equivalent to the Employee’s in the industry in which the Company's then principal business activity is conducted;

(v) The Company requiring the Employee to be based anywhere other than the Company's principal executive offices in the city in which the Employee is principally located immediately prior to the Change of Control, except for required travel on the Company's business to an extent substantially consistent with the Employee's business travel obligations prior to the Change of Control;

(vi) Any material reduction by the Company of the benefits enjoyed by the Employee under any of the Company's pension, retirement, profit sharing, savings, life insurance, medical, health and accident, disability or other employee benefit plans, programs or arrangements, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Employee of any material fringe benefits, or the failure by the Company to provide the Employee with the number of paid vacation days to which he/she is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy, provided that this subparagraph (vi) shall not apply to any proportional across-the-board reduction or action similarly affecting all executives of the Company and all executives of any person in control of the Company; or

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 15 hereof, or any other material breach by the Company of its obligations contained in this Agreement.

(f) The Employee's right to Salary and Benefits Continuation shall accrue upon the occurrence of either of the events specified in (i) or (ii) of Section 3(d) and shall continue as provided, notwithstanding the subsequent termination or expiration of this Agreement pursuant to Section 1 hereof. The Employee's subsequent employment, death or disability following the Employee's termination of employment in connection with a Change of Control shall not affect the Company's obligation to continue making Salary and Benefits Continuation payments. The Employee shall not be required to mitigate the amount of any payment provided for in this Section 3 by seeking employment or otherwise. The rights to Salary and Benefits Continuation shall be in addition to whatever other benefits the Employee may be entitled to under any other agreement or compensation plan, program or arrangement of the Company; provided, that the Employee shall not be entitled to any separate or additional severance payments pursuant to the Company's severance plan as then in effect and generally applicable to similarly situated employees. The Company shall be authorized to withhold from any payment to the Employee, his/her estate or his/her beneficiaries hereunder all such amounts, if any, that the Company may reasonably determine it is required to withhold pursuant to any applicable law or regulation.

4. Termination of Employee for Cause .

(a) Upon or following a Change of Control, the Company may at any time terminate the Employee's employment for Cause. Termination of employment by the Company for "Cause" shall mean termination upon: (i) the willful and continued failure by the Employee to substantially perform his/her duties with the Company (other than (A) any such failure resulting from Employee's disability or (B) any such actual or anticipated failure resulting from Employee's termination of his/her employment for Good Reason), after a written demand for substantial performance is delivered to the Employee by the Board of Directors which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed his/her duties, and which failure has not been cured within thirty days (30) after such written demand; or (ii) the willful and continued engaging by the Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise, or (iii) the breach by the Employee of any of the covenants set forth in Section 8 hereof.

(b) For purposes of this Section 4, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by the Employee in bad faith and without reasonable belief that such action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him/her a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board of Directors called and held for that purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with his/her counsel, to be heard before the Board of Directors) finding that in the good faith opinion of the Board of Directors the Employee is guilty of the conduct set forth above in clauses (a)(i), (ii) or (iii) of this Section 4 and specifying the particulars thereof in detail.

5. Prior Termination . Anything in this Agreement to the contrary notwithstanding, if the Employee's employment with the Company is terminated prior to the date on which a Change of Control occurs either (i) by the Company other than for Cause or (ii) by the Employee for Good Reason, and it is reasonably demonstrated by Employee that such termination of employment (a) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control, or (b) otherwise arose in connection with or anticipation of the Change of Control, and (iii) a Change of Control that constitutes a change in ownership or effective control of the Corporation or a change in the ownership of a substantial portion of the assets of the Company under Section 409A of the Code occurs within twenty-four (24) months following the Employee's termination, then for all purposes of this Agreement the termination shall be deemed to have occurred upon a Change of Control and the Employee will be entitled to Salary and Benefits Continuation as provided for in Section 3 hereof upon the date on

which the Change of Control set forth in clause (iii) of this Section 5 occurs or, if later, the date specified in Section 3 hereof .

6. Employment at Will . Subject to the provisions of any other agreement between the Employee and the Company, the Employee shall remain an employee at will and nothing herein shall confer upon the Employee any right to continued employment and shall not affect the right of the Company to terminate the Employee for any reason not prohibited by law; provided, however, that any such removal shall be without prejudice to any rights the Employee may have to Salary and Benefits Continuation hereunder.

7. Construction of Agreement .

(a) Governing Law . This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to its conflict of law provisions.

(b) Severability . In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Headings . The descriptive headings of the several paragraphs of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement.

8. Covenant as to Confidential Information, Non-Competition and Non-Solicitation .

(a) Confidentiality of Information and Nondisclosure . The Employee acknowledges and agrees that his/her employment by the Company necessarily involves his/her knowledge of and access to confidential and proprietary information pertaining to the business of the Company and its subsidiaries. Accordingly, the Employee agrees that at all times during the term of this Agreement and for as long as the information remains confidential after the termination of the Employee's employment, he/she will not, directly or indirectly, without the express written authority of the Company, unless directed by applicable legal authority having jurisdiction over the Employee, disclose to or use, or knowingly permit to be so disclosed or used, for the benefit of himself/herself, any person, corporation or other entity other than the Company and its subsidiaries, (i) any information concerning any financial matters, customer relationships, competitive status, supplier matters, internal organizational matters, current or future plans, or other business affairs of or relating to the Company and its subsidiaries, (ii) any management, operational, trade, technical or other secrets or any other proprietary information or other data of the Company or its subsidiaries, or (iii) any other information related to the Company or its subsidiaries which has not been published and is not generally known outside of the Company. The Employee acknowledges that all of the foregoing, constitutes confidential and proprietary information, which is the exclusive property of the Company.

(b) Non-Competition and Non-Solicitation. While the Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason Employee will not, directly or indirectly, expressly or tacitly, for himself or on behalf of any entity conducting business anywhere in the Restricted Territory (as defined below): (i) act as an officer, manager, advisor, executive, shareholder, or consultant to any business in which his duties at or for such business include oversight of or actual involvement in providing services which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, (ii) recruit investors on behalf of an entity which engages in activities which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company, or (iii) become employed by such an entity in any capacity which would require Employee to carry out, in whole or in part, the duties Employee has performed for the Company which are competitive with the services or products being provided or which are being produced or developed by the Company, or were under active investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company. Notwithstanding the foregoing, the Employee may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934. This covenant shall apply to any services, products or businesses under investigation by the Company within the last two (2) years prior to the end of Employee's employment with the Company only to the extent that the Employee acquired or was privy to confidential information regarding such services, products or businesses. Employee acknowledges that this restriction will prevent the Employee from acting in any of the foregoing capacities for any competing entity operating or conducting business within the Restricted Territory and that this scope is reasonable in light of the business of the Company.

Restricted Territory shall mean (i) any states in which the Company has a regulated-utility operation, which may change from time to time, but as of the effective date of this Agreement are Pennsylvania, West Virginia and Kentucky; or (ii) any states in which the Company owns, operates or has contractual rights to purchase natural gas-related assets (other than commodity trading rights), including but not limited to, storage facilities, interstate pipelines, intrastate pipelines, intrastate distribution facilities, liquefied natural gas facilities, propane-air facilities or other peaking facilities, and/or processing or fractionation facilities; or (iii) any state in which the Company owns proved, developed and/or undeveloped natural gas and/or oil reserves and/or conducts natural gas or oil exploration and production activities of any kind; or (iv) any state investigated by the Company as a possible jurisdiction in which to conduct any of the business activities described in subparagraphs (i) through (iii) above within the last two (2) years prior to the end of Employee's employment with the Company.

Employee agrees that for a period of twelve (12) months following the termination of Employee's employment with the Company for any reason, including without limitation termination for cause or without cause, Employee shall not, directly or indirectly, solicit the business of, or do business with: (i) any customer that Employee approached, solicited or accepted business from on behalf of the Company, and/or was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company; and (ii) any prospective customer of the Company who was identified to or by the Employee and/or who Employee was provided confidential or proprietary information about while employed by the Company within the one (1) year period preceding Employee's separation from the Company, for purposes of marketing, selling and/or attempting to market or sell products and services which are the same as or similar to any product or service the Company offers within the last two (2) years prior to the end of Employee's employment with the Company, and/or, which are the same as or similar to any product or service the Company has in process over the last two (2) years prior to the end of Employee's employment with the Company to be offered in the future.

While Employee is employed by the Company and for a period of twelve (12) months after the date of Employee's termination of employment with the Company for any reason, Employee shall not (directly or indirectly) on his or her own behalf or on behalf of any other person or entity solicit or induce, or cause any other person or entity to solicit or induce, or attempt to solicit or induce, any employee or consultant to leave the employ of or engagement by the Company or its successors, assigns or affiliates, or to violate the terms of their contracts with the Company.

(c) Company Remedies . The Employee acknowledges and agrees that any breach of this Section 8 by him/her will result in immediate irreparable harm to the Company, and that the Company cannot be reasonably or adequately compensated by damages in an action at law. In the event of an actual or threatened breach by the Employee of the provisions of this Section 8, the Company shall be entitled, to the extent permissible by law, immediately to cease to pay or provide the Employee or his/her dependents any compensation or benefit being, or to be, paid or provided to him pursuant to Section 3 of this Agreement, and also to obtain immediate injunctive relief restraining the Employee from conduct in breach or threatened breach of the covenants contained in this Section 8. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Employee.

9. Reimbursement of Fees . The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur for the period

beginning upon the Effective Date and ending upon the Employee's death as a result of any contest by the Company, Internal Revenue Service or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Employee about the amount of any payment pursuant to Section 3 of this Agreement) or in connection with any dispute arising from this Agreement, regardless of whether Employee prevails in any such contest or dispute. The Company shall pay or reimburse such fees and expenses on a monthly basis, payable on the first of each month, and all reimbursement payments with respect to expenses incurred within a particular year shall be made no later than the end of the Employee's taxable year following the taxable year in which the expense was incurred. Any amounts not paid within such monthly reimbursement period shall bear interest at the rate per annum established by PNC Bank, National Association (or its successor) from time to time as its "prime" or equivalent rate. The amount of reimbursable expenses incurred in one taxable year of the Employee shall not affect the amount of reimbursable expenses in a different taxable year and such reimbursement shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, in the event such amounts are conditioned upon a separation from service and not compensation the Employee could receive without separating from service, then no such payments may be made to Employee until the first day following the six-month anniversary of the Employee's termination.

10. Tax Gross-Up

(a) Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payments, benefits and distributions due under this Agreement and those which are otherwise payable or distributable to or for the benefit of the Employee relating to the termination of the Employee's employment in connection with a change of control of the Company, including a Change of Control (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including without limitation (i) payments, benefits and distributions pursuant to Section 3 of this Agreement, and (ii) deemed amounts under the Code, resulting from the acceleration of the vesting of any stock options or other equity-based incentive award) (all such payments, benefits and distributions being referred to herein as "Gross Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Employee with respect to the excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Company shall pay to the Employee an additional payment (a "Gross-Up Payment") in an amount such that after the payment by the Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed on the Gross-Up Payment, the Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed on the Gross Payments. Notwithstanding the foregoing provisions of this Section 10(a), if it shall be determined that the Employee is entitled to a Gross-Up Payment, but that the Gross Payments would not be subject to the Excise Tax if the Gross Payments were reduced by an amount that is equal to or less than 10% of the portion of the Gross Payments that would be treated as "parachute payments" under Section 280G of the Code, then the amounts payable to the Employee under this Agreement shall be reduced (but not below zero) to the maximum amount that could be paid to the Employee without giving rise to the Excise Tax (the "Safe Harbor Cap"), and no Gross-Up Payment shall be made to the Employee. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments under Sections 3(a)(i) and (ii), unless an alternative method of reduction is elected by the Employee in a manner consistent with Section 409A of the Code. For purposes of reducing the Gross Payments to the Safe Harbor Cap, only amounts payable under this Agreement (and no other Gross Payments) shall be reduced. If the reduction of the amounts payable hereunder would not result in a reduction of the Gross Payments to the Safe Harbor Cap, no amounts payable under this Agreement shall be reduced pursuant to this provision.

(b) Subject to the provisions of this Section 10, all determinations required to be made under this Section 10, including, whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm designated by the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Employee within fifteen (15) business days after there has been a Payment, or such earlier time as requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 10, shall be paid by the Company to the Employee as provided in Section 10(e). Any determination by the Accounting Firm shall be binding upon the Company and the Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 10(c) and the Employee thereafter is required to make a payment of any income taxes or Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be paid by the Company to or for the benefit of the Employee on the thirtieth (30th) day following the final determination of the amount; provided, further, that all such amounts shall be paid by the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee's taxable year following the Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

(c) The Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Employee shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date any payment of taxes with respect to such claim is due). If the Company notifies the Employee in writing prior to the expiration of such period that it desires to contest such claim, the Employee shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest for the period commencing upon the Effective Date and ending upon the Employee's death and shall indemnify and hold the Employee harmless, on an after-tax basis, for any income taxes or Excise Tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Such costs and expenses incurred within a particular year shall be paid no later than the end of the Employee's taxable year following the taxable year in which the costs and expenses were incurred. The amount of costs and expenses incurred in one taxable year of the Employee shall not affect the amount of paid costs and expenses in a different taxable year and such payment shall not be subject to liquidation or exchange for another benefit. Without limitation on the foregoing provisions of this Section 10, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided , however , that if the Company directs the Employee to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Employee, on an interest-free basis, and shall indemnify and hold the Employee harmless, on an after-tax basis, from any income taxes or Excise Tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, the Employee becomes entitled to receive any refund with respect to such claim, the Employee shall (subject to the Company's complying with the requirements of Section 10) pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto), on the thirtieth (30 th) day following the receipt of such refund. If, after the receipt by the Employee of an amount advanced by the Company pursuant to Section 10, a determination is made that the Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Employee in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven on the date such determination becomes final and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) The payments provided for in this Section 10 shall be made upon the first day following the six-month anniversary of the termination of the Employee's employment; provided , however , that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Employee on such day an estimate, as determined in good faith by the Employee, of the minimum amount of such payments to which the Employee is clearly entitled. The Company shall pay the remainder of such payments (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) on the thirtieth (30 th) day after the date specified for payment of the initial estimate. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, the Employee shall repay such excess to the Company on the fifth (5th) business day after calculation of the correct amount and demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). In the event the Company should fail to pay when due the amounts described in this Section 10, the Employee shall also be entitled to receive from the Company an amount representing interest on any unpaid or untimely paid amounts from the due date, as determined under this Section 10, to the date of payment at a rate equal to 120% of the rate provided in Section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing provisions of this subsection 10(e), all such amounts payable by the Company shall be paid by the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes or, in the case of a tax audit or litigation addressing the existence or amount of a tax liability, by the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of audit or litigation are remitted to the taxing authority (or where as a result of such audit or litigation no taxes are remitted, the end of the Employee's taxable year following the Employee's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation).

11. Resolution of Differences Over Breaches of Agreement. Except as otherwise provided herein, in the event of any controversy, dispute or claim arising out of, or relating to this Agreement, or the breach thereof, or arising out of any other matter relating to the Employee's employment with the Company or the termination of such employment, the parties may seek recourse only for temporary or preliminary injunctive relief to the courts having jurisdiction thereof and if any relief other than injunctive relief is sought, the Company and the Employee agree that such underlying controversy, dispute or claim shall be settled by arbitration conducted in Pittsburgh, Pennsylvania in accordance with this Section 11 of this Agreement and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The matter shall be heard and decided, and awards rendered by a panel of three (3) arbitrators (the "Arbitration Panel"). The Company and the Employee shall each select one arbitrator from the AAA National Panel of Commercial Arbitrators (the "Commercial Panel") and AAA shall select a third arbitrator from the Commercial Panel. The award rendered by the Arbitration Panel shall be final and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction thereof.

12. Treatment of Certain Incentive Awards. All "Awards" held by the Employee under the Company's 1999 Long-Term Incentive Plan (the "1999 Plan") shall, upon a Change of Control, be treated in accordance with the terms of the 1999 Plan and underlying award agreements when and as awarded, without regard to the subsequent amendment of the 1999 Plan. For purposes of this Section 12, the terms "Award" and "Change of Control" shall have the meanings ascribed to them in the 1999 Plan.

13. Release. The Employee hereby acknowledges and agrees that prior to the Employee's or his/her dependents' right to receive from the Company any compensation or benefit to be paid or provided to him/her or his/her dependents pursuant to Section 3 of this Agreement, the Employee may be required by the Company, in its sole discretion, to execute a release in a form reasonably acceptable to the Company, which releases any

and all claims (other than amounts to be paid to Employee as expressly provided for under this Agreement) the Employee has or may have against the Company or its subsidiaries, agents, officers, directors, successors or assigns arising under any public policy, tort or common law or any provision of state, federal or local law, including, but not limited to, the Pennsylvania Human Relations Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Protection Act, Family and Medical Leave Act, the Age Discrimination in Employment Act of 1967, or the Employee Retirement Income Security Act of 1974, all as amended.

14. Waiver. The waiver by a party hereto of any breach by the other party hereto of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by a party hereto.

15. Assignment. This Agreement, including the non-competition and non-solicitation covenant in Section 8(b) hereof, shall be binding upon and inure to the benefit of the successors and assigns of the Company. The Company shall be obligated to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the Company's business or assets, by a written agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. This Agreement shall inure to the extent provided hereunder to the benefit of and be enforceable by the Employee or his/her legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. The Employee may not delegate any of his/her duties, responsibilities, obligations or positions hereunder to any person and any such purported delegation by him shall be void and of no force and effect with respect to matters relating to his/her employment and termination of employment. Without limiting the foregoing, the Employee's rights to receive payments and benefits hereunder shall not be assignable or transferable, other than a transfer by Employee's will or by the laws of descent and distribution.

16. Notices. Any notices required or permitted to be given under this Agreement shall be sufficient if in writing, and if personally delivered or when sent by first class certified or registered mail, postage prepaid, return receipt requested — in the case of the Employee, to his/her residence address as set forth below, and in the case of the Company, to the address of its principal place of business as set forth below, in care of the Chairman of the Board — or to such other person or at such other address with respect to each party as such party shall notify the other in writing.

17. Pronouns. Pronouns stated in either the masculine, feminine or neuter gender shall include the masculine, feminine and neuter.

18. Entire Agreement. Except as set forth in any confidentiality, non-solicitation or non-competition agreement to which you are a party, this Agreement contains the entire agreement of the parties concerning the matters set forth herein and all promises, representations, understandings, arrangements and prior agreements regarding the subject matter hereof are merged herein and superseded hereby. The provisions of this

Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the party against whom enforcement of any amendment, modification, repeal, waiver, extension or discharge is sought; provided, however, that the Company may amend this Agreement from time to time without Employee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Employee. No person acting other than pursuant to a resolution of the Board of Directors (or its designee) shall have authority on behalf of the Company to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto or to exercise any of the Company's rights to terminate or to fail to extend this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has hereunto set his/her hand, all as of the day and year first above written.

ATTEST:	EQUITABLE RESOURCES, INC.
/s/ Kimberly L. Sachse	/s/ Charlene Petrelli
	By: Charlene Petrelli
	Title: Vice President and Chief HR Officer
	Address:
	225 North Shore Drive, 6th Floor Pittsburgh, PA 15212
WITNESS:	
/s/ Janet Bradish-Klein	/s/ Steven T. Schlotterbeck
	Name: Steven T. Schlotterbeck
	Address:

Exhibit 10.16(c)

To:	Steven Schlotterbeck Managing Director, E&P Planning and Development
From:	Philip Conti Vice President and Chief Financial Officer
Date:	May 17, 2006
Subject:	Horizontal Drilling Incentive Opportunities

The following provides you with an outline of the incentive opportunities available to you.

Regular Short Term Incentive

1. Your incentive opportunities are provided for under the Equitable Resources, Inc. Short-term Incentive Plan (the "STIP"). A copy of the 2006 plan is attached for your review.

2. Your incentive targets for 2006, 2007 and 2008 will be 40% of your base salary. Based on your current base salary of $175,000, your bonus target for this year is $70,000. This target will be adjusted as your salary changes. Payment will be made, if at all, in accordance with the terms of the applicable STIP.

3. Value drivers will be established and approved by me each year. A copy of the 2006 value drivers, which we have already discussed, is attached. These drivers may, with my approval, be changed during the year. If any revisions are approved, an updated list of value drivers will be provided to you for your records.

4. Your performance on your value drivers will be assessed as exceptional, successful, marginal or unsatisfactory. The President, Chief Executive Officer and Chairman may, but shall not be obligated to, in his sole and absolute discretion, award you an incentive payment of up to 250% of your target for exceptional performance, subject to the determination of the Headquarters pool by the Compensation Committee.

Additional Bonus

1. At the conclusion of 2008, a full review of the Horizontal Drilling Program will be conducted to determine if an additional bonus is appropriate. The following will be considered in making that determination:

   a. The horizontal well pilot program must have been completed in 2006 with a minimum of 5 wells spud by year -end. Additionally, capital expenditure dollars must be approved by the Board of Directors to drill a minimum of an additional 10 wells in 2007; and
   b. A minimum of 20 additional wells must be spud in 2007 with capital expenditure dollars approved by the Board of Directors to drill a minimum of an additional 25 wells in 2008; and
   c. A minimum of 25 additional wells must be spud in 2008 with capital expenditures approved by the Board of Directors to drill a minimum of an additional 50 wells in 2009.

2. The bonus target for full execution of the details provided above will be $1,000,000. The Chairman, President and Chief Executive Officer may, in his sole and absolute discretion, award a bonus payment adjusted to account for less than full execution as defined above. You must be an active employee on February 2, 2009 to be considered for this additional bonus payment. Except as otherwise required by this memorandum, your additional bonus will be payable in accordance with the applicable STIP, including the resolution of any disputes relative to the payment of this additional bonus.

3. Notwithstanding the foregoing, you are an employee at will, and we have no obligation to continue your employment for the term of the above incentives. In the event of termination of employment for any reason prior to February 2, 2009, subject to the following sentence, you shall have no right to the above incentives to the extent that they are unpaid as of date of termination. If termination is involuntary and without fault on your part, including death or disability as defined above (as defined in Sec. 409A(a)(2)(c) of the Internal Revenue Code), you will be eligible to receive a partial additional payment if you have achieved the stated objectives that were due as of the date of such termination, death or disability as follows:

Termination Date	Percent Payable
Prior to December 31, 2006	0%
January 1, 2007 to December 31, 2007	25%
January 1, 2008 to December 31, 2008	50%

4. In the event that all or a portion of the Devonian shale development rights in the Kentucky or Brenton districts are sold, farmed out or otherwise restricted (including EPC’s becoming a non-operator with no such development rights), the final cumulative well target of 100 approved wells will be reduced by one well for

every 20,000 gross acres sold, farmed-out or otherwise restricted as to Devonian shall horizontal development. The objectives will be reduced in reverse order—i.e., 2007 objectives will not be affected until the well target has been reduced by 50 wells. If all of the Kentucky and Brenton development rights are sold, farmed-out or otherwise restricted and you have achieved the stated objectives due as of the date of such sale, farm-out or restriction, then a partial additional bonus will be paid to you within 30 days of such transaction as follows:

Transaction Date	**Percent Payable**
Prior to December 31, 2006	0%
January 1, 2007 to December 31, 2007	50%
January 1, 2008 to December 31, 2008	100%

I am looking forward to working with you to fully explore the viability of the horizontal drilling at Equitable Resources. Please sign below indicating that you have been provided the material listed above and do not have questions regarding the incentive opportunities described in this memo. If you would like to discuss the incentive opportunities provided in this memo in more detail, please call Dave Smith at (412) 553-5740.

Accepted on ______________________________

____
Steven Schlotterbeck

EQUITABLE RESOURCES

To: Steven T. Schlotterbeck
President, Equitable Production

From: Charlene Petrelli
Vice President and Chief Human Resources Officer

Date: August 18, 2008

Subject: Amendment to Horizontal Drilling Incentive Opportunities

The following amends (this "Amendment") that certain letter dated May 17, 2006 (the "Letter") regarding Horizontal Drilling Incentive Opportunities for the purposes of complying with Section 409A of the Internal Revenue Code of 1986, as amended, and changing the medium of payment of any additional bonus as set forth herein.

Regular Short Term Incentive

1. If and to the extent earned, any short term incentive amounts will be paid under and pursuant to the terms of, and at the time and in the form provided in the Equitable Resources, Inc. Executive Short-Term Incentive Plan.

Additional Bonus

1. Except as otherwise required herein, any additional bonus will be payable at the time and in the form provided in the Executive Short-Term Incentive Plan.

2. Equitable Resources, Inc. ("Equitable") has determined to amend the medium of payment with respect to the additional bonus target of $1,000,000 (the "Target Amount") set forth in the Letter. Equitable has determined to satisfy any obligation it may incur for such amount in shares of Equitable Common Stock, without par value ("Shares"), as provided in and pursuant to the Equitable 1999 Long-Term Incentive Plan (the "Plan"). No cash shall be payable with respect to the additional bonus.

3. (a) Subject to the terms of the Letter as amended by this Amendment, the number of Shares that may be earned as an equivalent to the Target Amount is 29,000 Shares, subject to adjustment as provided in the Plan. In the event that a bonus payment is awarded for less than full execution of the performance criteria as set forth in the Letter, the number of Shares earned shall be an adjusted portion of the number of shares equivalent to the Target Amount, as determined by the Chairman and Chief Executive Officer, subject to the approval of the Compensation Committee.

(b) As consideration for the promises made in this Agreement, (i) concurrently herewith you shall execute and deliver to the Company a new Confidentially, Non-Solicitation and Non-Competition Agreement in the form of Exhibit A hereto and a Change of Control Agreement in the form of Exhibit B hereto and (ii) effective the date above, your stock ownership guidelines are increased from two times base salary to four times base salary.

4. In the event that you or your estate receive a partial payment pursuant to paragraph 3 of the "Additional Bonus" section of the Letter based upon your termination of employment prior to February 2, 2009 (the end of the "Performance Period"), such payment will be made in Shares in a lump sum on the 30 th day following your separation from service, death or disability, as the case may be; provided, that, in the event such amount is payable upon your separation from service and you are a "specified employee" under Section 409A of the Internal Revenue Code at the time of your separation from service, no such amount may be paid to you until the first day following the six-month anniversary of your separation from service. The term "termination," when used in the context of a condition to, or timing of, payment hereunder shall be interpreted to mean a "separation from service" as that term is used in Section 409A of the Internal Revenue Code.

5. The last sentence of paragraph 4 of the "Additional Bonus" section of the Letter is amended and restated to read as set forth in italics:

If all of the Kentucky and Brenton development rights are sold, farmed-out or otherwise restricted and you have achieved the stated objectives due as of the date of such sale, farm-out or restriction, then the Performance Period will automatically end and a partial additional bonus will be paid to you, subject to your continued employment on the payment date, as follows:

Transaction Date	**Percent Payable**
Prior to December 31, 2006	*0 %*
January 1, 2007 to December 31, 2007	*50 %*
January 1, 2008 to December 31, 2008	*100 %*

In the event that you receive a payment pursuant to paragraph 4 of the Letter, such payment will be made in Shares in a lump sum within 30 days following the end of the Performance Period.

6. You acknowledge and agree that Equitable may amend the incentive opportunities set forth in the Letter directly or indirectly through amendment of any underlying plans from time to time without your consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Internal Revenue Code, including regulations and interpretations thereunder,

which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to you.

7. Except as provided herein, the Letter is, in all other respects, unchanged and is and shall continue to be in full force and effect, and is hereby in all respects ratified and confirmed.

Please sign below indicating that you acknowledge and accept the foregoing amendment.

EQUITABLE RESOURCES, INC.

By /s/ Charlene Petrelli
Charlene Petrelli
Vice President and Chief Human Resources Officer

Accepted on: ______________________________

/s/ Steven Schlotterbeck
Steven Schlotterbeck

Exhibit 10.18

AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

This Amended and Restated Agreement (this “Agreement”) is made effective as of the 3 rd day of December, 2008, by and between Equitable Resources, Inc., a Pennsylvania corporation (the “Company”) and «Indemnitee» (the “Indemnitee”), a director and/or officer of the Company.

WHEREAS , it is essential that the Company retain and attract as directors and officers the most capable persons available; and

WHEREAS , Indemnitee is a director and/or officer of the Company and in that capacity is performing a valuable service for the Company; and

WHEREAS , Company Bylaws (the “ Bylaws ”) contain a provision which provides for indemnification of and advancement of expenses to the directors and officers of the Company for liabilities and expenses they incur in their capacities as such, and the Bylaws and the applicable indemnification statutes of the Commonwealth of Pennsylvania provide that they are not exclusive; and

WHEREAS , in recognition of Indemnitee’s need for protection against personal liability in order to enhance Indemnitee’s continued service to the Company in an effective manner, the potential difficulty in obtaining satisfactory Directors and Officers Liability Insurance (“ D & O Insurance ”) coverage, and Indemnitee’s reliance on the Bylaws, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Bylaws or any change in the composition of the Company’s Board of Directors or acquisition transaction relating to the Company), the Company desires to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company’s D & O Insurance policies.

NOW, THEREFORE , in consideration of the premises and of Indemnitee continuing to serve the Company directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Indemnity of Indemnitee.

(a) The Company shall indemnify and hold harmless the Indemnitee against any and all reasonable expenses, including fees and expenses of counsel, and any and all liability and loss, including judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement, incurred or paid by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter “a proceeding”) and whether or not by or in the right of the Company or otherwise, to which the Indemnitee is, was or at any time becomes a party, or is threatened to be made a party or is involved (as a witness or otherwise) by reason of the fact that Indemnitee is or was a director or officer of the Company or is or was serving at the request of the Company as director, officer, employee, trustee or representative of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity or in any other capacity while serving as a director, officer, employee, trustee or representative, unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness; provided, however, that the Company shall indemnify the Indemnitee in connection with a proceeding (or part thereof) initiated by the Indemnitee (other than a proceeding to enforce the Indemnitee's rights to indemnification under this Agreement or otherwise) prior to a Change of Control, as defined in Section 2(e), only if such proceeding (or part thereof) was authorized by the Board of Directors of the Company.

(b) Subject to the foregoing limitation concerning certain proceedings initiated by the Indemnitee prior to a Change of Control, the Company shall pay the expenses (including fees and expenses of counsel) incurred by Indemnitee in connection with any proceeding in advance of the final disposition thereof promptly after receipt by the Company of a request therefor stating in reasonable detail the expenses incurred or to be incurred.

(c) If a claim under paragraph (a) or (b) of this section is not paid in full by the Company within forty-five (45) days after a written claim has been received by the Company, the Indemnitee may, at any time thereafter, bring suit against the Company to recover the unpaid amount of the claim. The burden of proving that indemnification or advances are not appropriate shall be on the Company. The Indemnitee shall also be entitled to be paid the expenses of prosecuting such claim to the extent he or she is successful in whole or in part on the merits or otherwise in establishing his or her right to indemnification or to the advancement of expenses. The Company shall pay such fees and expenses in advance of the final disposition of such action on the terms and conditions set forth in Section 1(b).

(d) The termination of any action, suit or proceeding to which indemnitee is a party by judgment, order, settlement, or conviction, or upon a plea of nolo contender or its equivalent, shall not create a presumption that Indemnitee engaged in willful misconduct or recklessness or otherwise is not entitled to recover hereunder.

2. Maintenance of Insurance and Funding.

(a) The Company represents that a summary of the terms of the policies of D&O Insurance in effect as of the date of this Agreement is attached hereto as Exhibit A (the "Insurance Policies").

Subject only to the provisions of Section 2(b) hereof, the Company agrees that, so long as Indemnitee shall continue to serve as an officer or director of the Company (or shall continue at the request of the Company to serve as a director, officer, employee, trustee or representative of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan) and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a director or officer of the Company (or served in any of said other capacities), the Company shall purchase and maintain in effect for the benefit of Indemnitee one or more valid, binding and enforceable policy or policies of D & O Insurance providing coverage at least comparable to that provided pursuant to the Insurance Policies.

(b) The Company shall not be required to maintain said policy or policies of D & O Insurance in effect if, in the reasonable, good faith business judgment of the then Board of Directors of the Company (i) the premium cost for such insurance is substantially disproportionate to the amount of coverage, (ii) the coverage provided by such insurance is so limited by exclusions that there is insufficient benefit from such insurance or (iii) said insurance is not otherwise reasonably available; provided, however, that in the event the then Board of Directors makes such a judgment, the Company shall purchase and maintain in force a policy or policies of D & O Insurance in the amount and with such coverage as the then Board of Directors determines to be reasonably available. Notwithstanding the general provisions of this Section 2(b), following a Change of Control, any decision not to maintain any policy or policies of D & O Insurance or to reduce the amount or coverage under any such policy or policies shall be effective only if there are Disinterested Directors (as defined in Section 2(e) hereof) and shall require the concurrence of a majority of the Disinterested Directors.

(c) If and to the extent the Company, acting under Section 2(b), does not purchase and maintain in effect the policy or policies of D & O Insurance described in Section 2(a), the Company shall indemnify and hold harmless the Indemnitee to the full extent of the coverage which would otherwise have been provided by such policies. The rights of the Indemnitee hereunder shall be in addition to all other rights of Indemnitee under the remaining provisions of this Agreement.

(d) In the event of a Potential Change of Control or if and to the extent the Company is not required to maintain in effect the policy or policies of D & O Insurance described in Section 2(a) pursuant to the provisions of Section 2(b), the Company shall, upon written request by Indemnitee, create a “Trust” for the benefit of Indemnitee and from time to time, upon written request by Indemnitee, shall fund such Trust in an amount sufficient to pay any and all expenses, including attorneys’ fees, and any and all liability and loss, including judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement actually and reasonably incurred by him or on his behalf for which the Indemnitee is entitled to indemnification or with respect to which indemnification is claimed, reasonably anticipated or proposed to be paid in accordance with the terms of this Agreement or otherwise; provided that in no event shall more than $100,000 be required to be deposited in any Trust created hereunder in excess of the amounts deposited in respect of reasonably anticipated expenses, including attorneys’ fees. The amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by a majority of the Disinterested Directors whose determination shall be final and conclusive. At all times the Trust shall remain as an asset of the Company and subject to the claims of the Company’s creditors.

The terms of the Trust shall provide that upon a Change of Control (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee except as set forth in the preceding paragraph, (ii) the Trust shall advance, within two business days of a request by the Indemnitee, any and all expenses, including attorneys' fees, to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the circumstances under which the Indemnitee would be required to reimburse the Company under Section 5 of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in such Trust shall revert to the Company upon a final determination by a majority of the Disinterested Directors or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable and approved of by the Company.

(e) For the purposes of this Agreement:

(i) a "Change of Control" shall mean any of the following events (each of such events being herein referred to as a "Change of Control"):

A. The sale or other disposition by the Company of all or substantially all of its assets to a single purchaser or to a group of purchasers, other than to a corporation with respect to which, following such sale or disposition, more than eighty percent (80%) of, respectively, the then outstanding shares of Company common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of the Board of Directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company common stock and the combined voting power of the then outstanding voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the outstanding Company common stock and voting power immediately prior to such sale or disposition;

B. The acquisition in one or more transactions by any person or group, directly or indirectly, of beneficial ownership of twenty percent (20%) or more of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board of Directors; provided, however, the following shall not constitute a Change of Control: (i) any acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries and (ii) an acquisition by any person or group of persons of not more than forty percent (40%) of the outstanding shares of Company common stock or the combined voting power of the then outstanding voting securities of the Company if such acquisition resulted from the issuance of capital stock by the Company and the issuance and the acquiring person or group was approved in advance of such issuance by at least two-thirds of the Continuing Directors then in office;

C. The Company's termination of its business and liquidation of its assets;

D. There is consummated a merger, consolidation, reorganization, share exchange, or similar transaction involving the Company (including a triangular merger), in any case, unless immediately following such transaction: (i) all or substantially all of the persons who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to the transaction beneficially own, directly or indirectly, more than sixty percent (60%) of the outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction (including a corporation or other person which as a result of such transaction owns the Company or all or substantially all of the Company's assets through one or more subsidiaries (a "Parent Company")) in substantially the same proportion as their ownership of the common stock and other voting securities of the Company immediately prior to the consummation of the transaction, (ii) no person (other than (A) the Company, any employee benefit plan sponsored or maintained by the Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the transaction, such Parent Company, or (B) any person or group that satisfied the requirements of subsection (B)(ii), above) beneficially owns, directly or indirectly, 20% or more of the outstanding shares of common stock or the combined voting power of the voting securities entitled to vote generally in the election of directors of the corporation resulting from such transaction and (iii) individuals who were members of the Company's Board of Directors immediately prior to the consummation of the transaction constitute at least a majority of the members of the board of directors resulting from such transaction (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause, (i) above is satisfied in connection with the transaction, such Parent Company); or

E. The following individuals (sometimes referred to herein as "Continuing Directors") cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the entire Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved.

(ii) a " Disinterested Director " means any member of the Board of Directors of the Company who is unaffiliated with, and not a representative of, an Interested Shareholder and who was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder or became a member subsequently to fill a vacancy created by an increase in the size of the Board of Directors and did receive the favorable vote of two-thirds (2/3) of the Disinterested Directors in connection with being nominated for election by the shareholders to fill such vacancy or in being elected by the Board of Directors to fill such vacancy, and any successor of a Disinterested Director who is unaffiliated with, and not a representative of, the Interested Shareholder and is recommended or elected to succeed a Disinterested Director by a majority of the Disinterested Directors then on the Board of Directors.

(iii) " Interested Shareholder " means any person (other than the Company or any subsidiary of the Company and other than any profit sharing, employee stock ownership, or other employee benefit plan of the Company or any subsidiary of the Company or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

A. is at such time the beneficial owner, directly or indirectly, of more then ten percent (10%) of the voting power of the outstanding common stock of the Company;

B. was at any time within the two-year period immediately prior to such time the beneficial owner, directly or indirectly, of more than ten percent (10%) of the voting power of the then outstanding common stock of the Company;

C. is at such time an assignee of or has otherwise succeeded to the beneficial ownership of any shares of common stock of the Company which were at any time within the two-year period immediately prior to such time beneficially owned by any

Interested Shareholder, if such assignment or succession has occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended.

(iv) a " person " means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government (or any subdivision, department, commission or agency thereof), and includes without limitation any "person", as such term is used in Sections 13(d) of 14(d) of the Securities Exchange Act of 1934, as amended.

(v) a " Potential Change of Control " shall occur if:

A. the Company enters into an agreement or arrangement the consummation of which would result in the occurrence of a Change of Control;

B. any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

C. the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change of Control has occurred.

3. Continuation of Indemnity.

The Company's obligations hereunder shall be applicable to any and all claims made after the date hereof regardless of when the facts upon which such claims are based occurred, including times prior to the date hereof. All agreements and obligations of the Company contained in this Agreement shall continue during the period the Indemnitee is a director or officer of the Company (or is or was serving at the request of the Company as a director, officer, employee, trustee or representative of another corporation, partnership, joint venture, trust or other enterprise, including any employee benefit plan) and shall continue thereafter so long as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that the Indemnitee was a director or officer of the Company or serving in any other capacity referred to herein.

4. Contribution.

If the full indemnification provided in Section 1 hereof may not be paid to an Indemnitee because such indemnification is prohibited by law, then in respect of any actual or threatened proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such proceeding) the Company shall contribute to the amount of expenses incurred by the Indemnitee for which indemnification is not available in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and the Indemnitee on the other hand from the transaction from which such proceeding arose and (ii) the relative fault of the Company and the Indemnitee, as well as any other relevant equitable considerations. The relative fault of the Company (which shall be deemed to include its other directors, officers and employees) on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses. The Company agrees that it would not be just and equitable if contribution pursuant to this section were determined by any method of allocation which does not take account of the foregoing equitable considerations.

5. Notification and Defense of Claim.

As soon as practicable after receipt by the Indemnitee of actual knowledge of any action, suit or proceeding, the Indemnitee shall notify the Company thereof if a claim in respect thereof may be or is being made by the Indemnitee against the Company under this Agreement; provided, that the failure of the Indemnitee to give such notice shall not relieve the Company of its obligations hereunder except to the extent the Company is actually prejudiced by such failure. With respect to any action, suit or proceeding as to which the Indemnitee has so notified the Company:

(a) The Company will be entitled to participate therein at its own expense; and

(b) Except as otherwise provided below, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After the Company notifies the Indemnitee of its election to so assume the defense, the Company will not be liable to the Indemnitee under this Agreement for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense, other than reasonable costs of investigation, including an investigation in connection with determining whether there exists a conflict of interest of the type described in (ii) of this paragraph, or as otherwise provided in this paragraph. The Indemnitee shall have the right to employ his or her counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after the Company notifies the Indemnitee of its assumption of the defense shall be at the expense of the Indemnitee unless (i) the Company authorizes the Indemnitee's employment of counsel, provided, that following a Change of Control, the Indemnitee shall be entitled to employ his or her own counsel at the Company's expense after giving not less than 30 days' notice to the Company unless a majority of the Disinterested Directors determine that the Indemnitee's interests are adequately represented by the counsel employed by the Company; (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense or (iii) the Company shall not have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have made the conclusion described in (ii) of this paragraph.

(c) The Company shall not be obligated to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Company nor the Indemnitee shall unreasonably withhold their consent to any proposed settlement.

6. Undertaking to Repay Expenses.

In the event it shall ultimately be determined by a court that the Indemnitee is not entitled to be indemnified for the expenses paid by the Company pursuant to Section 1(b) hereof or otherwise or was not entitled to be fully indemnified, the Indemnitee shall repay to the Company such amount of the expenses or the appropriate portion thereof, so paid or advanced. Indemnitee shall reimburse the Company for any amounts paid by the Company as indemnification of expenses to the extent Indemnitee receives payment for the same expenses from any insurance carrier or from another party.

7. Notice.

Any notice to the Company shall be directed to Equitable Resources, Inc., 225 North Shore Drive, Pittsburgh, Pennsylvania 15212, Attention: Corporate Secretary (or such other address as the Company shall designate in writing to the Indemnitee).

8. Enforcement.

In the event the Indemnitee is required to bring any action to enforce rights or to collect monies due under this Agreement, the Company shall pay to the Indemnitee the fees and expenses incurred by the Indemnitee in bringing and pursuing such action if the Indemnitee is successful, in whole or in part, on the merits or otherwise, in such action. The Company shall pay such fees and expenses in advance of the final disposition of such action on the terms and conditions set forth in Section 1(b).

9. Severability.

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

(a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and

(b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

10. Indemnification Under this Agreement Not Exclusive.

(a) The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under the Articles of Incorporation of the Corporation or its Bylaws, any other agreement, any vote of stockholders or directors, or otherwise, both as to action in the Indemnitee’s official capacity and as to action in another capacity while holding such office. The protection and rights provided by this Agreement and all of such other protections and rights are intended to be cumulative.

(b) It is the intention of the parties in entering into this Agreement that the insurers under any D & O Insurance policy shall be obligated ultimately to pay any claims by Indemnitee which are covered by such policy or to give such insurers any rights against the Company under or with respect to this Agreement, including, without limitation, any right to be subrogated to any of Indemnitee’s right hereunder, unless otherwise expressly agreed to by the Company in writing and the obligation of such insurers to the Company or Indemnitee shall not be deemed reduced or impaired in any respect by virtue of the provisions of this Agreement.

11. Miscellaneous.

(a) This Agreement shall be interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

(b) This Agreement shall be binding upon the Indemnitee and upon the Company, its successors and assigns, and shall inure to the benefit of the Indemnitee and his or her heirs, executors, personal representatives and assigns, and to the benefit of the Company, its successors and assigns. If the Company shall merge or consolidate with another corporation or shall sell, lease, transfer or otherwise dispose of all or substantially all of its assets to one or more persons or groups (in one transaction or series of transactions), (i) the Company shall cause the successor in the merger or consolidation or the transferee of the assets that is receiving the greatest portion of the assets or earning power transferred pursuant to the transfer of the assets, by agreement in form and substance satisfactory to the Indemnitee, to expressly assume all of the Company’s obligations under and agree to perform this Agreement, and (ii) the term “Company” whenever used in this Agreement shall mean and include any such successor or transferee.

(c) As used in this Agreement, no matter adjudicated by a court order shall be deemed “determined” or “ultimately determined,” and no matter shall be deemed a “final disposition” unless and until (i) the time to appeal, petition for writ of certiorari or allocatur, or otherwise seek appellate review or to move for reargument, rehearing or reconsideration of the order has expired and no appeal, petition for writ of certiorari, allocatur, or other appellate review, or proceedings for reargument, rehearing, or reconsideration shall then be pending, or (ii) in the event that an appeal, petition for writ of certiorari or allocatur, or other appellate review or reargument, rehearing or reconsideration thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed or review thereof shall have been denied by the highest court from which a writ of certiorari or allocatur, or other appellate review or reargument, rehearing, or reconsideration was sought, and the time to take any further appeal, to petition for writ of certiorari or allocatur, to otherwise seek appellate review, or to move for reargument, rehearing, or reconsideration shall have expired.

(d) No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both of the parties hereto; provided, however, that the Company may amend this Agreement from time to time without Indemnitee's consent to the extent deemed necessary or appropriate, in its sole discretion, to effect compliance with Section 409A of the Code, including regulations and interpretations thereunder, which amendments may result in a reduction of benefits provided hereunder and/or other unfavorable changes to Indemnitee.

(e) This Agreement is intended to provide for the indemnification of, and/or purchase of insurance policies providing for payments of, expenses and damages incurred with respect to *bona fide* claims against the Indemnitee, as a service provider, or the Company, as the service recipient, in accordance with Treas. Reg. Section 1.409A-1(b)(10), pursuant to which the Agreement shall not provide for the deferral of compensation. The Agreement shall be construed consistently, and limited in accordance with, the provisions of such regulation.

(f) This Agreement supersedes the Indemnification Agreement dated as of , by and between the Company and the Indemnitee.

IN WITNESS WHEREOF , the parties have executed this Agreement on and as of the day and year first above written.

EQUITABLE RESOURCES, INC.

By: ______________________________
Name:
Title:

INDEMNITEE

____
«Indemnitee»

DIRECTORS' COMPENSATION

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

The Corporate Governance Committee has engaged Towers, Perrin, Forster & Crosby, Inc. ("Towers Perrin"), an external human resources consulting firm, to conduct an annual review of the total compensation for outside directors. Specifically, retainer fees, meeting fees, stock-based long-term incentives and insurance were evaluated using, as the competitive benchmark, levels of total compensation paid to directors of the following 21 energy companies:

Atlas Energy Resources, LLC
Cabot Oil & Gas Corporation
Chesapeake Energy Corporation
CNX Gas Corporation
El Paso Corporation
Enbridge Inc.
Energen Corporation
Linn Energy, LLC
Markwest Energy Partners, L.P.
MDU Resources Group, Inc.
National Fuel Gas Company
ONEOK, Inc.
Penn Virginia Corporation
Questar Corporation
Range Resources Corporation
Sempra Energy
Southern Union Company
Southwestern Energy Company
Spectra Energy Corporation
TransCanada Corporation
The Williams Companies, Inc.

Set forth below is a description of the 2008 compensation of the company's non-employee directors.

Cash Compensation

- An annual cash retainer of $40,000 is paid on a quarterly basis. The annual cash retainer was increased in April 2008 from $30,000.
- The cash meeting fee is $1,500 for each Board and committee meeting attended in person. If a director participates in a meeting by telephone, the meeting fee is $750. These fees are paid on a quarterly basis.
- For the Audit Committee Chair, an annual committee chair retainer of $15,000 (no meeting fees). For Executive, Compensation and Corporate Governance Committee Chairs, an annual committee chair retainer of $6,000 (no meeting fees). These chair retainer fees were adopted in April 2008. Prior to that time, each committee chair received $500 ($1,500 for Audit Committee Chair) for each meeting of his or her committee that the chair attended. These fees are paid on a quarterly basis.

Equity-Based Compensation

- In 2003, the company began granting to each director stock units that vested upon award and that are payable on a deferred basis under the directors' deferred compensation plans. In April 2008, a grant of 1,600 deferred stock units was awarded to each non-employee director who was a member of the board at that time. The deferred stock units are awarded by the Board annually upon the recommendation of the Corporate Governance Committee. Each deferred stock unit is equal in value to one share of company common stock, but does not have voting rights. Dividends are credited quarterly in the form of additional stock units. Except in the case of Dr. Domm, who elected to be paid her 2003 award in shares of stock, the value of the stock units will be paid in cash on the earlier of the director's death or termination of service as a director.

- The non-employee directors are subject to stock ownership guidelines which require them to hold shares (or share equivalents, including deferred stock units) with a value equal to at least three times the annual cash retainer. Under the guidelines, directors have up to two years to acquire a sufficient number of shares (or share equivalents, including deferred stock units) to meet this requirement. Other than Messrs. Behrman and Cary, who joined the Board in July 2008, each of the company's non-employee directors satisfies the stock ownership guidelines at December 31, 2008.

Deferred Compensation

- The company has a deferred compensation plan for non-employee directors. In addition to the automatic deferral of stock units awarded, non-employee directors may elect to defer up to 100% of their annual retainer and fees into the 2005 Directors' Deferred Compensation Plan and receive an investment return on the deferred funds as if the funds were invested in company stock or permitted mutual funds. Prior to the deferral, plan participants must irrevocably elect to receive the deferred funds either in a lump sum or in equal installments. Distributions commence following termination of service as a director. The directors' deferred compensation accounts are unsecured obligations of the company. Dr. Behrman, Mr. Cary, Ms. Jeremiah, Mr. Miles and Mr. Whalen deferred fees under the plan in 2008. The pre-existing Directors' Deferred Compensation Plan continues to operate for the sole purpose of administering amounts vested under the plan on or prior to December 31, 2004.

Other

- To further the company's support for charitable giving, all directors are eligible to participate in the Matching Gifts Program of the Equitable Resources Foundation, Inc. (the "EQT Foundation", on the same terms as company employees. Under this program, the EQT Foundation will match gifts of at least $100 made by the director to eligible charities, up to an aggregate total of $15,000 in any calendar year.
- Non-employee directors who joined the Board prior to May 25, 1999 may designate a civic, charitable or educational organization as beneficiary of a $500,000 gift funded by a life insurance policy purchased by EQT Corporation. The directors do not receive any financial benefit from this program because the charitable deductions accrue solely to the company.
- The company reimburses directors for their travel and related expenses in connection with attending Board meetings and Board-related activities. The company also provides non-employee directors with $20,000 of life insurance and $250,000 of travel accident insurance while traveling on business for the company.

Exhibit 21

Subsidiaries of Registrant
As of December 31, 2008

Legal Name	Domicile
EQT Corporation (formerly Equitable Resources, Inc.)	USA, Pennsylvania
EPC Investments, Inc.	USA, Delaware
EQT Capital Corporation	USA, Delaware
Equitable Distribution, LLC	USA, Delaware
EQT Holdings Company, LLC	USA, Delaware
EQT Holdings Management Company, LLC	USA, Delaware
EQT International Holdings Corporation	USA, Delaware
EQT Investments, LLC	USA, Delaware
EQT Investments Holdings, LLC	USA, Delaware
EQT IP Ventures, LLC	USA, Delaware
Equitable Energy, LLC	USA, Delaware
Equitable Gas Company, LLC	USA, Pennsylvania
Equitable Gathering, Inc.	USA, Pennsylvania
Equitable Gathering, LLC	USA, Delaware
Equitable Gathering Equity, LLC	USA, Delaware
Equitable Homeworks, LLC	USA, Pennsylvania
Equitable Production Company	USA, Pennsylvania
Equitable Resources Insurance Company, Ltd.	Cayman Islands
Equitable Utilities Investments, Inc.	USA, Delaware
Equitrans, LP	USA, Pennsylvania
ERI Holdings	Cayman Islands
ET Blue Grass Clearing, LLC	USA, Delaware
ET Blue Grass LLC	USA, Delaware
EUS Management Company, Inc.	USA, Delaware

Exhibit 23.01

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Post-effective Amendment No. 1 to Registration Statement No. 33-00252 on Form S-8 pertaining to the Equitable Resources, Inc. Employee Savings Plan;
- Registration Statement No. 333-01879 on Form S-8 pertaining to the Equitable Resources, Inc. Employee Stock Purchase Plan;
- Registration Statement No. 333-22529 on Form S-8 pertaining to the Equitable Resources, Inc. Employee Savings and Protection Plan;
- Registration Statement No. 333-82189 on Form S-8 pertaining to the 1999 Equitable Resources, Inc. Long-Term Incentive Plan;
- Registration Statement No. 333-82193 on Form S-8 pertaining to the 1999 Equitable Resources, Inc. Non-Employee Directors' Stock Incentive Plan;
- Registration Statement No. 333-32410 on Form S-8 pertaining to the Equitable Resources, Inc. Deferred Compensation Plan and the Equitable Resources, Inc. Directors' Deferred Compensation Plan;
- Registration Statement No. 333-70822 on Form S-8 pertaining to the 1999 Equitable Resources, Inc. Long-Term Incentive Plan;
- Registration Statement No. 333-122382 on Form S-8 pertaining to the 2005 Equitable Resources, Inc. Employee Deferred Compensation Plan and the 2005 Equitable Resources, Inc. Directors' Deferred Compensation Plan;
- Registration Statement No. 333-129286 on Form S-4 pertaining to the registration of $150,000,000 of 5% Notes due 2015 of Equitable Resources, Inc.; and
- Registration Statement No. 333-129286 on Form S-8 pertaining to the Equitable Resources, Inc. 2008 Employee Stock Purchase Plan ; and
- Registration Statement No. 333-148154 on Form S-3 pertaining to the Registration of Debt Securities, Preferred Stock and Common Stock of Equitable Resources, Inc.

of our reports dated February 17, 2009, with respect to the consolidated financial statements and schedule of EQT Corporation (formerly Equitable Resources, Inc.), and the effectiveness of internal control over financial reporting of EQT Corporation (formerly Equitable Resources, Inc.), included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

Pittsburgh, Pennsylvania
February 17, 2009

Exhibit 23.02

CONSENT

As independent petroleum and natural gas consultants, we hereby consent to the reference of our name in the Annual Report on Form 10-K, for the year ended December 31, 2008 of EQT Corporation (formerly Equitable Resources, Inc.), and to the incorporation of our name by reference into EQT Corporation's (formerly Equitable Resources, Inc.) effective registration statements under the Securities Act of 1933, as amended. We have no interest of a substantial or material nature in EQT Corporation (formerly Equitable Resources, Inc.), or in any affiliate. We have not been employed on a contingent basis, and we are not connected with EQT Corporation (formerly Equitable Resources, Inc.), or any affiliate as a promoter, underwriter, voting trustee, director, officer, employee, or affiliate.

/s/ Ryder Scott Company, L.P.

RYDER SCOTT COMPANY, L.P.

Houston, Texas
February 17, 2009

Exhibit 31.1

CERTIFICATION

I, Murry S. Gerber, certify that:

1. I have reviewed this Annual Report on Form 10-K of EQT Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 20, 2009

/s/ Murry S. Gerber
Murry S. Gerber
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Philip P. Conti, certify that:

1. I have reviewed this Annual Report on Form 10-K of EQT Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2009

/s/ Philip P. Conti

Philip P. Conti
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the Annual Report of EQT Corporation (the "Company") on Form 10-K for the period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Murry S. Gerber — February 20, 2009
Murry S. Gerber, Chairman
and Chief Executive Officer

/s/ Philip P. Conti — February 20, 2009
Philip P. Conti, Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to EQT Corporation and will be retained by EQT Corporation and furnished to the Securities and Exchange Commission or its staff upon request.