

QUESTAR CORP  
Form DEF 14A  
April 05, 2006

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

**QUESTAR CORPORATION**

\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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<hr/>	

(Company Logo)

**QUESTAR CORPORATION**

180 East 100 South

P. O. Box 45433

Salt Lake City, Utah 84145-0433

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To be Held on May 16, 2006

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The Annual Meeting of Stockholders of Questar Corporation, a Utah corporation ( Questar or the "Company"), will be held at the Doubletree Hotel Tulsa at Warren Place, 6110 South Yale Avenue, Tulsa, Oklahoma, on Tuesday, May 16, 2006, at 9:00 a.m. local time. The purpose of the meeting is to:

1.

Elect four directors, with three directors elected to serve three-year terms, and one director elected to serve a two-year term; and

2.

Act on any other matters that may properly come before the meeting.

Only holders of common stock at the close of business on March 20, 2006, may vote at the Annual Meeting or any adjournment of it. If you have your shares registered in the name of a brokerage firm or trustee and plan to attend the meeting, please obtain a letter, account statement, or other evidence of your beneficial ownership of shares to facilitate your admittance to the meeting.

By Order of the

Board of Directors

/s/Abigail L. Jones

Abigail L. Jones

Corporate Secretary

Salt Lake City, Utah

April 5, 2006

**YOUR VOTE IS IMPORTANT.**

It is important that as many shares as possible be represented at the Annual Meeting. Please date, sign, and promptly return your white proxy card in the enclosed envelope (which requires no postage if mailed within the United States). You may revoke your proxy at any time before it is voted.

**QUESTAR CORPORATION**

**PROXY STATEMENT**

**May 16, 2006**

The Board of Directors of Questar Corporation is soliciting proxies from its stockholders to be used at the Annual Meeting of Shareholders on Tuesday, May 16, 2006. This proxy statement contains information related to the Annual Meeting. At the Annual Meeting, holders of common stock will elect three directors of the Company for three-year terms that expire in May 2009, and one director to serve the remaining two years of a three-year term that expires in May 2008. Information concerning the Annual Meeting, and solicitation of proxies for it, is presented in the following question-and-answer format:

**Q:**

**What am I voting on?**

**A:**

You can cast your votes to elect three nominees for director positions to serve new three-year terms and one nominee to serve the remaining two years of a three-year term. The nominees for new three-year terms are three incumbent directors: Keith O. Rattie, M. W. Scoggins and Harris H. Simmons. The nominee for the two-year term is Bruce A. Williamson, who will fill a vacancy created by the mandatory retirement of a director in 2005.

**Q:**

**Who can vote?**

**A:**

Stockholders who owned shares as of the close of business on March 20, 2006 may vote at the Annual Meeting or any adjournment of it. Each stockholder is entitled to one vote for each share held on such date.

**Q:**

**How do I vote?**

A:

Sign and date each proxy card you receive and return it in the enclosed prepaid envelope. If you return your signed proxy card but do not indicate how you want to vote, your shares will be voted for the named nominees. You have the right to revoke your proxy by notifying the Company's Corporate Secretary prior to the meeting, by returning a later-dated proxy, or by voting in person at the Annual Meeting.

If you own shares through a broker or other trustee, you must return your proxy card to the broker. Your votes cannot be counted if you send the proxy directly to the Company.

**Q:**

**What does it mean if I get more than one proxy card?**

A:

It means that you hold shares registered in more than one account. Sign and return all proxies to make sure that all your votes are counted, but consider consolidating your accounts to minimize the administrative cost of sending materials to you.

**Q:**

**Who is soliciting my proxy?**

A:

Questar's Board of Directors.

**Q:**

**Who is paying for the solicitation?**

A:

The Company is paying for the solicitation of proxies and will reimburse banks, brokers, and other custodians for reasonable charges to forward proxy materials to beneficial holders.

**Q:**

**What constitutes a quorum?**

**A:**

On March 20, 2006, the Company had 85,504,112 shares of common stock outstanding. A majority of the shares, or 42,752,057 shares, constitutes a quorum. Once a quorum is present, the nominees will be elected upon receiving a plurality of the shares represented at the meeting. The Company's Bylaws provide that votes "withheld" from nominees will not be counted for purposes of determining whether a nominee receives a plurality of votes. Shares registered in the names of brokers for which proxies are voted for some but not all matters will be considered as voted only as to those matters actually voted. Abstentions, broker nonvotes, and instructions to withhold authority to vote for one or more of the nominees will result in such nominees receiving fewer votes. Such action, however, will not reduce the number of votes otherwise received by the nominee.

**Q:**

**Who can attend the Annual Meeting?**

**A:**

Any stockholder of record as of March 20, 2006, can attend the Annual Meeting. If you own shares through a broker or other trustee, please obtain a letter, account statement, or other evidence of your ownership of shares as of such date.

**Q:**

**How will my vote be handled on other matters?**

**A:**

Questar's Bylaws limit the matters presented at an Annual Meeting to those in the notice, those properly presented by the Board of Directors, and those presented by stockholders so long as the stockholder gives the Corporate Secretary written notice of the matter at least 90 days but not more than 120 days before the meeting. We do not expect any other matter to come before the meeting. If any other matter is presented at the Annual Meeting, your signed proxy gives the named proxies authority to vote your shares. (See "Other Matters" on page 17 for a detailed discussion of the

Company's Bylaw requirements.)

**Q:**

**When are stockholder proposals due for the next Annual Meeting?**

**A:**

To be considered for presentation at the Company's Annual Meeting scheduled for May 2007, and included in the proxy statement, a stockholder proposal must be received at the Company's office no later than December 4, 2006.

## **BOARD OF DIRECTORS**

### **Election of Directors**

The Company's Restated Articles of Incorporation provide for a board of 13 directors, divided into three classes approximately equal in number, elected to serve three-year terms.

The terms of four directors, Robert E. Kadlec, Keith O. Rattie, M. W. Scoggins and Harris H. Simmons, expire at this Annual Meeting. Three of these directors, Messrs. Rattie, Scoggins and Simmons, have been nominated for re-election as directors for the three-year terms that expire in May 2009. Mr. Kadlec, having reached mandatory retirement age, is not eligible for re-election. His retirement will leave a vacancy in the class of directors whose terms expire in 2009. Bruce A. Williamson has been nominated for election as a director for the remaining two years of a term expiring in 2008. Proxies cannot be voted for a greater number of persons than the number of nominees named. Unless you give other instructions for your shares, the proxies will be voted for the nominees.

All of the nominees have advised the Company that they are willing to serve as directors. However, in the event that any nominee is unwilling or unable to serve as a director, the proxies named in the enclosed proxy may vote, in their discretion, for any other person.

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

**Nominee (Term Expiring in 2008)**

[Picture]

Mr. Bruce A. Williamson, age 46, is chairman and chief executive officer of Dynegy Inc. Mr. Williamson was named Dynegy's president and chief executive officer and elected to that company's board of directors in October 2002. In May 2004, the board of directors of Dynegy elected Mr. Williamson chairman. Prior to joining Dynegy, Mr. Williamson served in several executive positions with Duke Energy Corp. and predecessor company PanEnergy Corp. where he was vice president, finance. Before joining PanEnergy, Mr. Williamson was with Shell Oil Company for 14 years where he held positions of increasing responsibility in exploration & production and finance.

**Nominees (Terms Expiring in 2009)**

[Picture]

Mr. Keith O. Rattie, age 52, serves as the Company's chairman, president and chief executive officer. He was named president and appointed to serve as a director effective February 1, 2001, chief executive officer May 1, 2002, and chairman May 20, 2003. Prior to his joining the Company, Mr. Rattie served as vice president and senior vice president of The Coastal Corporation from 1996 to January 30, 2001. He also serves as a director of Zions First National Bank, past chairman of the board of the Interstate Natural Gas Association of America, and director of the Gas Technology Institute.

[Picture]

Mr. M. W. Scoggins, age 58, retired as executive vice president of ExxonMobil Production Company in April 2004. He held this position from December 1999 until his retirement. Prior to the merger of Mobil Corporation with Exxon Corporation in late 1999, Mr. Scoggins served as president of International E&P and Global Exploration, chairman of the Upstream Governance Council, member of the executive committee and an officer of Mobil Oil Corporation. He was first appointed to the Questar Board in February 2005. He also serves as a director of Trico Marine Services and is a member of the Board of Trustees and the Petroleum Engineering Industry Advisory Board for the University of Tulsa.

[Picture]

Mr. Harris H. Simmons, age 51, is the chairman, president and chief executive officer of Zions Bancorporation and the chairman of the board of Zions First National Bank. He has served as a director of Questar since 1992. He is chairman of the American Bankers Association, and serves as a director of O. C. Tanner Company.

**Continuing Directors (Present Term Expires in 2007)**



[Picture]

Ms. Teresa Beck, age 51, has served as a director of the Company since 1999. She was president of American Stores from 1998 to 1999, and was American Stores' chief financial officer from 1993 to 1998. She is a director of Albertsons Inc., Lexmark International, Inc., and ICOS Corporation and a trustee of Intermountain Healthcare, the David Eccles School of Business at the University of Utah, and The Nature Conservancy.

[Picture]

Mr. R. D. Cash, age 63, served as the Company's chief executive officer from May 1984 to May 2002 and as the Company's chairman from May 1985 to May 2003. He also served as president of the Company from May 1984 to February 2001. Mr. Cash has been a director of the Company since 1977 and also serves as a director of Zions Bancorporation, National Fuel Gas Company, TODCO, Associated Electric and Gas Insurance Services Limited, and Texas Tech Foundation, Inc.

[Picture]

Mr. Robert E. McKee, III, age 59, was appointed to serve as a director of the Company effective April 1, 2003. He served as a senior advisor for the occupying Coalition Provisional Authority in Iraq to assist with the rebuilding of its oil industry from October 1, 2003, to March 18, 2004. He retired on March 31, 2003, after 37 years with ConocoPhillips and Conoco, Inc., including 10 years as executive vice president, exploration and production (1992-2002). He is also a director of Parker Drilling Company and the Post Oak Bank, a member of the President's Council for the Colorado School of Mines and a member of the advisory committee for the University of Texas engineering department. He is currently serving as the chairman of Enventure Global Technology (an expandable tubular technology company).

[Picture]

Mr. Gary G. Michael, age 65, has been a director of the Company since 1994. He served as chairman and chief executive officer of Albertsons Inc. from February 1991 to April 2001. He served as interim president of the University of Idaho from June 2003 until August 2004. He is a director of Office Max Inc., IdaCorp Inc., Harrah's Entertainment Inc., and The Clorox Company.

[Picture]

Mr. Charles B. Stanley, age 47, serves as executive vice president of the Company. He has served as a director of the Company since November 1, 2002. Mr. Stanley has responsibility for the Company's Market Resources business segment and is the president and chief executive officer of each entity within that group. Prior to joining the Company in February 2002, Mr. Stanley was president and chief executive officer of El Paso Oil and Gas Canada,

Inc. from 2000 to January 2002.

**Continuing Directors (Present Term Expires in 2008)**

[Picture]

Mr. Phillips S. Baker, Jr., age 46, is the president, chief executive officer and a director of Hecla Mining Company. He was appointed to serve as a director of Questar effective February 10, 2004. Mr. Baker served as vice president of Hecla from May 2001 to November 2001, as chief financial officer from May 2001 to June 2003, and as chief operating officer from November 2001 to May 2003, before being named as chief executive officer in May 2003. Prior to joining Hecla, he served as vice president and chief financial officer of Battle Mountain Gold Company from March 1998 to January 2001.

[Picture]

Mr. L. Richard Flury, age 58, retired as chief executive, Gas and Power, for BP plc on December 31, 2001. He had served in this position from January 1999 to his retirement. Prior to working for BP plc and BP Amoco plc, Mr. Flury held a number of key management positions with Amoco Corp., including chief executive for worldwide exploration and production. He was first elected to the Questar Board in May 2002. Mr. Flury also serves as a director of Chicago Bridge and Iron Company, N.V. and Callon Petroleum Company, and as a trustee of Thunderbird The Garvin School of International Management.

[Picture]

Mr. James A. Harmon, age 70, was reappointed to serve as a director in June 2001 after serving as chairman and president of the Export-Import Bank of the United States. He previously served as a Questar director from 1976 to 1997. He currently is chairman of a financial advisory firm, Harmon & Co. LLC. Mr. Harmon is also the chairman of World Resources Institute, a global policy and research institution. He is a member of the board of directors of the School of International and Public Affairs, Columbia University, Africare and the Center for Global Development and is a member of J. E. Robert Cos. Global Advisory Board and a member of the International Advisory Board of Alfa Capital. He is a Trustee Emeritus of Brown University and Barnard College and is a member of the Council on Foreign Relations.

**INFORMATION CONCERNING THE BOARD OF DIRECTORS**

**Board Committees**

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The Board has standing audit (Finance and Audit), compensation (Management Performance), and nominating (Governance/Nominating) committees that are each comprised solely of independent directors. Each committee has prepared and regularly reviews its statement of responsibilities. These statements are on the Company's Web site ([www.questar.com](http://www.questar.com)).

The table below sets forth members and Chairs of the committees. The Chairs and some members of committees changed effective May 17, 2005.

Governance/

Name of Director

Finance/Audit

Management Performance

Nominating

Executive

P. S. Baker, Jr.

X

X

T. Beck

X<sup>1</sup>

X

X

R. D. Cash

L. Richard Flury

X

X

X

J. A. Harmon

X

X

X<sup>1</sup>

X

R. E. Kadlec<sup>2</sup>

X<sup>1</sup>

X

R. E. McKee, III

X

X

X

G. G. Michael

X

X

X<sup>1</sup>

K. O. Rattie

X

M. W. Scoggins

X

X

H. H. Simmons

X

X

X

C. B. Stanley

Meetings held in 2005

8

4

3

0

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<sup>1</sup>Chairman

<sup>2</sup> Retiring in May 2006

**Finance and Audit:** Reviews auditing, accounting, financial reporting, and internal control functions; appoints the Company's outside auditors; monitors financing requirements, dividend policy, and investor-relations activities; oversees compliance activities. The Company's common stock is listed on the New York Stock Exchange (NYSE) and is governed by its listing standards. The Committee has adopted a charter, officially referred to as a "Statement of Responsibilities," which has been updated to reflect the requirements of the Sarbanes-Oxley Act of 2002 and the NYSE's listing standards. The Statement of Responsibilities is available on the Company's Web site at [www.questar.com](http://www.questar.com). The Company's Board has determined that all members of the Committee meet the independence standards of Section 303.01(B)(2)(a) and (3) of the Rules of the NYSE. The Committee's report begins on page 15.

**Management Performance:** Reviews the performance of top management, particularly Mr. Rattie and salary and compensation paid to the Company's officers; administers the Long-term Stock Incentive Plan and Long-term Cash Incentive Plan; and makes recommendations about participants, performance objectives and awards under the Annual Management Incentive Plan (AMIP) adopted by the Company and its major operating subsidiaries and the Annual Management Incentive Plan II (AMIP II) which the Company's shareholders approved in 2005. The Committee has adopted a charter, officially referred to as a "Statement of Responsibilities," which is available on the Company's Web site at [www.questar.com](http://www.questar.com). The Committee's report begins on page 14.

**Governance/Nominating:** Responsible for governance activities, particularly Board and Committee evaluations and Committee assignments. The Committee also recommends individuals for nomination to the Board of Directors and considers director candidates suggested by shareholders. All members are independent directors.

The Governance/Nominating Committee functions as the Company's nominating committee. This Committee is currently chaired by James A. Harmon, a long-term member of the Board. The Committee has adopted a "Statement of Responsibilities" which is available on the Company's Web site at [www.questar.com](http://www.questar.com). The Statement of Responsibilities identifies the criteria established for nominees for director positions, including nominees

recommended by shareholders and self-nominees. These criteria are uniformly used as a framework for evaluating all nominees as well as incumbent directors and include the following: experience as senior officer, *e.g.*, chief executive officer, president, chief financial officer, of a public company or extensive experience in finance or accounting; active in business at least part-time with skills and experience necessary to serve as chair of a committee; willingness to commit time and energy to service as a director; experience in the Company's lines of business or understanding of the Company's business environment; ability to exercise independent judgment and make analytical inquiries; reputation for integrity and good judgment; and geographical location (residence or business activity) in states where the Company has significant operations.

In February 2006, the Board, acting on the Committee's recommendation, nominated Bruce A. Williamson to stand for election to the Board for the remainder of a term expiring in 2008. The Committee recommended Mr. Williamson after evaluating several candidates identified in a formal search process conducted by a third party hired by the Committee and paid a fee for its service. Mr. Williamson is currently employed by Dynegy Inc. as chairman of the board, president and chief executive officer. The Committee has determined that Mr. Williamson satisfies the above-listed criteria for appointment to the Company's Board. He has no prior relationships with any members of the Company's management and the Committee has determined that he is independent as defined below.

The Committee has never received nominations from shareholders, but will consider them using the same criteria listed above. Shareholders interested in submitting the names of candidate(s) who satisfy the criteria listed above should submit in writing the names and qualifications of the candidate(s) to the Chair of the Governance/Nominating Committee at the Company's general headquarters. Any nomination letters addressed to the Chair of the Governance/Nominating Committee, at the Company's address, will be forwarded without screening. Individuals so nominated will be reviewed using the criteria set forth above.

**Executive:** Acts on behalf of the Board of Directors and handles special assignments. The Committee has adopted a charter, referred to as its "Statement of Responsibilities;" which is available on the Company's Web site at [www.questar.com](http://www.questar.com). Mr. Michael, the Lead Director, chairs the Committee. The Lead Director's responsibilities include presiding over the executive sessions of the non-management directors who meet in regularly-scheduled executive sessions without management. The Lead Director is selected by the Governance/Nominating Committee, which has established the following criteria to use as a framework for evaluating Board members for the position:

1.

Independence as defined by the NYSE;

2.

Experience on the Company's Board of Directors;

3.

Experience as Chair of the Board's other committees;

4.

Willingness to commit time and energy to service as Lead Director;

5.

Experience in the Company's lines of business or understanding of the Company's business environment;

6.

Ability to exercise independent judgment and make analytical inquiries; and

7.

Integrity and leadership skills.

### **Independence of Directors**

With the exception of Messrs. Cash, Rattie, and Stanley, all of the Company's directors are independent. In compliance with requirements of the Securities and Exchange Commission and the NYSE, the Board of Directors made this determination by applying the following rules:

(a)

No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

(b)

A director who is an employee or whose immediate family member is an executive officer of the Company is not independent until three years after the end of such employment relationship.

(c)

A director who receives or whose immediate family member receives more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for

prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after ceasing to receive more than \$100,000 per year in such compensation.

(d)

A director who is affiliated with or employed by or whose immediate family member is affiliated with or employed in a professional capacity by a present or former internal or external auditor of the Company is not independent until three years after the end of the affiliation or the employment or auditing relationship.

(e)

A director who is employed or whose immediate family member is employed as an executive officer of another company where any of the Company's present executives serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship.

(f)

A director who is an executive officer or an employee or whose immediate family member is an executive officer of a company that makes payment to or receives payment from the Company for property or services in an amount that, in any single fiscal year, exceeds the greater of \$1 million or 2 percent of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.

### **Communications with Directors**

Interested parties may communicate with the Board of Directors, including Gary G. Michael, the Lead Director, and including all non-management directors as a group, by sending a letter addressed to the full Board, Mr. Michael, or the non-management directors in care of the Corporate Secretary at Questar Corporation, 180 East 100 South, P. O. Box 45433, Salt Lake City, Utah 84145-0433. The Corporate Secretary has the authority to discard any solicitations, advertisements, or other inappropriate communications, but will forward appropriate mail to the named director or group of directors. Any mail that is directed to the full Board will be forwarded to Mr. Rattie, as the Chairman of the Board.

### **Attendance at Meetings**



The Company's Board of Directors held four regular meetings during 2005; Board Committees held a total of 15 meetings. All directors attended at least 75 percent of the meetings. The Company's directors had an overall attendance percentage of 96 percent. The Company's directors and nominees are expected to attend the Company's Annual Meeting. All of the directors attended the Company's 2005 Annual Meeting.

**Directors' Compensation**

Based on market surveys, the Board increased retainers for non-employee directors effective January 1, 2006. The increase in directors' compensation, the first since January 2004, was granted to attract and retain qualified directors to ensure adequate oversight, achieve corporate objectives and increase shareholder value. The Company's non-employee directors now receive the following compensation for their service as directors:

Annual Retainer

\$36,000 (quarterly installments of \$9,000)

Committee Retainers:

Chair, Finance and Audit

and Executive Committees

\$7,000 (quarterly installments of \$1,750)

Chair, Management Performance

and Governance/Nominating

Committees

\$6,000 (quarterly installments of \$1,500)

Committee Membership

\$5,000 (quarterly installments of \$1,250)

Board Meeting Fee:

\$2,000 per Board meeting day

Committee Meeting Fee:

\$900 (\$1,100 for Chairman)

Telephone Attendance:

\$900 (Board Meeting)

\$600 (Committee Meeting)

\$800 (Chairman)

Prior to January 1, 2006, non-employee directors received: an Annual Retainer of \$30,000; Committee Retainers of \$4,000 per year and Committee Chair Retainers of \$6,000 for Finance and Audit and Executive, and \$5,000 for Management Performance and Governance/Nominating. Committee fees were the same as listed above. Total cash compensation earned by directors during 2005 ranged from \$38,000 to \$62,000. A significant portion of non-employee directors' total compensation is paid in restricted stock or phantom restricted stock units.

Outside directors can defer the receipt of their fees and have such deferred fees either credited with interest as if invested in long-term certificates of deposit or accounted for with "phantom shares" of the Company's common stock. Outside directors can also elect to receive their fees in shares of stock. The Company's shareholders have approved the plan for providing payment of fees in stock.

On February 14, 2006, the Board granted restricted stock or phantom stock units to each of the Company's non-employee directors. The committee chairs received 825 shares of restricted stock or phantom stock units, while the other directors received 700 shares of restricted stock or phantom stock units. The restricted shares vest over four years, with one-third vesting two years after grant, one-third vesting three years after grant, and the final one-third vesting four years after grant. The restricted stock also vests on an accelerated basis in the event of the director's death, disability, mandatory retirement at age 72, or a change in control, but is lost in the event of a director's termination of service for any other reason. These grants were made pursuant to the Company's Long-term Stock Incentive Plan. Phantom stock units are paid in accordance with elections to defer fees for Board service.

The Company has entered into individual agreements with all directors, including Messrs. Rattie and Stanley, indemnifying them as directors. The form of these agreements has been approved by the Company's stockholders.

The Company furnishes Mr. Cash, as the retired President, Chief Executive Officer and Chairman of the Board, an office, telephone, and limited secretarial support in its Salt Lake City office.

### **Directors' Retirement Policy**

In May 1992, the Board of Directors adopted a retirement policy that permits an outside director to continue serving in such position until the annual meeting following his 72nd birthday if still actively engaged in business, financial, and community affairs. In 2004 the Governance/Nominating Committee exercised its discretion to waive a policy limiting the service of retired chief executive officers when it recommended that R. D. Cash be renominated to serve a new term as a director. The Board does not have a policy limiting the number of terms that any individual director may serve.

### **Certain Relationships and Related Party Transactions**

There are no relationships or related transactions between the Company and any of its directors that are required to be disclosed pursuant to federal securities laws.

### **SECURITY OWNERSHIP, NOMINEE, DIRECTORS AND EXECUTIVE OFFICERS**

The following table lists the shares of stock beneficially owned by each of the directors, each nominee, and each executive officer named on page 9 and all directors and executive officers as a group as of March 1, 2006 (unless otherwise indicated). Except as noted, each person has sole voting and investment power over the shares shown in the table.

#### **Amount and Nature of Common Stock Beneficially Owned**

Number of	Right to	Percent of	Phantom Stock
<u>Shares Owned</u>	<u>Acquire<sup>1</sup></u>	<u>Class<sup>2</sup></u>	<u>Units<sup>3</sup></u>

Alan K. Allred<sup>4,5,6</sup>

51,602

130,500

.21%

1,151

Phillips S. Baker, Jr.

2,900

0

\*

0

Teresa Beck

1,988

26,200

\*

10,149

R. Allan Bradley<sup>4,5</sup>

13,002

12,500

\*

916

R. D. Cash<sup>6</sup>

373,198

405,352

.91%

21,418

L. Richard Flury

2,000

7,000

\*

5,191

James A. Harmon<sup>6</sup>

68,253

13,400

.10%

5,988

Robert E. Kadlec<sup>7</sup>

41,179

18,000

\*

0

Robert E. McKee, III<sup>6</sup>

3,066

7,000

\*

2,432

Gary G. Michael

10,000

8,000

\*

21,302

S. E. Parks<sup>4,5,6</sup>

111,558

233,100

.40%

4,837

Keith O. Rattie<sup>4,5,6,8</sup>

99,962

452,500

.65%

12,833

M. W. Scoggins

3,850

0

\*

2,262

Harris H. Simmons

25,600

50,200

\*

24,875

Charles B. Stanley<sup>4,5,6</sup>

51,661

212,250

.31%

4,820

Bruce A. Williamson<sup>9</sup>

0

0

\*

0

All directors and	_____	_____	
	_____		
			_____
executive officers	910,874	1,660,502	

2.95%

118,583

(17 individuals including

those listed above)

\_\_\_\_\_

<sup>1</sup>Shares that can be acquired by exercising stock options within 60 days of March 1, 2006.

<sup>2</sup>Unless otherwise listed, the percentage of shares owned is less than .10%. (The percentages do not include phantom stock units.) The percentages of beneficial ownership have been calculated in accordance with Rule 13d-3(d)(1) of the Securities Exchange Act of 1934.

<sup>3</sup>Phantom stock units are held through the various deferred compensation plans available to the Company's directors and officers. Although these plans only permit such units to be paid in the form of cash, investment in such units represents the same investment in the performance of the Company's common stock as investment in actual shares of common stock.

<sup>4</sup>The Company's executive officers have shares held for their accounts in the Company's Employee Investment Plan. The number of shares opposite each of their names includes equivalent shares of stock through such plan as of March 1, 2006 as follows: Mr. Rattie, 1,207 shares; Mr. Stanley, 3,100 shares; Mr. Parks, 23,349 shares; Mr. Allred, 22,176 shares; and Mr. Bradley, 2 shares.

<sup>5</sup>All named officers except Mr. Bradley received restricted stock grants in February of 2004, 2005 and 2006. Mr. Bradley's restricted shares were granted in January 2005 and February 2006. The number of shares opposite each of their names includes the following shares of restricted stock beneficially owned as of March 1, 2006: Mr. Rattie,

50,000 shares; Mr. Stanley, 25,000 shares; Mr. Allred, 10,033 shares; Mr. Parks, 8,833 shares; and Mr. Bradley, 13,000 shares. They receive dividends on such shares and have voting powers for them, but cannot dispose of them until they vest.

<sup>6</sup>Mr. Allred owns his record shares with his spouse. Of the total shares reported for Mr. Cash, 49,043 shares are owned by his family's private foundation, 7,534 shares are in family trusts for which Mr. Cash shares voting and investment control. Mr. Cash disclaims any economic interest in such shares. Some of Mr. Parks' record shares are owned jointly with his spouse. Some of Mr. Rattie's non-restricted shares are owned jointly with his spouse. Of the total shares reported for Mr. Stanley, 23,561 shares are in family trusts for which Mr. Stanley has voting and investment control. Of the total shares reported for Mr. Harmon, 2,000 shares are held by his private foundation. One-hundred shares of common stock are held in the name of the McKee Family Trust.

<sup>7</sup>Mr. Kadlec's wife beneficially owns 400 shares of common stock. Mr. Kadlec has voting control and investment control over such shares. Such shares are included in the shares listed opposite his name.

<sup>8</sup>Mr. Rattie is the Chairman of the Board of Trustees of the Questar Corporation Educational Foundation, the Questar Corporation Arts Foundation, and the Questar Corporation Native American Scholarship Foundation, three nonprofit corporations that own an aggregate of 98,001 shares of the Company's common stock as of March 1, 2006. As Chairman, Mr. Rattie has voting power for such shares, but disclaims any beneficial ownership of them. The shares are not included in the total opposite his name.

<sup>9</sup>Mr. Williamson is a nominee; he is not currently a director.

### **SECURITY OWNERSHIP, PRINCIPAL HOLDERS**

The following table sets forth information, as of December 31, 2005, with respect to each person known by the Company to beneficially own at least five percent of its common stock.

Name and Address of

Shares and Nature of

Beneficial Owner

Beneficial Ownership



Percent of Class

Capital Research and

7,375,000

8.6%

Management Company

Investment Advisor<sup>1</sup>

333 South Hope Street

Los Angeles, California 90071

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<sup>1</sup>In its Schedule 13G dated February 6, 2006, Capital indicated that it had sole power to dispose of 7,375,000 shares but had no power, sole or shared, to vote any shares.

**EQUITY COMPENSATION PLAN INFORMATION**

The following equity compensation plan information is accurate as of December 31, 2005.

	(a)	(b)	(c)
Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			

Equity compensation plans not approved by security holders	3,251,988	\$27.82	5,507,161
	0	0	0
Total	3,251,988	\$27.82	5,507,161

**EXECUTIVE COMPENSATION**

The following Summary Compensation Table lists compensation earned by Mr. Rattie and the other four most highly compensated executive officers during 2003, 2004, and 2005:

#

**SUMMARY COMPENSATION TABLE**

All Other

Annual Compensation

Long-term Compensation

Compensation

Restricted

Option

Contingent

Name and Principal Position

Year

Base Salary (\$)

Bonus (\$)<sup>1</sup>

Stock Awards (\$)<sup>2,3</sup>

Shares (#)<sup>4</sup>

LTI Bonus (\$)<sup>5</sup>

(\$)<sup>6,7 & 8</sup>

Keith O. Rattie

2005

607,292

868,359

510,000

100,000

400,000

119,723

Chairman, President and

2004

533,750

661,200

418,800

0

400,000

100,544

Chief Executive Officer

2003

501,667

535,650

813,300

150,000

86,937

Charles B. Stanley

2005

479,167

618,208

459,000

100,000

350,000

122,902

President and Chief Executive Officer

2004

382,292

389,973

314,100

0

350,000

121,790

Questar Market Resources, Inc.

2003

311,667

265,579

406,650

75,000

104,558

Alan K. Allred

2005

283,679

244,988

188,700

0

100,000

29,544

President and Chief Executive Officer

2004

272,667

125,580

165,000

0

100,000

22,375

Questar Gas Company

2003

245,000

84,920

0

70,000

15,247

S. E. Parks

2005

292,708

277,875

178,500

0

75,000

40,223

Senior Vice President

2004

263,958