

RANGE RESOURCES CORP  
Form PRE 14A  
March 20, 2008

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  x

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Check the appropriate box:

- x Preliminary Proxy Statement  
 o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 o Definitive Proxy Statement  
 o Definitive Additional Materials  
 o Soliciting Material Pursuant to §240.14a-12

Range Resources Corporation  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.  
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April , 2008

Dear Fellow Stockholders:

On behalf of our Board of Directors, I am pleased to invite you to attend our 2008 annual meeting. The meeting will be held at our offices at 100 Throckmorton Street, Suite 1200, in Fort Worth, Texas on Tuesday, May 20<sup>th</sup> at 9:00 a.m. Central Daylight Time. The matters to be addressed at the meeting are outlined in the enclosed Notice of Annual Meeting of Stockholders and more fully described in the enclosed Proxy Statement. Our officers and representatives of our auditors will be present at the meeting to respond to questions. Due to the changing proxy rules this year, our 2007 Annual Report is not included with these materials but a copy can be downloaded from our website at [www.rangeresources.com](http://www.rangeresources.com), or you may request a paper copy by calling Karen Giles, our Corporate Communications Manager, at 817-869-4238.

MacKenzie Partners, Inc. has been retained to assist us in the soliciting process. If you have any questions regarding the meeting or require assistance in voting your shares, please contact them at 800-322-2885 or call them collect at 212-929-5500. Whether or not you expect to attend the meeting, your vote is important. We urge you to vote your shares online at [www.proxyvote.com](http://www.proxyvote.com) or sign and return the enclosed proxy card at your earliest convenience to ensure that you will be represented. You may revoke your proxy at the meeting and vote your shares in person if you wish. We want to thank you in advance for your prompt response which will reduce our solicitation costs.

Sincerely yours,

John H. Pinkerton  
President and CEO

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**RANGE RESOURCES CORPORATION**

**100 Throckmorton Street, Suite 1200**

**Fort Worth, Texas 76102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held May 20, 2008**

To the Stockholders of Range Resources Corporation:

The 2008 Annual Meeting of Stockholders of Range Resources Corporation, a Delaware corporation ( our, we, us, Range or the Company ), will be held at our offices at 100 Throckmorton Street, Suite 1200 in Fort Worth, Texas on Tuesday, May 20, 2008 at 9:00 a.m. Central Daylight Time. The purposes of the meeting are:

1. To elect eight directors to our Board of Directors, each for a term expiring at the 2009 annual meeting or when their successors are duly elected and qualified;
2. To consider and vote on a proposal to adopt an amendment to our Restated Certificate of Incorporation increasing the number of authorized shares of common stock, par value \$0.01 per share, from 250 million to 475 million shares;
3. To consider and vote on a proposal to amend our 2005 Equity-Based Compensation Plan (i) to increase the number of shares of our common stock authorized to be issued under that plan by 900,000 shares; (ii) to prohibit the granting of options below the fair market value of our common stock on the date of grant, (iii) to set the minimum vesting on restricted stock awards granted under the plan; and (iv) to limit the number of awards that can be issued under the plan that do not meet the regular plan requirements;
4. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm as of and for the fiscal year ending December 31, 2008; and
5. To transact such other business as may arise that can properly be conducted at the meeting.

This notice is being sent to holders of our common stock of record at the close of business on March 27, 2008. Each such holder has the right to vote at the meeting or any adjournment or postponement. The list of stockholders entitled to vote at the meeting will be open to the examination of any stockholder for any purpose relevant to the meeting during normal business hours for ten days before the meeting at our Fort Worth

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offices. The list will also be available during the meeting for inspection by stockholders.

**Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy and return it in the envelope provided or you may vote online at [www.proxyvote.com](http://www.proxyvote.com) using the control number printed on the proxy. You may revoke your proxy at any time before its exercise. If present at the meeting, you may withdraw your proxy and vote in person.**

BY ORDER OF THE BOARD OF DIRECTORS

Rodney L. Waller  
Corporate Secretary

April , 2008  
Fort Worth, Texas

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**RANGE RESOURCES CORPORATION**

***PROXY STATEMENT***

**Annual Meeting of Stockholders**

**May 20, 2008**

**INTRODUCTION**

The enclosed proxy is solicited by and on behalf of the Board of Directors of Range Resources Corporation, a Delaware corporation, for use at the 2008 Annual Meeting of Stockholders. The meeting will be held Tuesday, May 20, 2008, at 9:00 a.m. Central Daylight Time, at our offices at 100 Throckmorton Street, Suite 1200, Fort Worth, Texas 76102. The items to be considered are summarized in the Notice of Annual Meeting of Stockholders and more fully described in this Proxy Statement. This Proxy Statement and the proxy form were first mailed on or about April 1, 2008, to all holders of record of our common stock, \$.01 par value, as of March 27, 2008. Shares of our common stock represented by proxies will be voted as described below or as specified by each stockholder. Any proxy given by a stockholder may be revoked at any time before the voting by delivering a written notice to our Corporate Secretary, by executing and delivering a subsequently dated proxy or by attending the meeting, withdrawing the proxy and voting in person.

The persons named as proxies are John H. Pinkerton and Rodney L. Waller, our President and Chief Executive Officer, and our Corporate Secretary, respectively. The cost of preparing and mailing this Proxy Statement and any other related material will be paid by us. We have retained MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016, to assist in the solicitation. For these services, we will pay MacKenzie Partners a fee of approximately \$6,000 and reimburse it for certain out-of-pocket expenses. In addition to the solicitation of proxies by use of the mail, our directors, officers and employees may solicit proxies personally. We will request brokerage firms and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of the common stock and will reimburse them for their expenses.

***VOTING PROCEDURES***

**Voting Stock and Record Date**

Only stockholders of record for our common stock at the close of business on March 27, 2008, will be entitled to vote at the meeting. On March 27, 2008, \_\_\_\_\_ shares of common stock were outstanding with each share entitling the holder to one vote on each matter. Stockholders are not entitled to cumulative voting rights.

**Quorum and Adjournments**

The presence, in person or by proxy, of stockholders holding a majority of the votes eligible to be cast is necessary to constitute a quorum at the meeting. If a quorum is not present at the meeting, the holders of a majority of the common stock entitled to vote who are present or represented by proxy at the meeting have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting of the time and place of the adjourned meeting, until a quorum is present. In addition, under our bylaws the chairman of the meeting has the power to adjourn the meeting for any reason from time to time without notice, other than an announcement at the meeting of the time and place of the adjourned meeting, provided that a new record date is not set. At any such adjourned meeting at which a quorum is present, any business may be transacted that may have been transacted at the meeting.

## Votes Required

Assuming a quorum is present at the meeting, our stockholders will elect directors by a plurality of the eligible votes present or represented by proxy at the meeting. Approval of proposals 2, 3 and 4 require an affirmative vote of the majority of our shares of common stock represented at the meeting in person or by proxy and entitled to vote on the proposals.

## Broker Non-Votes and Abstentions

Brokers who hold shares in street name for customers are required to vote as the beneficial owners instruct. A broker non-vote occurs when a broker lacks discretionary voting power with respect to a proposal and has not received instructions from the beneficial owner (such shares are referred to as uninstructed shares). Brokers are not permitted to vote on non-discretionary items if they have not received instructions from the beneficial owners. Brokers are permitted to indicate a broker non-vote on non-discretionary items absent instructions from the beneficial owner. Abstentions and broker non-votes are treated as shares that are present for purposes of determining whether a quorum is present at the meeting. However, for purposes of determining whether a proposal is approved, abstentions and broker non-votes are tabulated separately. Abstentions have the effect of votes against a proposal requiring the affirmative vote of a majority of the shares present and entitled to vote on the proposal. Where a broker holds uninstructed shares concerning a non-discretionary item, these shares are not considered to be entitled to vote and, therefore, are not included in the denominator where the approval standard is a majority of the shares present and entitled to vote. As such, broker non-votes have a neutral effect on such proposals.

Proposals 1 and 4 are considered discretionary items, so we do not anticipate that any broker non-votes will be recorded. Proposals 2 and 3 are considered non-discretionary items under the regulations promulgated by the New York Stock Exchange (the NYSE) and approved by the Securities and Exchange Commission (the SEC) because the proposals involve increasing our authorized shares of common stock, amending our equity-based compensation plan or increasing the authorized shares of common stock under our equity based compensation plan. Therefore, if you hold your common stock in street name with your broker, your broker will not be able to vote in favor of or against proposals 2 or 3 without your specific instructions. Abstentions and broker non-votes will not have any effect on the outcome of voting on director elections (except to the extent that the failure to vote for an individual results in another individual receiving a higher number of votes) and the ratification of our independent public accounting firm. Abstentions will have the effect of votes against proposals 2 and 3, but broker non-votes will have a neutral effect on these proposals.

## Stockholders of Record

If your shares are registered directly in your name with our transfer agent, Computershare Investor Services LLC, you are considered, with respect to those shares, the stockholder of record, and these proxy materials are being sent directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the meeting. We have enclosed a proxy card for you to use.

## Beneficial Owner

If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction card on behalf of the brokerage firm or custodian. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and are also invited to attend the annual meeting.

Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

### **Voting in Person**

Shares held in your name as the stockholder of record may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions so that your vote will be counted if you later decide not to attend the meeting.



### **Default Voting**

A proxy that is properly completed and returned will be voted at the meeting in accordance with the instructions on the proxy. If you properly complete and return a proxy but do not indicate any contrary voting instructions, your shares will be voted FOR all proposals listed in the Notice of Annual Meeting of Stockholders and in accordance with the discretion of the holders of the proxy with respect to any other business that may properly come before the meeting or any adjournment or postponement. If we propose to adjourn the meeting, proxy holders will vote all shares for which they have voting authority in favor of adjournment. Our Board of Directors knows of no matters other than those stated in the Notice of Annual Meeting of Stockholders and described in this Proxy Statement to be presented for consideration at the meeting.

### **Revocation of Proxy**

A stockholder executing and returning a proxy may revoke it at anytime before it is exercised at the annual meeting by giving written notice of the revocation to our Corporate Secretary or by executing and delivering to our Corporate Secretary a later dated proxy. Attendance at the annual meeting will not be effective to revoke the proxy unless written notice of revocation has also been delivered to our Corporate Secretary before the proxy is exercised. If you hold your shares in a brokerage account or by other nominee and deliver voting instructions to the record holder of those shares, you may only revoke the voting of those shares in accordance with your instructions if such record holder revokes the original proxy as directed above and either resubmits a proxy reflecting your voting instructions or delivers to you a legal proxy giving you the right to vote the shares.

### **Voting Results**

We intend to announce preliminary voting results at the annual meeting and publish final results on our website and in our quarterly report on Form 10-Q for the second quarter of 2008.

This Proxy Statement is dated April , 2008.

**PROPOSAL 1 ELECTION OF DIRECTORS****Nomination and Election of Directors**

The current term of office of all our directors expires at the 2008 annual meeting. Our Board of Directors proposes that the following nominees, all of whom are currently serving as directors, be re-elected for a new term expiring at the 2009 annual meeting or when their successors are duly elected and qualified: Charles L. Blackburn, Anthony V. Dub, V. Richard Eales, Allen Finkelson, Jonathan S. Linker, Kevin S. McCarthy, John H. Pinkerton and Jeffrey L. Ventura. Each of the nominees has consented to serve if elected. If any one of them becomes unavailable to serve as a director, our Board of Directors may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by our Board of Directors. Our Board of Directors does not presently contemplate that any of the nominees will become unavailable for election.

**Information Concerning Nominees**

The following table sets forth the names of the nominees and certain information with regard to each nominee. There is no family relationship between any of our directors and executive officers.

<b>Name</b>	<b>Age</b>	<b>Held Office Since</b>	<b>Current Position</b>
Charles L. Blackburn	80	2003	Director and Chairman of the Board
Anthony V. Dub	58	1995	Director
V. Richard Eales	72	2001	Director
Allen Finkelson	61	1994	Director
Jonathan S. Linker	59	2002	Director
Kevin S. McCarthy	48	2005	Director
John H. Pinkerton	54	1988	Director, President and CEO
Jeffrey L. Ventura	50	2005	Director and EVP Chief Operating Officer

*Charles L. Blackburn* was elected as a director in 2003 and appointed as the non-executive Chairman of the Board of Directors. Mr. Blackburn has more than 40 years experience in oil and gas exploration and production serving in several executive and board positions. Previously, he served as Chairman and Chief Executive Officer of Maxus Energy Corporation from 1987 until that company's sale to YPF Sociedad Anonima in 1995. Maxus was the oil and gas producer which remained after Diamond Shamrock Corporation's spin-off of its refining and marketing operations. Mr. Blackburn joined Diamond Shamrock in 1986 as President of their exploration and production subsidiary. From 1952 through 1986, Mr. Blackburn was with Shell Oil Company, serving as Director and Executive Vice President for exploration and production for the final ten years of that period. Mr. Blackburn has previously served on the Boards of Anderson Clayton and Co. (1978-1986), King Ranch Corp. (1987-1988), Penrod Drilling Co. (1988-1991), Landmark Graphics Corp. (1992-1996) and Lone Star Technologies, Inc. (1991-2001). Currently, Mr. Blackburn also serves as an advisory director to the oil and gas loan committee of Guaranty Bank. Mr. Blackburn received his

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Bachelor of Science degree in Engineering Physics from the University of Oklahoma.

*Anthony V. Dub* became a director in 1995. Mr. Dub is Chairman of Indigo Capital, LLC, a financial advisory firm based in New York. Before forming Indigo Capital in 1997, he served as an officer of Credit Suisse First Boston ( CSFB ). Mr. Dub joined CSFB in 1971 and was named a Managing Director in 1981. Mr. Dub led a number of departments during his 26 year career at CSFB including the Investment Banking Department. After leaving CSFB, Mr. Dub became Vice Chairman and a director of Capital IQ, Inc. until its sale to Standard & Poor's in 2004. Capital IQ is a leader in helping organizations capitalize on synergistic integration of market intelligence, institutional knowledge and relationships. Mr. Dub received a Bachelor of Arts, *magna cum laude*, from Princeton University.

*V. Richard Eales* became a director in 2001. Mr. Eales has over 35 years of experience in the energy, high technology and financial industries. He is currently retired, having been a financial consultant serving energy and information technology businesses from 1999 through 2002. Mr. Eales was employed by Union Pacific Resources Group

Inc. from 1991 to 1999 serving as Executive Vice President from 1995 through 1999. Before 1991, Mr. Eales served in various financial capacities with Butcher & Singer and Janney Montgomery Scott, investment banking firms, as CFO of Novell, Inc., a technology company, and in the treasury department of Mobil Oil Corporation. Mr. Eales received his Bachelor of Chemical Engineering from Cornell University and his Masters in Business Administration from Stanford University.

*Allen Finkelson* became a director in 1994. Mr. Finkelson has been a partner at Cravath, Swaine & Moore LLP since 1977, with the exception of the period 1983 through 1985, when he was a managing director of Lehman Brothers Kuhn Loeb Incorporated. Mr. Finkelson joined Cravath, Swaine & Moore, LLP in 1971. Mr. Finkelson earned a Bachelor of Arts from St. Lawrence University and a J.D. from Columbia University School of Law.

*Jonathan S. Linker* became a director in 2002. Mr. Linker previously served as a director of Range from 1998 to 2000. He has been active in the energy industry since 1972. Mr. Linker joined First Reserve Corporation in 1988 and was a Managing Director of the firm from 1996 until July 2001. Mr. Linker is currently Manager of Houston Energy Advisors LLC, an investment advisor providing management and investment services to two private equity funds. Mr. Linker has been President and a director of IDC Energy Corporation since 1987, a director and officer of Sunset Production Corporation since 1991 serving currently as Chairman, and Manager of Shelby Resources Inc., all small, privately-owned exploration and production companies. Mr. Linker received a Bachelor of Arts in Geology from Amherst College, a Masters in Geology from Harvard University and an MBA from Harvard University's Graduate School of Business Administration.

*Kevin S. McCarthy* became a director in 2005. Mr. McCarthy is Chairman, Chief Executive Officer and President of Kayne Anderson MLP Investment Company, Kayne Anderson Energy Total Return Fund, Inc. and Kayne Anderson Energy Development Company, which are each NYSE listed closed-end investment companies. Mr. McCarthy joined Kayne Anderson Capital Advisors as a Senior Managing Director in 2004 from UBS Securities LLC where he was global head of energy investment banking. In this role, he had senior responsibility for all of UBS energy investment banking activities, including direct responsibilities for securities underwriting and mergers and acquisitions in the energy industry. From 1995 to 2000, Mr. McCarthy led the energy investment banking activities of Dean Witter Reynolds and then PaineWebber Incorporated. He began his investment banking career in 1984. He is also on the board of directors of Clearwater Natural Resources, L.P. and Direct Fuel Partners, L.P., two private companies. He earned a Bachelor of Arts in Economics and Geology from Amherst College and an MBA in Finance from the University of Pennsylvania's Wharton School.

*John H. Pinkerton*, President, Chief Executive Officer and a director, became a director in 1988. He joined Range as President in 1990 and was appointed Chief Executive Officer in 1992. Previously, Mr. Pinkerton was Senior Vice President of Snyder Oil Corporation (SOCO). Before joining SOCO in 1980, Mr. Pinkerton was with Arthur Andersen. Mr. Pinkerton received his Bachelor of Arts in Business Administration from Texas Christian University and a master's degree from the University of Texas at Arlington.

*Jeffrey L. Ventura*, Executive Vice President - Chief Operating Officer, joined Range in 2003 and became a director in 2005. Previously, Mr. Ventura served as President and Chief Operating Officer of Matador Petroleum Corporation which he joined in 1997. Before 1997, Mr. Ventura spent eight years at Maxus Energy Corporation where he managed various engineering, exploration and development operations and was responsible for coordination of engineering technology. Previously, Mr. Ventura was with Tenneco Inc., where he held various engineering and operating positions. Mr. Ventura holds a Bachelor of Science degree in Petroleum and Natural Gas Engineering from the Pennsylvania State University.

**Required Vote and Recommendation**

The affirmative vote of a plurality of the votes cast at the meeting is required for the election of our directors. A properly executed proxy marked **Withhold authority** with respect to the election of one or more of our directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether a quorum is present. Please see the discussion above under the captions **Votes Required** and **Broker Non-Votes and Abstentions** for further details on voting procedures.

**Our Board of Directors recommends a vote FOR the election of each of our nominees.**

**PROPOSAL 2 APPROVAL OF AMENDMENT TO THE COMPANY'S  
RESTATED CERTIFICATE OF INCORPORATION  
(Authorized Shares)**

**General**

The authorized capital stock of the Company presently consists of 250 million shares of common stock, par value \$0.01 per share, and 10 million shares of preferred stock, par value \$1.00 per share. The number of shares of our common stock outstanding as of March 27, 2008 was . . . . . Allowing for the number of shares of our common stock outstanding or reserved for future issuance, only approximately million authorized shares of our common stock remain freely available for issuance. Our Board of Directors has determined that the number of unreserved shares of our common stock presently available for issuance is not sufficient to provide for our needs. An increase in the authorized shares available for issuance would give us greater flexibility to respond to future developments without the expense and delay of a special meeting of our stockholders.

Our Board of Directors has unanimously adopted a resolution setting forth a proposed amendment to Article Fourth of our restated certificate of incorporation that would increase the number of authorized shares of our common stock from 250 million to 475 million. To affect such increase, the first paragraph of Article Fourth of our restated certificate of incorporation will be amended to read in its entirety as follows:

**FOURTH: (1) The total number of shares of all classes of stock that the Corporation shall have authority to issue is 485 million shares, divided into classes as follows:**

**475 million Common shares having a par value of \$.01 per share; and**

**10 million Preferred shares having a par value of \$1.00 per share.**

The amendment will have no effect on the number of shares of preferred stock we are authorized to issue. No shares of our preferred stock are currently issued, outstanding or reserved for issuance. The additional shares for which authorization is sought would be identical to the shares of our common stock now authorized. The holders of our common stock do not presently have preemptive rights to subscribe for any of our securities and will not have any such rights to subscribe for the additional shares proposed to be authorized. If the amendment is approved by the required vote of our stockholders, it will become effective upon the filing of a Certificate of Amendment with the Secretary of State of the State of Delaware.

Our Board of Directors and management believe that additional shares of our common stock should be authorized for issuance to provide the flexibility to issue our common stock for proper corporate purposes. Future purposes for additional shares could include paying stock dividends, subdividing outstanding shares through stock splits, effecting acquisitions of other businesses or properties, securing additional financing for working capital or capital expenditures and providing incentives through equity-based or other incentive plans. We have no plans, proposals or arrangements at this time to issue any shares of our common stock other than those currently reserved for issuance. Our Board of Directors believes, however, that the availability of additional shares of our common stock for issuance will enable us to take advantage of favorable opportunities without the delay and expense associated with holding a special meeting of our stockholders at the time such additional shares may

be needed.

If the amendment is approved, the increase in our authorized shares will not, by itself, have any effect on the rights of holders of presently issued and outstanding shares of our common stock. However, the issuance of additional shares of our common stock may, among other things, have a dilutive effect on earnings per share and on the equity and voting rights of the present holders of our common stock.

Authorized but unissued shares of our common stock could be used by our Board of Directors to make a change in control of our Company more difficult, even if stockholders viewed such change in control as favorable to their interests. Under certain circumstances, such shares could be used to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control of our Company. Such shares could be privately placed with purchasers who might side with our Board of Directors in opposing a hostile takeover bid. We are not aware of any effort to accumulate our common stock or obtain control of our Company by a tender offer, proxy contest or otherwise, and we have no present intention to use the increased number of available shares for any anti-takeover purposes.

### **Required Vote and Recommendation**

**The affirmative vote of a majority of the shares of our common stock represented at the meeting in person or by proxy and entitled to vote on the proposal at the meeting is required to approve this proposal. Uninstructed shares are not entitled to vote on this proposal, and therefore broker non-votes will not affect the outcome of this proposal. Abstentions have the effect of negative votes on this proposal. See the discussion above under the captions **Votes Required** and **Broker Non-Votes and Abstentions** for further details on voting procedures.**

**Our Board of Directors believes adoption of the amendment is in our Company's best interest and recommends that our stockholders vote FOR the proposed amendment.**

### **PROPOSAL 3 APPROVAL OF SIXTH AMENDMENT**

#### **TO OUR 2005 EQUITY-BASED COMPENSATION PLAN**

### **Proposed Amendment**

Subject to stockholder approval, our Board of Directors has approved (i) an amendment to Section 4 of our 2005 Equity-Based Compensation Plan (the 2005 Plan) to increase the number of shares of our common stock authorized to be issued under our 2005 Plan by 900,000 shares, (ii) an amendment to Section 6 of our 2005 Plan to prohibit the granting of options below the fair market value of our common stock on the date of grant, (iii) an amendment to Section 6 of our 2005 Plan to provide that the minimum vesting on restricted stock awards granted under our 2005 Plan at three years unless such vesting is based upon the achievement of performance criteria established by our Compensation Committee in the award agreement, in which event the vesting period may not be less than one year and (iv) an amendment to Section 6 of our 2005 Plan to limit the number of shares that can be issued as bonus stock, awards in lieu of Company obligations or other stock-based awards to 10% of the shares of common stock authorized under the 2005 Plan. A complete copy of the proposed Sixth Amendment to the 2005 Plan is attached as Exhibit A and a full copy of our 2005 Plan is attached as Exhibit B. A summary description of the material features of our 2005 Plan is provided below. The statements made in this Proxy Statement regarding the Sixth Amendment to our 2005 Plan should be read in conjunction with and are qualified in their entirety by reference to Exhibits A and B.

### **Description of the Proposed Amendment**

Our Board of Directors has determined that, to give our Company the ability to attract and retain the executive and key employee talent necessary for our continued growth and success, the number of shares of our common stock available for issuance under our 2005 Plan should be increased by 900,000 and is proposing an amendment to affect such increase.



**Reason for the Proposed Amendment**

If the proposed amendment is approved, 900,000 additional Plan Shares (as defined in the discussion below under the caption "Securities to be Offered") will be immediately available for future awards under our 2005 Plan. As of March 27, 2008, \_\_\_\_\_ shares are available for awards under our 2005 Plan. As part of the approval of our 2005 Plan by our stockholders in 2005, we agreed to suspend any further grants under our 1999 Stock Option Plan (the "1999 Plan") and transfer the authorized but unissued shares to our 2005 Plan. Therefore, our 2005 Plan provides that any shares related to options currently outstanding under the 1999 Plan which lapse or are forfeited will become available for issuance under our 2005 Plan. If the proposed amendment is approved, the maximum number of Plan Shares (assuming none of the shares underlying options currently outstanding under the 1999 Plan lapse or are forfeited) will increase from \_\_\_\_\_ to \_\_\_\_\_ shares. On March 27, 2008, the closing price of our common stock on the NYSE was \$ \_\_\_\_\_. As of March 27, 2008, the 1999 Plan had stock option awards outstanding of \_\_\_\_\_ which were fully exercisable. The average exercise price of the outstanding stock option awards was \$ \_\_\_\_\_ per share, ranging from \$ \_\_\_\_\_ to \$ \_\_\_\_\_ per share. The additional 900,000 shares approved under the Sixth Amendment will be added to the existing 3,025,000 authorized 162(m) Covered Shares (as defined in the discussion below under the caption "Securities to be Offered") approved by stockholders specifically for our 2005 Plan. While our Board of Directors is cognizant of the potential dilutive effect of compensatory stock awards, it also recognizes the significant motivational and performance benefits that are achieved from making such awards. In determining the number of additional Plan Shares that should be authorized, our Compensation Committee examined the potential dilutive effect of the additional Plan Shares.

Our Board of Directors believes that equity-based incentives align the interests of our management, employees and stockholders. Equity grants are an important element in attracting and retaining our employees. Historically, all of our

full-time employees have been granted equity awards. Given the intense competition for talented individuals in our industry, our ability to offer competitive compensation packages, including those with equity-based incentives is particularly important. It is our practice to grant options to new professionals and executives as they are hired and to all full-time employees when the annual performance-based compensation review is completed, generally in February of each year. During 2004, 2005, 2006, 2007 and so far during 2008, our Compensation Committee has approved the issuance of 2,514,728, 3,141,937, 1,658,160, 1,636,543 and stock options and/or stock appreciation rights ( SARs ), respectively, under our 1999 or 2005 Plans. Our Compensation Committee specifically approves all equity awards to our employees.

Our Compensation Committee has focused on the potential dilutive effect of equity awards by awarding SARs rather than stock options and for long-term executive compensation has awarded a combination of restricted common stock and SARs. To reduce potential dilution, our Board of Directors authorized the adoption of our 2005 Plan which was approved by stockholders in May 2005. Our 2005 Plan provides for the use of stock-settled SARs which our Compensation Committee has exclusively used for all awards under our 2005 Plan after its approval. The stock-settled SARs have a less attractive income tax effect for our employees as compared to Incentive Stock Options but are significantly less dilutive. Stock-settled SARs are less dilutive because the number of shares issued is based solely upon the appreciation over the grant price on the date of exercise of the SAR. With stock options, the full number of shares subject to grant under the option may be issued. Our Compensation Committee has further reduced the dilutive effect of SARs grants by withholding shares of our common stock to pay the payroll and income taxes associated with the SARs exercise and issuing to the participant only the number of shares of our common stock equal in value to the net appreciation over the grant price after deducting the value of such taxes. For example, during 2007, 341,457 SARs were exercised by our employees. The average fair market value of the common stock was \$37.99 and the average grant price was \$16.71 giving rise to \$21.28 of average appreciation per grant. We would have normally issued 150,360 shares of our common stock to cover the appreciation in the SARs. However, with our election to withhold shares of our common stock to pay the payroll and income taxes in cash rather than our common stock, only 102,538 shares of our common stock were actually issued. Therefore, in connection with the exercise of 341,457 SARs, only 102,538 our common shares were issued, reducing the potential dilution by 70%. During 2006, 126,509 SARs were exercised and only 31,436 shares of our common stock were issued, reducing the potential dilution by 75%. With differing amounts of appreciation, different results will occur in the future.

This example also highlights how stock-settled SARs are charged against the total authorized shares under our 2005 Plan. When SARs are granted, the full number of shares of the grant must be reserved even though when exercised the number of shares actually issued will always, using reasonable assumptions as to future fair market values, be less than the number of the SARs reserved. Since the SARs have a five year term, the exercise and release of unissued reserved shares back to our 2005 Plan could take up to five years after the initial grant. Given the circumstances, our Compensation Committee believes that we should request a modest amount of shares to be authorized each year so that our Compensation Committee can have the flexibility of granting equity awards until such time as a significant number of unissued reserved shares from SARs exercises are returned to our 2005 Plan for use. The calculation of the burn rate will also be artificially inflated since the maximum number of the SAR grants are counted just like a stock option that would be fully issued upon exercise. Until sufficient time has elapsed for the vesting and exercising of SARs to occur, the netting effect of unissued but reserved shares for SAR awards against each year's SAR grants will not occur, and the actual expected burn rate will be inflated. Only when SARs are vested and are finally exercised will the reserved shares be released for future grants. In the example above covering the 341,457 SARs exercised in 2007, only 30% of the actual number of SARs granted was actually issued upon the exercise by the participants.

To further reduce the number of SARs granted, in February 2007 our Compensation Committee granted to all employees, whose salaries were \$100,000 or greater, a combination of stock-settled SARs and restricted stock awards. Both the restricted stock awards and SARs vest over a three-year period. The Compensation Committee issued one-half the value of the awards in SARs and one-half of the awards in restricted stock based upon the fair market value of the common stock on the date of grant and the corresponding Black-Scholes model value of the SAR. Each employee was granted the option to take the value of the restricted common stock in cash or common stock. The restricted stock awards or the cash equivalent were placed in the participants account in our deferred compensation plan. Since the employees were given the option to take common stock or the cash equivalent, the grant of stock deferred under our deferred compensation plan does not constitute an equity compensation plan for purposes of the NYSE stockholder approval rules.

To reduce dilution, our Board of Directors has authorized us to repurchase, from time to time, our common stock in the market, to satisfy the stock awards when distributed to participants pursuant to the deferred compensation plan or to fund the initial award. During 2005, we

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repurchased 200,550 shares of our common stock which were reissued in 2005 and 2006 for stock awards placed in the deferred compensation plan. In 2007, we repurchased 155,500 shares of our common stock which were used for equity awards in February 2008.

The awards that will be made to Eligible Persons (as defined in the discussion below under the caption Persons Who May Participate in our 2005 Plan ) under our 2005 Plan are subject to the discretion of the Compensation Committee and, therefore, cannot be determined with certainty at this time. As of March 27, 2008, a total of SARs have been granted and SARs are outstanding under our 2005 Plan of which SARs are currently exercisable. From July 2005 to March 27, 2008, SAR grants have been cancelled, SAR grants have been exercised with shares of our common stock actually issued upon the exercise thereby reducing the potential dilution based on the number of SARs granted by %. The previously granted awards were restored to the number of common shares authorized to be issued under our 2005 Plan. The following table set forth the SARs granted to the executive officers and other employees as of March 27, 2008. As stated previously, it has been our practice to grant equity awards to all of our employees. No equity awards have been granted under our 2005 Plan except for SARs.

### 2005 Equity-Based Compensation Plan

Name and Position	Number of SARs Granted	Average Grant Price
John H. Pinkerton, President & CEO	495,287	\$ 27.26
Jeffrey L. Ventura, Executive Vice President & COO	277,104	\$ 27.72
Mark D. Whitley, Senior Vice President PBU & Engineering Technology	106,089	\$ 31.17
Roger S. Manny, Senior Vice President & CFO	140,382	\$ 27.48
Chad L. Stephens, Senior Vice President	116,700	\$ 26.60
Executive Group (8 persons)	1,380,638	\$ 27.39
Non-Employee Director Group (a)		
Non-Executive Officers/Employee group (810 persons)	4,180,980	\$ 30.94
Total	5,561,618	\$ 30.06

(a) Non-Employee Directors were issued 44,100 SARs at a grant price of \$38.02 at their re-election to our Board in May 2007 under the 2004 Non-Employee Director Plan.

For a table reflecting information regarding equity compensation awards outstanding and available for future grants as of December 31, 2007 and March 27, 2008, segregated between equity compensation plans approved by our stockholders and equity compensation plans not approved by our stockholders, please see the section of this Proxy Statement entitled Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters Equity Compensation Plan Information below.

The increase in the number of authorized shares under the 2005 Plan is needed to allow our Compensation Committee to administer the 2005 Plan on a long-term basis by having a sufficient number of shares available to develop a long-term compensation strategy. Therefore, our Board of Directors would like to add to the total shares authorized to be issued under the 2005 Plan at modest amounts each year to continue to be comparable to peer companies and make executive officers' compensation and performance more directly linked to growing the value of the common stock. Given the 150 million shares of common stock currently outstanding, an increase of 900,000 shares would constitute a maximum additional potential dilution of less than 1.0%.

**General**

Our stockholders approved the adoption of our 2005 Plan on May 18, 2005 at the 2005 Annual Meeting. The material features of our 2005 Plan are described below. With the approval of our 2005 Plan, our Compensation Committee is able to use a greater array of equity compensation alternatives in structuring compensation arrangements for our personnel including stock-settled SARs which the Compensation Committee has used since 2005 to reduce the potential dilution to our existing stockholders.

**Description of our 2005 Plan**

The description of our 2005 Plan set forth below is a summary of the principal features of our 2005 Plan as proposed to be amended pursuant to the Sixth Amendment, a copy of which is attached as Exhibit A. This summary, however, does not purport to be a complete description of all of the provisions of our 2005 Plan. The summary is qualified in its entirety by

reference to our 2005 Plan, a copy of which is attached as Exhibit B. The purpose of our 2005 Plan is to provide a means to enhance the profitable growth of our Company and its subsidiaries by attracting and retaining employees, directors, consultants and advisors by providing such individuals with a means to acquire and maintain stock ownership or awards the value of which is tied to the performance of the common stock, par value \$.01 per share, of our Company. Our 2005 Plan also provides additional incentives and reward opportunities designed to strengthen such individuals' concern for the welfare of our Company and their desire to remain in its employ. We will seek to achieve our 2005 Plan's purpose by providing grants of (i) incentive stock options qualified as such under U.S. federal income tax laws ( Incentive Options ), (ii) stock options that do not qualify as incentive stock options ( Nonstatutory Options and, together with Incentive Options, Options ), (iii) stock appreciation rights ( SARs ), (iv) restricted stock awards ( Restricted Stock Awards ), (v) phantom stock rights ( Phantom Stock Rights ), (vi) bonus stock and awards in lieu of Company obligations ( Bonus Stock ), (vii) other stock-based awards ( Other Stock-Based Awards ), (viii) dividend equivalents ( Dividend Equivalents ), (ix) other performance awards, including annual cash incentive awards ( Annual Incentive Awards ), or (vii) any combination of such awards (collectively referred to as Awards ). No Incentive Options may be made under our 2005 Plan after May 18, 2015, ten years from the date on which our 2005 Plan was adopted.

Our 2005 Plan, in part, is intended to qualify under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended (the Code ) for Incentive Options although our Compensation Committee has not granted any Incentive Options to date. For more information, please see the discussion below under the caption Federal Tax Consequences. Our 2005 Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ). Our 2005 Plan was effective as of May 18, 2005 (the Effective Date ).

#### **Administration of our 2005 Plan**

Our Board of Directors appointed our Compensation Committee to administer our 2005 Plan pursuant to its terms and all applicable state, federal, or other rules or laws, except in the event our Board of Directors chooses to take action under our 2005 Plan. Unless otherwise limited by our 2005 Plan, Rule 16b-3 of the Securities Exchange Act of 1934 (the Exchange Act ), or the Code, our Compensation Committee has broad discretion to administer our 2005 Plan, interpret its provisions, and adopt policies for implementing our 2005 Plan. This discretion includes the power to determine to whom and when Awards will be granted, determine the amount of such Awards (measured in cash, shares of our common stock, or as otherwise designated), proscribe and interpret the terms and provisions of each Award agreement (the terms of which may vary), accelerate the exercise terms of an Option, delegate duties under our 2005 Plan, terminate, modify or amend any Award except as otherwise provided in the 2005 Plan, and execute all other responsibilities permitted or required under our 2005 Plan.

#### **Persons Who May Participate in our 2005 Plan**

Any individual who provides services to us or our subsidiaries, including non-employee directors of and consultants for us (an Eligible Person ), and is designated by our Compensation Committee to receive an Award under our 2005 Plan can be a Participant. An employee on leave of absence may be considered still employed by us for determining eligibility under our 2005 Plan. Any individual granted an Award which remains outstanding under our 2005 Plan, including an individual who is no longer an Eligible Person, will continue to be a Participant for purposes of our 2005 Plan. We currently have six non-employee directors, eight executive officers and approximately 725 other employees who are eligible to participate in our 2005 Plan.

A Participant under our 2005 Plan is eligible to receive an Award pursuant to the terms of our 2005 Plan and subject to any limitations imposed by appropriate action of our Compensation Committee. No Award may be granted if the Award relates to a number of shares of our common stock which exceeds the number of shares which remain available under our 2005 Plan minus the number of shares issuable in settlement of or relating to outstanding Awards. Additionally, no Awards may be granted in any fiscal year to Eligible Persons likely to be Covered Employees (as defined in the discussion below under the caption Awards Performance Awards ) in excess of 450,000 shares of our common stock with respect to stock-based Awards or \$2,500,000 with respect to Awards the value of which is not based on our common stock.

With respect to Incentive Options, a Participant must be an employee of our Company or one of our corporate subsidiaries and, immediately before the time the Incentive Option is granted, the Participant may not own stock possessing more than 10% of the total combined voting power or value of all classes of stock of our Company or a subsidiary unless, at the time the Incentive Option is granted, the exercise price of the Incentive Option is at least 110% of the fair market value of the common stock underlying the Incentive Option and the Incentive Option is not, by its terms, exercisable after the fifth anniversary of the date of grant.

## Securities to be Offered

*Shares Subject to our 2005 Plan.* Our 2005 Plan provides that the maximum aggregate number of shares of our common stock that may be issued pursuant to any and all Awards under our 2005 Plan (subject to any adjustment due to recapitalization or reorganization permitted under our 2005 Plan), before the Sixth Amendment, will not exceed the sum of (i) 3,025,000 shares (the 162(m) Covered Shares ) approved in 2005 specifically for our 2005 Plan, plus (ii) 13,875,000 shares of our common stock (the number of shares of our common stock approved for issuance under the 1999 Plan), less (iii) the number of shares of our common stock issued under the 1999 Plan before the Effective Date and the number of shares issuable pursuant to awards under the 1999 Plan outstanding as of the Effective Date, plus (iv) the number of shares that become available for delivery under the 1999 Plan after the Effective Date with respect to awards that lapse or are terminated and with respect to which shares are not issued, plus (v) the 569,303 shares available for delivery under the Stroud Energy, Inc. 2005 Stock Incentive Plan (the

Stroud Shares ); provided, however, that Stroud Shares shall only be used with respect to Awards granted to an Eligible Person who either (A) is a former employee of Stroud Energy, Inc. or one of its affiliates, or (B) first became an officer or employee of (or otherwise began providing services to) the Company or any Subsidiary or first became a director of the Company after June 19, 2006 (the Plan Shares ). The Stroud Shares were assumed by our 2005 Plan as part of a merger on June 19, 2006.

As of March 27, 2008 there are total shares authorized for issuance under our 2005 Plan, of which (i) shares had been issued upon the exercise of SARs, (ii) shares were subject to SAR awards that had been granted and were outstanding and (iii) shares were available for future awards. As of March 27, 2008, the 1999 Plan had stock option awards outstanding of all of which were vested. The average exercise price of the outstanding stock option awards under the 1999 Plan was \$ per share, ranging from \$ to \$ per share. Therefore, as of March 27, 2008, without giving effect to the Sixth Amendment, the total number of shares available for issuance of awards under our 2005 Plan was , subject to increase by the number of shares subject to the stock options outstanding under the 1999 Plan that lapse or are terminated before exercise. If the Sixth Amendment is approved, our 2005 Plan will be amended to increase the 162(m) Covered Shares by 900,000, to an aggregate of 3,925,000 shares.

If common stock subject to any Award is not issued or transferred, or ceases to be issuable or transferable for any reason, including (but not exclusively) because an Award is forfeited, terminated, expires unexercised, is settled in cash in lieu of our common stock or is otherwise terminated without a delivery of shares to a Participant, the shares of our common stock that were subject to that Award will again be available for issue, transfer or exercise pursuant to Awards under our 2005 Plan to the extent allowable by law. The common stock delivered pursuant to our 2005 Plan may be authorized but unissued shares, shares held by our Company in treasury, or shares which have been reacquired by our Company including shares which have been bought in the market for the purposes of our 2005 Plan. The fair market value of the common stock on a given date will be the last reported sales price as reported by the NYSE for our common stock on such date or, if no such sale takes place on such day, the average of the closing bid and asked prices for that day, or, if no such closing prices are available, the last reported sales price so reported on the last business day before the date in question. There are no fees, commissions or other charges applicable to a purchase of our common stock under our 2005 Plan.

## Awards

*Stock Options.* Our Compensation Committee may grant Options to Eligible Persons including (i) Incentive Options (only to employees of our Company or its subsidiaries) which comply with Section 422 of the Code and (ii) Nonstatutory Options. The exercise price of each Option granted under our 2005 Plan will be stated in the Option agreement and may vary; however, such exercise price may not be less than 100% of the fair market value per share as of the date of grant. Options may be exercised as our Compensation Committee determines, but not later than ten years from the date of grant. Any Incentive Option which fails to comply with Section 422 of the Code for any reason will result in the reclassification of as a Nonstatutory Option which will be exercisable as such. Our Compensation Committee will determine the methods and form of payment for the exercise price of an Option (including, in the discretion of our Compensation Committee, payment in our common stock, other Awards or other property) and the methods and forms in which common stock will be delivered to a Participant.



*SARs.* SARs may be awarded in connection with or separate from an Option. An SAR is the right to receive an amount equal to the excess of the fair market value of one share of our common stock on the date of exercise or settlement over the grant price of the SAR as determined by our Compensation Committee which may not be less than 100% of the fair market value per share as of the date of grant. SARs awarded in connection with an Option will entitle the holder, upon exercise or settlement, to surrender the related Option or portion thereof relating to the number of shares for which the SAR is exercised or settled. The surrendered Option or portion thereof will then cease to be exercisable. A SAR related to an Option is exercisable or transferable only to the extent that the related Option is exercisable or transferable. SARs granted

independently of an Option will be exercisable or settled as our Compensation Committee determines. The term of an SAR will be for a period determined by our Compensation Committee but will not exceed ten years. SARs may be paid in cash, stock or a combination of cash and stock, as our Compensation Committee provides in the Award agreement governing the SAR. SARs are the only form of award granted to date by our Compensation Committee under the 2005 Plan.

*Restricted Stock Awards.* A Restricted Stock Award is a grant of shares of our common stock subject to a risk of forfeiture, restrictions on transferability, and any other restrictions imposed by our Compensation Committee in its discretion. Restrictions may lapse at such times and under such circumstances as determined by our Compensation Committee. If the Sixth Amendment is approved, the restriction period for a Restricted Stock Award may not be less than three years unless based on the achievement of performance criteria established by our Compensation Committee, in which case the restriction period may not be less than one year. However, the Sixth Amendment permits our Compensation Committee to waive the restriction period in the event of a participant's death, disability or retirement or a change in control. Except as otherwise provided under the terms of our 2005 Plan or an Award agreement, the holder of a Restricted Stock Award may have rights as a stockholder, including the right to vote the common stock subject to the Restricted Stock Award or to receive dividends on the common stock subject to the Restricted Stock Award (subject to any mandatory reinvestment or other requirements imposed by our Compensation Committee) during the restriction period. Unless otherwise waived by our Compensation Committee, a Restricted Stock Award which is subject to forfeiture restrictions will be forfeited and reacquired by the Company upon termination of employment. As a condition of a Restricted Stock Award grant, our Compensation Committee may require or permit a Participant to elect that any cash dividends paid on a share of common stock subject to a Restricted Stock Award be automatically reinvested in additional Restricted Stock Awards or applied to the purchase of additional Awards under our 2005 Plan, if such arrangements are in place. Unless otherwise determined by our Compensation Committee, common stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, will be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock Award with respect to which such common stock or other property has been distributed.

*Phantom Stock Rights.* Phantom Stock Rights are rights to receive our common stock, cash, or a combination of both at the end of a specified period. Our Compensation Committee may subject Phantom Stock Rights to restrictions (which may include a risk of forfeiture) to be specified in the Award agreement which may lapse at such times determined by our Compensation Committee. Phantom Stock Rights may be satisfied by delivery of our common stock, cash equal to the fair market value of the specified number of shares of our common stock covered by the Phantom Stock Rights, or any combination thereof determined by our Compensation Committee at the date of grant or thereafter. Except as otherwise provided by our Compensation Committee in the Award agreement or otherwise, Phantom Stock Rights subject to forfeiture restrictions may be forfeited upon termination of a Participant's employment before the end of the specified period. Dividend equivalents on the specified number of shares of our common stock covered by Phantom Stock Rights will be either (i) paid with respect to such Phantom Stock Rights on the dividend payment date in cash or in shares of unrestricted common stock having a fair market value equal to the amount of such dividends, or (ii) automatically deemed reinvested in additional Phantom Stock Rights, other Awards, or other investment vehicles permitted by our Compensation Committee and elected by the Participant, unless otherwise determined by our Compensation Committee on the date of grant.

*Bonus Stock and Awards in Lieu of Company Obligations.* Our Compensation Committee is authorized to grant common stock as a bonus, or to grant common stock or other Awards in lieu of obligations to pay cash or deliver other property under our 2005 Plan or under other plans or compensatory arrangements, subject to any applicable provision under Section 16 of the Exchange Act. Our Compensation Committee will determine any terms and conditions applicable to grants of our common stock or other Awards, including performance criteria associated with an Award. Any grant of our common stock to an officer of our Company or a subsidiary in lieu of salary or other cash compensation will be reasonable, as determined by our Compensation Committee. The Sixth Amendment limits the aggregate number of shares of our common stock that can be granted as bonus and other stock-based awards to 10% of the aggregate number of shares authorized under the 2005 Plan (905,394 shares if the Sixth Amendment is approved).

*Dividend Equivalent.* Dividend equivalents may be granted entitling a Participant to receive cash, common stock, other Awards, or other property equal in value to dividends paid with respect to a specified number of shares of our common stock, or other periodic payments at the discretion of our Compensation Committee. Dividend equivalents may be awarded on a free-standing basis or in connection with another Award. Our Compensation Committee may provide that dividend equivalents will be payable or distributed when accrued or that they will be deemed reinvested in additional common stock, Awards, or other investment vehicles. Our Compensation Committee will specify any

restrictions on transferability and risks of forfeiture that are imposed upon dividend equivalents.

*Other Stock-Based Awards.* Participants may be granted, subject to applicable legal limitations and the terms of our 2005 Plan and its purposes, other Awards related to our common stock (in terms of being valued, denominated, paid or

otherwise defined by reference to our common stock). Such Awards may include, but are not limited to, convertible or exchangeable debt securities, other rights convertible or exchangeable into our common stock, purchase rights for our common stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by our Compensation Committee, Awards valued with reference to the book value of our common stock or the value of securities of or the performance of specified subsidiaries. Our Compensation Committee will determine terms and conditions of all such Awards, including without limitation, method of delivery, consideration to be paid, the timing and methods of payment, and any performance criteria associated with an Award. Cash awards may be granted as an element of or a supplement to any Awards permitted under our 2005 Plan. The Sixth Amendment limits the aggregate number of shares of our common stock that can be granted as bonus and other stock-based awards to 10% of the aggregate number of shares authorized under the 2005 Plan (905,394 shares if the Sixth Amendment is approved).

*Performance Awards.* Our Compensation Committee may designate that certain Awards granted under our 2005 Plan constitute performance Awards or grant separate cash bonus Annual Incentive Awards as performance Awards. A performance Award is any Award the grant, exercise or settlement of which is subject to one or more performance standards. Additionally, performance Award also means an Annual Incentive Award granted to the chief executive officer or any other person designated by our Compensation Committee, at the time of grant of the performance Award, as likely to be one of the next four highest paid officers of the Company (a Covered Employee). One or more of the following business criteria for the Company on a consolidated basis and/or for specified subsidiaries or business or geographical units of our Company (except with respect to the total shareholder return and earnings per share criteria) shall be used by our Compensation Committee: (i) earnings per share; (ii) increase in revenues; (iii) increase in cash flow; (iv) increase in cash flow return; (v) return on net assets, return on assets, return on investment, return on capital, or return on equity; (vi) economic value added; (vii) operating margin or contribution margin; (viii) net income; net income per share; pretax earnings; pretax earnings before interest, depreciation and amortization and exploration expense; pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items; or operating income; (ix) total stockholder return; (x) debt reduction; (xi) finding and development costs; (xii) production growth; or production growth per share; (xiii) cash flow; or cash flow per share; (xiv) reserve replacement or reserves per share growth, and (xv) any of the preceding goals determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by our Compensation Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of comparable companies.

#### **Other Provisions**

*Tax Withholding.* At the discretion of our Compensation Committee and subject to conditions that our Compensation Committee may impose, a Participant's tax withholding with respect to an Award may be satisfied by withholding from any payment related to an Award or by the withholding of shares of our common stock issuable pursuant to the Award based on the fair market value of the shares.

*Merger or Recapitalization.* If any change is made to our capitalization, such as a stock split, stock combination, stock dividend, exchange of shares or other recapitalization, merger or otherwise, which results in an increase or decrease in the number of outstanding shares of our common stock, appropriate adjustments will be made by our Compensation Committee in the shares subject to an Award under our 2005 Plan.

*Change in Control.* Upon a change in control (as such term is defined in our 2005 Plan) our Compensation Committee may, in its discretion, effect one or more of the following alternatives with respect to Options (which may vary both among different holders and different Options held by the same holder): (i) accelerate the exercisability of the Options to be exercised before a specified date, after which unexercised Options will terminate; (ii) require the mandatory surrender to and repurchase by us of all outstanding Options; (iii) provide that the number and class of shares of our common stock covered by an Award theretofore granted be adjusted so that such Award will thereafter cover the number and class of shares of our common stock or other securities or property (including, without limitation, cash) to which the holder would have been entitled pursuant to the terms of the transaction if the holder had held the shares of our common stock subject to the Award; or (iv) make such adjustments to the Options deemed appropriate by our Compensation Committee (including no adjustment). Our Compensation Committee will make such changes as it deems appropriate in the number and price of shares of our common stock or other consideration subject to other Awards. Also, our Compensation Committee may, in its discretion, fully vest and cause all restrictions to lapse applicable to any Restricted

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Stock Award. Any such action may vary both among different Restricted Stock Award holders and different Restricted Stock Awards held by the same holder. Our change in control plans provide for the accelerated vesting of Awards upon a change in control.

*Amendment.* Without stockholder approval, our Board of Directors may at any time and from time to time with respect to any shares which, at the time, are not subject to Awards, suspend, discontinue, revise, or amend our 2005 Plan in

any respect whatsoever, and may amend any provision of our 2005 Plan or any Award agreement to make our 2005 Plan or the Award agreement, or both, comply with Section 16(b) of the Exchange Act and the exemptions therefrom, the Code, ERISA, or any other law, rule or regulation that may affect our 2005 Plan. Such amendments are subject to stockholder approval to the extent such approval is required by any state or federal law and regulation or the rules of the NYSE. Our Board of Directors may also amend, modify, suspend or terminate our 2005 Plan for the purpose of meeting or addressing any changes in other legal requirements applicable to the Company or our 2005 Plan or for any other purpose permitted by law. Our 2005 Plan may not be amended without stockholder approval to increase the aggregate number of shares of our common stock that may be issued under our 2005 Plan. Except as provided above, no amendment, modification, suspension or termination of our 2005 Plan may alter or impair Awards previously granted under our 2005 Plan without the consent of the affected Participant. Further, no Award may be altered or amended, and no exchange of Awards may be affected that, in either case, would constitute the repricing of Options for the purposes of the rules of the NYSE. Our 2005 Plan also provides that no Options may be granted with reload features.

*Transferability of Awards.* In accordance with rules prescribed by our Compensation Committee, our Compensation Committee may permit a person to transfer in the form of a gift, Nonstatutory Options, SARs, Phantom Stock Rights, or Restricted Stock Awards (if such Restricted Stock Award does not require the transfer of consideration by the Participant or the holder other than usual and customary service) (i) to a child (including a step or in-law relationship), grandchild, parent (including a step or in-law relationship), grandparent, spouse, former spouse, sibling (including an in-law), niece, or nephew, including adoptive relationships in any case, and any person sharing the household of a holder of such Award ( Immediate Family Members ), (ii) to a trust in which one or more Immediate Family Members have more than 50% of the beneficial interest, (iii) to a foundation in which one or more Immediate Family Members controls the management of assets (iv) to another entity in which Immediate Family Members are the only partners or (v) pursuant to a qualified domestic relations order. A SAR granted in tandem with a Nonstatutory Option will not be transferable other than in connection with the transfer of the Nonstatutory Option to which the SAR relates. Other than as described above, Awards will not be transferable other than by will or the laws of descent and distribution.

Following the transfer of any Award described above, such Awards will remain subject to the same terms and conditions as were applicable to such Awards immediately before transfer, provided that the transferee will be substituted for the transferor to the extent appropriate to enable the transferee to exercise the transferred Awards. When transferred Awards are exercised by a transferee, the common stock received as a result of the exercise may be subject to the one year holding period and other limitations on resale prescribed by Rule 144 promulgated under the Securities Act of 1933. In addition, Awards transferred by a Participant subject to the reporting requirements of Section 16(a) of the Exchange Act to Immediate Family Members in the same household as the transferor will continue to be reportable by the transferor as indirectly owned by the transferor.

Any holder of an Award desiring to transfer such Award to an Immediate Family Member must make an application for transfer and comply with such other requirements our Compensation Committee may require. To the extent regulations promulgated under the Exchange Act permit Awards to be transferred in circumstances other than as described above, our Compensation Committee may, but will not be obligated to, amend our 2005 Plan to permit transfers as permitted by such regulations.

### **Federal Tax Consequences**

The following discussion is for general information only and is intended to summarize briefly the U.S. federal tax consequences to Participants arising from participation in our 2005 Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of a Participant in our 2005 Plan may vary depending on his particular situation and may, therefore, be subject to special rules not discussed below. Phantom Stock and certain other awards that may be granted pursuant to our 2005 Plan could be subject to additional taxes unless they are designed to comply with certain restrictions set forth in Section 409A of the Code and guidance promulgated thereunder. We do not currently intend to grant such awards under our 2005 Plan, but, in the future if we do grant such awards, such awards will be designed to comply with those restrictions and to avoid the additional taxes imposed by Section 409A of the Code. No attempt has been made to discuss any potential foreign, state, or local tax consequences.

*Nonstatutory Options; SARs; Incentive Options.* Participants will not realize taxable income upon the grant of a Nonstatutory Option or SAR. Upon the exercise of a Nonstatutory Option or SAR, a Participant will recognize ordinary compensation income (subject to withholding by us) in an amount equal to the excess of (i) the amount of cash and the fair market value of the common stock received, over (ii) the exercise price (if any) paid. A Participant will generally have a tax basis in any shares of common stock received pursuant to the exercise of SAR, or pursuant to the cash exercise of a Nonstatutory Option, that equals the fair market value of such shares on the date of exercise. Subject to the discussion below

under the caption *Tax Code Limitations on Deductibility*, we will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a Participant under the foregoing rules.

Participants eligible to receive an Incentive Option will not realize taxable income on the grant of an Incentive Option. In accordance with Section 422 of the Code, upon the exercise of an Incentive Option, a Participant will not recognize taxable income, although the excess of the fair market value of the shares of our common stock received upon exercise of the Incentive Option ( ISO Stock ) over the exercise price will increase the alternative minimum taxable income of the Participant, which may cause such Participant to incur alternative minimum tax.

Upon the disposition of ISO Stock that has been held for the requisite holding period (at least two years from the date of grant and one year from the date of exercise of the Incentive Option), a Participant will recognize capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the Participant for the ISO Stock. However, if a Participant disposes of ISO Stock that has not been held for the requisite holding period (a Disqualifying Disposition ), the Participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Stock at the time of exercise of the Incentive Option (or, if less, the amount realized in the case of an arm's length disposition to an unrelated party) exceeds the exercise price paid by the Participant for such ISO Stock. A Participant would also recognize capital gain to the extent (if any) the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Stock on the exercise date. If the exercise price paid for the ISO Stock exceeds the amount realized (in the case of an arm's-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

We will not be entitled to any federal income tax deduction upon the grant or exercise of an Incentive Option, unless a Participant makes a Disqualifying Disposition of the ISO Stock. If a Participant makes a Disqualifying Disposition, we will then, subject to the discussion below under the caption *Tax Code Limitations on Deductibility*, be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a Participant under the rules described in the preceding paragraph.

Under current rulings, if a Participant transfers previously held shares of our common stock (other than ISO Stock that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of a Nonstatutory Option or Incentive Option, no additional gain will be recognized on the transfer of such previously held shares in satisfaction of the Nonstatutory Option or Incentive Option exercise price (although a Participant would still recognize ordinary compensation income upon exercise of a Nonstatutory Option in the manner described above). Moreover, that number of shares of our common stock received upon exercise which equals the number of shares of previously held common stock surrendered in satisfaction of the Nonstatutory Option or Incentive Option exercise price will have a tax basis that equals, and a capital gains holding period that includes, the tax basis and capital gains holding period of the previously held shares of common stock surrendered in satisfaction of the Nonstatutory Option or Incentive Option exercise price. Any additional shares of our common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the Participant, plus the amount of compensation income recognized by the Participant under the rules described above.

Our 2005 Plan allows our Compensation Committee to permit the transfer of Awards in limited circumstances (please see the discussion above under the caption *Other Provisions Transferability of Awards* ). For income and gift tax purposes, certain transfers of Nonstatutory Options and SARs generally should be treated as completed gifts, subject to gift taxation.

The Internal Revenue Service (the IRS ) has not provided formal guidance on the income tax consequences of a transfer of Nonstatutory Options or SARs. However, the IRS informally has indicated that after a transfer of stock options, the transferor will recognize income, which will be subject to withholding, and FICA/FUTA taxes will be collectible at the time the transferee exercises the stock options.



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In addition, if the Participant transfers a vested Nonstatutory Option to another person and retains no interest in or power over it, the transfer is treated as a completed gift. The amount of the transferor's gift (or generation-skipping transfer, if the gift is to a grandchild or later generation) equals the value of the Nonstatutory Option at the time of the gift. The value of the Nonstatutory Option may be affected by several factors, including the difference between the exercise price and the fair market value of the stock, the potential for future appreciation or depreciation of the stock, the time period of the Nonstatutory Option and the illiquidity of the Nonstatutory Option. The transferor will be subject to a federal gift tax, which will be limited by (i) the annual exclusion of \$12,000 per donee, (ii) the transferor's lifetime unified credit, or (iii) the marital

or charitable deductions. The gifted Nonstatutory Option will not be included in the Participant's gross estate for purposes of the federal estate tax or the generation-skipping transfer tax.

This favorable tax treatment for vested Nonstatutory Options has not been extended to unvested Nonstatutory Options. Whether such consequences apply to unvested Nonstatutory Options is uncertain and the gift tax implications of such a transfer are a risk the transferor will bear upon such a disposition. The IRS has not specifically addressed the tax consequences of a transfer of SARs.

*Phantom Stock Rights; Restricted Stock Awards; Cash Awards.* A Participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time the cash is otherwise made available for the Participant to draw upon. A Participant will not have taxable income at the time of grant of a stock Award in the form of Phantom Stock Rights denominated in our common stock, but rather, will generally recognize ordinary compensation income at the time he receives common stock in satisfaction of the Phantom Stock Rights in an amount equal to the fair market value of the common stock received. In general, a Participant will recognize ordinary compensation income as a result of the receipt of our common stock pursuant to a Restricted Stock Award or Bonus Stock Award in an amount equal to the fair market value of the common stock when such stock is received; provided, however, that if the common stock is not transferable and is subject to a substantial risk of forfeiture when received, a Participant will recognize ordinary compensation income in an amount equal to the fair market value of the common stock (i) when the common stock first becomes transferable or is no longer subject to a substantial risk of forfeiture in cases where a Participant does not make a valid election under Section 83(b) of the Code or (ii) when the common stock is received in cases where a Participant makes a valid election under Section 83(b) of the Code.

A Participant will be subject to withholding for federal, and generally for state and local, income taxes at the time he recognizes income under the rules described above with respect to common stock or cash received. Dividends that are received by a Participant before the time that the common stock is taxed to the Participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis in the common stock received by a Participant will equal the amount recognized by him as compensation income under the rules described in the preceding paragraph, and the Participant's capital gains holding period in those shares will commence at the time such compensation income is recognized.

Subject to the discussion immediately below, we will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a Participant under the foregoing rules.

*Tax Code Limitations on Deductibility.* In order for the amounts described above to be deductible by us, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Our ability to obtain a deduction for future payments under our 2005 Plan could also be limited by the golden parachute payment rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer-corporation.

Finally, our ability to obtain a deduction for amounts paid under our 2005 Plan could be limited by Section 162(m) of the Code, which limits the deductibility, for federal income tax purposes, of compensation paid to certain executive officers of a publicly traded corporation to \$1,000,000 with respect to any such officer during any taxable year of the corporation. However, an exception applies to this limitation in the case of certain performance-based compensation. To exempt performance-based compensation from the \$1,000,000 deductibility limitation, an Option or SAR must have an exercise price of not less than fair market value at the time of grant and the grant or vesting of an Award (other than an Option or SAR) must be based on the satisfaction of one or more performance goals as selected by our Compensation Committee. Further,

performance-based Awards intended to comply with Section 162(m) of the Code may not be granted in a given period if such performance-based Awards will result in compensation for a Participant in a given period which exceeds a specified limitation. A Participant who receives an Award or Awards intended to satisfy the performance-based exception to the \$1,000,000 deductibility limitation may not receive stock-based Awards relating to more than 450,000 shares of our common stock or other performance-based Awards, the value of which are not based on the value of shares of our common stock, equal to more than \$2,500,000 in any fiscal year. Although our 2005 Plan has been drafted to satisfy the requirements for the performance-based compensation exception, we may determine that it is in its best interests not to satisfy the requirements for the exception. Our 2005 Plan as approved does not provide for the grant of stock-based Awards to Covered Employees that constitute performance-based compensation for purposes of Section 162(m) of the Code except as to the 3,025,000 shares specifically approved by the stockholders for such purpose. The additional 900,000 shares proposed to be authorized under this Proposal 2 would also be added to such remaining amount of shares that could be awarded to

Covered Employees that would constitute performance-based compensation for purposes of Section 162(m) of the Code (*please see the discussion above under the caption Awards Performance Awards* ).

#### **Benefits Under our 2005 Plan**

The Awards, if any, that will be granted to eligible persons under our 2005 Plan are subject to the discretion of our Compensation Committee and, therefore, are not determinable at this time.

#### **Required Vote and Recommendation**

The affirmative vote of a majority of the shares of our common stock represented at the meeting in person or by proxy and entitled to vote on the proposal at the meeting is required to approve the Sixth Amendment to our 2005 Plan. Uninstructed shares are not entitled to vote on this proposal, and therefore broker non-votes will not affect the outcome of this proposal. Abstentions have the effect of negative votes on this proposal. If the Sixth Amendment to our 2005 Plan is not approved by our stockholders at the Annual Meeting, the number of shares authorized under our 2005 Plan will remain the same and no increase in the number will be provided. Please see the discussion above under the captions Votes Required and Broker Non-Votes and Abstentions for further details on voting procedures.

**Our Board of Directors recommends that you vote FOR the approval of the adoption of the Sixth Amendment to the Range Resources Corporation 2005 Equity-Based Compensation Plan.**

#### **PROPOSAL 4 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee of our Board of Directors has appointed Ernst & Young LLP as the independent registered public accounting firm to audit our consolidated financial statements as of and for the fiscal year ending December 31, 2008 and our internal controls over financial reporting. During fiscal years 2005, 2006 and 2007, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain tax and other services.

#### **Required Vote and Recommendation**

The affirmative vote of a majority of the shares of our common stock represented at the meeting in person or by proxy and entitled to vote on the proposal at the meeting is required for the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2008. Abstentions have the effect of negative votes on this proposal. If the appointment is not ratified, our Audit Committee will consider whether it should select another independent registered public accounting firm. Please see the discussion above under the captions

Votes Required and Broker Non-Votes and Abstentions for further details on voting procedures.

**Our Board of Directors recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2008 fiscal year.**

## GOVERNANCE OF THE COMPANY

We are committed to having sound corporate governance principles. Having and using such principles is essential to running our business efficiently and to maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics are available under the Corporate Governance section of our website at <http://www.rangeresources.com>, and are available in printed form upon request by any stockholder.

### Code of Business Conduct and Ethics

We have developed a Code of Business Conduct and Ethics, which is applicable to all of our directors, employees and consultants, including our principal executive officers and our principal financial officer. We intend to post amendments to and waivers, if any, from our code of ethics (to the extent applicable to our principal executive officers and directors) on our website at <http://www.rangeresources.com> under the section titled Corporate Governance. The latest change to our Code of Business Conduct and Ethics was posted in March 2007. The Code of Business Conduct and Ethics has been reviewed by our Board of Directors and our Governance and Nominating Committee in 2008. All of our directors sign a statement each year acknowledging that they have reviewed and are in compliance with the Code of Business Conduct and Ethics.

## Board Independence

Our Board of Directors has considered the issue from all applicable standpoints, including that of a director and that of a shareholder, and determined that, except for Mr. John Pinkerton, our President and CEO, and Mr. Jeffrey L. Ventura, our Executive Vice President and Chief Operating Officer, none of the current directors standing for re-election, who are Messrs. Charles L. Blackburn, Anthony V. Dub, V. Richard Eales, Allen Finkelson, Jonathan S. Linker and Kevin S. McCarthy, have a material relationship with our Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and each of these directors is independent within the meaning of our director independence standards. Our director independence standards reflect the independence standards specified by the NYSE, as currently in effect. Furthermore, our Board of Directors has determined that each of the current members of each of the committees, except Messrs. Pinkerton and Ventura, both officers of the Company, have no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and are independent within the meaning of our director independence standards. We have made no contributions to any charitable organization in which a director serves as an officer or director.

## Board Structure and Committee Composition

As of the date of this Proxy Statement, our Board of Directors has eight directors and the following four committees: (1) Audit, (2) Compensation, (3) Dividend, and (4) Governance and Nominating. The membership during the last fiscal year and the function of each of the committees are described below. Each of the committees operates under a written charter adopted and approved by our Board of Directors. All of the committee charters are available under the Corporate Governance section of our website at <http://www.rangeresources.com>. During 2007, our Board of Directors held 8 meetings and acted 3 times by unanimous written consents. The independent directors met four times during 2007 without the employee directors. Each director attended at least 75% of the Board of Directors meetings. Each director attended at least 75% of all committee meetings. Directors are encouraged to attend annual meeting of our stockholders. All directors attended the last annual meeting of our stockholders.

Name of Director	Audit	Compensation	Dividend	Governance and Nominating
<b>Non-Employee Directors:</b>				
Charles L. Blackburn		Member	Chair	
Anthony V. Dub	Chair			
V. Richard Eales	Member			
Allen Finkelson		Member		Member
Jonathan S. Linker	Member			Chair
Kevin S. McCarthy		Chair		Member
<b>Employee Directors:</b>				
John H. Pinkerton			Member	
Jeffrey L. Ventura				
Number of meetings in 2007	5	5	0	4
Number of Unanimous Written Consents	0	7	4	0

During 2007, our Board of Directors appointed two special Pricing Committees in connection with one equity offering and one senior subordinate note offerings. Each Pricing Committee met once.

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None of our directors sit on another public company's board of directors outside of their normal business activities. Currently, only two directors serve on other public boards. Mr. Linker serves on the boards of three small private companies that are investments in the private equity funds he manages. Mr. McCarthy serves as chairman on the board of the three companies that he serves as President and CEO plus two private master limited partnerships in which his firm owns an interest. Our Governance and Nominating Committee reviews any requests from directors to serve on other public boards of directors to determine that any time commitments would not interfere with our Board of Directors activities.

## **Audit Committee**

We have a separately-designated standing Audit Committee established in accordance with Section 10A-3(b) of the Securities Exchange Act of 1934, as amended. Our Audit Committee assists our Board of Directors in fulfilling its responsibilities for general oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the internal audit function, risk assessment and risk management, and serves as the primary point of interaction with our independent registered public accounting firm. Among other things, our Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; annually reviews our Audit Committee charter and our Audit Committee's performance; appoints, evaluates and determines the compensation of our independent registered public accounting firm; reviews and approves the scope of the annual audit, the audit fee and the financial statements; reviews our disclosure controls and procedures, internal audit function, and corporate policies with respect to financial information and earnings guidance; oversees any investigations into complaints concerning financial matters; and reviews other risks that may have a significant impact on our financial statements. Our Audit Committee works closely with management as well as our independent registered public accounting firm. Our Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding for, outside legal, accounting or other advisors as our Audit Committee deems necessary to carry out its duties.

All of the members of our Audit Committee are independent within the meaning of SEC regulations, the listing standards of the NYSE and our Corporate Governance Guidelines. Our Board of Directors has determined that each member of the Audit Committee has accounting and related financial management expertise within the meaning of the listing standards of the NYSE. Our Board of Directors has determined and designated Mr. V. Richard Eales as our audit committee financial expert as described in item 407(d) of Regulation S-K. No member of our Audit Committee serves on the audit committee of any other public company. The report of our Audit Committee is included herein. Our Audit Committee charter is available under Corporate Governance/Committees and Charters at our website at <http://www.rangeresources.com> and is available in printed form upon request by any stockholder.

## **Compensation Committee**

Our Compensation Committee discharges our Board of Directors' responsibilities relating to compensation of our executives and directors; produces an annual report on executive compensation for inclusion in our proxy statement; provides general oversight of our compensation structure, including our equity compensation plans and benefits programs; reviews and provides guidance on our human resource programs; provides succession planning for our management; and retains and approves the terms of the retention of any compensation consultants and other compensation experts. Other specific duties and responsibilities of our Compensation Committee include: evaluating human resources and compensation strategies and overseeing our total incentive compensation program; reviewing and approving objectives relevant to executive officer compensation and evaluating performance and determining the compensation of executive officers in accordance with those objectives; approving and amending our incentive compensation and stock option programs (subject to stockholder approval, if required); recommending director compensation to our Board of Directors; monitoring director and executive stock ownership; and annually evaluating its performance and its charter.

All of the members of our Compensation Committee are independent within the meaning of the listing standards of the NYSE and our Corporate Governance Guidelines.

The report of our Compensation Committee is included in this Proxy Statement. Our Compensation Committee charter is available under Corporate Governance/Committees and Charters at our website at <http://www.rangeresources.com> and is available in printed form upon request by any stockholder.



**Dividend Committee**

The Dividend Committee is directed to declare and set the record and payment dates of dividends in accordance with Board of Directors directives. The Dividend Committee charter is available under Corporate Governance/Committees and Charters at our website at <http://www.rangeresources.com> and is available in printed form upon request by any stockholder.

**Governance and Nominating Committee**

Our Governance and Nominating Committee identifies individuals qualified to become directors, consistent with criteria approved by our Board of Directors; oversees the organization of our Board of Directors to discharge our Board of Directors' duties and responsibilities properly and efficiently; reviews when necessary any potential Related Person

Transaction of our Company and identifies best practices and recommends corporate governance principles to our Board of Directors, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance. Other specific duties and responsibilities of our Governance and Nominating Committee include: annually assessing the size and composition of our Board of Directors; developing membership qualifications for our Board committees; defining specific criteria for director independence; monitoring compliance with our Board of Directors and our Board committee membership criteria; annually reviewing and recommending directors for continued service; reviewing governance-related stockholder proposals and recommending our Board of Directors responses; and overseeing the evaluation of our Board of Directors and management.

All of the members of the Governance and Nominating Committee are independent within the meaning of the listing standards of the NYSE and our Corporate Governance Guidelines.

Our Governance and Nominating Committee charter is available under Corporate Governance/Committees and Charters at our website at <http://www.rangeresources.com> and are available in printed form upon request by any stockholder.

#### **Review and Approval of Related Person Transactions**

Our Governance and Nominating Committee Charter includes a policy regarding the review and approval of certain related person transactions. Our Governance and Nominating Committee is charged with reviewing transactions which would require disclosure under our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, and related rules, as a related person transaction, and making a recommendation to our Board of Directors regarding the initial authorization or ratification of any such transaction. If our Board of Directors considers ratification of a related person transaction and determines not to so ratify, management is required to make all reasonable efforts to cancel or annul such transaction.

In determining whether or not to recommend the initial approval or ratification of a related person transaction, our Governance and Nominating Committee will consider all of the relevant facts and circumstances available to the Governance and Nominating Committee, including, if applicable, but not limited to: (i) whether there is an appropriate business justification for the transaction; (ii) the benefits that accrue to us as a result of the transaction; (iii) the terms available to unrelated third parties entering into similar transactions; (iv) the impact of the transaction on a director's independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer); (v) the availability of other sources for comparable products or services; (vi) whether it is a single transaction or a series of ongoing, related transactions and (vii) whether entering into the transaction would be consistent with our Code of Business Conduct and Ethics. No related person transaction in an amount exceeding \$120,000 occurred during 2007.

#### **Consideration of Director Nominees**

The policy of our Governance and Nominating Committee is to consider properly submitted stockholder nominations for director candidates as described below under Identifying and Evaluating Nominees for Directors. In evaluating such nominations, our Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on our Board of Directors and to address the membership criteria set forth under Director Qualifications. Any stockholder nominations proposed for consideration by our Governance and Nominating Committee should include the nominee's name and qualifications for Board membership and should be addressed to: Corporate Secretary, Range Resources Corporation, 100 Throckmorton Street, Suite 1200, Fort Worth, Texas 76102.

**Director Qualifications**

Our Corporate Governance Guidelines contain Board of Directors membership criteria that apply to Governance and Nominating Committee-recommended nominees for a position on our Board of Directors. Under these criteria, members of our Board of Directors should have high professional and personal ethics and values. They should have broad experience in management, policy-making and/or finance. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all stockholders. Our Board of Directors prefers to have a sufficient number of directors who have specific experience within the oil and gas industry.

**Identifying and Evaluating Nominees for Directors**

Our Governance and Nominating Committee uses a variety of avenues to identify and evaluate director nominees. Our Governance and Nominating Committee regularly assesses the appropriate size of our Board of Directors and whether any vacancies on our Board of Directors are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, our Governance and Nominating Committee considers various potential candidates for director. Candidates may come to the attention of our Governance and Nominating Committee through current Board members, stockholders or other persons. These candidates are evaluated at regular or special meetings of our Governance and Nominating Committee, and may be considered at any point during the year. As described above, our Governance and Nominating Committee considers properly submitted stockholder nominations for candidates for our Board of Directors. Following verification of the stockholder status of persons proposing candidates, recommendations are aggregated and considered by our Governance and Nominating Committee at a regularly scheduled meeting, which is generally the first or second meeting before the issuance of the proxy statement for our annual meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to our Governance and Nominating Committee. Our Governance and Nominating Committee also reviews materials provided by other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, our Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on our Board of Directors. Our Governance and Nominating Committee does not expect to use a paid third party in identifying potential directors.

**Executive Sessions**

Executive sessions of non-management directors are generally held at each regularly scheduled quarterly meeting. The sessions are scheduled and chaired by Mr. Blackburn, the non-executive Chairman of our Board of Directors. Any non-management director can request that an executive session be scheduled. During 2007, four executive sessions were held by non-management directors.

**Communications with our Board of Directors**

Interested parties may communicate with the non-executive Chairman of our Board of Directors by submitting correspondence to the Corporate Secretary at Range Resources Corporation, 100 Throckmorton Street, Suite 1200, Fort Worth, Texas 76102, Attention: Chairman of the Board. Any confidential matters may be submitted in a separately enclosed envelope marked confidential. Similarly, any correspondence to Board members can be submitted as noted and such correspondence will be forwarded to the individual Board members as designated.

**EXECUTIVE OFFICERS**

Information regarding the executive officers of our Company as of March 31, 2008 is summarized below:

Name	Age	Officer Since	Position
John H. Pinkerton	54	1990	President and Chief Executive Officer
Jeffrey L. Ventura	50	2003	Executive Vice President Chief Operating Officer

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Alan W. Farquharson	50	2007	Senior Vice President	Reservoir Engineering
Steven L. Grose	59	2005	Senior Vice President	Appalachia
Roger S. Manny	50	2003	Senior Vice President and Chief Financial Officer	
Chad L. Stephens	52	1990	Senior Vice President	Corporate Development
Rodney L. Waller	58	1999	Senior Vice President, Chief Compliance Officer and Corporate Secretary	
Mark D. Whitley	56	2005	Senior Vice President	Permian and Engineering Technology

Officers are appointed annually to hold their respective offices by our Board of Directors at our Board meeting held in conjunction with the Annual Meeting of Stockholders in May of each year. For Mr. Pinkerton's and Mr. Ventura's biographical information, see the section of this Proxy Statement entitled "Election of Directors - Information Concerning Nominees" above.

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*Alan W. Farquharson*, Senior Vice President Reservoir Engineering, joined Range in 1998. Mr. Farquharson has held the positions of Manager and Vice President of Reservoir Engineering before being promoted to his senior position in February 2007. Previously, Mr. Farquharson held positions with Union Pacific Resources including Engineering Manager Business Development International. Before that, Mr. Farquharson held various technical and managerial positions at Amoco and Hunt Oil. He holds a Bachelor of Science degree in Electrical Engineering from Pennsylvania State University.

*Steven L. Grose*, Senior Vice President Appalachia, joined Range in 1980. Previously, Mr. Grose was employed by Halliburton Services, Inc. from 1971 until 1978. Upon the formation of Great Lakes Energy Partners L.L.C. in 1999, Mr. Grose was placed in charge of all operations of the joint venture. Mr. Grose is a member of the Society of Petroleum Engineers and is a past president of The Ohio Oil and Gas Association. Mr. Grose holds a Bachelor of Science degree in Petroleum Engineering from Marietta College.

*Roger S. Manny*, Senior Vice President and Chief Financial Officer, joined Range in 2003. Previously, Mr. Manny served as Executive Vice President and Chief Financial Officer of Matador Petroleum Corporation from 1998 until joining Range. Before 1998, Mr. Manny spent 18 years at Bank of America and its predecessors where he served as Senior Vice President in the energy group. Mr. Manny holds a Bachelor of Business Administration degree from the University of Houston and a Masters of Business Administration from Houston Baptist University.

*Chad L. Stephens*, Senior Vice President Corporate Development, joined Range in 1990. Before 2002, Mr. Stephens held the position of Senior Vice President Southwest. Previously, Mr. Stephens was with Duer Wagner & Co., an independent oil and gas producer for approximately two years. Before that, Mr. Stephens was an independent oil operator in Midland, Texas for four years. From 1979 to 1984, Mr. Stephens was with Cities Service Company and HNG Oil Company. Mr. Stephens holds a Bachelor of Arts in Finance and Land Management from the University of Texas.

*Rodney L. Waller*, Senior Vice President, Chief Compliance Officer and Corporate Secretary, joined Range in 1999. Since joining Range, Mr. Waller has held the position of Senior Vice President and Corporate Secretary. In 2005, Mr. Waller was designated by our Board of Directors as the Chief Compliance Officer. Previously, Mr. Waller was Senior Vice President of Snyder Oil Corporation, now part of Devon Energy Corporation. Before joining Snyder, Mr. Waller was with Arthur Andersen. Mr. Waller is a certified public accountant and petroleum land man. Mr. Waller served as a director of Range from 1988 to 1994. Mr. Waller received a Bachelor of Arts degree in Accounting from Harding University.

*Mark D. Whitley*, Senior Vice President Permian Business Unit and Engineering Technology, joined Range in 2005. Previously, he served as Vice President Operations with Quicksilver Resources for two years. Before joining Quicksilver, he served as Production/Operation Manager for Devon Energy, following the Devon/Mitchell merger. From 1982 to 2002, Mr. Whitley held a variety of technical and managerial roles with Mitchell Energy. Notably, he led the team of engineers at Mitchell Energy who applied new stimulation techniques to unlock the shale gas potential in the Fort Worth Basin. Previous positions included serving as a production and reservoir engineer with Shell Oil. He holds a Bachelor's degree in Chemical Engineering from Worcester Polytechnic Institute and a Master's degree in Chemical Engineering from the University of Kentucky.

### EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of our Board of Directors (the Compensation Committee) oversees our compensation program. Our compensation program includes programs that are designed specifically for: (i) the President and Chief Executive Officer (CEO), our principal executive officer, the Senior Vice President and Chief Financial Officer (CFO), our principal financial officer, and the other executives named in the Summary Compensation Table (collectively, the Named Executive Officers) and our three other senior executive officers (collectively with the Named Executive Officers, the Senior Executives); (ii) our corporate officers, other than our Senior Executives (the Other Corporate Officers); (iii) key professional employees who have annual salaries of \$125,000 or more, other than our Senior Executives and Other Corporate Officers (Key Professional Employees) and (iv) all of our remaining full-time employees. Our executive compensation program is designed primarily to incentivize our Senior Executives to consistently build stockholder value. The following Compensation Discussion and Analysis explains how the Compensation Committee has structured our executive compensation program to achieve this objective.

It is important to note that, although this Compensation Discussion and Analysis focuses on our compensation program for our Senior Executives and in particular the Named Executive Officers, we are focused on the compensation of all of our employees.

## **Objectives of Our Executive Compensation Program**

The energy sector has a severe shortage of experienced professionals who have a demonstrated ability to find oil and natural gas on a cost effective basis. Our strategy is to emphasize the creation of long-term development projects from the ground up. To do this consistently, we need an outstanding group of talented individuals working together as a team to build reserves at attractive costs. We believe that if we accomplish this goal, we will also consistently build stockholder value. Therefore, we focus on maintaining competitive compensation arrangements for all of our employees and creating a corporate environment that challenges and develops each individual to produce even greater achievements. We have always believed that we should align the interests of our employees with the interests of our stockholders. Therefore, since 1989, we have granted long-term equity incentive awards to all of our full-time employees each year. We believe that our employees are aware of how each of them contributes to our goal of finding and producing oil and gas at top quartile performance levels. Over time, the form and structure of our long-term equity incentive awards have changed (from stock options to stock awards and stock appreciation rights), but even today the same types of long-term equity incentive awards that are granted to our Senior Executives are also awarded to all Other Corporate Officers and Key Professional Employees. All remaining full-time employees are granted stock appreciation rights.

Our compensation is broadly focused on achieving three objectives: attraction, retention and alignment of our employees' interests with the interests of our stockholders. Each element of our executive compensation program is intended to further at least one of these three objectives. In most instances we have overlapping reasons for our compensation policies and decisions. For example, our policy of maintaining base salaries at competitive levels relative to those paid by a group of companies in the oil and gas exploration and production sector selected by the Compensation Committee at the beginning of each calendar year which are similar to us in terms of business lines and market capitalization (the Peer Group ) serves to both attract and retain our Senior Executives. Similarly, our policy of granting long-term equity incentive awards to all full-time employees, which we believe is unusual in our industry, serves not only to align the interests of each employee with the interests of our stockholders, but also serves to attract and retain all our employees who desire to share in our success and reap the rewards of equity compensation over the long-term. The Compensation Committee also believes that in order to achieve our compensation objectives it is important to review and compare our performance with that of the Peer Group companies.

Ultimately, our Senior Executive total compensation is determined based on our performance against the performance of the Peer Group for each corresponding comparable Senior Executive position. The difference in the cash compensation paid to each Senior Executive (including compensation we consider the equivalent of cash compensation described in this Compensation Discussion and Analysis) and the total compensation for each Senior Executive based on our performance as determined by the Compensation Committee is paid in long-term equity awards. Please see the discussion below under the captions Components of Executive Compensation and Allocation Among Types of Compensation.

## **Setting Executive Compensation**

### *The Role of the Compensation Committee*

The Compensation Committee oversees our compensation benefit plans and policies, administers our stock plans (including reviewing and approving equity grants to all corporate officers) and reviews and approves annually all compensation decisions relating to our Senior Executives and Other Corporate Officers. The Compensation Committee is empowered by the Board of Directors and by the Compensation Committee's Charter to make all the decisions regarding compensation for all of our employees without ratification or other action by the Board of Directors.



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Consistent with applicable New York Stock Exchange ( NYSE ), Internal Revenue Code of 1986, as amended (the Code ), and Securities and Exchange Commission ( SEC ) regulations, the Compensation Committee is composed of three independent, non-management members of the Board of Directors. The Governance and Nominating Committee recommended the appointment of these directors after determining that they had the required knowledge and skills to accomplish the scope of responsibilities set out in the Compensation Committee s Charter.

The Compensation Committee has the authority to secure services for executive compensation matters, legal advice, or other expert services, both from within and outside the Company. In his role as Chairman of the Compensation Committee, Mr. Kevin McCarthy sets the Compensation Committee s meeting agendas, meeting times and calendar. Mr. McCarthy generally works with our CEO and our Corporate Secretary and Chief Compliance Officer ( Chief Compliance Officer ), to make sure that all appropriate compensation matters are included on the agendas for Compensation Committee meetings. In addition, the Compensation Committee members speak frequently with each other concerning compensation matters outside of the regularly scheduled Compensation Committee meetings.

The Compensation Committee has not delegated any authority to act on behalf of the Compensation Committee to any other committee of the Board of Directors or to any member of our management.

### *The Role of Executive Officers*

Each year, our CEO submits recommendations to the Compensation Committee for adjustments to the salary, bonuses and long-term equity incentive awards payable to all employees, including himself. As our Senior Executives, Other Corporate Officers and Key Professional Employees are promoted and hired during the year, our CEO makes recommendations to the Compensation Committee as to long-term equity incentive award grants during interim periods. Our CEO also works closely with the Compensation Committee in negotiating compensation arrangements for potential Senior Executives to ensure that our compensation arrangements are consistent with our existing compensation strategies and philosophy and are approved by the Compensation Committee. The Compensation Committee considers the recommendations of our CEO as one factor, in addition to the other factors described in this Compensation Discussion and Analysis, in setting our Senior Executive and other employee compensation. At the request of the Compensation Committee, our CEO, CFO and Chief Compliance Officer attend certain meetings and work sessions of the Compensation Committee. The Compensation Committee also individually reviews and approves all compensation granted to our Senior Executives and Other Corporate Officers. There are currently eight Senior Executives and 21 Other Corporate Officers.

### *The Role of Compensation Consultants*

Since September 2006, the Compensation Committee has engaged Alvarez & Marsal Taxand, LLC ( Alvarez & Marsal ) as its independent compensation consultant. The Compensation Committee directs, and works extensively with, Alvarez & Marsal to determine how Peer Group executive officer compensation data should be quantified and valued in comparison with our compensation arrangements. These comparisons include valuing Peer Group equity awards with different vesting and expiration terms than the awards we grant to our employees.

Before its engagement by the Compensation Committee, the Company previously used Alvarez & Marsal to advise us on certain compensatory matters associated with the acquisition of Stroud Energy, Inc. Since the Compensation Committee retained Alvarez & Marsal, however, the Company has not engaged, and will not engage, Alvarez & Marsal to advise us on any compensatory issues (or any other matters) other than those issues authorized by the Compensation Committee.

At the instruction of the Compensation Committee, the independent compensation consultant works primarily with our Chief Compliance Officer to gather the Peer Group data necessary to create a meaningful comparison with our data. Any contact between our Senior Executives and the independent compensation consultant must be approved by the Compensation Committee.

### *Use of Tally Sheets*

In fiscal year 2007, the Compensation Committee reviewed a summary report or tally sheet prepared by Alvarez & Marsal for each Senior Executive. The purpose of a tally sheet is to show the total dollar value of each Senior Executive's annual compensation. This includes our Senior Executive's salary, performance based annual cash incentive award, long-term equity incentive awards, retirement and other benefits, perquisites and other compensation.

The tally sheets reflect the annual compensation for each Senior Executive, as well as the potential payments under selected performance scenarios, termination of employment and change in control scenarios. In valuing termination and change in control payments, we calculate the total payments under each of the potential termination or change in control scenarios that are contemplated under the Range Resources Corporation Executive Change in Control Severance Benefit Plan.

The overall purpose of the tally sheets is to bring together all of the elements of actual and potential future compensation of our Senior Executives so that the Compensation Committee can analyze both the individual elements of compensation (including the compensation mix) as well as the aggregate total amount of actual and potential future compensation.

The Compensation Committee reviewed the tally sheets for 2006 compensation in May 2007 and determined that the annual compensation amounts for our Senior Executives remained consistent with the Compensation Committee's expectations and the overall objectives of our Senior Executive compensation program.

*Use of Peer Group Comparisons Overview of Executive Compensation Program*

The Compensation Committee reviews the composition of the Peer Group at the beginning of each calendar year and any additions or deletions are made in the Peer Group when the Compensation Committee establishes the performance standards for our Senior Executive compensation for the applicable year.

The companies comprising the Peer Group for 2007 were: Cabot Oil & Gas Corporation; Chesapeake Energy Corporation; Cimarex Energy Co.; Denbury Resources Inc.; EOG Resources, Inc.; Equitable Resources, Inc.; EXCO Resources, Inc.; Forest Oil Corporation; Mariner Energy, Inc.; Newfield Exploration Company; Pioneer Natural Resources Company; Noble Energy, Inc.; Petrohawk Energy Corporation; Plains Exploration & Production Company; Pogo Producing Company; Questar Corporation; Quicksilver Resources Inc.; Southwestern Energy Company; St. Mary Land & Exploration Company; Ultra Petroleum Corp.; W&T Offshore, Inc. and Whiting Petroleum Corporation.

Each year, companies that are acquired or merged into other entities during the year are eliminated from that year's Peer Group. During 2007, Pogo Producing Company was removed from the Peer Group upon its acquisition by another company.

For 2008, the Compensation Committee added Bill Barrett Corporation, Continental Resources, Inc. and SandRidge Energy, Inc. to the Peer Group and removed EXCO Resources, Inc. In each case, these changes were made to maintain a Peer Group that is generally similar to us in respect of business lines and market capitalization and to reflect mergers, acquisitions and dispositions of companies in intervening periods.

*Compensation Committee Charter*

The Compensation Committee's Charter was prepared by the Compensation Committee and approved by the Governance and Nominating Committee and the Board of Directors. The full text of the Compensation Committee Charter is posted on our website at [www.rangeresources.com](http://www.rangeresources.com), under Corporate Governance Committees & Charters Compensation Committee.

*Components of Executive Compensation*

The Compensation Committee believes that compensation paid to our Senior Executives, should be both competitive with the Peer Group and closely aligned with our performance on both a short-term and long-term basis. Our Senior Executive compensation program is also designed to assist us in attracting and retaining executives critical to our long-term success. In addition, our Senior Executive compensation is structured to ensure that a significant portion of the compensation is directly related to our stock performance, financial results and operating results that directly and indirectly influence stockholder value. To that end, the Compensation Committee believes that our Senior Executive compensation program should consist principally of the following components:

- Base salary;

- Performance based annual cash incentive awards;
- Long-term equity incentive awards;
- Retirement and other benefits; and
- Perquisites and other personal benefits.

The Compensation Committee believes that equity compensation is an important element of our compensation philosophy for all of our full-time employees. Consequently, we currently provide the following three, on-going types of long-term equity incentive awards to our employees:

- unvested discretionary contributions to our deferred compensation plan which our employees may elect to be made in our common stock ( Annual Stock Awards ),
- a portion of annual cash incentive awards elected by employees to be made in our common stock ( Bonus Stock Awards ) and
- stock-settled stock appreciation rights ( SARs ).

The Compensation Committee has also granted one-time, unvested discretionary contributions to our deferred compensation plans upon the hiring of certain Named Executive Officers ( Initial Employment Stock Awards ). When appropriate, the Compensation Committee may approve additional one-time, unvested discretionary contributions to our deferred compensation plans upon the initial employment of new Senior Executives, which those new Senior Executives may elect to receive in the form of Initial Employment Stock Awards or cash.

In addition to the three types of long-term equity incentive awards listed above and the Initial Employment Stock Awards granted to certain Senior Executives, the Compensation Committee provides the following retirement and other benefits to our employees:

- matching contributions to our deferred compensation plan, which our employees can elect to have contributed in our common stock ( Matching Stock Awards ) or in cash; and
- profit sharing contributions to our 401(k) and Profit Sharing Plan (the 401(k) Plan ), which the Compensation Committee may elect to fund with our common stock ( 401(k) Stock Awards ) or cash.

Prior to July 2005, our 1999 Stock Option Plan did not provide for SARs and instead we granted incentive stock options ( Options Awards ).

#### ***Determination of Total Executive Compensation***

The Compensation Committee determines total executive compensation for our Senior Executives based on our performance relative to the Peer Group, measured by comparing performance measures that the Compensation Committee believes to be key indicators of superior performance in exploration and development companies. As described in more detail below, the Compensation Committee uses long-term equity incentive awards as the final element of total compensation, and sets total compensation based on our performance relative to the Peer Group for the prior calendar year. Thus, during May 2007, the Compensation Committee finalized its determination of long-term equity incentive awards for each Senior Executive for 2006 based on our relative performance compared to the Peer Group for 2006 and the total compensation received by executive officers in the Peer Group for 2006. The information for the Peer Group for 2006 was taken from each company's audited financial statements for 2006 along with the compensation information for 2006 disclosed in each company's 2007 proxy. Each company in the Peer Group was measured in five categories for 2006 results: (i) stock price appreciation; (ii) debt-adjusted reserve growth per share; (iii) debt-adjusted production growth per share; (iv) cash flow growth per share and (v) drill-bit finding and development costs. Although we did not achieve the highest performance in any one of the categories, we achieved the highest percentile rank when computing an overall average on an equal weighting basis of any of the companies in the Peer Group for 2006 for all the categories combined. Based upon our 2006 comparative results, the Compensation Committee concluded that each Senior Executive's level of compensation would be based upon the 90<sup>th</sup> percentile.

The companies comprising the Peer Group for 2006 were: Bill Barrett Corporation; Cabot Oil & Gas Corporation; Cimarex Energy Co.; Comstock Resources, Inc.; Denbury Resources Inc.; Encore Acquisition Company; Forest Oil Corporation; The Houston Exploration Company; Newfield Exploration Company; Pioneer Natural Resources Company; Plains Exploration & Production Company; Pogo Producing Company; Quicksilver Resources Inc.; Southwestern Energy Company; St. Mary Land & Exploration Company; Stone Energy Corporation; Swift Energy Company and Whiting Petroleum Corporation.

#### ***Compensation Among our Senior Executives***

In determining an individual Senior Executive's total compensation, the Compensation Committee reviewed the compensation paid in 2006 to the corresponding comparable executives in the Peer Group for 2006 as compiled from the 2007 proxy data by Alvarez & Marsal. In reviewing our Senior Executives, data for certain positions in the Peer Group was excluded where the Compensation Committee determined that total compensation at a Peer Group company was excessive or significantly skewed the data. In those instances where a comparable position for a Senior Executive did not exist at a company in the Peer Group, the Compensation Committee used a relative ranking of the compensation paid to the five most highly compensated officers at that company to create a relative value for comparison purposes with our Senior Executives. Total compensation for each Senior Executive was then initially calculated at the 90<sup>th</sup> percentile performance level by Alvarez & Marsal.

After determining the initial total compensation for each Senior Executive for 2006 performance, the Compensation Committee reviewed with Alvarez & Marsal the relative differences among total compensation amounts between each of our Senior Executives, especially between our CEO and our other Senior Executives. The Compensation Committee determined that relative differences in the total compensation provided to our Senior Executives were reasonable (including, for example, the fact that the total compensation for our Executive Vice President and Chief Operating Officer ( COO ) was approximately 62% of the total compensation for our CEO) before finalizing total compensation for each Senior Executive.

### ***Base Salary***

The Compensation Committee reviews the salaries of our Senior Executives (a) on an annual basis, (b) at the time of a promotion or changes in responsibilities and (c) when market conditions warrant. Base salaries for our Senior Executives are targeted at the 50th percentile of the Peer Group adjusted for certain factors. Increases in salaries of our Senior Executives are based on an evaluation of (i) the complexity of their respective positions and specific technical experience required, (ii) experience and tenure, (iii) the amount of compensation relative to the performance of Peer Group companies, (iv) competitive market conditions and (v) internal pay equity between Senior Executives. Beginning in 2007, salary adjustments for our Senior Executives are approved by the Compensation Committee in May of each year and take effect on the first payroll period after approval. Before 2007, salary adjustments for our Senior Executives normally occurred at the same time as salary adjustments for all other employees and took effect on the first payroll period coinciding with March 1st of each year. In 2007, the Compensation Committee did not make salary adjustments and long-term equity incentive awards for our Senior Executives until May 2007. This allowed the Compensation Committee to determine compensation for our Senior Executives after the completion of the Peer Group analysis of 2007 proxy data and 2006 audited financial statements to determine compensation paid during calendar year 2006 to executive officers of the Peer Group companies. Salary adjustments and long-term equity incentive awards for all other employees were awarded on February 21, 2007 when cash incentive awards were determined. For additional description of the base salaries paid to the Named Executive Officers, including historical salary increases, please refer to the section of this Proxy Statement entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table *Salaries*.

### ***Performance-Based Annual Incentive Awards***

In accordance with our philosophy of rewarding performance, we established our 2005 Equity-Based Compensation Plan (the 2005 Plan ), which includes an annual cash incentive award program that is designed to comply with Section 162(m) of the Code. We refer to awards paid under the 2005 Plan as Annual Incentive Awards. The Annual Incentive Awards are paid to each Senior Executive upon the achievement of certain performance criteria that are discussed more fully below. The Compensation Committee develops the performance criteria to be used for the Annual Incentive Awards, reviews the performance criteria with Alvarez & Marsal and then discusses the performance criteria with our CEO, CFO and Chief Compliance Officer. In accordance with the 2005 Plan, the Compensation Committee established the criteria, weighting and performance achievement levels necessary to calculate payouts under the Annual Incentive Awards based upon payout percentages established for each Senior Executive. For 2007, the performance criteria were generally based upon either industry standards or our annual business plan (the Annual Business Plan ). Our Annual Business Plan is a forecast of expected business results for the applicable fiscal year based upon certain assumptions made by our management. The Annual Business Plan is reviewed each December before the beginning of the fiscal year and then refined and approved by the Board of Directors at their February meeting. The Compensation Committee believes that the performance criteria, taken together, are objective indicators of our overall performance.

The Annual Incentive Awards are subject to the negative discretion of the Compensation Committee. Negative discretion means that the Compensation Committee can reduce the payout amounts but cannot increase the amounts. The Annual Incentive Awards are determined without reference to Peer Group data (except with respect to stock price appreciation), because each performance criteria has been pre-established by the Compensation Committee. Therefore, the Annual Incentive Awards for our Senior Executives are paid at the same time as the cash incentive awards are approved by the Compensation Committee for all of our other employees in February of each year. The payment of Annual Incentive Awards within this time frame allows us to deduct for tax purposes the amounts accrued under generally accepted



accounting principles for the recently completed calendar year period.

Annual Incentive Awards are determined as a percentage of each Senior Executive's base salary paid during the year. This target payout is established through an analysis of cash compensation for comparable positions in the Peer Group and is intended to provide a competitive level of compensation when our Senior Executives achieve the performance criteria established by the Compensation Committee. The Compensation Committee specifies that 25% of each Senior Executive's Annual Incentive Awards be placed in our deferred compensation plan for the account of the respective Senior Executive. As an additional retention measure, that 25% portion remains unvested and subject to forfeiture upon termination of employment

at any time during the remainder of the calendar year. We refer to this 25% portion as the Unvested Annual Incentive Award. Upon the contribution to the deferred compensation plan, each Senior Executive makes an election as to whether the Unvested Annual Incentive Award will be made in cash or an equivalent value in our common stock as Bonus Stock Awards. To the extent such common stock election is made, our Senior Executive is unable to change his investment election under the deferred compensation plan with respect to the Unvested Annual Incentive Award for one year following the contribution of the award to the deferred compensation plan.

The five performance criteria selected with respect to the Annual Incentive Awards for 2007 are shown in the table below, together with the target levels of achievement with respect to each criterion. Four of the performance criteria are internal performance measures and the fifth performance criterion (stock price performance) is an external performance measure based on comparison with the Peer Group.

Criterion	Unit of Measurement	Actual for 2006	2007 Performance Levels			Actual for 2007
			Threshold	Target	Excellent	
Finding & development costs	\$ per mcfe	\$ 1.66	\$ 2.80	\$ 2.60	\$ 2.20	\$ 1.90
EBITDAX	\$ millions	\$ 524	\$ 629	\$ 662	\$ 696	\$ 715
Production per share	mcfe per share	0.720	0.720	0.734	0.762	0.800
Reserves per share	mcfe per share	12.70	12.45	12.70	13.19	14.925
Stock price performance	percentile	72 <sup>th</sup>	50 <sup>th</sup>	62.5 <sup>th</sup>	75 <sup>th</sup>	95 <sup>th</sup>

The Compensation Committee has established the following performance criteria for 2008. The new performance criteria and target levels of achievement with respect to each criterion are shown in the table below:

Criterion	Unit of Measurement	Actual for 2007	2008 Performance Levels		
			Threshold	Target	Excellent
Finding & development costs	\$ per mcfe	\$ 1.90	\$	\$	\$
EBITDAX	\$ millions	\$ 715	\$	\$	\$
Production per share	mcfe per share	0.800			
Reserves per share	mcfe per share	14.925			
Stock price performance	percentile	95 <sup>th</sup>			

The first criterion the Compensation Committee selected for 2007 was finding and development costs. The Compensation Committee believes that finding and development costs is one of the key measurements of the performance of an exploration and production company and one that is used by the financial community to evaluate our performance. The Compensation Committee specified that, in determining our finding and development costs, only cash costs incurred in connection with exploration and development would be used, and the costs of acquisitions would be excluded since the Board of Directors approves each material acquisition. In determining the reserve additions for this calculation, any reserve revisions for changes in commodity prices between years are excluded, but any performance related reserve revisions are included. In setting the performance levels (i.e., threshold, target and excellent) for finding and development costs, the Compensation Committee considers research analysts' expectations for finding and development costs for the oil and gas industry. Our 2007 performance in regard to finding and development costs, as compared with the performance targets, was achieved primarily through focusing drilling capital in areas which, if successful add new reserves at a cost that is lower than the oil and gas industry in general.

The second criterion the Compensation Committee selected for 2007 was EBITDAX. EBITDAX is calculated by adding back exploration expense, interest expense and depletion, depreciation and amortization expense to income before income taxes from both continuing operations and discontinued operations, excluding any non-cash revenues and expenses. The EBITDAX shown in the table above under the column Actual

for 2007 is net of EBITDAX associated with all acquisitions. The Compensation Committee selected this criterion to measure our ability to achieve the results targeted by our Annual Business Plan. The Compensation Committee determined that the EBITDAX measure was appropriate because it captures our ability to adapt to the impact of changing commodity prices as well as changing costs. The 2007 EBITDAX performance levels were based on the 2007 Annual Business Plan, which reflected an EBITDAX level of \$674 million. Our 2007 performance in regard to this criterion, as compared with our performance targets, was achieved primarily through increased production growth.

The third and fourth criteria the Compensation Committee selected for 2007 were production per share and reserves per share. The Compensation Committee believes that it is important to measure our growth on a per share basis so that our Senior Executives are incentivized to build stockholder value. Two essential measurements of performance are growth in production and reserves. Production and reserves used in the calculation of these criteria are based on reported production and year-end reserves, adjusted for price revisions to reserves. Our 2007 performance in regard to these criteria, as compared with our performance targets, was achieved primarily by developing reserves with greater initial producing rates and greater estimated total recoverable reserves than projected in our Annual Business Plan.

The final criterion the Compensation Committee selected for 2007 was the price performance of our common stock in relation to the stock price performance of other members of the Peer Group during calendar year 2007. The Compensation Committee believes that relative performance in stock appreciation among the Peer Group is a good measure as to whether we build stockholder value. In measuring stock price appreciation for 2007, both stock and cash dividends paid to their stockholders are added to the relative changes in the Peer Group's common stock prices during the year.

In addition to selecting the performance criteria, the Compensation Committee approved, after consultation with Alvarez & Marsal, the respective performance payout percentages for each of our Senior Executives. In determining these payout percentages, the Compensation Committee attempted to ensure that the payouts provided meaningful incentives to each of our Senior Executives. For 2007, the Annual Incentive Award amount payable to each Senior Executive was based upon our performance. The annual incentive payout percentage was a weighted average of the payout percentage for each category. The actual percentile performance for each category was interpolated between the performance levels.

The Compensation Committee's policy is to determine the Annual Incentive Awards for each year in February of the following year based upon our performance with respect to the performance criteria established by the Compensation Committee, subject to the Compensation Committee's negative discretion. In reviewing the achievements of our Senior Executives for 2007, the Compensation Committee awarded the actual annual incentive payout percentages, as shown in the table below, using negative discretion from the maximum payout levels achieved. The Compensation Committee used negative discretion, as recommended by our CEO, in order to achieve an absolute dollar amount for total 2007 incentive compensation paid to all of our employees.

	Annual Incentive Payout % of Salary			Actual Payment % For 2007
	Threshold	Target	Excellent	
President and CEO	50%	100%	200%	189%
EVP and Chief Operating Officer	50%	100%	200%	191%
Senior Vice Presidents	30%	60%	120%	107%

#### *Long-Term Equity Incentive Compensation*

One of the fundamental philosophies of our compensation program is that all of our full-time employees are granted long-term equity incentive awards to focus and align their interests with those of our stockholders. The Compensation Committee believes that Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards, Matching Stock Awards, SARs and 401(k) Stock Awards give recipients a direct interest in our financial results, furthering our goal of aligning the interests of each employee with those of our stockholders. We believe that our philosophy of granting long-term equity incentive awards to all full-time employees is unusual in our industry.

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In general, the grant of Annual Stock Awards and SARs to our Senior Executives is based, in part, on our performance in the prior year relative to the Peer Group and the total compensation paid to comparable executive officers at the Peer Group companies. In addition, each Senior Executive is compared to the most closely comparable executive officer positions within the Peer Group as to (i) the relative complexity of the positions, (ii) relative experience and tenure, (iii) the amount of compensation relative to the performance of the respective Peer Group company, (iv) competitive market conditions and (v) relative value of the position, as determined by the Compensation Committee in relation to its impact on our success. Annual Stock Awards and SARs are intended to bring the total compensation of each Senior Executive to an amount comparable to the performance adjusted Peer Group compensation of other Peer Group executive officers.

Our 2005 Plan provides for the grant of stock-based awards including phantom stock rights, SARs, stock options and restricted stock. The relative benefits of these different types of awards are discussed below under the caption *Allocation Among Types of Compensation Allocation Among Long-Term Equity Incentive Compensation Components*.

Under the 2005 Plan, the Compensation Committee may structure the terms of SARs in any way that it determines is appropriate. The Compensation Committee, in implementing our compensation policies covering all employees, has developed a practice of determining how Annual Stock Awards and SARs are apportioned to our employees of various salary grades. Our Senior Executives receive a greater percentage of their total compensation in Annual Stock Awards and SARs than our other employees since their performance has a greater impact on our results. All SARs granted to our Senior Executives for 2007 (i) were valued on the date of grant at the closing price of our common stock, (ii) have a five-year term and (iii) are subject to a three-year vesting schedule.

As part of our long-term incentive compensation program, we make unvested discretionary contributions to our deferred compensation plan on behalf of our Senior Executives, Other Corporate Officers and Key Professional Employees. All recipients can elect to receive these contributions in the form of Annual Stock Awards or in cash. All our Senior Executives received unvested discretionary contributions in 2007 and elected to receive Annual Stock Awards. In addition, the Compensation Committee generally approves unvested discretionary contributions to the deferred compensation plan upon the initial employment of new Senior Executives. New Senior Executives can elect to receive these contributions in the form of Initial Employment Stock Awards or in cash. We contribute the shares of our common stock or cash, as applicable, to our deferred compensation plans' trust and allocate such shares or cash to the account of the recipient who elects such Annual Stock Awards, Initial Employment Stock Awards or cash. Any cash award elected by our Senior Executives or other employees in lieu of our common stock is subject to the same vesting requirements as the corresponding Annual Stock Awards or Initial Employment Stock Awards. Since all Annual Stock Awards and Initial Employment Stock Awards are credited to the recipient's account in our deferred compensation plan when granted, our liability is fixed and any future appreciation of our common stock will accrue to the benefit of the award recipient without any further financial obligation for us. However, for financial reporting purposes, any change in the market value of our common stock for vested stock awards held in the deferred compensation plan is reflected in our earnings (i.e., if our common stock increases in value, we increase our compensation expense and vice versa).

The purpose of the vesting schedules applicable to Annual Stock Awards, Initial Employment Stock Awards and SARs is to promote employee retention. In the case of Annual Stock Awards and SARs, generally the first 30% of the awards vest on the first anniversary of the date of grant, a second 30% of the awards vest on the second anniversary of the date of grant and the remaining 40% of the awards vest on the third anniversary of the date of grant. The Compensation Committee grants Initial Employment Stock Awards on a case-by-case basis and vesting schedules vary based upon the individual circumstances of the grantee. Historically vesting of Initial Employment Stock Awards has occurred over three or four years. In addition, Annual Stock Awards, Initial Employment Stock Awards and SARs provide for the acceleration of vesting upon a change in control or the death, disability or retirement of the employee. The Compensation Committee chose to include these limited accelerated vesting provisions for competitive reasons as substantially all of the Peer Group companies provide similar accelerated vesting provisions in their equity compensation awards. In addition, under FASB Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, (or FAS 123R), significant adverse accounting results would occur, which would negatively impact earnings, if the Compensation Committee retained the discretion to determine accelerated vesting on a case-by-case basis.

#### ***Deferred Compensation, 401(k), Perquisites and Other Benefits***

##### ***Deferred Compensation Plan***

Our Senior Executives, Other Corporate Officers, directors and certain Key Professional Employees specifically selected by the Compensation Committee are entitled to participate in our two deferred compensation plans. One of the deferred compensation plans is active (the Active Deferred Compensation Plan) and the other was frozen at the end of 2004 (the Frozen Deferred Compensation Plan). These deferred compensation plans are described in greater detail in the section of this Proxy Statement entitled Non-Qualified Deferred Compensation Plans. Under the Active Deferred Compensation Plan, our Senior Executives and other participating employees and directors may defer (i) a dollar or percentage amount of their compensation and (ii) any excess deferrals from the 401(k) Plan if these amounts exceed certain limits imposed by the Code and the Internal Revenue Service (IRS). Currently, we match the voluntary deferrals of the employee participants,

including our Senior Executives, up to 10% of their salary. Employee participants can elect to have the match paid in cash or Matching Stock Awards. We believe that the matching component of the Active Deferred Compensation Plan is not common among the Peer Group. However, the matching component is a significant component to our historical compensation practices because we allow all our Senior Executives, Other Corporate Officers and Key Professional Employees to participate in the plan since we do not provide any pension or retirement benefits other than the 401(k) Plan.

The Compensation Committee considers the matching contributions, whether paid in cash or by Matching Stock Awards, as additional cash compensation in calculating the total cash compensation for purposes of determining the amount of long-term equity incentive compensation to award to each Senior Executive.

In addition, when our Senior Executives receive Annual Stock Awards or the cash equivalent as described above, we contribute the awards to the rabbi trust for the Active Deferred Compensation Plan on our Senior Executives' behalf, and such contributions constitute unvested discretionary contributions. The investment options under the two deferred compensation plans are the substantially the same as the investment options under our 401(k) Plan. These investment options are described in greater detail in the section of this Proxy Statement entitled Non-Qualified Deferred Compensation Plans.

#### ***401(k) Plan***

The 401(k) Plan is a tax-qualified retirement savings plan pursuant to which all of our full-time employees, including our Senior Executives, are eligible to contribute the lesser of up to 50% of their annual salary or the limit prescribed by the IRS to the 401(k) Plan on a before-tax basis. In addition, participants age 50 or above may contribute additional before-tax amounts up to the annual catch-up contribution limit determined by the IRS, and any participant may contribute rollover amounts from certain other qualified plans. Participants may also receive matching contributions, payable in cash, in an amount equal to 50% of their before-tax contributions to the 401(k) Plan up to a maximum matching contribution of 3% of their base salaries. The 401(k) Plan also has a profit sharing component. Each year, the Compensation Committee determines whether we will fund the profit sharing discretionary contribution in the form of 401(k) Stock Awards or cash. We determine the number of 401(k) Stock Awards to grant using the closing price of our common stock on the date of the contribution to the 401(k) Plan. Since all of our full-time employees can participate in 401(k) Plan, these same matching and profit sharing contributions are provided to our Senior Executives.

The Compensation Committee considers the dollar value of the 401(k) matching contributions and the 401(k) Stock Awards as additional cash compensation in calculating total cash compensation for purposes of determining the amount of long-term equity incentive compensation to award to each Senior Executive.

Matching contributions and 401(k) Stock Awards vest over the first three years of employment at the rate of 40% for each of the first two years and 20% for the final year. By the time an employee is employed with us for three years, all of his or her current and future matching contributions and 401(k) Stock Awards are fully vested. The vesting of these contributions may be accelerated if the participant attains age 55 while still employed by us or is terminated due to death or disability. Participants are always 100% vested in any before-tax, catch-up and rollover contributions they make to the 401(k) Plan. In addition to the other investment options available under the 401(k) Plan, participants may invest all or a portion of their 401(k) Plan account in our common stock. The 401(k) Plan investment options are listed in the section of this Proxy Statement entitled Non-Qualified Deferred Compensation Plans.

#### ***Perquisites and Other Personal Benefits***

We provide our Senior Executives with perquisites and other personal benefits that the Compensation Committee determines are reasonable and consistent with our overall compensation philosophy. The Compensation Committee believes that these perquisites are consistent with those provided to executive officers of the Peer Group companies, are an important factor in retaining our Senior Executives and are in accordance



with general compensation practices in our industry. Moreover, the Compensation Committee considers the cost and value of the perquisites as additional cash compensation when calculating the total cash compensation for purposes of determining the amount of long-term equity incentive compensation to award to each Senior Executive. We provide medical, dental and life insurance and disability benefits to all eligible employees, including our Senior Executives. We also provide our Senior Executives with the following additional perquisites: (i) supplemental disability plans, (ii) secretarial service for personal affairs, (iii) occasional use of Company-owned facilities or equipment, (iv) relocation benefits and (v) reimbursement for approved spousal travel expenses. We provide club membership dues and other expenses to certain of our Senior Executives to the extent these dues and expenses are related to the conduct of our business. The Compensation Committee believes these particular perquisites help our Senior Executives to network and foster important relationships in the oil and gas industry and community. A Senior Executive must reimburse us for any personal club use by the Senior Executive or a member of the Senior Executive's family. Perquisites are described in greater detail in the section of this Proxy Statement entitled "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table - *Other Benefits and Perquisites*."

## **Allocation Among Types of Compensation**

### *Allocation Among Compensation Components*

The Compensation Committee does not set target allocations for the different components of compensation (i.e. base salary, Annual Incentive Awards, long-term equity incentive compensation, etc.). As described above, base salaries for our Senior Executives are targeted at the 50th percentile of the Peer Group adjusted for certain factors. Annual Incentive Awards are based upon our performance using the preset performance criteria established by the Compensation Committee at the beginning of each year. The Compensation Committee then sets the long-term equity incentive compensation amounts for each Senior Executive by first deducting the Senior Executive's total cash compensation as described above and then setting long-term equity incentive compensation amounts at a level that results in a total compensation amount that appropriately reflects our performance for the year relative to the Peer Group and the total compensation paid to comparable executive officers at the Peer Group companies.

### *Allocation Among Long-Term Equity Incentive Compensation Components*

In determining the percentage of long-term equity incentive awards granted in the form of Annual Stock Awards to an employee's Active Deferred Compensation Plan account versus SARs, the Compensation Committee takes into account several considerations. First, the Compensation Committee believes that SARs closely align the interests of our employees with the interests of our stockholders because SARs only become "in the money" when our common stock price appreciates above the price at the time of grant. Further, our SARs qualify as performance-based compensation under Section 162(m) of the Code. For additional discussion of these tax implications, please refer to the section below under the caption "Tax and Accounting Implications - *Tax Deductibility of Pay*". However, the Compensation Committee also recognizes that SARs result in the issuance of a greater number of awards compared to Annual Stock Awards of equal value and do not have as great a retention benefit as compared to Annual Stock Awards since they only have value if our common stock appreciates. The Compensation Committee believes that Annual Stock Awards and Initial Employment Stock Awards also align the interests of our employees with the interests of our stockholders and may provide better employee retention benefits.

As a result, the Compensation Committee currently has concluded that it is in our best interest to divide the value of the total long-term equity incentive awards granted to our Senior Executives, Other Corporate Offices and Key Professional Employees equally between Annual Stock Awards and SARs. The Compensation Committee reached this decision based upon its analysis of the relative benefits of the two types of awards, the retention effect on employees in a highly competitive job market and the advice of its independent compensation consultant. Data from the 2007 proxies of the Peer Group indicated that 27% of the Peer Group companies granted both options/SARs and restricted stock awards, 60% granted only restricted stock awards and 10% granted only options/SARs. The Compensation Committee believes the award of equal amounts of Annual Stock Awards and SARs is a more appropriate balance between the two types of awards, since SARs retain different performance-based characteristics than Annual Stock Awards. With respect to all other full-time employees, the Compensation Committee allocates the award of equity compensation between Annual Stock Awards and SARs based on our applicable compensation policies and the salary grade of such employees, currently down to annual salary rates of \$125,000.

After the Compensation Committee determines the aggregate value of Annual Stock Awards and SARs, the Compensation Committee determines the actual number of Annual Stock Awards and SARs to be issued based on the closing price of our common stock on the date of grant. The value of an SAR is determined by using a Black-Scholes-Merton valuation model based upon the closing price of our common stock on the date of grant and the five-year term of the SARs. For financial reporting purposes under FAS 123R, and as used in the Summary Compensation Table included in this Proxy Statement as required by SEC regulations, SARs were valued based on the average period that SARs were expected to remain outstanding, which we estimated based on historical data to be 3.55 years, rather than the five-year term that the Compensation Committee used to determine the number of grants. The Compensation Committee believes that valuing SARs based upon their

full five-year term results in a more appropriate valuation of SARs and results in a smaller number of SARs being awarded, than if SARs were valued based on the value used for financial reporting purposes. As a result, the value that the Compensation Committee imputes to SARs is approximately 19% higher than the value of SARs set forth in the Summary Compensation Table for 2007. The Compensation Committee monitors the total potential dilution that results from the long-term equity incentive awards granted each year.

We grant equity awards to all our full-time employees each year and believe this practice is unusual in our industry. During 2007, the Named Executive Officers were granted 25% in the aggregate, and all eight of our Senior Executives were granted 29% in the aggregate, of the total number of SARs granted. The Named Executive Officers were granted 33% in the aggregate, and all eight of our Senior Executives were granted 40% in the aggregate, of the total number of the Annual Stock

Awards granted during 2007. Based on the total value of Annual Stock Awards and SARs granted, the Named Executive Officers were granted 31% of the total value of the awards, and all eight of our Senior Executives were granted 36% of the total value of the awards during 2007.

Finally, the Compensation Committee is cognizant of the dilutive effect of its equity incentive compensation program and seeks to grant its awards within certain industry benchmarks. Our burn rate and overhang are crucial metrics that the Compensation Committee monitors in determining the number and mix of our long-term equity incentive compensation awards.

The burn rate measures the potential future dilution to our stockholders as a result of long-term equity incentive awards granted by the Compensation Committee each year. The burn rate percentage is computed by dividing the number of shares of our common stock outstanding at the end of a year into the sum of the total number of Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards, Matching Stock Awards and Option Awards/SARs granted during the relevant year less any forfeitures or unused SARs upon settlement of SARs exercised during that year. 401(k) Stock Awards are not included in this calculation. In the case of SARs, the burn rate is overstated when the awards are initially granted since the actual appreciation between the grant price and the exercise price is paid at the time of exercise in common stock using the higher market price equivalent. The number of shares of common stock actually issued is always less than the number of SARs granted. The balance of the unused SARs upon exercise is added back to the total authorized shares of common stock that the Compensation Committee can issue in the future under the 2005 Plan.

Overhang is a measure of potential future dilution to our stockholders from the exercise of long-term equity incentive awards granted and outstanding even if such awards are not vested. The overhang percentage is calculated by dividing the amount of total unexercised Option Awards/SARs outstanding at the end of the year by the total shares of our common stock outstanding at the end of the year. The overhang percentage is significantly affected by the rate at which participants exercise awards. This measurement does not consider any additional shares authorized by our stockholders for issuance under any benefit plans that have not been granted but could be granted in the future by the Compensation Committee. All Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards, Matching Stock Awards and 401(k) Stock Awards are included in the shares of our common stock outstanding even though such awards may not be vested.

The Compensation Committee reviews the appropriate level of our burn rate and overhang. Generally, the Compensation Committee intends for the burn rate to be no higher than 3% and the overhang percentage to be no greater than 10%. The following table sets forth in summary the long-term equity incentive awards granted over the past three years and their effect on both our burn rate and overhang.

Year	Option Awards/SARs Granted (1)	Forfeited or Unused Shares	Stock Awards Granted	Common Shares Outstanding at Year End	Burn Rate %	Total Option Awards/SARs Outstanding	Overhang %
2007	1,636,543	477,741(2)	395,180(3)	149,667,497	1.04%	7,772,325	5.2%
2006	1,658,160(4)	244,237(5)	508,293	138,931,565	1.38%	8,852,126	6.4%
2005	3,141,937	167,188		(6)129,913,046	2.29%	8,742,305	6.7%

(1) Option Awards/SARs disclosed in the above table represent both Option Awards issued before June 2005 and SARs issued in and after June 2005.

(2) In 2007, a total of 341,457 SARs were exercised resulting in 102,538 shares of common stock being issued. The remaining 238,919 unused SARs were added back to the number of shares authorized to be granted under the 2005 Plan. During 2007, 238,822 SARs were

forfeited.

(3) The Stock Awards Granted amount is net of 39,861 Stock Awards forfeited during the year.

(4) The Option Awards/SARs Granted amount excludes the 652,062 outstanding Option Awards assumed by us in the Stroud Energy, Inc. acquisition in June 2006.

(5) In 2006, a total of 126,509 SARs were exercised resulting in 31,436 shares of common stock being issued. The remaining 95,073 unused SARs were added back to the number of shares authorized to be granted under the 2005 Plan. During 2006, 149,164 SARs were forfeited.

(6) During 2005, 192,500 stock awards were granted but were funded from shares purchased on the open market specifically for such purpose.

### *Impact of Prior Equity Awards on Current Awards*

Each year, the Compensation Committee considers the potential impact of prior long-term equity incentive awards on future long-term equity incentive awards that will be granted under our current compensation arrangements. Since we do not provide a defined benefit pension plan, the future retirement needs of our Senior Executives and other employees will need to be satisfied in significant part based on their investments, including investments in our common stock. As a result, and given the cyclical nature of our business, the Compensation Committee does not feel it is appropriate to limit future long-term equity incentive awards due to a strong historical stock price performance and would not expect to compensate employees with additional amounts when the value of prior long-term equity incentive awards decline.

### *Tax and Accounting Implications*

#### *Financial Restatement*

The Board of Director's policy is that the Compensation Committee, to the extent permitted by governing law, retains the sole and absolute authority to make retroactive adjustments to any cash or equity based incentive compensation paid to our Senior Executives and Other Corporate Officers where the payment of such amounts was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement. Where applicable, we will seek to recover any amount determined to have been inappropriately received by an individual.

#### *Tax Deductibility of Pay*

Section 162(m) of the Code places a limit of \$1,000,000 on the amount of compensation that we may deduct in any one year with respect to each of our CEO, CFO and other three most highly paid executive officers. There is an exception to the \$1,000,000 limitation for performance-based compensation meeting certain requirements. Annual Incentive Awards and SARs generally are performance-based compensation meeting those requirements and, as such, are fully deductible by us. Non-performance based compensation would include any salaries not deferred, distributions from the deferred compensation plans and the IRS value of any perquisites. Our Senior Executives generally defer significant portions of their salaries and Annual Incentive Awards either under our 401(k) Plan or Active Deferred Compensation Plan, which also defer the amount that may otherwise be deductible by us for the applicable taxable year. Stock awards that vest solely with the passage of time are not considered performance-based under Section 162(m) of the Code and, as such, are not deductible by us if the \$1,000,000 limit is exceeded. However, since currently all Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards and Matching Stock Awards are placed into our Active Deferred Compensation Plan, the deductibility of such awards are not subject to the Section 162(m) limitation until the common stock or the sale proceeds from the common stock are distributed from the deferred compensation plans. The deductibility of distributions from the deferred compensation plans under Section 162(m) is dependent on (i) the individual elections of each Senior Executive regarding time of payment, (ii) whether the Senior Executive is one of our five most highly paid executive officers at the end of the year when distributed, and (iii) whether the aggregate of all non-performance based compensation exceeds the \$1,000,000 threshold. If such distributions are made after a Senior Executive is (A) retired or (B) no longer the CEO or one of the other four most highly compensated executive officers, such distributions are fully deductible by us. To maintain flexibility in compensating our executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy requiring all compensation to be deductible.

#### *Tax Consequences of Equity Awards*

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Before July 2005, the Compensation Committee granted Option Awards to all full-time employees. Due to the Compensation Committee's decision to use SARs rather than Option Awards, employees have lost the tax advantages of Option Awards (all of which were incentive stock options subject to favorable tax treatment pursuant to the Code). Upon the exercise of an SAR, the employee pays current taxes immediately at ordinary income tax rates on the excess of the market value of the common stock on the date of exercise over the grant price of the SAR. We correspondingly receive a tax deduction of the same amount for tax reporting purposes. We issue our common stock to cover the stock appreciation based on the fair market value of our common stock on the date of exercise. We settle the payroll and withholding taxes associated with the exercise in cash, and the net appreciation after taxes is used to measure the amount of our common stock actually issued. This provides for less dilution to our current stockholders because it results in the issuance of fewer shares upon the exercise. Any later sale of our common stock received by the employee is subject to taxation on the long or short term capital gain or loss measured by the actual sales proceeds compared to the market value of our common stock on the date of exercise, which becomes the employee's cost basis in the shares upon exercise.

Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards and Matching Stock Awards granted to employees are placed in each employee's account in the rabbi trust for our Active Deferred Compensation Plan. Therefore, we do not receive any deduction for such awards until shares of our common stock or the sales proceeds from our common stock are distributed to the individual participants. The time of distribution for these amounts is determined by the participant, and generally these amounts are expected to be distributed after the retirement of the participant. Currently, we have a significant net operating loss carryover for tax purposes and, therefore, such deferrals do not have any current effect on the taxes paid by us.

We receive a deduction for tax purposes for the value of the 401(k) Stock Awards granted each year.

### *Policies Regarding Equity Awards*

#### *Grant Timing*

The Compensation Committee does not time, nor has the Compensation Committee in the past timed, equity grants in coordination with the release of material non-public information. Instead, we grant equity at the time or times dictated by our normal compensation process as developed by the Compensation Committee.

Beginning in 2007, the Compensation Committee changed to the practice of making all equity grants to our Senior Executives in May of each year. This allows the Compensation Committee and its independent compensation consultant time to review the compensation packages of executive officers at the Peer Group companies, as reported in the Peer Group companies' respective proxy statements and audited financial statements filed during the first four months of each year. The Compensation Committee has concluded that it is more important and efficient to review total Senior Executive compensation and the award of long-term equity incentive awards at one time rather than perform a preliminary review in February with other employees with a final adjustment in May, as had been done before 2007. The Compensation Committee has concluded that the efficiency gained by having only one grant date with respect to our Senior Executives is more important than any perceived disparity in the grant prices, whether higher or lower, of long-term equity incentive awards granted to our Senior Executives in May as compared to grants to other employees in February. The Compensation Committee has considered the impact of any such disparity and has concluded that any disparity is acceptable since the number of Annual Stock Awards and SARs granted to our Senior Executives is determined based on the value of the long-term equity incentive awards, and such value will take into account any changes in grant prices which have occurred over such period.

None of our employees have attempted to time long-term equity incentive award grants by making grant recommendations to the Compensation Committee. Certain Senior Executives are authorized to make requests to the Compensation Committee regarding awards for new professional personnel as part of the hiring process, to existing personnel who are promoted, or where market conditions could reduce our ability to retain key personnel. However, these are market driven occurrences and not timing issues, and such Senior Executives only provide recommendations that may or may not be acted upon by the Compensation Committee.

#### *Stock Ownership Requirements*



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We do not maintain stock ownership requirements for our Senior Executives, Other Corporate Officers or directors. Historically, our Senior Executives have always held substantial amounts of our common stock, as shown in the table below. The Compensation Committee has elected not to impose a minimum ownership threshold for our common stock since our Senior Executives have historically shown their commitment to being substantial stockholders. Furthermore, as we continue to expand our executive officer group in response to the expanding opportunities, the Compensation Committee does not want to limit our ability to attract new personnel. The Compensation Committee has also determined that it is not in our best interest to impose any hold-until-retirement policy for long-term equity incentive awards. None of the Peer Group companies impose such restrictions and adopting such restrictions would therefore put us at a competitive disadvantage. If circumstances change, the Compensation Committee will review whether stock ownership requirements are appropriate for our Senior Executives, Other Corporate Officers and directors.

As of December 31, 2007, our Senior Executives held an average of 48 times their average base salary in value in our common stock, excluding any Option Awards or SARs. The table below reflects the equity ownership of the Named Executive Officers as of December 31, 2007, as compared to their base salaries:

	<b>Directly Owned and 401(k) Plan</b>	<b>Deferred Compensation Plan</b>	<b>Multiple of Base Salary (1)</b>
John H. Pinkerton	644,415	544,371	117x
Jeffrey L. Ventura	47,063	166,565	27x
Mark D. Whitley	544	95,227	18x
Roger S. Manny	2,085	74,893	13x
Chad L. Stephens	130,326	100,008	45x

(1) Based on data as of December 31, 2007. The multiple of salary is calculated by dividing the annual base salary of each Named Executive Officer into the product of the total number of shares of common stock owned multiplied times the market value of the common stock assuming a common stock value of \$51.36 per share, the closing price of our common stock as of December 31, 2007.

### *Trading in the Company's Stock Derivatives*

It is our policy that directors and all officers, including our Senior Executives, may not purchase or sell options on our common stock, nor engage in short sales with respect to our common stock. Trading by officers and directors in puts, calls, straddles, equity swaps or other derivative securities that are directly linked to our common stock is also prohibited.

### **Change in Control Arrangements**

There are no employment agreements currently in effect between us and any employee, including any of our Senior Executives. The employees, including our Senior Executives, are not covered under any general severance plan. In the event a Senior Executive terminates employment, any severance benefits payable to him would be determined by the Compensation Committee in its discretion, unless such termination occurred following a change in control, in which case severance may be payable pursuant to the Range Resources Corporation Executive Change in Control Severance Benefit Plan (the Management CIC Plan).

In March 2005, the Board of Directors adopted the Management CIC Plan pursuant to which all our Senior Executives, Other Corporate Officers and certain other employees selected by the Compensation Committee (the Management Group) may be entitled to receive certain payments and benefits if there is a Change in Control of the Company and a member of the Management Group is terminated other than for Cause or resigns for Good Reason within the Protection Period. The terms Change in Control, Cause, Good Reason, and Protection Period, as used in the Management CIC Plan, are defined in the section of this Proxy Statement entitled Potential Payments upon Termination and Change in Control. If a member of the Management Group is terminated without Cause or for Good Reason within the Protection Period, that participant will receive:

- a lump sum payment equal to (i) the participant's benefit multiple multiplied by (ii) the sum of (A) the average of the bonuses paid or awarded to the participant for the three prior fiscal years plus (B) the participant's base salary; and

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- for a period of years equal to the participant's benefit multiple, continued participation in any medical, dental, life, disability, and any other insurance arrangement for the participant (and, if applicable, the participant's spouse and minor children) in which such person(s) were participating immediately prior to (x) the date of the participant's termination as determined under the Management CIC Plan, or, if greater, (y) the occurrence of the Change in Control.

The benefit multiples applicable to the Named Executive Officers are as follows: Mr. Pinkerton three; Mr. Ventura three; Mr. Whitley two; Mr. Manny two and one-half; and Mr. Stephens two. In addition, all non-vested equity based compensation awards held by each participant will automatically vest upon the occurrence of a Change in Control regardless of whether or not the participant is later terminated.

*Explanation of Significant Components of Management CIC Plan*

In 2005, the Compensation Committee reviewed the change in control arrangements maintained by the members of the Peer Group for 2005. Based on that review, the Compensation Committee determined that 98% of the companies within the Peer Group for 2005 provided change in control protection or employment agreements to their executive officers. Of the companies included in the Peer Group for 2007, 95% provide for change of control or employment agreements. The prevalence of change in control protection or employment agreements within the oil and gas exploration and production industry may be attributable to the historically high industry merger and consolidation rate. Changes in control are common among exploration and production companies and change in control arrangements are a significant and customary component of compensation that is necessary to attract experienced employees. The Compensation Committee therefore determined that we would be at a significant disadvantage in attracting and retaining executive officers and key technical professionals if we did not provide similar change in control protection. As a result, the Compensation Committee decided that it was in our best interests to adopt the Management CIC Plan, which it believes fairly balances our and the participants' interests. The Compensation Committee concluded that a uniform plan applicable to all members of the Management Group was more efficient than negotiating separate change in control agreements with each corporate officer or other key employee.

The rationale behind the design of the material provisions of our Management CIC Plan is described below. A more detailed description of these provisions is provided in the section of this Proxy Statement entitled "Potential Payments upon Termination and Change in Control."

- *Change of Control Trigger.* The Compensation Committee determined that, in order for the Management CIC Plan to be fair to our interests, any payments thereunder should occur only after a "double trigger" event. This means that no cash severance or benefit continuance will be received under the Management CIC Plan unless both (i) a Change in Control occurs and (ii) the participant is terminated within the Protection Period.
- *Definition of Change in Control.* The Compensation Committee developed the definition of Change in Control in consultation with our legal counsel. Under this definition, a Change in Control does not occur unless the transaction potentially triggering a Change in Control is actually consummated.
- *Benefit Multiple.* The Compensation Committee determined the "benefit multiple" applicable to the Named Executive Officers (in the amounts set forth above) based on the payment multiples for comparable positions with the companies in the Peer Group for 2005. The three times multiple selected for our CEO and COO was the dominant multiple used by members of the Peer Group for 2005 with respect to comparable positions. The Compensation Committee also determined that, based on the range in multiples paid to chief financial officers by other members of the Peer Group for 2005, our CFO should receive a two and one-half times multiple, which is the mid point of the range. Similarly, the "benefit multiples" for our Other Corporate Officers were set at two times, based on the multiples used by members of the Peer Group for 2005.
- *Protection Period.* The Compensation Committee reviewed the variety of protection periods provided by companies in the Peer Group for 2005. The protection periods ranged from six months to five years for those companies reporting the length of the protection period in their proxy materials. Twenty percent of the reporting companies used a one-year protection period, 50% used a two-year protection period and 20% used a two and one-half to three-year protection period. The Compensation Committee believed that in our circumstances any terminations would most likely occur within the first 12 months after the consummation of a Change in Control. Therefore, the Compensation Committee determined that an extended protection period over 12 months was not necessary.

- *Tax Gross Up.* After reviewing change in control arrangements entered into by a broad group of our competitors and the potential for the erosion of the benefits otherwise provided under the Management CIC Plan, the Compensation Committee determined that any change in control arrangement would be largely ineffective without a tax gross up that would allow the members of the Management Group to actually realize the benefits of the Management CIC Plan. The Management CIC Plan provides for the payment of a tax-gross up to participants if amounts payable under the Management CIC Plan or payable pursuant to other arrangements between the participant and the Company (the Change in Control Payments ) would result in excess parachute payments under of Section 280G of the Code. This tax-gross up entitles the participants to additional payments in an amount equal to (i) any excise tax that would be imposed on such members of the Management Group under Section 4999 of the Code (the 4999 Excise Tax ) with respect to the Change in Control Payments, (ii) all federal, state, and local taxes applicable to our payment of any 4999 Excise Taxes, and (iii) any additional 4999 Excise Tax amounts that are assessed by reason of our payment of the tax gross-up. The intent of the tax gross-up is to provide members of the Management Group after deduction of any 4999 Excise Tax on the Change in Control Payments and of any income, payroll, or excise taxes on our payment of the 4999

Excise Tax, with a net payment equal to the total Change in Control Payments. The average W-2 income of an individual over the five years preceding a change in control will affect the amount of the individual's 4999 Excise Tax. All other factors being equal, higher historical taxable compensation will result in a lower 4999 Excise Tax (and, hence, a lower tax gross up). Members of the Management Group's W-2 income is minimized because we (i) place all Annual Stock Awards, Bonus Stock Awards, Initial Employment Stock Awards and Matching Stock Awards in our Active Deferred Compensation Plan, (ii) encourage our Senior Executives to retain their Option Awards and SARs for the long-term, and (iii) expect our Senior Executives to defer portions of their current salaries into the Active Deferred Compensation Plan to replace pension benefits that we does not provide. Significant additions to W-2 income do not occur unless a Senior Executive exercises Option Awards or SARs. In 2007, Option Awards for our Senior Executives who have been with the Company for five years began to expire. Our Senior Executives will be required to exercise these expiring Option Awards or allow them to expire. With the appreciation of the stock price, significant value has accrued under such Option Awards. Upon the exercise of such Option Awards, it is expected that significant taxable income will accrue that will increase W-2 income. With the increases in W-2 taxable reportable income, the five-year average base compensation amount will be increased. Therefore, beginning in 2007 and continuing each year thereafter, the five-year base for 280G calculations will increase and potentially reduce the tax reimbursement calculations made as of December 31, 2007 and in future years. For a detailed discussion of these excise taxes and gross up payments see the section of this Proxy Statement entitled Potential Payments Upon Termination and Change in Control.

### *Compensation Committee Report*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with our management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our Proxy Statement.

Kevin S. McCarthy, Chair  
Charles L. Blackburn  
Allen Finkelson

**Summary Compensation Table**

The following Summary Compensation Table includes total compensation for calendar years 2007, 2006 and 2005 for our Named Executive Officers, who are prescribed by the SEC to be (i) our CEO, our principal executive officer, (ii) our CFO, our principal financial officer, and (iii) our three most highly compensated executive officers other than our principal executive and financial officers serving as executive officers at the end of 2007.

The Compensation Committee's approval cycle for awarding compensation to our Named Executive Officers (and all other employees) does not conform to a calendar year because the Compensation Committee generally delays salary adjustments and the final determination of equity grants until May of the year following the calendar year being reviewed. The Compensation Committee delays the final performance review process until it can obtain audited financial statements of the Peer Group companies to determine the Company's relative performance to the actual results of the Peer Group and also obtain comparative compensation data from each Peer Group company's proxy statement. As a result of the difference in the Compensation Committee's approval cycle from the calendar year, the Stock Awards and Option Awards presented for each calendar year in columns (e) and (f) of the Summary Compensation Table, respectively, actually related to the Compensation Committee's final performance review process for the prior calendar year.

We do not provide a pension plan nor do we pay above market or preferential earnings on our Named Executive Officers' non-qualified deferred compensation plan accounts. Therefore, column (b) covering Change in Pension Value and Non-Qualified Deferred Compensation Earnings has been deleted from the SEC-prescribed table format.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position (a)	Year (b)	Salary	Bonus	Stock Awards	Option Awards	Non- Equity Incentive Plan Compensation	All Other Compensation	Total (j)
		(1) (c)	(2) (d)	(3) (e)	(3) (4) (f)	(2) (g)	(5) (i)	
John H. Pinkerton President & CEO	2007	\$ 503,077	\$	\$ 1,145,554	\$ 1,563,293	\$ 950,000	\$ 97,362	\$ 4,259,286
	2006	\$ 480,000	\$	\$ 467,012	\$ 1,530,751	\$ 837,000	\$ 118,120	\$ 3,432,883
	2005	\$ 450,385	\$ 576,000	\$ 90,089	\$ 1,549,627	\$	\$ 99,942	\$ 2,766,043
Jeffrey L. Ventura EVP & COO	2007	\$ 383,077	\$	\$ 669,590	\$ 861,690	\$ 730,000	\$ 62,483	\$ 2,706,840
	2006	\$ 360,000	\$	\$ 293,713	\$ 910,090	\$ 610,000	\$ 52,103	\$ 2,225,906
	2005	\$ 325,385	\$ 360,000	\$ 103,588	\$ 772,084	\$	\$ 48,519	\$ 1,609,575
Mark D. Whitley SVP (hired 12/28/05)	2007	\$ 264,423	\$	\$ 786,559	\$ 330,885	\$ 300,000	\$ 46,984	\$ 1,728,821
	2006	\$ 248,077	\$	\$ 647,752	\$ 261,879	\$ 260,000	\$ 45,680	\$ 1,463,388
	2005	\$	\$	\$	\$	\$	\$	\$
Roger S. Manny SVP & CFO	2007	\$ 287,308	\$	\$ 323,636	\$ 444,761	\$ 330,000	\$ 48,306	\$ 1,434,011
	2006	\$ 266,923	\$	\$ 139,519	\$ 541,181	\$ 279,000	\$ 48,970	\$ 1,275,593
	2005	\$ 233,269	\$ 200,000	\$ 42,250	\$ 453,237	\$	\$ 38,663	\$ 967,419
Chad L. Stephens SVP	2007	\$ 249,423	\$	\$ 259,039	\$ 379,667	\$ 285,000	\$ 48,182	\$ 1,221,311
	2006	\$ 230,385	\$	\$ 120,373	\$ 410,612	\$ 241,000	\$ 53,467	\$ 1,055,837
	2005	\$ 207,885	\$ 180,000	\$ 30,423	\$ 436,774	\$	\$ 43,814	\$ 898,896

(1) The information presented is applicable to payments that are actually paid or accrued during the calendar year or, with respect to voluntary salary deferrals, vested during the calendar year. The amounts shown as *Salary* in column (c) are the sums of actual base salary payments for each of our Named Executive Officers which were paid during the calendar year. These amounts reflect different annual salaries because of the timing of our salary adjustments. The annual salaries for each of our Named Executive Officers during the periods presented are presented in the section of this Proxy Statement entitled *Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table Salaries*.

(2) The amounts shown as *Bonus* and *Non-Equity Incentive Plan Compensation* in columns (d) and (g) are equal to the cash incentive awards granted by the Compensation Committee for each of our Named Executive Officer's performance for the applicable calendar year. While these awards are based on performance criteria established by the Compensation Committee, the actual amounts awarded are not determined until February of the year following the calendar year being evaluated. These amounts were accrued during the calendar year being evaluated on an estimated basis and then adjusted to reflect the actual amounts awarded. The cash incentive



awards for 2006 and 2007 constitute Non-Equity Incentive Plan Compensation since these awards were determined and paid in accordance with our 2005 Plan, which complies with Section 162(m) of the Code. We refer to awards paid under the 2005 Plan as Annual Incentive Awards. The cash incentive awards for 2005 are characterized as Bonus since we did not have a plan in place which was compliant with Section 162(m) of the Code until our stockholders approved our 2005 Plan at the annual meeting of stockholders in May 2005.

(3) The amounts shown as Stock Awards and Option Awards in columns (e) and (f) reflect the value of Annual Stock Awards, Initial Employment Stock Awards and the Option Awards/SARs that vested during the calendar year and were recognized as an expense in accordance FAS 123R (or, with respect to 2005, that would have been recognized as an expense in accordance FAS 123R had FAS 123R been in effect in for such year). The values reflected in the Summary Compensation Table for such awards are the same values that we use in our financial statements for these awards to our Named Executive Officers and all other employees, except that any adjustments for estimated forfeitures are disregarded in determining the amounts reflected in the Summary Compensation Table. Our Named Executive Officers did not forfeit any Annual Stock Awards, Initial Employment Stock Awards or Option Awards/SARs during 2007, 2006 or 2005. Recipients of the Stock Awards reported in column (e) are entitled to receive dividends paid in respect of such shares.

(4) Option Awards disclosed in the Summary Compensation Table represent both Option Awards issued prior to June 2005 and SARs issued in and after June 2005.

(5) The amounts included as All Other Compensation in column (i) include amounts paid during the calendar year as (i) matching contributions to our Active Deferred Compensation Plan (which may be paid in cash or Matching Stock Awards, at the election of our participating employees), (ii) our 401(k) Plan matching contribution, (iii) our 401(k) profit sharing discretionary contribution (which the Compensation Committee may elect to fund in cash or 401(k) Stock Awards), (iv) executive disability plan premiums and (v) any other perquisites. We have identified four perquisites provided to our Senior Executives: secretarial services for personal affairs, occasional use of Company-owned facilities or equipment, relocation benefits and reimbursed approved spousal travel expenses to attend certain Company functions. We have not paid any relocation benefits for any of our Named Executive Officers in the past three years. For a detailed description of each component included in All Other Compensation see the section of this Proxy Statement entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table *Other Benefits and Perquisites*. For a detailed discussion of matching contributions to our Active Deferred Compensation Plan see the section of this Proxy Statement entitled Non-Qualified Deferred Compensation Plans. 401(k) Stock Awards are discussed in the section of this Proxy Statement entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table *Other Benefits and Perquisites* which follows these two tables. Recipients of the awards reported in column (i) are entitled to receive dividends paid in respect of such shares.

#### **Grants of Plan-Based Awards**

The Grants of Plan-Based Awards Table should be read in conjunction with the Summary Compensation Table. The Grants of Plan-Based Awards Table discloses the total number of Annual Stock Awards, Matching Stock Awards, SARs and 401(k) Stock Awards actually granted in 2007 to each of our Named Executive Officers. The Summary Compensation Table reflects only that portion of each outstanding award recognized for financial statement reporting purposes during 2007 and each period shown. The value of the awards in the Grants of Plan-Based Awards Table are shown at the grant date fair value of the award determined in accordance with FAS 123R. The dollar value of Bonus Stock Awards is not shown in the Grants of Plan-Based Awards Table below, but is included in the Non-Equity Incentive Plan Compensation in column (g) of the Summary Compensation Table. The dollar value of Matching Stock Awards and 401(k) Stock Awards are shown in the Grants of Plan-Based Awards Table below and are included as All Other Compensation in column (i) of the Summary Compensation Table.

Columns (f), (g) and (h) covering Estimated Future Payments Under Equity Incentive Plan Awards have been deleted from the SEC-prescribed table format since the Compensation Committee did not grant any such awards during 2007.

## GRANTS OF PLAN-BASED AWARDS

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (1) (i)	All Other Option Awards: Number of Securities Underlying Options (1)(2) (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Options Awards (3) (l)
		Threshold (c)	Target (d)	Maximum (e)				
John H. Pinkerton		\$ 260,000	\$ 520,000	\$ 1,040,000				
	02/21/07				1,528(4)		\$ 48,010	
	05/23/07				61,348(5)		\$ 2,332,451	
	05/23/07					172,518	\$ 2,052,125	
	06/08/07				60(4)		\$ 2,281	
	12/18/07				223(6)		\$ 10,523	
Jeffrey L. Ventura		\$ 200,000	\$ 400,000	\$ 800,000				
	02/21/07				1,146(4)		\$ 36,007	
	05/23/07				36,533(5)		\$ 1,388,985	
	05/23/07					102,733	\$ 1,227,978	
	06/08/07				60(4)		\$ 2,281	
	12/18/07				224(6)		\$ 10,571	
Mark D. Whitley		\$ 82,500	\$ 165,000	\$ 330,000				
	02/21/07				796(4)		\$ 25,010	
	05/23/07				16,390(5)		\$ 623,148	
	05/23/07					46,089	\$ 550,906	
	06/08/07				38(4)		\$ 1,444	
	12/18/07				223(6)		\$ 10,523	
Roger S. Manny		\$ 90,000	\$ 180,000	\$ 360,000				
	02/21/07				859(4)		\$ 26,990	
	05/23/07				18,479 (5)		\$ 702,572	
	05/23/07					51,965	\$ 621,143	
	06/08/07				46(4)		\$ 1,748	
	12/18/07				224(6)		\$ 10,571	
Chad L. Stephens		\$ 78,000	\$ 156,000	\$ 312,000				
	02/21/07				748(4)		\$ 23,502	
	05/23/07				13,482(5)		\$ 512,586	
	05/23/07					37,913	\$ 453,178	
	06/08/07				38(4)		\$ 1,444	
	12/18/07				223(6)		\$ 10,523	

(1) 2006 was the first year in which we provided our 2005 Plan, an annual cash incentive award program for Non-Equity Incentive Plan Awards designed to comply with Section 162(m) of the Code. The Threshold, Target and Maximum dollar amounts for these awards are shown in columns (c), (d) and (e), respectively, for 2007. The actual Annual Incentive Awards paid under the 2005 Plan and applicable to the 2007 performance period were determined by the Compensation Committee in February 2008. These awards are disclosed as Non-Equity Incentive Plan Compensation in column (g) of the Summary Compensation Table for 2007 compensation. The estimated payout amounts reflected in the Grants of Plan-Based Awards Table reflect the amounts that could be paid under the Compensation Committee approved payout ranges for 2008 performance, subject to any changes in salaries of our Named Executive Officers. For a detailed description of the performance criteria associated with the Annual Incentive Awards please see the section of this Proxy Statement entitled Compensation Discussion and Analysis Components of Executive Compensation *Performance Based Annual Incentive Awards*. For a detailed description of Annual Stock Awards and SARs granted on May 23, 2007 please see the section of this Proxy Statement entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table *Stock Awards, Option Awards and SARs*.

(2) All awards in this column are SARs.

(3) The grant date fair value of the Stock Awards and Option Awards are determined in accordance with FAS 123R. The Stock Awards set forth in the Grants of Plan-Based Awards Table are valued at the closing price of our common stock on the date such awards were approved by the Compensation Committee. SARs are valued using a Black-Scholes-Merton model. Under the Black-Scholes-Merton model, various factors are used in determining the value of the awards, including the closing price of our common stock on the date such awards were approved by the Compensation Committee. In 2007, we used 3.55 years as the life of SARs for the Black-Scholes-Merton model for financial reporting purposes in order to reflect the average holding period for SARs using the

simplified method under FAS 123R. However, in determining the relative value for purposes of determining the number of awards to any employees, including our Named Executive Officers, the Compensation Committee valued SARs based upon the actual five-year term of the award. The Compensation Committee makes corresponding adjustments to the Peer Group companies' reported equity awards to make Peer Group data comparable for the Compensation Committee's analysis.

(4) These awards are shares of our common stock granted as Matching Stock Awards. The dollar value of Matching Stock Awards granted to each of our Named Executive Officers is included in the Summary Compensation Table under column (i) as All Other Compensation. When Matching Stock Awards were granted on February 21, 2007 and June 8, 2007, the closing price of our common stock was \$31.42 and \$38.01, respectively. For a detailed description of matching contributions to our Active Deferred Compensation Plan (which may be paid in cash or Matching Stock Awards, at the election of our participating employees) see the section of this Proxy Statement entitled Non-Qualified Deferred Compensation Plans.

(5) When Annual Stock Awards were granted on May 23, 2007, the closing price of our common stock was \$38.02. For a detailed description of Annual Stock Awards granted on May 23, 2007 see the section of this Proxy Statement entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table *Stock Awards, Option Awards and SARs*.

(6) When 401(k) Stock Awards were granted on December 18, 2007, the closing price of our common stock was \$47.19. The dollar value of 401(k) Stock Awards granted to each of our Named Executive Officers are included in the Summary Compensation Table under column (i) as All Other Compensation.

#### **Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

##### ***Salaries***

Salary changes for our Named Executive Officers for the periods presented are as follows:

- The Compensation Committee set Mr. Pinkerton's base salary at \$375,000 per annum on February 11, 2004. On February 14, 2005 the Compensation Committee increased his salary to \$430,000. On April 18, 2005 the Compensation Committee increased his salary to \$480,000. The Compensation Committee did not adjust his salary in 2006. On May 23, 2007 the Compensation Committee increased his salary to \$520,000.

- The Compensation Committee set Mr. Ventura's base salary at \$240,000 on February 11, 2004. On February 14, 2005 the Compensation Committee increased his salary to \$300,000. On April 18, 2005 the Compensation Committee increased his salary to \$360,000. The Compensation Committee did not adjust his salary in

2006. On May 23, 2007 the Compensation Committee increased his salary to \$400,000.

- The Compensation Committee set Mr. Whitley's base salary at \$250,000 per annum upon his employment on December 28, 2005. The Compensation Committee did not adjust his salary in 2006. On May 23, 2007 the Compensation Committee increased his salary to \$275,000.

- The Compensation Committee set Mr. Manny's base salary at \$185,000 on February 11, 2004. On February 14, 2005 the Compensation Committee increased his salary to \$225,000. On April 18, 2005 the Compensation Committee increased his salary to \$250,000. On February 21, 2006 the Compensation Committee increased his salary to \$270,000. On May 23, 2007 the Compensation Committee increased his salary to \$300,000.

- The Compensation Committee set Mr. Stephens' base salary at \$180,000 on February 11, 2004. On February 14, 2005 the Compensation Committee increased his salary to \$210,000. On April 18, 2005 the Compensation Committee increased his salary to \$225,000. On June 8, 2006 the Compensation Committee increased his salary to \$235,000. On May 23, 2007 the Compensation Committee increased his salary to \$260,000.

#### *Annual Incentive Awards*

The Compensation Committee approved the Annual Incentive Awards for 2007 on February 12, 2008 based upon the performance criteria established during the first quarter of 2007 in accordance with the provisions of Section 162(m) of the Code. For a detailed discussion of the performance criteria established with respect to the 2007 Annual Incentive Awards, please refer to the section of this Proxy Statement entitled Compensation Discussion and Analysis - Components of Executive Compensation - *Performance Based Annual Incentive Awards*.

The Annual Incentive Awards were paid pursuant to the achievement of performance targets established under our 2005 Plan and therefore are reported in the Summary Compensation Table in column (g) as Non-Equity Incentive Plan Compensation. The Annual Incentive Awards were paid 75% in cash and 25% as an Unvested Annual Incentive Award.

The Unvested Annual Incentive Awards are contributed to each Senior Executive's Active Deferred Compensation Plan account and each Senior Executive can elect whether the awards will be contributed in cash or an equivalent value in our restricted common stock (creating a Bonus Stock Award). For each of our Senior Executives, the Unvested Annual Incentive Awards (whether made in cash or Bonus Stock Awards) will vest if the Senior Executive remains employed with us through January 2, 2009, without any further performance requirements. Bonus Stock Awards were valued at \$58.60 per share, which was the closing price of our common stock on February 12, 2008, the date the Compensation Committee approved the Annual Incentive Awards. Although Bonus Stock Awards are subject to vesting, we recognize the full expense of such awards in the calendar year to which such awards apply for financial reporting purposes. Since Bonus Stock Awards constitute a portion of the Annual Incentive Awards, no amounts in respect of Bonus Stock Awards are included in Stock Awards in column (e) in the Summary Compensation Table. Recipients of Bonus Stock Awards are entitled to receive dividends in respect of such shares.

The following table sets forth the total amount of cash and Bonus Stock Awards paid to our Named Executive Officers as Annual Incentive Awards for 2007 performance.

	<b>Paid in Cash</b>	<b>Paid in Bonus Stock Awards</b>	<b>Number of Shares</b>
John H. Pinkerton	\$ 712,500	\$ 237,500	4,052
Jeffrey L. Ventura	\$ 547,500	\$ 182,500	3,114
Mark D. Whitley	\$ 225,000	\$ 75,000	1,279
Roger S. Manny	\$ 247,500	\$ 82,500	1,407
Chad L. Stephens	\$ 213,750	\$ 71,250	1,215

The following table sets forth the total amount of cash and Bonus Stock Awards paid to our Named Executive Officers as Annual Incentive Awards for 2006 performance. Bonus Stock Awards were valued at \$31.42 per share, which was the closing price of our common stock on February 21, 2007, the date the Compensation Committee approved the Annual Incentive Awards.

	<b>Paid in Cash</b>	<b>Paid in Bonus Stock Awards</b>	<b>Number of Shares</b>
John H. Pinkerton	\$ 627,750	\$ 209,250	6,659
Jeffrey L. Ventura	\$ 457,500	\$ 152,500	4,853
Mark D. Whitley	\$ 195,000	\$ 65,000	2,068
Roger S. Manny	\$ 209,250	\$ 69,750	2,219
Chad L. Stephens	\$ 180,750	\$ 60,250	1,917

The Compensation Committee approved the cash incentive awards for 2005 in February 2006 based upon the performance criteria established by the Compensation Committee in February 2005 in accordance with our Annual Business Plan for 2005. Since we did not have a stockholder-approved plan in place which was compliant with Section 162(m) of the Code prior to 2006, these cash incentive awards are characterized as Bonus in column (c) in the Summary Compensation Table for 2005. Each Senior Executive's cash incentive awards, including those of our Named Executive Officers for 2005, was paid 75% in cash and 25% as an amount contributed to the Senior Executive's deferred compensation plan account. Each Senior Executive made an election as to whether the amount credited to his deferred compensation plan account would be credited in cash or an equivalent value in our restricted common stock (creating a Bonus Stock Award). For each of our Senior Executives, the amount credited to his deferred compensation plan account (whether paid in cash or Bonus Stock Awards) vested on January 2, 2007. Bonus Stock Awards were valued at \$25.10 per share, which was the closing price of our common stock on February 17, 2006, the date the Compensation Committee approved the cash incentive awards. Recipients of Bonus Stock Awards are entitled to receive dividends in respect of such shares.

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The following table sets forth the total amount of cash and Bonus Stock Awards paid to each Named Executive Officer as cash incentive awards for 2005 performance. Mr. Whitley is not included in the table because we hired him December 28, 2005 and therefore he did not receive a cash incentive award for 2005 performance.



	Paid in Cash	Paid in Bonus Stock Awards	Number of Shares
John H. Pinkerton	\$ 432,000	\$ 144,000	5,737
Jeffrey L. Ventura	\$ 270,000	\$ 90,000	3,585
Roger S. Manny	\$ 150,000	\$ 50,000	1,992
Chad L. Stephens	\$ 135,000	\$ 45,000	1,792

### *Stock Awards, Option Awards and SARs*

As part of our long-term incentive compensation program, we make unvested discretionary contributions to the rabbi trust for our deferred compensation plan on behalf of our Senior Executives, other Corporate Officers and Key Professional Employees. All recipients can elect to receive these contributions in the form of Annual Stock Awards or cash. All of our Named Executive Officers have elected to receive Annual Stock Awards. Annual Stock Awards are within the scope of FAS 123R. Therefore, the amount of Annual Stock Awards recognized for financial reporting purposes (or, with respect to 2005, would have been recognized in accordance with FAS 123R) during each calendar year period is reported in column (e) of the Summary Compensation Table. The value reflected in the Summary Compensation Table as Stock Awards is the FAS 123R value of Annual Stock Awards that vested during each calendar year for each of our Named Executive Officers. These amounts were associated with Annual Stock Awards granted over several years. In contrast, the Grants of Plan-Based Awards Table reflects the grant date fair value of only those Annual Stock Awards granted to our Named Executive Officers during 2007 that will vest in the future.

The value of SARs for each calendar year shown in the Summary Compensation Table is also based upon the amount recognized for financial reporting purposes in accordance with FAS 123R (or, with respect to 2005, would have been recognized in accordance with FAS 123R). SARs reported in column (f) of the Summary Compensation Table for 2007 reflect the FAS 123R values of SARs that vested during each calendar year for each of our Named Executive Officers. In contrast, the Grants of Plan-Based Awards Table reflects the grant date fair value of only those SARs granted to our Named Executive Officers during 2007 that will vest in the future.

Annual Stock Awards are granted at the closing price of our common stock on the date of the grant and vest 30% on the first anniversary of the date of grant, 30% on the second anniversary of the date of grant and 40% on the third anniversary of the date of grant, unless vesting is accelerated in accordance with a change in control as described in the section of this Proxy Statement entitled Potential Payments upon Termination and Change in Control. Recipients of Annual Stock Awards are entitled to receive dividends paid in respect of such shares. SARs have a five-year term and vest on the same schedule as Annual Stock Awards. The values of Annual Stock Awards and SARs are based on the grant date fair value of the awards determined in accordance with FAS 123R. We use the grant date fair value for financial reporting purposes, except that such grant date fair values are amortized over the vesting periods for each respective award adjusted for any historical rates of forfeitures. Please refer to Note 12 to our financial statements as of December 31, 2007 as filed on Form 10-K as to the assumptions used in determining the Black-Scholes-Merton values of SARs. Our Named Executive Officers report the shares of our common stock issued as Annual Stock Awards on Form 4 as each award is made to our Active Deferred Compensation Plan.

During 2007, the Compensation Committee granted the following Annual Stock Awards and SARs to our Named Executive Officers.

Date	Annual Stock Awards			Grant Date Fair Value	Date	SARs		
	Fair Value per Share	Shares Granted	Grant Date Fair Value			Grant Price	Fair Value per Share	SARs Granted
05/23/07	\$ 38.02	61,348	\$ 2,332,451	05/23/07	\$ 38.02	\$ 11.9531	172,518	\$ 2,062,125

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John H.  
Pinkerton

Jeffrey L.  
Ventura

Mark D. Whitley

05/23/07	\$	38.02	36,533	\$	1,388,985	05/23/07	\$	38.02	\$	11.9531	102,733	\$	1,227,978
05/23/07	\$	38.02	16,390	\$	623,148	05/23/07	\$	38.02	\$	11.9531			