

RANGE RESOURCES CORP  
Form DEF 14A  
April 06, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

(Amendment No.    )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §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)

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April 6, 2011

Dear Fellow Stockholders:

On behalf of our Board of Directors, I am pleased to invite you to attend our 2011 annual meeting. The meeting will be held at our offices at 100 Throckmorton Street, Suite 1200, in Fort Worth, Texas on Wednesday, May 18, 2011 at 9:00 a.m. Central 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 senior officers and representatives of our independent auditor will be present at the meeting to respond to questions. Our 2010 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 that we mail you a copy by calling Karen Giles, our Corporate Communications Manager, at 817-869-4238.

MacKenzie Partners, Inc. has been retained to assist us in the process of obtaining your proxy. 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. Thank you in advance for your prompt response which will reduce our proxy solicitation costs.

Sincerely yours,

John H. Pinkerton

Chairman and CEO

**RANGE RESOURCES CORPORATION**

**100 Throckmorton Street, Suite 1200**

**Fort Worth, Texas 76102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held May 18, 2011**

To the Stockholders of Range Resources Corporation:

The 2011 Annual Meeting of Stockholders of Range Resources Corporation, a Delaware corporation ( Range or the Company ), will be held at our offices at 100 Throckmorton Street, Suite 1200 in Fort Worth, Texas on Wednesday, May 18, 2011 at 9:00 a.m. Central Time. The purposes of the meeting, as more fully described in the attached Proxy Statement, are:

1. To elect the nine nominees named in the attached Proxy Statement to our Board of Directors, each for a term expiring at the 2012 annual meeting or when their successors are duly elected and qualified;
2. To consider and vote on a non-binding proposal regarding compensation philosophy ( say on pay );
3. To consider and vote on a non-binding proposal regarding the frequency of the say on pay vote in the future;
4. To consider and vote on a proposal to amend our Amended and Restated 2005 Equity-Based Compensation Plan to increase the number of shares of our common stock authorized to be issued under that plan by 850,000 shares;
5. To consider and vote on a proposal ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm as of and for the fiscal year ending December 31, 2011; and
6. To transact other business properly brought before the meeting.

This notice is being sent to holders of our common stock of record at the close of business on March 25, 2011. 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 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 and, if you are present at the meeting, you may withdraw your proxy and vote in person.**

BY ORDER OF THE BOARD OF DIRECTORS

David P. Poole

Corporate Secretary

April 6, 2011

Fort Worth, Texas

**RANGE RESOURCES CORPORATION**

**100 Throckmorton Street, Suite 1200**

**Fort Worth, Texas 76102**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**May 18, 2011**

**INTRODUCTION**

The enclosed proxy is solicited on behalf of the Board of Directors of Range Resources Corporation, a Delaware corporation, for use at the 2011 Annual Meeting of Stockholders. The meeting will be held Wednesday, May 18, 2011, at 9:00 a.m. Central 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 April 6, 2011, to holders of record of our common stock, \$.01 par value, as of March 25, 2011. 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 David P. Poole and Rodney L. Waller, our Corporate Secretary and Assistant 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 of proxies. For these services, we will pay MacKenzie Partners a fee of approximately \$12,000 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 without additional compensation. We will request brokerage firms and other custodians, nominees and fiduciaries to forward our proxy 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 of our common stock at the close of business on March 25, 2011, will be entitled to vote at the meeting. On March 25, 2011, 160,639,880 shares of common stock were outstanding. Each share entitles the holder to one vote on each matter. Stockholders do not have 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 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, the chairman of the meeting has the power to adjourn the meeting for any reason 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 could have been transacted at the meeting.

### **Votes Required**

Approval of Proposal 1, since it is an uncontested election of directors, will require that more votes for a director must be cast than votes cast against the director in order for the director to be elected. In other words, each candidate for the board must receive an affirmative vote of the majority of our shares of common stock represented at the meeting in person or by proxy which actually cast a vote either for or against each candidate. Prior to 2009, Proposal 1 would have required a plurality of the votes of the holders of our shares of common stock represented at the meeting in person or by proxy and entitled to vote on the proposal; however, on February 12, 2009, our Board of Directors amended our bylaws to provide that in the case of uncontested elections of directors, a director must receive more for votes than against votes for the candidate to be elected. Under our bylaws, in the event a candidate for the board does not receive more for votes than votes against, the candidate's resignation from the Board will be considered by the Governance and Nominating Committee. To be elected in the event of a contested election of directors, a nominee will still be required to receive a plurality of the votes of the holders of shares of our common stock present in person or by proxy and entitled to vote at the meeting. Under our bylaws, as amended, an uncontested election is an election in which the number of nominees for director is not greater than the number to be elected and a contested election is an election in which the number of nominees for director is greater than the number to be elected.

In accordance with SEC rules, Proposals 2 and 3 are non-binding advisory votes. Assuming a quorum is present at the meeting, the affirmative vote of a majority of our shares of common stock represented at the meeting in person or by proxy and entitled to vote will constitute the stockholders' non-binding advisory vote. The Board will review the voting results, even if none of the options in Proposal 3 obtains such a majority vote, and take them into consideration when making future decisions.

Assuming a quorum is present at the meeting, approval of Proposals 4 and 5 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 will have no effect on the outcome of voting in director elections and will have the effect of votes against any other 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 and broker non-votes have no effect on the outcome of the elections of directors.

Proposal 1, Proposal 2, Proposal 3 and Proposal 4 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 election of directors, say on pay, and increasing the authorized shares of common stock under our equity based compensation plan, respectively. Proposal 5 is considered a discretionary item, so we do not anticipate that any broker non-votes will be recorded.



### **Stockholders of Record**

If your shares are registered directly in your name with our transfer agent, Computershare Investor Services LLC, you are considered the stockholder of record of those shares, 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.

### **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 instruct your broker, trustee or nominee how to vote and you 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 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 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 voting instructions, your shares will be voted FOR all proposals listed in the Notice of Annual Meeting of Stockholders or, in the case of Proposal 3, consistent with the Company's recommendation, 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 annual meeting.

### **Revocation of Proxy**

A stockholder executing and returning a proxy may revoke it at any time 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 your 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 the 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, if possible, and to publish final results on our website and in a current report on Form 8-K within four business days after the Annual Meeting. We will publish preliminary voting results in a current report on Form 8-K within four business days after the Annual Meeting if final results are not available in that period and will amend the current report within four business days after final results are known.

This Proxy Statement is dated April 6, 2011.

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**PROPOSAL 1 ELECTION OF DIRECTORS**
**Nomination and Election of Directors Nominated by the Company**

The current term of office of all our directors expires at the 2011 annual meeting. Based on the recommendation received from the Governance and Nominating Committee, our Board of Directors proposes that each of the nominees listed below, all of whom are currently serving as directors, be re-elected for a new term expiring at the 2012 annual meeting or when their successors are duly elected and qualified. Each of the nominees has agreed 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 proposed by the Board of Directors for election and certain information with regard to each nominee. There is no family relationship between any of our directors and executive officers. In addition, the section following the table provides biographical information regarding each nominee and a summary of the skills and abilities that lead the Governance and Nominating Committee to conclude the nominee should be nominated to serve as a Director of the Company.

Name	Age	Held	
		Office Since	Current Position
Charles L. Blackburn	83	2003	Director
Anthony V. Dub	61	1995	Director
V. Richard Eales	75	2001	Director, Lead Independent Director
Allen Finkelson	64	1994	Director
James M. Funk	61	2008	Director
Jonathan S. Linker	62	2002	Director
Kevin S. McCarthy	51	2005	Director
John H. Pinkerton	57	1988	Director, Chairman of the Board and Chief Executive Officer
Jeffrey L. Ventura	53	2005	Director, President and Chief Operating Officer

*Charles L. Blackburn* was first elected as a director in 2003. 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 its 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). Mr. Blackburn received his Bachelor of Science degree in Engineering Physics from the University of Oklahoma. Mr. Blackburn has a wide breadth of experience in the exploration for and production of oil and gas reserves including his experience at Shell as Executive Vice President of Exploration and Production and his experience as the CEO and Chairman of Maxus Energy Corporation, a public oil and gas company. Mr. Blackburn has also served as the Chairman of the Company's Board. Mr. Blackburn's strong technical expertise as well as significant experience managing oil and gas companies and his service and performance as the Company's Chairman formed the basis for the Governance and Nominating Committee's conclusion that he should be nominated as a director.

*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. Mr. Dub has significant experience in the financial area and serves as the Chair of the Company's Audit Committee. Mr. Dub gained his financial expertise from many years of service as an investment banker, having led the Asset Finance, Mortgage Finance, Capital Markets and Investment Banking practices at CSFB at various points in his career. His experience evaluating financial risks as well as his performance as Chair of the Company's Audit Committee are significant factors in the Governance and Nominating Committee's conclusion that he should be nominated as a director.

*V. Richard Eales* became a director in 2001 and was selected as Lead Independent Director in 2008. Mr. Eales has over 35 years of experience in the energy, 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 degree from Cornell University and his Master's degree in Business Administration from Stanford University. Mr. Eales serves on the Company's Audit Committee as the Audit Committee Financial expert. Mr. Eales' background includes a significant amount of experience with NYSE listed issuers and, as a result of his service as the CFO of two public companies, including an oil and gas company, he has significant experience with SEC filings required of public companies. Mr. Eales is also experienced in corporate governance matters and has been elected by the Board of Directors to serve as the Company's Lead Independent Director the past two years. Mr. Eales is a resident of Pennsylvania and has a long history of leadership with The Nature Conservancy. This experience and expertise in both public company financial reporting and corporate governance, his performance as Audit Committee financial expert and Lead Independent Director, as well as Mr. Eales' familiarity with the regulatory, political and environmental arenas in Pennsylvania, where much of the Company's exploration is currently occurring, lead the Governance and Nominating Committee to conclude that he should be nominated as a director.

*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. Mr. Finkelson's experience in mergers and acquisitions and corporate law brings a unique perspective to the Company's Board. Mr. Finkelson has practiced law at one of the leading law firms in the country, where he has been a partner with over 30 years of experience and significant experience with a wide range of public company transactions and other corporate issues as well as knowledge of corporate best practices as a result of his practice as a lawyer in a number of areas, including public company executive compensation and corporate governance. As a result of these skills and abilities, the Governance and Nominating Committee determined to nominate him for election to the Board.

*James M. Funk* became a director in December 2008. Mr. Funk has over 30 years of experience in the energy industry. Mr. Funk served as Sr. Vice President of Equitable Resources and President of Equitable Production Co. from June 2000 until January 2003 and has been an independent consultant and oil and gas producer since that time. Previously, Mr. Funk was employed by Shell Oil Company for 23 years in senior management and technical positions. Mr. Funk has previously served on the boards of Westport Resources (2000 to 2004) and Matador Resources Company (2003 to 2008). Mr. Funk currently serves as a Director of Superior Energy Services, Inc., a public oil field services company headquartered in New Orleans, Louisiana and as a Director of Sonde Resources Corporation, a public international exploration and production company headquartered in Calgary, Canada. Mr. Funk received an A.B. degree in Geology from Wittenberg University, a

M.S. in Geology from the University of Connecticut, and a PhD in Geology from the University of Kansas. Mr. Funk is a Certified Petroleum Geologist. Mr. Funk is the newest member of the Company's Board and was selected to serve as a Director based on his strong technical experience in geology as well as his knowledge of the Appalachian basin where much of the Company's current exploration is being conducted. He has significant technical expertise in unconventional oil and gas resources and knowledge of oil and gas exploration and development generally as well as reserves determination and reporting in particular as a result of his service at Shell and Equitable Production, one of the leading companies in the Appalachian basin, where he served as President. Mr. Funk has knowledge from his service with Equitable regarding the economic environment in which the Company operates, particularly in Pennsylvania and he has a strong background in compensation policies and practices of oil and gas companies including establishing energy industry specific performance based compensation metrics. All of these skills and attributes were considered by the Board in originally selecting Mr. Funk to join the Board in December 2008 and led the Governance and Nominating Committee to nominate him for election to the Board.

*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 for over 37 years. Mr. Linker joined First Reserve Corporation in 1988 and was a Managing Director of the firm from 1996 through 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 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 Graduate School of Business Administration. Mr. Linker has extensive experience and expertise as an energy investor and his background and experience as an advisor to and participant in acquisition of oil and gas properties, growth and development of oil and gas companies and major transactions involving oil and gas companies as well as his knowledge of the oil and gas commodity markets in particular along with his experience in corporate governance, having served as a director on a number of public company boards, along with his service and performance as Chair of the Company's Governance and Nominating Committee led the Governance and Nominating Committee to nominate Mr. Linker for election to a position on the Board.

*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 K-Sea Transportation Partners, LP (a publicly traded marine transportation company), as well as International Resource Partners LP, ProPetro Services, Inc. and Direct Fuel Partners, L.P. (three private energy 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. Mr. McCarthy's background and experience in the exploration and production business as a result of having served with UBS Securities LLC where he was global head of energy investment banking, his knowledge of the oil and gas commodity markets, his knowledge of compensation practices and risk management in oil and gas companies from his experience both as an investment banker and his management experience at Kayne Anderson where he serves as Chairman and Chief Executive Officer of four closed end investment funds with an energy focus, along with his service and performance as Chair of the Company's Compensation Committee was viewed by the Governance and Nominating Committee to be of importance to the success of the Company and the basis for the nomination of Mr. McCarthy as a director.

*John H. Pinkerton*, Chairman and Chief Executive Officer and a director, became a director in 1988 and was elected Chairman of the Board of Directors in 2008. 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. Mr. Pinkerton currently serves on the Board of Trustees of Texas Christian University and is a member of the Executive Committee of America's Natural Gas Alliance (ANGA). 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. Mr. Pinkerton has been in the energy industry almost his entire professional career and founded and has guided the growth of the Company for over 20 years. In addition to his significant corporate management experience, Mr. Pinkerton has significant experience in the acquisition and divestiture of oil and gas properties, oil and gas hedging, risk analysis and evaluation and corporate finance and he serves in an important role of representing the Company in the industry and with state and national policymakers. The Governance and Nominating Committee, in addition to valuing the business expertise possessed by Mr. Pinkerton as a director, believes that having his perspective as the Chief Executive Officer of the Company represented among the members of the Board enhances the Board's focus on and contribution to the growth and development of the Company and is in the best interest of the Company's stockholders. Accordingly, the committee determined to nominate him for election to the Board.

*Jeffrey L. Ventura*, President and Chief Operating Officer and a director, 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. Mr. Ventura is a highly experienced oil and gas business executive who has a very deep technical understanding of the development of oil and gas reserves, particularly oil and gas reserves from unconventional resources with a focus on management of finding and development costs. Additionally, Mr. Ventura has deep experience in the evaluation and reporting of oil and gas reserves, evaluation of acquisition opportunities, analysis of producing properties considered for divestiture and management and development of technical human resources. The Governance and Nominating Committee considers having the benefit of the technical management perspective provided to the Board from Mr. Ventura as a director highly desirable and beneficial to the long term growth and development of the Company since its exploration and development strategies, especially in the Marcellus Shale play, are important to stockholder value and therefore, the committee nominated Mr. Ventura as a candidate for director.

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

Since it is an uncontested election of directors, each nominee must receive more votes for the nominee than votes cast against the nominee in order for the nominee to be elected to the Board of Directors. Under our bylaws, in the event a candidate for the board does not receive more for votes than votes against, the candidate's resignation from the Board will be considered by the Governance and Nominating Committee. **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. Uninstructed shares are not entitled to vote on this proposal; therefore broker non-votes will not affect the outcome of this proposal. Please see the discussion above under the captions Votes Required and Broker Non-Votes and Abstentions for further details on voting procedures related to the election of directors in an uncontested election.**

**For the reasons described at the end of each biographical summary regarding each candidate which discussed the skills, qualifications and attributes that lead the Governance and Nominating Committee to recommend such persons for election to the Board, the Board of Directors recommends a vote FOR the election of each of the nominees.**

**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Company and the Board of Directors recognize that executive compensation is an important matter for our stockholders. As described in detail in the Compensation Committee's report and the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee is tasked with the implementation of the Company's executive compensation philosophy. The core of that philosophy has been and continues to be to structure our compensation programs so that the pay the Company's executives receive is largely based on the Company's performance. In particular, the Compensation Committee strives to base a substantial portion of executive compensation on performance metrics that are based on finding and development of oil and gas reserves at reasonable cost and the consequent long term increase in the value of the Company for its owners—the stockholders. It is always the intention of the Compensation Committee that the Company's executive officers be compensated competitively and consistently with the Company's strategy, sound corporate governance principles, and stockholder interests and concerns. As described in the Compensation Discussion and Analysis section of this Proxy Statement, we believe our compensation program is strongly aligned with the long-term interests of our stockholders. As you consider this proposal, we urge you to read the Compensation Discussion and Analysis section of this Proxy Statement for additional details on executive compensation, including the more detailed information about the Company's compensation philosophy and objectives and the past compensation of the Named Executive Officers.

Congress has recently enacted legislation requiring a non-binding, advisory "Say on Pay" vote on executive compensation, and we welcome the opportunity to give our stockholders an opportunity to provide us with such a vote on executive compensation at our 2011 Annual Meeting.

**We are therefore asking stockholders to vote on the following resolution:**

2. RESOLVED, that the stockholders approve, on an ongoing basis, the compensation of the Named Executive Officers as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis and the compensation tables.

**Required Vote**

As an advisory vote, the matter for which stockholders have the opportunity to vote under Proposal 2 is non-binding. Although the vote is non-binding, the Board of Directors and the Compensation Committee value the opinions of our stockholders and will carefully consider the outcome of the vote when making future compensation decisions for our Named Executive Officers.

If you own shares through a bank, broker or other holder of record, you must instruct them how to vote so that your vote can be counted on this proposal as uninstructed shares are not entitled to vote with regard to Proposal 2. The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote is required to approve this Proposal 2.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR Proposal No. 2.**

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**PROPOSAL 3 ADVISORY VOTE ON FREQUENCY OF  
PRESENTATION OF SAY ON PAY TO STOCKHOLDERS**

In accordance with the legislation described above, in addition to the advisory Say on Pay vote, we are asking our stockholders to provide an advisory vote with regard to whether they would prefer an advisory Say on Pay vote every year, every two years or every three years. In that regard, the Board of Directors believes that, given its focus on linking compensation with the long term growth of the Company and the practice of the Compensation Committee to generally provide for vesting of equity awards, including the equity awards to Named Executive Officers, over three years, the Say on Pay vote should also be conducted on a longer term basis and the Board of Directors therefore recommends that the stockholders vote for a three year interval for the submission of the Say on Pay vote.

**We are therefore asking stockholders to vote on the following resolution:**

3. RESOLVED, that the stockholders be provided an opportunity to approve, on an advisory basis, the compensation philosophy, policies and procedures described in the Compensation Discussion and Analysis, and the compensation of the Named Executive Officers as disclosed pursuant to the SEC's compensation disclosure rules, including the compensation tables every:

Three years \_\_\_\_\_

Two years \_\_\_\_\_

One year \_\_\_\_\_

Abstain \_\_\_\_\_

**Required Vote**

As an advisory vote, the matter for which stockholders have the opportunity to vote under Proposal 3 is non-binding. Although the vote is non-binding, the Board of Directors and the Compensation Committee value the opinions of our stockholders, will carefully consider the outcome of the vote when making future decisions and will disclose the Company's determination with regard to the frequency of the Say on Pay advisory votes in our next Form 10-Q following the 2011 Annual Meeting.

If you own shares through a bank, broker or other holder of record, you must instruct them how to vote so that your vote can be counted on this proposal as uninstructed shares are not entitled to vote with regard to Proposal 3.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote for a triennial (three years) Say on Pay vote.**

**PROPOSAL 4 APPROVAL OF SECOND AMENDMENT  
TO OUR AMENDED AND RESTATED 2005 EQUITY-BASED COMPENSATION PLAN**

**Proposed Amendment**

Subject to stockholder approval, our Board of Directors has approved an amendment to Section 4 of our Amended and Restated 2005 Equity-Based Compensation Plan dated June 4, 2009 (the Amended and Restated 2005 Plan ) to increase the number of shares of our common stock authorized to be issued under our Amended and Restated 2005 Plan by 850,000 shares. A copy of the proposed Second Amendment to the Amended and Restated 2005 Plan is attached to this Proxy Statement as Exhibit A. A summary description of the material



features of our Amended and Restated 2005 Plan, as proposed to be amended by the Second Amendment, is provided below. The statements made in this Proxy Statement regarding the Second Amendment to our Amended and Restated 2005 Plan should be read in conjunction with and are qualified in their entirety by reference to Exhibit A, the Amended and Restated 2005 Plan, a copy of which is available as Exhibit 10.1 to the Form 8-K filed with the SEC on June 4, 2009, and the First Amendment to the Amended and Restated 2005 Plan, a copy of which is available as Exhibit 10.1 to the Form 8-K filed with the SEC on May 20, 2010. Prior filings with the SEC are available through our website at [www.rangeresources.com](http://www.rangeresources.com) or in printed form upon request by any stockholder.

### **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 Amended and Restated 2005 Plan should be increased by 850,000 shares and is proposing an amendment to effect such an increase.

### **Reason for the Proposed Amendment**

If the proposed amendment is approved, 850,000 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 Amended and Restated 2005 Plan. As of March 25, 2011, 4,435,678 shares are available for awards under our Amended and Restated 2005 Plan. As part of the approval of our Amended and Restated 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 in the 1999 Plan to our Amended and Restated 2005 Plan. Therefore, our Amended and Restated 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 Amended and Restated 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 4,435,678 to 5,285,678 shares. On March 25, 2011, the closing price of our common stock on the NYSE was \$56.72. As of March 25, 2011, there were 626,260 stock option awards outstanding under the 1999 Plan, all of which were fully exercisable. The average exercise price of the outstanding stock option awards was \$3.42 per share, ranging from \$1.29 to \$15.52 per share. The additional 850,000 shares, if approved under the Second Amendment, will be added to the existing 5,675,000 authorized 162(m) Covered Shares (as defined in the discussion below under the caption "Securities to be Offered") approved by stockholders specifically for our Amended and Restated 2005 Plan. While our Board of Directors is cognizant of the potential dilutive effect of compensatory stock awards, it also recognizes the significant employee retention, 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.

Historically, all of our full-time employees have been granted equity awards. Our Board of Directors believes that equity-based incentives align the interests of our management, employees and stockholders, and equity grants are an important element in attracting and retaining our employees. Given the continued competition for talented individuals in our industry, notwithstanding the decline in natural gas commodity prices, especially for companies with significant unconventional resource holdings and experience, our ability to offer competitive compensation packages, including those with equity-based incentives, is particularly important. It is our practice to grant equity awards to new professionals and executives as they are hired and to all full-time employees of the Company and its wholly owned subsidiaries when the annual performance-based compensation review is completed, generally in February of each year. During 2005, 2006, 2007, 2008, 2009, 2010 and, so far during 2011, our Compensation Committee has approved the issuance of 3,057,937, 1,586,160, 1,636,543, 1,129,636, 1,665,578, 1,348,573 and 614,193 stock options, restricted stock units (RSUs) and/or stock appreciation rights (SARs), respectively, under our 1999 or Amended and Restated 2005 Plans. Our Compensation Committee specifically approves all equity awards to our employees.

In light of the potential dilutive effect of equity awards, our Compensation Committee has determined to award SARs rather than stock options and, for long-term executive compensation, has awarded a combination of restricted common stock (contributed to our deferred compensation plan, as described below) and SARs. Our Amended and Restated 2005 Plan provides for the use of stock-settled SARs which, until 2011, our Compensation Committee has exclusively used for all awards after approval of the Amended and Restated 2005 Plan (other than restricted stock awards contributed to our deferred compensation plan). 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 providing for withholding of 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 such taxes.

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, 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 Amended and Restated 2005 Plan could take up to five years after the initial grant. Given these circumstances, our Compensation Committee believes that we should request a reasonable 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 Amended and Restated 2005 Plan for use. As a result of use of SARs, the calculation of the burn rate will also be inflated since the maximum number of shares subject to 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, exercise and/or expiration 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 expected burn rate will be inflated as compared to the actual burn rate. Only when SARs are vested and are finally exercised (or expire) will the reserved shares be released for future grants. SARs granted in 2005, the first year the Company replaced options with SARs, began to expire in 2010.

Beginning in February 2006, our Compensation Committee granted a combination of stock-settled SARs and restricted stock awards to all employees whose salaries were over a certain amount (\$165,000 in 2011). 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-Merton model value of the SAR. Each such 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 participant's 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. Beginning in 2011, the Compensation Committee has determined to grant exclusively RSUs to all employees with a base compensation of less than \$165,000 per year. At vesting, the holder of an RSU award will receive shares of stock in the Company equal to the number of RSUs granted less the number of shares necessary to be withheld to satisfy the cash payment of withholding taxes attributable to the value of the shares the holder of the RSU award is entitled to receive upon vesting. The full number of shares equal to the RSUs granted will be reserved under the Amended and Restated 2005 Plan, however the actual number of shares issued will be less than the number reserved since a portion of such shares will not be issued due to the cash settlement of the withholding tax obligation attributable to the vesting of the RSU award.

To further reduce dilution, our Board of Directors also may periodically authorize 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. We did not repurchase any of our common stock in 2010.

The awards that will be made to Eligible Persons (as defined in the discussion below under the caption "Persons Who May Participate in our Amended and Restated 2005 Plan") under our Amended and Restated 2005 Plan are subject to the discretion of the Compensation Committee and, therefore, cannot be determined with certainty at this time. As of March 25, 2011, a total of 9,563,367 SARs have been granted and 5,118,727 SARs are outstanding under our Amended and Restated 2005 Plan of which 2,643,349 SARs are currently exercisable. From July 2005 to March 25, 2011, 762,123 SAR grants have been cancelled or expired, 3,729,329 SAR grants have been exercised with 1,275,688 shares of our common stock actually issued upon exercise thereby reducing the potential dilution based on the number of SARs granted by 66%. The 2,453,641 previously granted awards were restored to the number of common shares authorized to be issued under our Amended and Restated 2005 Plan. The following table set forth the SARs granted to our directors, the executive officers and other employees as of March 25, 2011.

**Amended and Restated 2005 Equity-Based Compensation Plan<sup>(a)</sup>**

Name and Position	Number of SARs Granted	Average Grant Price
John H. Pinkerton, Chairman & CEO	880,259	\$ 37.93
Jeffrey L. Ventura, President & COO	576,082	\$ 40.08
Roger S. Manny, Executive Vice President & CFO	282,111	\$ 38.97
Mark D. Whitley, Senior Vice President Southwest & Engineering Technology	210,612	\$ 41.37
Ray N. Walker, Senior Vice President Marcellus Shale	116,611	\$ 37.70
Executive Group (ten persons)	2,727,083	\$ 38.55
Non-Executive Officers/Employee group (1,171 persons)	6,836,284	\$ 35.48
<b>Total</b>	<b>9,563,367</b>	<b>\$ 36.36</b>

(a) Non-Employee Directors were issued 45,563 SARs in the aggregate at a grant price of \$45.51 at their re-election to our Board in May 2010 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, 2010 and March 25, 2011, 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 Amended and Restated 2005 Plan is needed to allow our Compensation Committee to administer the Amended and Restated 2005 Plan on a long-term basis by having a sufficient number of shares available to continue its long-term compensation strategy.

### General

Our stockholders approved the adoption of our 2005 Equity-Based Compensation Plan on May 18, 2005 at the 2005 Annual Meeting and have approved each subsequent amendment to the plan to the extent required by applicable law or rule. For convenience and clarity, the plan was restated to incorporate all such amendments in June 2009. The material features of our Amended and Restated 2005 Plan, as proposed to be amended by the Second Amendment, are described below. With the Amended and Restated 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 stockholders and RSUs which the Compensation Committee began using in 2011.

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### **Description of our Amended and Restated 2005 Plan**

The description of our Amended and Restated 2005 Plan set forth below is a summary of the principal features of our Amended and Restated 2005 Plan as proposed to be amended pursuant to the Second Amendment, a copy of which is attached as Exhibit A. This summary is not a complete description of all of the provisions of our Amended and Restated 2005 Plan. The summary is qualified in its entirety by reference to our Amended and Restated 2005 Plan. The purpose of our Amended and Restated 2005 Plan is to provide a means to enhance the profitable growth of our Company and its subsidiaries by attracting and retaining employees, directors and consultants 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 of our Company. Our Amended and Restated 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 Amended and Restated 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) RSUs, (iv) SARs, (v) restricted stock awards ( Restricted Stock Awards ), (vi) phantom stock rights ( Phantom Stock Rights ), (vii) bonus stock and awards in lieu of Company obligations ( Bonus Stock ), (viii) other stock-based awards ( Other Stock-Based Awards ), (ix) dividend equivalents ( Dividend Equivalents ), (x) other performance awards, including annual cash incentive awards ( Annual Incentive Awards ), or (xi) any combination of such awards (collectively referred to as Awards ). No Incentive Options may be granted under our Amended and Restated 2005 Plan after May 18, 2015, ten years from the date on which our Amended and Restated 2005 Plan was adopted.

Our Amended and Restated 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 Amended and Restated 2005 Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ). Our Amended and Restated 2005 Plan was effective as of May 18, 2005 (the Effective Date ).

### **Administration of our Amended and Restated 2005 Plan**

Our Board of Directors appointed our Compensation Committee to administer our Amended and Restated 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 Amended and Restated 2005 Plan. Unless otherwise limited by our Amended and Restated 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 Amended and Restated 2005 Plan, interpret its provisions, and adopt policies for implementing the Amended and Restated 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 Amended and Restated 2005 Plan, terminate, modify or amend any Award except as otherwise provided in the Amended and Restated 2005 Plan, and execute all other responsibilities permitted or required under our Amended and Restated 2005 Plan.

### **Persons Who May Participate in our Amended and Restated 2005 Plan**

Any individual who provides services to the Company and its subsidiaries, including our non-employee directors and consultants (an Eligible Person ) and is designated by our Compensation Committee to receive an Award under our Amended and Restated 2005 Plan can be a Participant. An employee on leave of absence may be considered still employed by us for determining eligibility under our Amended and Restated 2005 Plan. Any individual granted an Award which remains outstanding under our Amended and Restated 2005 Plan, including an individual who is no longer an Eligible Person, will continue to be a Participant for purposes of our

Amended and Restated 2005 Plan. We currently have seven non-employee directors, ten executive officers and approximately 740 other employees of the Company's subsidiaries eligible to participate in our Amended and Restated 2005 Plan.

A Participant under our Amended and Restated 2005 Plan is eligible to receive an Award pursuant to the terms of our Amended and Restated 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 Amended and Restated 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 the Company or one of its 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 the 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 Amended and Restated 2005 Plan.* Our Amended and Restated 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 Amended and Restated 2005 Plan (subject to any adjustment due to recapitalization or reorganization permitted under our Amended and Restated 2005 Plan), before the Second Amendment, will not exceed the sum of (i) 5,675,000 shares (the "162(m) Covered Shares") approved in 2005 specifically for our Amended and Restated 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 Amended and Restated 2005 Plan as part of a merger on June 19, 2006.

Applying the above formula, as of March 25, 2011, there are 10,806,378 total shares authorized for issuance under our Amended and Restated 2005 Plan, of which (i) 1,275,688 shares had been issued upon the exercise of SARs, (ii) 5,118,727 shares were subject to SAR awards that had been granted and were outstanding and (iii) 4,435,678 shares were available for future awards. As of March 25, 2011, there were 626,260 stock option awards outstanding under the 1999 Plan, all of which were vested. The average exercise price of the outstanding stock option awards under the 1999 Plan was \$3.42 per share, ranging from \$1.29 to \$15.52 per share. Therefore, as of March 25, 2011, without giving effect to the Second Amendment, the total number of shares available for issuance of awards under our Amended and Restated 2005 Plan was 4,435,678, 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 Second Amendment is approved, our Amended and Restated 2005 Plan will be amended to increase the 162(m) Covered Shares by 850,000, to an aggregate of 6,525,000 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 Amended and Restated 2005 Plan to the extent allowable by law. The common stock delivered pursuant to our Amended and Restated 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 Amended and Restated 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 Amended and Restated 2005 Plan.

## **Awards**

*Stock Options.* Our Compensation Committee may grant Options to Eligible Persons including (i) Incentive Options (only to employees of the 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 Amended and Restated 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 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.

*RSUs.* RSUs may be awarded in connection with or separate from an Option or SAR. An RSU award gives the holder the right to receive the number of shares of common stock equal to the number of RSUs awarded at the time of vesting. The term of a RSU will be for a period determined by our Compensation Committee but will not exceed ten years. At vesting, the holder of an RSU award will receive shares of stock in the Company equal to the number of RSUs granted less the number of shares necessary to be withheld to satisfy the cash payment of withholding taxes attributable to the value of the shares the holder of the RSU award is entitled to receive upon vesting.

*SARs.* SARs may be awarded in connection with or separate from an Option. A 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.

*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. 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. Our Compensation Committee can 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 or employee of our Company or a subsidiary in lieu of salary or other cash compensation will be reasonable, as determined by our Compensation Committee. The Amended and Restated 2005 Plan 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 Amended and Restated 2005 Plan (1,165,638 shares if the Second Amendment is approved).

*Dividend Equivalents.* 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 Amended and Restated 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 Amended and Restated 2005 Plan. The Amended and Restated 2005 Plan 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 Amended and Restated 2005 Plan (1,165,638 shares if the Second Amendment is approved).

*Performance Awards.* Our Compensation Committee may designate that certain Awards granted under our Amended and Restated 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 three highest paid officers of the Company, other than the chief executive officer or the chief financial officer (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 stockholder 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 and applicable regulations, 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 Amended and Restated 2005 Plan.



*Change in Control.* Upon a change in control (as such term is defined in our Amended and Restated 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 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 Amended and Restated 2005 Plan in any respect whatsoever, and may amend any provision of our Amended and Restated 2005 Plan or any Award agreement to make our Amended and Restated 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 Amended and Restated 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 Amended and Restated 2005 Plan for the purpose of meeting or addressing any changes in other legal requirements applicable to the Company or our Amended and Restated 2005 Plan or for any other purpose permitted by law. Our Amended and Restated 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 Amended and Restated 2005 Plan. Except as provided above, no amendment, modification, suspension or termination of our Amended and Restated 2005 Plan may alter or impair Awards previously granted under our Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 2005 Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of a Participant in our Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 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.

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 \$13,000 per donee, (ii) the transferor's lifetime unified credit, if any, 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; RSUs; 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 or RSUs 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 or RSUs 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 5,675,000 shares specifically approved by the stockholders for such purpose. The additional 850,000 shares proposed to be authorized under this Proposal 4 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* ).

**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 Second Amendment to our Amended and Restated 2005 Plan. Uninstructed shares are not entitled to vote on this proposal, therefore broker non-votes will not affect the outcome of this proposal. Abstentions have the effect of negative votes on this proposal.**

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

**PROPOSAL 5 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, 2011 and our internal controls over financial reporting and our Board of Directors has ratified that selection. During fiscal years 2004 to 2010 Ernst & Young LLP served as our independent registered public accounting firm and also provided certain tax and other services. Representatives of Ernst & Young LLP are expected to be present at the 2011 Annual Meeting and will have the opportunity to make statements if they desire to do so. Such representatives are also expected to be available to respond to appropriate questions.

**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 2011. 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 2011 fiscal year.**

## GOVERNANCE OF THE COMPANY

We are committed to having sound corporate governance principles. We believe 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 March 30, 2009. The Code of Business Conduct and Ethics has been reviewed by our Board of Directors and our Governance and Nominating Committee in 2011. All of our directors acknowledge annually 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 of director independence and determined that, except for Mr. John Pinkerton, our Chairman and CEO, and Mr. Jeffrey L. Ventura, our President & Chief Operating Officer, none of the current directors standing for re-election, who are Messrs. Charles L. Blackburn, Anthony V. Dub, V. Richard Eales, James M. Funk, 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 independent standards are included in our Code of Business Conduct and Ethics, available under the Corporate Governance section of our website at <http://www.rangersources.com>. Our director independence standards reflect the independence standards specified by the NYSE, and SEC rules as currently in effect. Furthermore, our Board of Directors has determined that each of the current members of each of the committees, except Mr. Pinkerton who serves on the Dividend Committee, have no material relationship with us (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 nine 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> and are available in printed form upon request by any stockholder. During 2010, our Board of Directors held 10 meetings and acted 5 times by unanimous written consent. The independent directors met four times during 2010 without the employee directors. Each director attended all of the regularly scheduled Board of Directors meetings and all special meetings, with the exception of Mr. Eales who attend all but one meeting. Each director attended all meetings of the committees of which they are members. Directors are encouraged to attend the annual meeting of our stockholders. All directors attended the last annual meeting of our stockholders.

Name of Director	Audit	Compensation	Dividend	Governance and Nominating
Non-Employee Directors:				
Charles L. Blackburn		Member	Chair	
Anthony V. Dub	Chair			
V. Richard Eales	Member			
Allen Finkelson		Member		Member
James M. Funk		Member		
Jonathan S. Linker	Member			Chair
Kevin S. McCarthy		Chair		Member
Employee Directors:				
John H. Pinkerton			Member	
Jeffrey L. Ventura				
Number of meetings in 2010	4	4	0	3
Number of Unanimous Written Consents	1	4	4	1

During 2010, our Board of Directors appointed a special Pricing Committee in connection with one senior subordinated note offering. The Pricing Committee met twice.

Currently, three directors serve on other boards. Mr. Funk serves on the board of Superior Energy Services, Inc. and Sonde Resources Corporation. Mr. Linker serves on the boards of three small private companies that are investments by 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 and as a director on the board of K-Sea Transportation Partners, L.P. as well as 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 and considers such service when considering candidates for the Board of Directors to determine that any time commitments associated with such proposed service would not interfere with our Board of Directors' activities.

#### Chairmanship, Board Leadership and Lead Independent Director

For the past three years, the Company's Chief Executive Officer, John Pinkerton, has been elected by the Board to serve as the Chairman of the Board. In accordance with the Company's Corporate Governance Guidelines, so long as the Chairman of the Board is an officer of the Company, the Board annually elects a Lead Independent Director. For the past three years while Mr. Pinkerton has been elected Chairman, the Board has elected V. Richard Eales as the Lead Independent Director. The Company has not made a commitment to its Chief Executive Officer to elect him as Chairman and the Company has no contractual obligation to Mr. Pinkerton in the event he is not elected to serve as the Chairman of the Board nor would any such obligation accrue in the event Mr. Pinkerton were not elected Chairman in the future. While the Company acknowledges that having a shared Chief Executive Officer and Chairmanship can present an issue for some companies or some boards, the Company, the Governance and Nominating Committee and the Board do not believe there is any material corporate governance benefit to having an independent director serve as Chairman of the Board of the Company. Therefore, the Company has not mandated that the Chairman be an independent director in its Corporate Governance Guidelines. The Chairman of the Board of the Company does not have any enhanced rights as a director, but has the same voting authority as any other director and the role of Chairman is one which is principally that of presiding at Board meetings and taking the initiative on establishing the proposed agenda for Board meetings, which is a role senior management of the Company would play a significant part in regardless of which director serves as Chairman. Further, among the responsibilities of the Lead Independent Director is to be directly involved in setting the agenda for Board meetings and the Company's independent Board members regularly communicate with the Chairman directly with regard to their interest in having particular issues or topics addressed in a Board meeting. As a result, input from the independent members of the Board is consistently considered in developing the Board's agenda whether or not a management director is elected as the

Chairman. Additionally, the Board has established a Board calendar which includes a number of regular agenda items to insure that the Board spends an appropriate amount of time considering the key matters which are important to the growth and development of the Company at regular and established intervals. As a result of these various factors, the Company does not believe there is any corporate governance enhancement or benefit to the Company or its stockholders if it were to require that the Chairman be elected from the independent members of the Board. Accordingly, the Board may elect as Chairman any member of the Board. As described above, the Company's Corporate Governance Guidelines ensure that the independent directors have a Lead Independent Director to chair executive sessions of the Board and to assist with interface between the Chairman and the independent directors when a management director is elected Chairman. Additionally, as previously described, all of the directors of the Company regularly communicate with the Chairman and each other resulting in communication by and among the independent and management members of the Board to facilitate the appropriate functioning of the Board and its Committees.

#### **Audit Committee**

We have an Audit Committee established in accordance with Section 10A-3(b) of the Exchange Act. 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 between the Company and 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 any 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 defined in the rules of the SEC. No member of our Audit Committee serves on the audit committee of any other public company. The report of our Audit Committee is included in this Proxy Statement. 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 guidance on succession planning for our senior 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 including considering the risks associated with such programs; 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, SEC regulations 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 authorized 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 including the diversity of the Board; 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.

#### **Risk Oversight by the Board**

As part of the function of the Board and the Audit, Compensation and Governance and Nominating Committees, the Directors of the Company regularly evaluate the risk of the Company and oversee such risk identification and evaluation. The Board regularly discusses the issues, both internally and externally, that could present risks in the success and growth of the Company including financial risks, operational risks, regulatory risks and other risks inherent in the operation of the Company and created or which could be created by external factors. The Audit Committee plays a central role in the Board's oversight of risk, by evaluating the Company's financial reporting, by supervising the internal audit function, interfacing with the independent auditor, regularly communicating with the Chief Financial Officer and other members of management, monitoring the Company's compliance programs, including the Company's third party anonymous hotline for the notification of compliance concerns, supervising the investigation of any alleged financial fraud, monitoring the Company's regular internal risk forums and the Company's enterprise risk management program (the responsibility for which the Audit

Committee shares with the Board). The Compensation Committee considers the possible risk implications of the Company's various compensation programs and plans and monitors the elements of such compensation programs so that risk in the behavior of the employees of the Company, including its Senior Officers, is considered in such policies and programs. The Governance and Nominating Committee is responsible for the oversight of the Company's governance processes and monitors those processes including the Company's Code of Conduct and Business Ethics, compliance function, Board Committee Charters and Board annual evaluations to evaluate their effectiveness in avoiding the creation of risk to the Company and providing for proper and effective governance by the Board and Officers of the Company.

#### **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 or the Exchange Act, 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 ratify the transaction, 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, stockholder 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 \$60,000 occurred during 2010.

#### **Consideration of Stockholder Nominees for Director**

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" including diversity. Any stockholder nominations proposed for consideration by our Governance and Nominating Committee should include the nominee's name and qualifications for Board of Directors 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 positions 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. Our Board has also adopted a policy with regard to the consideration of diversity in the selection of candidates for the Board of Directors and that policy has been included in the Governance and Nominating Committee's charter.

#### **Identifying and Evaluating Nominees for Directors, including Diversity Considerations**

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 the Board of Directors. Candidates may come to the attention of our Governance and Nominating Committee through current Board members, stockholders or other persons. Candidates may be 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 provided to 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 and evaluates the experience, skills, abilities and qualifications of each candidate and considers the diversity of the current members of the Board. Our Governance and Nominating Committee does not currently expect to use a paid third-party in identifying potential directors but if it does, it is committed to having any such third party seek candidates from both traditional and non-traditional candidate pools, regardless of gender, ethnicity or national origin, as part of the Board's commitment to consideration of diversity as described in the Company's Corporate Governance Guidelines and the committee charter. The Governance and Nominating Committee will annually assess the effectiveness of the Company's diversity policy in connection with the selection of individual candidates for election or re-election to the Board.

#### **Executive Sessions**

Executive sessions of non-management directors are generally held at each regularly scheduled quarterly Board meeting. The sessions are scheduled and chaired by Mr. Eales, the Lead Independent Director. Any non-management director can request that an executive session be scheduled. During 2010, four executive sessions were held by non-management directors.

#### **Communications with our Board of Directors**

Interested parties may communicate with the Lead Independent Director 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: Lead Independent Director. Any confidential matters may be submitted in a separately enclosed envelope marked "confidential." Similarly, any correspondence to individual Board members or the Board as a whole can be submitted to the same address and such correspondence will be forwarded to the Board member(s) to whom the correspondence is addressed.

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**EXECUTIVE OFFICERS**

Information regarding our executive officers as of March 31, 2011 is summarized below:

<b>Name</b>	<b>Age</b>	<b>Held Office Since</b>	<b>Position</b>
John H. Pinkerton	57	1990	Chairman and Chief Executive Officer
Jeffrey L. Ventura	53	2003	President and Chief Operating Officer
Roger S. Manny	53	2003	Executive Vice President and Chief Financial Officer
Alan W. Farquharson	53	2007	Senior Vice President Reservoir Engineering
David P. Poole	49	2008	Senior Vice President General Counsel and Corporate Secretary
Chad L. Stephens	55	1990	Senior Vice President Corporate Development
Ray N. Walker	53	2010	Senior Vice President Marcellus Shale
Rodney L. Waller	61	1999	Senior Vice President and Assistant Secretary
Mark D. Whitley	59	2005	Senior Vice President Southwest and Engineering Technology
Dori A. Ginn	53	2009	Vice President, Controller and Principal Accounting Officer

Officers are typically 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.

*Roger S. Manny*, Executive Vice President and Chief Financial Officer. Mr. Manny 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.

*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 the Pennsylvania State University.

*David P. Poole*, Senior Vice President - General Counsel and Corporate Secretary, joined Range in June 2008. Mr. Poole has over 21 years of legal experience. From May 2004 until March 2008 he was with TXU Corp., serving last as Executive Vice President - Legal, and General Counsel. Prior to joining TXU, Mr. Poole spent 16 years with Hunton & Williams LLP and its predecessor, where he was a partner and last served as the Managing Partner of the Dallas office. Mr. Poole graduated from Texas Tech University with a B.S. in Petroleum Engineering and received a J.D. *magna cum laude* from Texas Tech University School of Law.

*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 degree in Finance and Land Management from the University of Texas.

*Ray N. Walker*, Senior Vice President - Marcellus Shale, joined Range in 2006 and was elected to his current position in February 2010. Previously, Mr. Walker served as Vice President-Marcellus Shale where he led the development of the Company's Marcellus Shale division. Mr. Walker is a Registered Petroleum Engineer

with more than 34 years of oil and gas operations and management experience having previously been employed by Halliburton in various technical and management roles, Union Pacific Resources and several private companies in which Mr. Walker served as an officer. Mr. Walker has a Bachelor of Science degree in Agricultural Engineering with honors from Texas A&M University.

*Rodney L. Waller*, Senior Vice President joined Range in 1999. Mr. Waller served as Corporate Secretary from 1999 until 2008. Previously, Mr. Waller was Senior Vice President of Snyder Oil Corporation. Before joining Snyder, Mr. Waller was with Arthur Andersen. Mr. Waller is a certified public accountant and petroleum land man. Mr. Waller received a Bachelor of Arts degree in Accounting, *summa cum laude*, from Harding University.

*Mark D. Whitley*, Senior Vice President Southwest 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 merger of Mitchell Energy with Devon. 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 Barnett Shale formation in the Fort Worth Basin. Previous positions included serving as a production and reservoir engineer with Shell Oil. Mr. Whitley 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.

*Dori A. Ginn*, Vice President, Controller and Principal Accounting Officer, joined Range in 2001. Ms. Ginn has held the positions of Financial Reporting Manager, Vice President and Controller before being elected to Principal Accounting Officer in September 2009. Prior to joining Range, she held various accounting positions with Daskocil Manufacturing Company and Texas Oil and Gas Corporation. Ms. Ginn received a Bachelor of Business Administration in Accounting degree from the University of Texas at Arlington. She is a certified public accountant.

## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of our Board of Directors oversees our compensation program. Our compensation program includes programs that are designed specifically for: (i) the Chairman and Chief Executive Officer ( CEO ), our principal executive officer, the Executive Vice President & Chief Financial Officer ( CFO ), our principal financial officer, and the three other executives named in the Summary Compensation Table (collectively, the Named Executive Officers ) along with our four other senior vice presidents (collectively with the Named Executive Officers, the Senior Executives ); (ii) our officers of the Company and its subsidiaries, other than our Senior Executives (the Other Corporate Officers ); (iii) key professional employees who have annual salaries of \$165,000 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.

Although this Compensation Discussion and Analysis specifically addresses 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 and structuring all of our compensation programs to increase stockholder value.

#### Objectives of Our Executive Compensation Program

The energy sector continues to experience a shortage of 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 find and develop oil and gas reserves at attractive costs. We believe that if we accomplish this goal, we will consistently grow production and reserves at reasonable cost and therefore build stockholder value. Thus, we focus on maintaining competitive compensation arrangements for all of our employees and creating a work environment that develops each individual as well as to challenge and encourage them to continuously improve the Company and its operations resulting in economic reward for the individual, the Company and its stockholders. 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 virtually all of our full-time employees each year. We believe that, as a result, our employees understand and are more focused on 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 we continue to believe the same types of long-term equity incentive awards that are granted to our Senior Executives should also be awarded to all Other Corporate Officers and Key Professional Employees. For the same reason, virtually all other full-time employees of Range and its subsidiaries are also granted stock appreciation rights or restricted stock units.

Our compensation is intended to achieve three objectives: attraction and retention of experienced professionals 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 comparable companies in the oil and gas exploration and production sector serves to both attract and retain our Senior Executives. The group of companies used for such comparisons is selected by the Compensation Committee in the first quarter of each calendar year and is referred to as the Peer Group. Similarly, our policy of granting long-term equity incentive awards to nearly all full-time employees serves not only to align the interests of each employee with the interests of our stockholders, but also serves to attract and retain employees who desire to share in our success and the benefits of long-term equity compensation. The Committee is mindful of the necessity to align compensation policies with Company objectives and stockholder value and has consistently considered the possibility of misalignment when evaluating compensation policies, programs and decisions. As a result, the Committee and the Company do not believe that the Company's compensation policies or practices are reasonably likely to have a material adverse effect on the Company. In particular, the Committee believes the criteria used by the Committee with regard to executive officer bonuses provide a significant mitigant against encouraging excessive risk acceptance in key management decisions. Specifically, the use of finding and development cost as a factor results in increased bonus opportunities for driving a low cost structure and is a significant risk mitigant in a commodity industry such as the Company's where the price of the commodity can vary significantly because long term success of commodity companies is much more likely with a low breakeven cost structure; reserve and production growth per share, another of the key executive bonus criteria, encourages prudent, measured, and thoughtful growth through the drillbit and acquisitions; debt adjusting the growth metrics as is the Committee's practice prevents rewarding risk taking through highly leveraged transactions and expansions; EBITDAX tied to the business plan encourages risk mitigation through hedging and continuous cost control. Other policies and practices utilized by the Company to mitigate risk in compensation include not using pay and bonus that could encourage cost centers to take risk to become profit centers, therefore activities such as treasury investing and hedging outcomes are not separately financially rewarded.

The Compensation Committee strongly 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, the total compensation for each of our Senior Executives is determined based on our performance as compared to 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 officers of the Company and its subsidiaries) and reviews and approves 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.

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 four 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 coordinates with our CEO and the CFO so that all appropriate compensation matters are included on the agendas for Compensation Committee meetings. In addition, the Compensation Committee members communicate 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 Senior Executives, Other Corporate Officers and Key Professional Employees are hired and promoted during the year, our CEO or CFO makes recommendations to the Compensation Committee for long-term equity incentive award grants during interim periods for newly hired or promoted employees. 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, our President and Chief Operating Officer and our CFO 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 nine Senior Executives and 22 Other Corporate Officers.

### *The Role of Compensation Consultants*

Since September 2006, the Compensation Committee has engaged Alvarez & Marsal Tax and, 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 matters associated with the acquisition of Stroud Energy, Inc. in 2006. Since the Compensation Committee retained Alvarez & Marsal, the Company has not engaged, and will not engage, Alvarez & Marsal to advise us on any matters other than those issues authorized by the Compensation Committee. In 2010, the Company paid Alvarez & Marsal a total of \$204,615.00 for work and consulting services related to executive and director compensation. The Company did not engage Alvarez & Marsal to provide any other services to the Company in 2010 nor has it done so in 2011 as of the date of this Proxy.

At the instruction of the Compensation Committee, the independent compensation consultant works primarily with our CFO and Director of Finance to gather the Peer Group data necessary to create a meaningful comparison with our data. All contact between our Senior Executives and the independent compensation consultant is approved by the Compensation Committee.

#### ***Use of Tally Sheets***

The Compensation Committee reviewed a summary report or tally sheet prepared by Alvarez & Marsal for each Senior Executive. This includes each 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 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 components) as well as the aggregate total amount of actual and potential future compensation.

The Compensation Committee reviewed the tally sheets for 2009 compensation in May 2010 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 in the first quarter 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. Each year, companies that are acquired or merged into other entities or expected to be acquired or merged, during the year are eliminated from that year's Peer Group and the Compensation Committee, with advice from Alvarez & Marsal, evaluates the Peer Group each year.

The companies comprising the Peer Group for 2010 were: Cabot Oil & Gas Corporation; Chesapeake Energy Corporation; Cimarex Energy Co.; Concho Resources, Inc.; Continental Resources, Inc.; Denbury Resources Inc.; Devon Energy; Encana Corporation; EOG Resources, Inc.; EQT Corporation; EXCO Resources Inc.; Forest Oil Corporation; Newfield Exploration Company; Pioneer Natural Resources Company; Noble



Energy, Inc.; Petrohawk Energy Corporation; Plains Exploration & Production Company; Questar Corporation; Quicksilver Resources Inc.; Southwestern Energy Company; Ultra Petroleum Corp; and Whiting Petroleum Corporation.

For 2011, the Compensation Committee added Linn Energy, LLC, QEP Resources, Inc., SandRidge Energy, Inc. and SM Energy Company to the Peer Group and removed Devon Energy Company, EXCO Resources, Inc., Questar Corporation and Quicksilver Resources, Inc. In each case, these changes were made to eliminate entities that were expected to be acquired and to maintain a Peer Group that is generally similar to us in respect of business lines and with Range having a market capitalization near the median of the Peer Group.

### ***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 on our website at [www.rangeresources.com](http://www.rangeresources.com) under the Corporate Governance - Committees & Charters section.

### **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 relative 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

certain limited perquisites and personal benefits.

The Compensation Committee believes that equity compensation is an important element of our compensation philosophy for our full-time employees. Consequently, we currently provide the following 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 );

stock-settled SARs; and

RSUs.

The Compensation Committee has also made 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 long-term equity incentive awards listed above and any Initial Employment Stock Awards granted to certain Senior Executives, the Company provides the following retirement and other benefits to all of 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

cash matching contributions to our 401(k).

#### ***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 for oil and gas exploration and production 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 2010, the Compensation Committee made its determination of long-term equity incentive awards for each Senior Executive for 2009 based on our relative performance compared to the Peer Group for 2009 and the total compensation received by executive officers in the Peer Group for 2009. The information for the Peer Group for 2009 was taken from each company's audited financial statements for 2009 along with the compensation information for 2009 disclosed in each company's 2010 proxy. Each company in the Peer Group was measured in six categories for 2009 results: (i) absolute stock price appreciation; (ii) debt-adjusted reserve growth per share; (iii) debt-adjusted production growth per share; (iv) cash flow per share; (v) drill-bit finding and development costs; and (vi) unit costs. Although we did not achieve the highest performance in any one of the categories, we achieved the ninth highest percentile rank when computing an overall average on an equal weighting basis of any of the companies in the Peer Group for 2009 for all the categories combined. Based upon our 2009 comparative results, the Compensation Committee concluded that each Senior Executive's level of compensation would generally be based upon the 60<sup>th</sup> percentile.

#### ***Compensation of our Senior Executives***

In determining an individual Senior Executive's total compensation, the Compensation Committee reviewed the compensation paid in 2009 to the corresponding comparable executives in the Peer Group as compiled from the 2010 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 not comparable or was affected by non comparable factors. 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 Peer Group 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 60<sup>th</sup> percentile performance level by Alvarez & Marsal.

After determining the initial total compensation for each Senior Executive for 2009 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 President and Chief Operating Officer was approximately 80% of the total compensation for our CEO) before finalizing total compensation for each Senior Executive.

#### ***Base Salary***

The Compensation Committee reviews the base salaries of our Senior Executives on an annual basis, at the time of a promotion or changes in responsibilities and 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. Salary adjustments for our Senior Executives have been approved by the Compensation Committee in May of each year and take effect on the first payroll period after approval. Making salary adjustments in May of each year allows the Compensation Committee to determine compensation for our Senior Executives after the completion of the Peer Group analysis of proxy data and audited financial statements to determine compensation paid during the prior calendar year to executive officers of the Peer Group companies. The salary changes made on May 19, 2010 for the Named Executive Officers, were consistent with the Compensation Committee's objectives of targeting salaries at the 50<sup>th</sup> percentile of the Peer Group adjusted for the factors listed in the section of this Proxy Statement entitled "Compensation Discussion and Analysis - Components of Executive Compensation - Base Salary." Salary adjustments and long-term equity incentive awards for all other employees were awarded on February 16, 2011 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 the Amended and Restated 2005 Equity-Based Compensation 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 Amended and Restated 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, President and Chief Operating Officer and CFO. In accordance with the Amended and Restated 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 2010, 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 Compensation Committee believes that the performance criteria, taken together, are objective indicators of our overall performance.

The Annual Incentive Awards are subject only 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 relative 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.

Target 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 six performance criteria selected with respect to the Annual Incentive Awards for 2010 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, the fifth performance criterion (relative stock price performance) is an external

performance measure based on comparison with the Peer Group and the sixth performance criterion (absolute stock price performance) is an external performance measure.

Criterion	Unit of Measurement	2010 Performance Levels				Actual for 2010	Payout% Achieved (1)
		Actual for 2009	Threshold	Target	Excellent		
Finding & development costs	\$ per mcfe	\$ 0.84	\$ 2.30	\$ 1.90	\$ 1.70	\$ 0.69	200%
EBITDAX	\$ millions	\$ 782	\$ 683	\$ 719	\$ 755	\$ 694	61%
Production per share	mcfe per share	1.004	1.055	1.075	1.095	1.120	200%
Reserves per share	mcfe per share	20.308	21.334	21.740	22.147	26.483	200%
Relative Stock price performance	Percentile	33 <sup>rd</sup>	50 <sup>th</sup>	63 <sup>rd</sup>	75 <sup>th</sup>	15 <sup>th</sup>	0%
Absolute Stock price performance	Percentage Increase	45%	4%	8%	12%	(9%)	0%

(1) The Payout percentage achieved is shown for the CEO and COO and is prorated for other officers.

The first criterion the Compensation Committee selected for 2010 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 oil and gas exploration and production company and one that is used by financial analysts 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 financial analysts' expectations for finding and development costs for the oil and gas industry. Our 2010 finding and development costs performance as compared with the targets, was achieved primarily through focusing drilling capital in areas which added new reserves at a cost that is lower than the oil and gas industry in general.

The second criterion the Compensation Committee selected for 2010 was EBITDAX. EBITDAX is calculated by adding back exploration expense, interest expense and depletion, depreciation and amortization expense to income before income taxes from continuing operations, excluding any non-cash revenues and expenses. 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 2010 EBITDAX performance levels were based on the 2010 Annual Business Plan, which reflected an EBITDAX level of \$719 million. Our actual 2010 EBITDAX totaled \$694 million. The committee chose not to adjust the EBITDAX to address divestitures in 2010.

The third and fourth criteria the Compensation Committee selected for 2010 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 on a debt adjusted per share basis. 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. The calculation is debt adjusted to insure that per share growth was not achieved by increasing leverage. We achieved the 2010 performance in regard to these two criteria, as compared with our performance targets, partially as a result of better than expected drilling results and the impact of additions to our reserves and production.

The fifth criterion the Compensation Committee selected for 2010 was the relative price performance of our common stock in relation to the stock price performance of other members of the Peer Group during calendar

year 2010. The Compensation Committee believes that relative performance in stock appreciation among the Peer Group is a good measure as to our performance on a relative basis. In measuring stock price appreciation for 2010, 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.

The sixth criterion the Compensation Committee selected for 2010 was the absolute performance of our common stock during calendar year 2010. The Compensation Committee believes that absolute performance in stock appreciation is an appropriate measure to include as it is obviously one that stockholders experience directly.

In addition to selecting the performance criteria, the Compensation Committee determined, 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 2010, the annual incentive payout percentage was a weighted average of the payout percentage for each category using the percentages set forth below under the table for 2011 as the weighting is the same for 2010 as for 2011. When actual results achieved fall between the performance levels, the percentile performance used to determine the payout percentage is proportionately adjusted 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. The Compensation Committee awarded the annual incentive payout percentages, as shown in the table below under the heading Actual Payment % for 2010.

	Annual Incentive Payout % of Salary				
	Threshold	Target	Excellent	Payout % Achieved (1)	Actual Payment % For 2010 (2)
Chairman and CEO	50%	100%	200%	126%	126%
President and COO	50%	100%	200%	126%	126%
EVP and Chief Financial Officer	40%	80%	160%	101%	101%
Senior Vice Presidents	30%	60%	120%	76%	76%

(1) Reflects the payout percentage prior to any negative discretion applied by the Compensation Committee

(2) Reflects the payout percentage after negative discretion was applied by the Compensation Committee, if any. None was applied for 2010. For 2011, the Committee adjusted the weighting of the criteria to provide for an equal focus on the growth criteria of production and reserves per share growth (shown for 2011 as a percentage instead of the absolute values in mcfe per share set forth in the table above for 2010) and drill bit finding costs so that there is an equal focus on cost and growth, which the Committee believes is important during a time of relatively low commodity prices. The 2011 performance criteria, weighting and target levels of achievement with respect to each of the 2011 criterion are shown in the table below:

Criterion	Weighting	Unit of Measurement	2011 Performance Levels		
			Threshold	Target	Excellent
Finding & development costs	30%	\$ per mcfe	\$ 2.30	\$ 1.80	\$ 1.50
EBITDAX	10%	\$ millions	\$ 766	\$ 807	\$ 847
Production per share growth	15%	percentage increase	5%	7%	9%
Reserves per share growth	15%	percentage increase	5%	7%	9%
Relative stock price performance	15%	percentile	50 <sup>th</sup>	63 <sup>rd</sup>	75 <sup>th</sup>
Absolute stock price performance	15%	percentage increase	4%	8%	12%

*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, RSUs and SARs give recipients of such equity awards a direct interest in our financial results, furthering our goal of aligning the interests of each employee with those of our stockholders. While we believe our awards of equity based compensation for Senior Executives are comparable to our Peer Group, we also believe that our philosophy of granting long-term equity incentive awards to all full-time employees is somewhat unusual in our industry, although it has become more prevalent in recent years to grant equity awards to attract and retain employees at various levels in our industry.

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 compensation of other Peer Group executive officers after taking into consideration our relative performance as compared to the Peer Group.

Our Amended and Restated 2005 Plan provides for the grant of stock-based awards including phantom stock rights, RSUs, 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 Amended and Restated 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 equity awards are apportioned to our employees in various salary grades. Our Senior Executives receive a greater percentage of their total compensation in Annual Stock Awards and SARs than our other employees who receive RSUs since their performance tends to have a greater impact on our financial results. All SARs granted to our Senior Executives for 2010 (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. Recipients of such awards 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 2010 and all 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 *rabbi 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, RSUs and SARs is to promote employee retention. In the case of Annual Stock Awards, RSUs 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. On occasion, the Committee makes special grants of equity awards that have a three year cliff vesting period. These awards are generally granted to employees who demonstrate exceptional performance and the three year cliff vesting is used to promote retention of such employees. The Compensation Committee grants Initial Employment Stock Awards individually and vesting schedules may vary based upon the individual circumstances of the grantee. The Compensation Committee uses guidelines for such awards utilizing targeted ranges of a percentage of the base compensation of the individual grantee and generally provides for vesting of such awards over three years. In addition, Annual Stock Awards, Initial Employment Stock Awards, RSUs 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 the Accounting Standards Codification 718, ( ASC 718 ), 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) 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 deferred compensation plan each year. Currently we have one active deferred compensation plan (the Active Deferred Compensation Plan ) and we have a second deferred compensation plan participation in which was frozen at the end of 2004 with the changes in law (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 a dollar amount or percentage amount of their base salary and/or bonus. Currently, we match the voluntary deferrals of the employee participants, including our Senior Executives, up to 10% of their base 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 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 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 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 75% of their annual salary or the limit prescribed by law to the 401(k) Plan on a before-tax basis. In addition, participants age 50 or over 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 100% of their before-tax contributions to the 401(k) Plan up to a maximum matching contribution of 6% of their base salaries. The Company has adopted an auto enrollment process for new employees which results in the employees participating in the 401(k) plan unless they determine not to participate.

The Compensation Committee considers the dollar value of the 401(k) matching contributions 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 vest over the first two years of employment at the rate of 50% for the first year and 50% for the second year. Once an employee has been employed by us for two years, all of his or her current and future matching contributions are fully vested. 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*.

### ***Certain Other Benefits***

We provide our Senior Executives with certain other limited personal benefits the Compensation Committee determines are reasonable and consistent with our overall compensation philosophy. The Compensation Committee believes that these benefits 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 benefits: (i) supplemental disability plans, (ii) secretarial service for personal matters, (iii) occasional use of Company-owned facilities or equipment, (iv) relocation benefits and (v) reimbursement for approved spousal travel expenses related to Company business. We provide club membership dues reimbursement and reimbursement of certain expenses to certain of our Senior Executives to the extent such membership dues and expenses are related to the conduct of our business. The Compensation Committee believes these particular benefits help our Senior Executives to network and foster relationships in the oil and gas industry and community that are important to our company. A Senior Executive must reimburse us for any personal club use by the Senior Executive or a member of his 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 calculating the Senior Executive's total cash compensation as described above, then deducting the total cash compensation from the targeted total compensation. Each Senior Executive's long-term equity incentive compensation amount is then set 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 cash value and do not create as much of a retention benefit as compared to Annual Stock Awards since they only have value if our common stock appreciates from the date of issuance. 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 Officers 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 2010 proxies of the Peer Group utilized to determine May 2010 equity grants to our Senior Executives indicated that 57% of the Peer Group companies granted both options/SARs and restricted stock awards, 26% granted only restricted stock awards and 4% granted only options/SARs. The Compensation Committee believes the award of 50% Annual Stock Awards and 50% SARs is an appropriate balance between the two types of awards, since SARs retain different performance-based characteristics than Annual Stock Awards. The Compensation Committee also allocates awards of equity compensation between Annual Stock Awards and SARs for all employees with a base salary of \$165,000 or more.

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 by the Compensation Committee. 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 ASC 718, 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 3.6 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 18% higher than the value of SARs set forth in the Summary Compensation Table for 2010.

We grant equity awards to the full-time employees of the Company and its subsidiaries each year. During 2010, the Named Executive Officers were granted 25% in the aggregate, and all nine of our Senior Executives

were granted 32% in the aggregate, of the total number of SARs granted. The Named Executive Officers were granted 38% in the aggregate, and all nine of our Senior Executives were granted 49% in the aggregate, of the total number of the Annual Stock Awards granted during 2010. 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 nine of our Senior Executives were granted 40% of the total value of the awards during 2010.

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 important metrics that the Compensation Committee monitors and evaluates 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. In the case of SARs, the burn rate is overstated when the awards are initially granted. This is because the increase in the price of the common stock above the price at the time the SAR was granted is paid in common stock, thus the number of shares received on exercise is less than the number of shares covered by the SAR award. The balance of the shares is added back to the total authorized shares of common stock that the Compensation Committee can issue in the future under the Amended and Restated 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 and Matching 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	SARs Granted	Forfeited and Unused Shares	Stock Awards Granted (1)	Common Shares Outstanding at Year End	Burn Rate %	Total Option Awards/SARs Outstanding (2)	Overhang %
2010	1,394,136	1,089,982 <sup>(3)</sup>	394,923	160,113,608	0.44%	6,461,839	4.0%
2009	1,714,165	395,529 <sup>(4)</sup>	675,178	158,336,264	1.26%	7,154,712	4.5%
2008	1,159,649	344,050 <sup>(5)</sup>	347,945	155,609,387	0.75%	7,248,666	4.7%

(1) The Stock Awards Granted amount is net of forfeitures.

(2) Total Option Awards/SARs disclosed in the above table represent both Option Awards issued before June 2005 and SARs issued in and after June 2005. This includes all equity plans.

(3) In 2010, a total of 1,386,349 SARs were exercised resulting in 500,285 shares of common stock being issued. The remaining 886,064 unused SARs were added back to the number of shares authorized to be granted under the Amended and Restated 2005 Plan. During 2010, 203,918 SARs/Options were forfeited.

- (4) In 2009, a total of 454,945 SARs were exercised resulting in 149,951 shares of common stock being issued. The remaining 304,994 unused SARs were added back to the number of shares authorized to be granted under the Amended and Restated 2005 Plan. During 2009, 90,535 SARs/Options were forfeited.
- (5) In 2008, a total of 438,159 SARs were exercised resulting in 187,027 shares of common stock being issued. The remaining 251,132 unused SARs were added back to the number of shares authorized to be granted under the Amended and Restated 2005 Plan. During 2008, 92,918 SARs/Options were forfeited.

#### **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 officers and 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 likewise would not expect to compensate employees with additional amounts when the value of prior long-term equity incentive awards decline.

#### **Tax and Accounting Implications**

##### *Tax Deductibility of Compensation*

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 and other three most highly paid executive officers, not including the CFO. 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 a covered employee at the end of the year when distributed, and (iii) whether the aggregate amount of all non-performance based compensation exceeds the \$1,000,000 threshold. If such distributions are made after a Senior Executive is retired or no longer the CEO or one of the other three most highly compensated executive officers excluding the CFO, 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*

Before July 2005, the Compensation Committee granted Option Awards to all full-time employees. Due to the Compensation Committee's decision to award 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 a SAR, the employee becomes obligated to pay taxes at ordinary income tax rates on the amount by which the market value of the common stock on the date of exercise exceeds

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 withholding taxes is used to determine the amount of our common stock actually issued. This results in less dilution to our current stockholders because it results in the issuance of fewer shares upon the exercise of the SARs than the SARs granted. 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.

### **Policies Regarding Equity Awards**

#### ***Financial Restatement***

The Board of Directors' 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.

#### ***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.

The Compensation Committee makes 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.

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 employees who are promoted, or where market conditions could reduce our ability to retain key employees. However, these are market driven occurrences and not timing issues, and such Senior Executives only provide recommendations that may or may not be approved by the Compensation Committee.

#### ***Stock Ownership Requirements***

We do not currently have 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 demonstrated 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 since we believe adopting such restrictions would put us at a competitive disadvantage in recruiting and retaining employees. 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, 2010, our Senior Executives held an average of 44 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, 2010, 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	1,131,078	732,249	108x
Jeffrey L. Ventura	134,381	276,536	30x
Roger S. Manny	103,810	144,916	28x
Mark D. Whitley	3,419	147,690	19x
Ray N. Walker	994	98,159	13x