

RANGE RESOURCES CORP
Form DEF 14A
April 08, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

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

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

RANGE RESOURCES CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Notice of Annual Meeting of Stockholders

To be held May 18, 2016

9:00 a.m. Central Time

The Worthington Renaissance Hotel, Bur Oak Room, 200 Main Street, Fort Worth, Texas 76102

To the Stockholders of Range Resources Corporation:

The 2016 Annual Meeting of Stockholders of Range Resources Corporation (the “Annual Meeting” or the “Meeting”), a Delaware corporation (“Range” or the “Company”), will be held at the Worthington Renaissance Hotel, Bur Oak Room, 200 Main Street, Fort Worth, Texas on Tuesday, May 18, 2016 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 2017 annual meeting or when their successors are duly elected and qualified;
2. To consider and vote on a non-binding proposal to approve our executive compensation philosophy (“say on pay”);
3. To re-approve the material terms of the Company’s 2005 Amended and Restated Equity Plan insofar as to allow the Company to grant qualified “performance based compensation” under the Plan;
4. To consider and vote on a proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm as of and for the fiscal year ending December 31, 2016;
5. If presented, to consider and vote on a stockholder proposal regarding disclosure of political spending by the Company; and
6. To transact any 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 24, 2016. 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 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.

April 8, 2016

Fort Worth, Texas

By Order of the Board of Directors

David P. Poole

Corporate Secretary

Table of Contents

<u>VOTING INFORMATION</u>	<u>3</u>
<u>PROXY SUMMARY</u>	<u>4</u>
<u>PROXY STATEMENT</u>	<u>10</u>
<u>FREQUENTLY ASKED QUESTIONS AND ANSWERS</u>	<u>11</u>
<u>Proxy Materials and Voting Information</u>	<u>11</u>
<u>Company Documents, Communications and Stockholder Proposals</u>	<u>15</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>16</u>
<u>Nomination and Election of Directors Nominated by the Board</u>	<u>16</u>
<u>Required Vote and Recommendation</u>	<u>16</u>
<u>Board of Directors - Biographical Information</u>	<u>17</u>
<u>Director Compensation</u>	<u>22</u>
<u>Corporate Governance</u>	<u>23</u>
<u>Board Structure and Committee Composition</u>	<u>26</u>
<u>Compensation Committee Interlocks and Insiders Participation</u>	<u>30</u>
<u>Stock Ownership-Directors, Management and Certain Beneficial Owners</u>	<u>30</u>
<u>Security Ownership of Certain Beneficial Owners</u>	<u>31</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>31</u>
<u>EXECUTIVE OFFICERS</u>	<u>32</u>
<u>PROPOSAL 2 ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION</u>	<u>33</u>
<u>Required Vote and Recommendation</u>	<u>33</u>
<u>Compensation Discussion and Analysis</u>	<u>34</u>
<u>Compensation Committee Report</u>	<u>49</u>
<u>Summary Compensation Table</u>	<u>50</u>
<u>Grants of Plan-Based Awards</u>	<u>51</u>
<u>Outstanding Equity Awards at Fiscal Year-End</u>	<u>54</u>
<u>Option Exercises and Stock Vested</u>	<u>56</u>
<u>Non-Qualified Deferred Compensation</u>	<u>56</u>
<u>Potential Payments upon Termination and Change in Control</u>	<u>59</u>
<u>Other Post-Employment Payments</u>	<u>62</u>
<u>Equity Compensation Plan Information</u>	<u>62</u>

[Back to Contents](#)

<u>PROPOSAL 3</u>	<u>RE-APPROVAL OF THE MATERIAL TERMS OF THE 2005 AMENDED AND RESTATED EQUITY PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(m) OF THE INTERNAL REVENUE CODE</u>	<u>63</u>
--------------------------	---	------------------

<u>PROPOSAL 4</u>	<u>RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>64</u>
--------------------------	--	------------------

Report of The Audit Committee		<u>65</u>
---	--	-----------

Independent Registered Public Accountants		<u>66</u>
---	--	-----------

Audit Fees		<u>66</u>
----------------------------	--	-----------

Tax Fees		<u>66</u>
--------------------------	--	-----------

Other Fees		<u>66</u>
----------------------------	--	-----------

Pre-Approval Policy and Procedures		<u>66</u>
--	--	-----------

<u>PROPOSAL 5</u>	<u>A STOCKHOLDER PROPOSAL REQUESTING DISCLOSURE OF POLITICAL SPENDING BY THE COMPANY</u>	<u>67</u>
--------------------------	---	------------------

Supporting Statement by the Stockholder		<u>67</u>
---	--	-----------

Statement by the Board of Directors Regarding Proposal No. 5		<u>67</u>
--	--	-----------

<u>OTHER BUSINESS</u>		<u>69</u>
------------------------------	--	------------------

<u>STOCKHOLDER PROPOSALS FOR 2017 ANNUAL MEETING</u>		<u>69</u>
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[Back to Contents](#)

Invitation to 2016 Annual Meeting of Stockholders

Dear Fellow Stockholders:

On behalf of our Board of Directors, I am pleased to invite you to attend our 2016 annual meeting. The meeting will be held at the Worthington Renaissance Hotel, Bur Oak Room, 200 Main Street, in Fort Worth, Texas 76102 on Wednesday, May 18, 2016 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 executives and representatives of our independent auditor will be present at the meeting to respond to questions. Our 2015 Annual Report is not included with these materials but a copy can be downloaded from our website at www.rangeresources.com, or you may request that we mail you a copy by calling our Investor Relations team at 817-869-4258.

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 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.

April 8, 2016

Sincerely yours,

Jeffrey L. Ventura

Chairman, President & CEO

[Back to Contents](#)

VOTING INFORMATION

We Want to Hear From You — Vote Today

It is important that you vote. Please carefully review the proxy materials for the 2016 Annual Meeting of Stockholders and follow the instructions below to cast your vote on all of the voting matters.

Voting Matters and Board Recommendations

	Board Vote Recommendation	Page Reference for more detail
Election of Directors	FOR each Director Nominee	16
Advisory Vote to Approve Executive Compensation	FOR	33
Re-approval of the material terms of the Company's 2005 Amended and Restated Equity Plan	FOR	63
Ratification of Independent Auditors	FOR	64
Vote on a Stockholder Proposal, if presented	AGAINST	67

Advance Voting Methods

Even if you plan to attend the 2016 Annual Meeting of Stockholders in person, please vote right away using one of the following advance voting methods (see page 10 for additional details). **Make sure to have your proxy card or voting instruction forms in hand and follow the instructions.**

You can vote in advance in one of three ways:

Visit the website listed on your proxy card/voting instruction form to vote **VIA THE INTERNET**
 Call the telephone number on your proxy card/voting instruction form to vote **BY TELEPHONE**
 Sign, date and return your proxy card/voting instruction form in the enclosed envelope to vote **BY MAIL**

Voting at our 2016 Annual Meeting of Stockholders

All stockholders of record may vote in person at the 2016 Annual Meeting of Stockholders, which will be held on Wednesday, May 18, 2016 at 9:00 a.m., local time, at the Worthington Renaissance Hotel, Bur Oak Room, 200 Main Street, Fort Worth, Texas. If you require directions to attend the meeting in person, please contact our Investor Relations team at (817) 869-4258. Beneficial owners may vote in person at the meeting but **ONLY IF THEY HAVE A LEGAL PROXY**, as described in the response to question 2 on page 11 of “Proxy materials and voting information.”

Quorum and Adjournments

The presence, in person or by proxy, of stockholders holding a majority of the votes 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 the adjournment is not for more than 30 days and 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 original meeting.

[Back to Contents](#)

PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement carefully before voting. For more complete information regarding our 2015 performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Page references are supplied to help you find further information in this proxy statement.

Annual Meeting of Stockholders

- **Time and Date:** 9:00 a.m., Central; May 18, 2016.
- **Place:** Worthington Renaissance Hotel, Bur Oak Room, 200 Main Street, Fort Worth, Texas 76102.
- **Record Date:** March 24, 2016.
- **Voting:** Stockholders as of the record date are entitled to vote.

Meeting Agenda

- Election of nine directors;
- Non-binding advisory vote to approve our executive compensation;
- Vote on re-approval of material terms of the Company's 2005 Amended and Restated Equity Plan for the purpose of complying with Section 162(m) of the Internal Revenue Code;
- Ratification of the selection of Ernst & Young LLP as independent auditors for 2016;
- If presented, vote on one stockholder proposal; and
- Transact any other business that may properly come before the meeting.

Corporate Governance Highlights

- Lead independent director;
- Independent board committees – Audit, Compensation and Nomination and Governance;

- Committee Charters;
- Independent Directors meet regularly without management;
- Regular board and committee self-evaluation process;
- Strong code of ethics;
- Annual election of all directors;
- Board Meetings in 2015: 10;
- Standing Board Committees (Meetings in 2015) Audit (5); Compensation (6); Governance and Nominating (6)
- 89% of Director Nominees are independent; and
- Implemented proxy access for a single stockholder or a group of up to 20, who have held 3% of our stock for 3 years.

RANGE RESOURCES CORPORATION - 2016 Proxy Statement 4

[Back to Contents](#)**Board Nominees (pages 16-20)**

Name	Age	Director Since	Qualification	Committee Membership			Dividend
				Audit	Compensation	Governance and Nominating	
Brenda A. Cline <i>Independent</i>	55	2015	<ul style="list-style-type: none"> • Leadership • Finance/Accounting 	—	—	—	
Anthony V. Dub <i>Independent</i>	66	1995	<ul style="list-style-type: none"> • Leadership • Finance 	—	—	—	
Allen Finkelson <i>Independent</i>	69	1994	<ul style="list-style-type: none"> • Technology • Leadership • Legal/Governance 	—	—	—	
James M. Funk <i>Lead Independent Director</i>	66	2008	<ul style="list-style-type: none"> • Leadership • Geoscience 	—	—	—	
Christopher A. Helms <i>Independent</i>	62	2014	<ul style="list-style-type: none"> • Industry • Leadership • Industry • Marketing • Finance • Legal/Governance 	—	—	—	
Mary Ralph Lowe <i>Independent</i>	69	2013	<ul style="list-style-type: none"> • Leadership • Industry • Leadership • Technology 	—	—	—	
Gregory G. Maxwell <i>Independent</i>	59	2015	<ul style="list-style-type: none"> • Finance/Accounting • Industry • Leadership 	—	—	—	
Kevin S. McCarthy <i>Independent</i>	56	2005	<ul style="list-style-type: none"> • Finance • Industry • Leadership 	—	—	—	
Jeffrey L. Ventura	58	2005	<ul style="list-style-type: none"> • Current CEO • Engineering 	—	—	—	

= *Chair***Business Highlights**

In addition to our focus on operating safely and as a good steward of the environment and the communities where we work, our growth strategy in the past years can be summarized in two key points:

- Grow production and reserves on a debt-adjusted, per share basis at top-quartile or better costs; and
- Maintain a strong, simple balance sheet.

As a leader in the discovery and development of the Marcellus Shale, we have had great success in the growth of production and reserves. From 2010 to 2015, we grew debt-adjusted production per share at a 21% compound annual growth rate (“CAGR”) while growing debt-adjusted reserves per share at a 17% CAGR. Since 2015, with the significant

[Back to Contents](#)

downturn in oil prices and the further erosion of natural gas prices, especially realized prices in our key operating areas in Pennsylvania where weak demand, increased supply and limited pipeline transportation have resulted in dramatically lower sales prices for gas, NGLs and oil, we have shifted our focus away from growth to:

- capital discipline and capital efficiency;
- development of reserves with acceptable economic returns;
- cost reduction and containment; and
- maximizing balance sheet flexibility and strength.

Due to the significant drop in commodity prices, we took action in 2015 to reduce capital spending, operating costs and general and administrative costs. We lowered our 2015 capital expenditure budget which was announced in December 2014 from \$1.3 billion to \$870 million. Our capital budget for 2016 is currently \$495 million. Other 2015 initiatives included the closing of our Oklahoma City divisional office and additional workforce reductions, which continued into early 2016. In February 2016, the board of directors approved a reduction of our quarterly dividend from \$0.04 per share to \$0.02 per share.

We believe that demand for our products, especially natural gas, will more closely come into alignment with supply in the future and that will drive more economically rational commodity prices. At that time, when economic returns justify it, we expect to be positioned to increase our development of our Marcellus Shale assets, grow production and reserves and create value for our stockholders.

PRODUCTION PER SHARE – DEBT ADJUSTED RESERVES PER SHARE – DEBT ADJUSTED

2015 increase of 13%

2015 decrease of 9%

Executive Compensation Advisory Vote

We are asking our stockholders to approve, on an advisory basis, the compensation we pay our Named Executive Officers. The Board recommends a FOR vote because we believe our compensation policies and practices are effective in achieving our goals of (i) aligning our executives' interests with those of our stockholders (ii) encouraging a strong performance focus to address both the short-term challenges and the long-term growth of the Company along with creation of value for our stockholders. Our compensation program for our executives is somewhat complicated as it is designed to be retrospective but this design creates *a unique opportunity to focus on pay for performance as compared to our peers as explained below*. Further, our compensation policies have been created or revised to *avoid or eliminate pay practices viewed by our Board and our stockholders as contrary to a performance driven focus* such as:

- No employment contracts (none of our executives are covered by an employment contract);
- No executive severance program except in the case of a change in control;
- Change in control benefits which are consistent with our peers; and
- No benefits other than those offered to all employees.

While our Company's operational results have been strong, like many other natural gas and oil companies, our stock performance over the last two years has been negative, with our annual return in 2014 equal to a negative 36% and 2015 annual return equal to a negative 54%. Our stockholders have seen their holdings in Range decrease in value significantly over that time. Our executive compensation policies and the use of equity awards in the form of time vested restricted stock and performance restricted stock has resulted in a decrease in realizable compensation demonstrating a strong pay for performance linkage in our compensation practice.

As explained below in more detail, our CEO's equity compensation which was awarded in May 2015 was ***based on 2014 Company performance*** utilizing 2014 data reported by our peer group at a target level of \$7.5 million. As of December 31, 2015, however that equity award, which has yet to vest, had a value of \$2.5 million, or only 33% of the amount at which the award was valued on the date of grant. **The dramatic reduction in the value of the compensation awarded to our CEO over less than a year's time is a direct and intended result of our executive compensation policy.**

[Back to Contents](#)

Objectives and Principles of Our Executive Compensation

In order to achieve alignment between performance of the Company and pay for our employees and alignment of the long-term interests of our executives with those of our stockholders, we use the following key principles:

• ***Compensation Must be Performance-Based-*** a significant portion of our executives' total compensation should be tied to how well they perform individually and should be "at risk" based on how well the Company performs.

• ***Compensation Must Reinforce Our Business Objectives and Values-*** we consider our key strategies for achieving our business vision when identifying incentive measures and assigning goals and objectives and maintain flexibility in that regard. Our long-term focus remains on cost effective growth of production and reserves while our short-term goals are capital discipline, cost reduction and containment and balance sheet flexibility. The combination of long-term and short-term compensation is used to balance these different goals.

• ***Performance-Based Compensation Must be Benchmarked-*** our performance metrics are regularly compared to an industry-appropriate, high performing external benchmark to effectively measure Company performance compared to peers.

• ***Total Compensation Must be Market Competitive Based on Relevant Peers-*** our executive compensation program is compared to verified market data using information disclosed by peer companies in their SEC filings. While this results in a "lag" in reporting our compensation, it results in a more disciplined approach to the initial award of executive compensation than would the use of more current salary survey data.

• ***At Risk Incentive Compensation for Executives Must Represent the Majority of Total Compensation-*** the proportion of an executive's total compensation that is "at risk" based on individual or Company performance should increase with the scope and level of responsibilities and should be the majority of compensation for executives of the Company. Our CEO's "at risk" compensation is thus the highest percentage of "at risk" compensation in our Company.