RANGE RESOURCES®

TO: Analysts and Investors

FROM: Rodney L. Waller and the IR Team

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RE: Appalachian Natural Gas and NGL Realized Prices

In response to questions from investors and analysts, we are providing additional information to assist in the comparison of natural gas and NGL price realizations between Range and its Appalachia peers. The comparison of margins and pricing is difficult when some producers extract ethane from their rich gas, while others choose to reject ethane and sell it as gas. To assist in this comparison, we have provided a table on the following page that sets out our Southern Marcellus division's pricing, expenses and resulting margins and cash flow under different scenarios.

Range's objective is to maximize cash flow as opposed to maximizing natural gas and NGL price realizations. As shown in the table, our second quarter cash flow increased by $7 million by extracting ethane. At the same time, our natural gas realizations for the Southern Marcellus decreased by 5% to $4.33 per mcf due to lower btu residue gas sales following the recovery of ethane. NGL realizations were also lower on a weighted average basis as ethane is the lowest priced liquid in the barrel. Despite lower price realizations on gas and NGLs, cash flow was maximized as a result of ethane being sold apart from the gas stream.

As shown in the last column of the table, we expect further improvements in cash flow when all three ethane agreements and the Mariner East propane line are in service, which are projected to begin in 2015. The cash flow improvements will come from both improved pricing (ethane and propane) and lower transportation costs (propane). On an annualized basis, we expect cash flow will increase by more than $100 million as a result of the contracts we have in place, as compared to second quarter 2014.

Range Resources SW Marcellus - Second Quarter 2014

	2Q Pro-forma	2Q Actual	2Q Pro-forma
	2Q 2014 assuming no ethane recovery	Transportation and processing costs shown as separate expense rather than deduct to NGL price	2Q 2014 assuming full ethane recovery and utilization of all three ethane and propane projects
Gross Revenue, pre-hedge			
Natural gas (per mcf)	$4.58	$4.33	$4.19
Natural gas liquids (per bbl)	52.87	32.32	33.46
Condensate (per bbl)	83.79	83.79	83.79
Total Revenue (per mcfe)	6.17	5.35	5.39
Operating Expenses (per mcfe)			
Direct operating	0.21	0.18	0.17
Transport, gathering & processing *	1.79	1.52	1.43
Production tax (impact fee)	0.09	0.08	0.08
Cash Production Cost	2.09	1.77	1.68
Cash Production Margin (per mcfe)	$4.08	$3.58	$3.71
Cash Flow (millions)	$225	$232	$253

* Includes all transportation and gathering expense for natural gas and NGLs, including fees associated with ethane and propane transportation agreements, such as ATEX or Mariner East. For this illustration, NGL processing fees, and truck and rail expenses are also included as an expense rather than a reduction to price, as would be presented under GAAP.

If you have questions concerning any of this information, please contact one of the IR staff shown below.

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