

SOUTHWESTERN ENERGY CO

Form 424B5

January 16, 2015

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**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-184882**

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Maximum Aggregate Offering Price(1) | Amount of registration fee(2) |
|---|--|--------------------------------------|
| Depository Shares | \$1,725,000,000 | \$200,445 |

(1) Assumes the underwriters' option to purchase 4,500,000 additional depository shares is exercised in full.

(2) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

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PROSPECTUS SUPPLEMENT

(To prospectus dated January 12, 2015)

30,000,000 Depositary Shares

Southwestern Energy Company

Representing a 1/20th Interest in a Share of

6.25% Series B Mandatory Convertible Preferred Stock

We are offering 30,000,000 depositary shares, each of which represents a 1/20th interest in a share of our 6.25% Series B Mandatory Convertible Preferred Stock, \$0.01 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. The shares of mandatory convertible preferred stock will be deposited with Computershare Trust Company, N.A., as bank depository, pursuant to a deposit agreement. Holders of the depositary shares will be entitled to a proportional fractional interest in the rights and preferences of the mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of such deposit agreement.

Dividends on our mandatory convertible preferred stock will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee of our board of directors, at an annual rate of 6.25% on the liquidation preference of \$1,000 per share. We may pay declared dividends in cash or, subject to certain limitations, in shares of our common stock, par value \$0.01 per share, or in any combination of cash and common stock on January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2015 and ending on, and including, January 15, 2018.

Each share of our mandatory convertible preferred stock has a liquidation preference of \$1,000 (and, correspondingly, each depositary share represents a liquidation preference of \$50). Each share of our mandatory convertible preferred stock will automatically convert on the third business day immediately following the last trading day of the final averaging period into between 37.0028 and 43.4782 shares of our common stock, subject to anti-dilution adjustments. The number of shares of our common stock issuable on conversion will be determined based on the average VWAP (as defined herein) of our common stock over the 20 trading day period beginning on, and including, the 23rd scheduled trading day prior to January 15, 2018, which we refer to herein as the final averaging period. At any time prior to January 15, 2018, a holder of 20 depositary shares may cause the bank depository to convert one share of our mandatory convertible preferred stock, on such holder's behalf, into a number of shares of our common stock equal to the minimum conversion rate of 37.0028, subject to anti-dilution adjustments. If a holder of 20 depositary shares causes the bank depository to convert one share of our mandatory convertible preferred stock on such holder's behalf during a specified period beginning on the effective date of a fundamental change (as described herein), the conversion rate will be adjusted under certain circumstances, and such holder will also be entitled to a make-whole dividend amount (as described herein).

Concurrently with this offering, we are also making a public offering of 26,086,957 shares of our common stock. The common stock will be offered pursuant to a separate prospectus supplement. The public offering price of our common stock is \$23.00 per share. In that offering, we have granted the underwriters of that offering an option to purchase up to an additional 3,913,043 shares of our common stock. The closing of our offering of the depositary shares is not conditioned upon the closing of the concurrent offering of our common stock, and the closing of the concurrent offering of our common stock is not conditioned upon the closing of this offering of the depositary shares.

Prior to this offering, there has been no public market for the depositary shares. We have applied to list the depositary shares on The New York Stock Exchange under the symbol SWNC. Our common stock is listed on The New York Stock Exchange under the symbol SWN.

Investing in the depositary shares involves risks. See Risk Factors beginning on page S-27 of this prospectus supplement and on page 2 of the accompanying prospectus.

| | Per Share | Total |
|---|------------------|-----------------|
| Public offering price | \$50.00 | \$1,500,000,000 |
| Underwriting discount | \$1.50 | \$45,000,000 |
| Proceeds, before expenses, to Southwestern Energy Company | \$48.50 | \$1,455,000,000 |

We have granted the underwriters an option to purchase, exercisable within 30 days from the date of this prospectus supplement, up to an additional 4,500,000 depositary shares to cover over-allotments, if any, at the public offering price, less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the depositary shares to investors on or about January 21, 2015.

Joint Book-Running Managers

| | | |
|------------------|---|-------------------------------|
| Citigroup | BofA Merrill Lynch J.P. Morgan | Wells Fargo Securities |
| | BNP PARIBAS <i>Senior Co-Managers</i> | |

BMO Capital Markets

MUFG

Mizuho Securities

RBS

SMBC Nikko

Co-Managers

BBVA

Credit Agricole CIB

RBC Capital Markets

CIBC

SOCIETE GENERALE

BB&T Capital Markets

Comerica Securities

Fifth Third Securities

Heikkinen Energy Advisors

HSBC

KeyBanc Capital Markets

Macquarie Capital

PNC Capital Markets LLC

Baird

Scotiabank / Howard Weil

Tudor, Pickering, Holt & Co.

US Bancorp

The date of this prospectus supplement is January 14, 2015.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information, some of which may not apply to this offering. The accompanying prospectus was filed as part of our registration statement on Form S-3 (Registration No. 333-184882) with the Securities and Exchange Commission (the "SEC") on November 9, 2012 and a post-effective amendment dated January 12, 2015, as part of a "shelf" registration process. Under the shelf registration process, we may offer to sell debt securities, preferred or common stock and depositary shares, from time to time, in one or more offerings in an unlimited amount. Generally, when we refer to this prospectus supplement, we are referring to both parts of this document combined. We urge you to read carefully this prospectus supplement, the information incorporated by reference, the accompanying prospectus, and any free writing prospectus that we authorize to be distributed to you before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may supplement, update or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained or incorporated by reference in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. We are not, and the underwriters are not, making an offer of these securities in any state where the offer or sale is not permitted. You should not assume that the information provided by this prospectus supplement, the accompanying prospectus or the documents incorporated by reference in this prospectus supplement and in the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in our preferred stock, you should carefully read the registration statement described in the accompanying prospectus (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, as well as this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The incorporated documents are described in this prospectus supplement under "Incorporation by Reference."

Unless otherwise indicated or the context otherwise requires, all references to "Southwestern," "the Company," "we," "us" and "our" in this prospectus supplement refer to Southwestern Energy Corporation and its direct and indirect subsidiaries on a consolidated basis.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information that we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents and all documents that we subsequently file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the portions of those documents furnished under Item 2.02 or Item 7.01 and related exhibits thereto):

our Annual Report on Form 10-K for the year ended December 31, 2013, including those portions of our Proxy Statement on Schedule 14A that was filed on April 7, 2014 and incorporated into our Form 10-K;

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our Quarterly Reports on Form 10-Q for the three month periods ended March 31, 2014, June 30, 2014 and September 30, 2014, respectively;

our Current Reports on Form 8-K filed on March 7, 2014, May 5, 2014, May 21, 2014, October 17, 2014, October 21, 2014, December 5, 2014, December 11, 2014, December 23, 2014, and January 12, 2015 and our Current Report on Form 8-K/A filed on January 7, 2015; and

the description of the common stock contained in the Registration Statement on Form 8-A dated October 23, 1981, as amended by Amendment No. 1 filed with the Current Report on Form 8-K dated July 8, 1993 and Amendment No. 2 filed with our Current Report on Form 8-K/A dated August 3, 2006.

FORWARD-LOOKING STATEMENTS

Certain statements and information in this prospectus supplement, the accompanying base prospectus and the documents incorporated by reference herein and therein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words believe, expect, anticipate, plan, intend, foresee, should, would, could, attempt, appears, forecast, outlook, estimate, project, potential, other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us.

The forward-looking statements contained in this document are largely based on our expectations for the future, which reflect certain estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions, operating trends, and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. As such, management's assumptions about future events may prove to be inaccurate. For a more detailed description of the risks and uncertainties involved, see Risk Factors beginning on page S-27 of this prospectus supplement and on page 2 of the accompanying prospectus, as well as Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events, changes in circumstances, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us, or persons acting on our behalf. Management cautions you that the forward-looking statements contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein and therein are not guarantees of future performance, and we cannot assure you that such statements will be realized or that the events and circumstances they describe will occur. Factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements herein include, but are not limited to:

our ability to consummate the Acquisitions (as defined below) that have not yet closed and to realize the expected benefits from the properties being acquired;

the impact of title and environmental defects and other matters on the value of the properties we are acquiring in the Acquisitions and any other acquisition;

difficulties in integrating our operations as a result of any significant acquisitions, including the Acquisitions;

the timing and extent of changes in market conditions and prices for natural gas and oil (including regional basis differentials);

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our ability to maintain leasehold positions that require exploration and development activities and material capital expenditures;

our ability to fund our planned capital investments;

our ability to transport and sell our production to the most favorable markets or at all;

the timing and extent of our success in discovering, developing, producing and estimating reserves;

the economic viability of, and our success in drilling, our large existing acreage positions in the Fayetteville Shale and the Marcellus Shale plays overall and the acreage positions to be acquired in the Acquisitions and any other acquisition, as well as relative to other productive shale gas plays;

the impact of government regulation, including the ability to obtain and maintain permits, any increase in severance or similar taxes, and legislation relating to hydraulic fracturing, climate and over-the-counter derivatives;

the costs and availability of oilfield personnel, services and drilling supplies, raw materials, and equipment, including pressure pumping equipment and crews;

our ability to determine the most effective and economic fracture stimulation in drilling and completing wells;

our future property acquisition or divestiture activities;

the impact of the adverse outcome of any material litigation against us;

the effects of weather;

increased competition and regulation;

the financial impact of accounting regulations and critical accounting policies;

the comparative cost of alternative fuels;

the different risks and uncertainties associated with Canadian exploration and production;

conditions in capital markets, changes in interest rates and the ability of our lenders to provide us with funds as agreed;

credit risk relating to the risk of loss as a result of non-performance by our counterparties; and

any other factors listed in the reports we have filed and may file with the SEC that are incorporated by reference herein.

All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by such factors. For additional information with respect to these factors, see [Incorporation by Reference](#).

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MARKET AND INDUSTRY DATA

Market and industry data and forecasts included or incorporated by reference in this prospectus supplement have been obtained from independent industry sources as well as from research reports prepared for other purposes. Although we believe these third-party sources to be reliable, we have not independently verified the data obtained from these sources and we cannot assure you of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements included or incorporated by reference in this prospectus supplement.

NON-GAAP FINANCIAL MEASURES

We refer to the term Adjusted EBITDA in this prospectus supplement. Adjusted EBITDA is defined as net income (loss) available to shareholders plus interest, income tax expense, non-cash impairment of natural gas and oil properties, (gain) loss on derivatives, net of settlements, and depreciation, depletion and amortization. This is a supplemental financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (GAAP). Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. We have included information concerning Adjusted EBITDA in this prospectus supplement because it is used by certain investors as a measure of the ability of a company to service or incur indebtedness and because it is a financial measure commonly used in our industry. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss), net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP, or as a measure of our profitability or liquidity. Adjusted EBITDA as defined above may not be comparable to similarly titled measures of other companies. See Prospectus Supplement Summary Summary Historical Consolidated Financial Data of the Company. We also refer to pro forma Adjusted EBITDA in this prospectus supplement. Pro forma Adjusted EBITDA represents a further supplemental measure of our performance and ability to service debt. We prepare pro forma Adjusted EBITDA by further adjusting Adjusted EBITDA to give effect to recent acquisitions, as if those acquisitions had occurred on January 1, 2013. See Prospectus Supplement Summary Summary Unaudited Pro Forma Condensed Combined Financial Data.

We also refer to PV-10 and standardized measure in this prospectus supplement. PV-10 is a non-GAAP financial measure and means the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs in effect as of the date of the report or estimate, without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%. PV-10 is also referred to as present value. After-tax PV-10 is also referred to as standardized measure and is net of future income tax expense. Neither PV-10 nor standardized measure represents an estimate of fair market value of our oil and natural gas properties. PV-10 is used by the industry and our management as an arbitrary reserve asset value measure to compare against past reserve bases and the reserve bases of other business entities that are not dependent on the taxpaying status of the entity.

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PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand the offering. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein for a more complete understanding of this offering. You should read **Risk Factors** beginning on page S-27 of this prospectus supplement and on page 2 of the accompanying prospectus, as well as **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2013, and our subsequent Quarterly Reports on Form 10-Q, for more information about important risks that you should consider before making an investment in our depositary shares.*

*We have defined certain oil and gas industry terms used in this document in the **Glossary of Oil and Gas Terms** beginning on page S-87 of this prospectus supplement. Unless otherwise indicated or the context requires otherwise, references to **Southwestern**, **the Company**, **we**, **us** and **our** mean **Southwestern Energy Company** and its direct and indirect subsidiaries on a consolidated basis.*

Southwestern Energy Company

We are an independent energy company engaged in natural gas and oil exploration, development and production (E&P). We are also focused on creating and capturing additional value through our natural gas gathering and marketing businesses, which we refer to as Midstream Services. We conduct substantially all of our business through subsidiaries.

Exploration and Production Our primary business is the exploration for and production of natural gas and oil, with our operations almost entirely within the United States. Our recent activities have centered principally on two unconventional natural gas reservoirs, the Fayetteville Shale in Arkansas and the Marcellus Shale in northeast Pennsylvania. To a lesser extent, we have exploration and production activities ongoing in Colorado, Louisiana and Texas and in the Arkoma Basin in Arkansas and Oklahoma. We also actively seek to find and develop new oil and natural gas plays with significant exploration and exploitation potential, which we refer to as **New Ventures**, and through acquisitions. We also operate drilling rigs in Arkansas and Pennsylvania, as well as in other operating areas, and provide oilfield products and services, principally serving our exploration and production operations. We also hold licenses to develop acreage in New Brunswick, Canada. Recently we acquired a significant stake in properties located in West Virginia and southwest Pennsylvania and have entered into agreements to acquire additional interests in those areas and in northeast Pennsylvania, as described below under **Recently Completed and Pending Asset Acquisitions**.

Midstream Services We engage in natural gas gathering activities in Arkansas, Texas and Pennsylvania. These activities primarily support our E&P operations and generate revenue from fees associated with the gathering of natural gas. Our natural gas marketing activities capture downstream opportunities that arise through the marketing and transportation of the natural gas produced in our E&P operations.

Our principal executive offices are located at 10000 Energy Drive, Spring, Texas 77389 and our telephone number is (832) 796-4700. Our website is www.swn.com. The information included on our website is not part of, or incorporated by reference into, the prospectus supplement.

Recently Completed and Pending Asset Acquisitions

West Virginia and Southwest Pennsylvania

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On December 22, 2014, we acquired certain oil and gas assets covering approximately 413,000 net acres in West Virginia and southwest Pennsylvania targeting natural gas, natural gas liquids and crude oil contained in

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the Upper Devonian, Marcellus and Utica Shales from a subsidiary of Chesapeake Energy Corporation (Chesapeake) for an adjusted purchase price of \$4,975 million in cash, subject to customary post-closing adjustments. We refer to the transaction with Chesapeake as the Chesapeake Acquisition.

On December 22, 2014, we entered into an agreement to purchase certain oil and gas assets covering approximately 30,000 net acres from a subsidiary of Statoil ASA (Statoil) for approximately \$364 million, subject to customary post-closing adjustments. The interests being purchased in the Statoil Acquisition are in some of the same properties in West Virginia and southwest Pennsylvania in which we obtained interests in the Chesapeake Acquisition. The Statoil Acquisition is subject to customary closing conditions. We refer to the transaction with Statoil as the Statoil Acquisition. We expect that the Statoil Acquisition will close during the first quarter of 2015; however, there can be no assurance that all of the conditions to closing the Statoil Acquisition will be satisfied or that the Statoil Acquisition will be consummated. We intend to utilize borrowings under our revolving credit facility to pay for the Statoil Acquisition.

On a combined basis, the Chesapeake and the Statoil Acquisitions will give the Company a working interest of approximately 73% and a net revenue interest of approximately 86% in approximately 443,000 largely contiguous net acres in northern West Virginia and southwest Pennsylvania. Based on our third-party engineer report with respect to the properties from the Chesapeake Acquisition and on management's estimates with respect to the properties from the Statoil Acquisition, as of June 30, 2014, the properties had estimated proved reserves of approximately 2,500 billion cubic feet of gas equivalent. The acquired assets include over 1,400 wells. Based on reports provided to us by Chesapeake with respect to the properties from the Chesapeake Acquisition and on management's estimates with respect to the properties from the Statoil Acquisition, net production in September 2014 was approximately 360 MMcfe per day (54% gas, 36% natural gas liquids and 10% oil), a substantial majority of which is attributable to the horizontal wells we now operate. Approximately 54% of the acreage is held by existing production, and leases on less than 90,000 net acres expire during the next four years. We estimate that these properties include over 5,350 potentially drillable locations. The following map shows the counties in which this acreage is located:

Northeast Pennsylvania

On December 2, 2014, we entered into an agreement to purchase certain oil and gas assets covering approximately 46,700 net acres in northeast Pennsylvania from WPX Energy, Inc. (WPX) for approximately \$300 million. This acreage currently is producing approximately 50 million net cubic feet of gas per day from 63 operated horizontal wells. We refer to the transaction with WPX as the WPX Acquisition. In connection

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with the WPX Acquisition, we will assume firm transportation capacity of 260 million cubic feet of gas per day predominantly on the Millennium pipeline. The WPX Acquisition is subject to customary closing conditions, including receiving a waiver from the Federal Energy Regulatory Commission regarding transfer of the firm transportation capacity.

We expect that the WPX Acquisition will close during the first quarter of 2015; however, there can be no assurance that all of the conditions to closing the WPX Acquisition will be satisfied or that the WPX Acquisition will be consummated. We intend to utilize borrowings under our revolving credit facility to pay for the WPX Acquisition. We refer to the Chesapeake, the Statoil and the WPX Acquisitions collectively as the Acquisitions.

Business Strategy

Since 1999, our management has been guided by our formula, which represents the essence of our corporate philosophy and how we operate our business:

Our formula, which stands for The Right People doing the Right Things, wisely investing the cash flow from our underlying Assets will create Value+, also guides our business strategy. We are focused on providing long-term growth in the net asset value of our business. In our E&P business, we prepare an economic analysis for each investment opportunity based upon the expected net present value added for each dollar to be invested, which we refer to as Present Value Index, or PVI. The PVI for each project is determined using a 10% discount rate. We target creating an average of at least \$1.30 of pre-tax PVI for each dollar we invest in our E&P projects. Our actual PVI results are utilized to help determine the allocation of our future capital investments. The key elements of our business strategy are:

Exploit and Develop Our Positions in the Fayetteville Shale, the Northeast Marcellus Shale and the Assets Acquired in the Acquisitions. A key focus of the Company is to maximize the value of our significant acreage position in the Fayetteville Shale, which has provided sizeable production and reserve growth since we began drilling in 2004. As of December 31, 2013, we held approximately 905,684 net acres in the Fayetteville Shale, accounting for approximately 69% of our total proved oil and natural gas reserves and approximately 74% of our total oil and natural gas production during 2013. Additionally, we are actively drilling on portions of our properties in the northeast Marcellus Shale (292,446 net acres as of December 31, 2013, which will increase by approximately 46,700 acres upon the closing of the WPX Acquisition), and believe our production and reserves from this area will grow substantially over the next few years. We intend to develop further our acreage positions in the Fayetteville Shale, the northeast Marcellus Shale and the assets acquired in the Chesapeake Acquisition and to be acquired in the Statoil Acquisition and to improve our well results through the use of advanced technologies and detailed technical analysis of our properties.

Grow through New Exploration and Development Activities Focusing on Emerging Unconventional Plays. We actively seek to find and develop new oil and natural gas plays with significant exploration and exploitation potential. Our New Ventures prospects are evaluated based on repeatability, multi-well potential and land availability as well as other criteria, and can be located both inside and outside of the United States. As of December 31, 2013, we held 3,972,732 net undeveloped acres in connection with our New Ventures prospects, of which 2,518,518 net acres are located in New Brunswick, Canada. During 2014, we purchased approximately 380,000 net acres in northwest Colorado principally in the Niobrara formation for approximately \$213 million and are commencing exploration and development on these properties.

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Maximize Efficiency through Vertical Integration and Economies of Scale. In our key operating areas, the concentration of our properties allows us to achieve economies of scale that result in lower costs. We seek to serve as the operator of the wells in which we have a significant interest. As the operator, we are better positioned to control the drilling, completing and producing of wells and the marketing of production to minimize costs and maximize both production volumes and realized price. In the Fayetteville and the northeast Marcellus Shales, we have achieved significant cost savings through our ownership of a sand mine, that is a source of proppant for our well completions, and through our operation of other associated oilfield services, including a fleet of drilling rigs and two pressure pumping equipment spreads used for well completions.

Enhance the Value of Our Midstream Operations. We have continued to design and improve our gas gathering infrastructure to manage better the physical movement of our production. As of December 31, 2013, we have invested approximately \$1,096 million in the 1,947 mile gas gathering system built for our Fayetteville Shale asset, which was gathering approximately 2.3 Bcf per day at year-end, and have invested approximately \$213 million in 124 miles of gas gathering lines in Pennsylvania, Louisiana and East Texas. Our gathering systems in the Fayetteville Shale and the northeast Marcellus Shale have developed into strategic assets that not only support our E&P operations but also have improved our overall returns on a stand-alone basis.

Recent Developments

Concurrent Offering of Common Stock

Concurrently with this offering, we are offering, by means of a separate prospectus supplement and accompanying prospectus, 26,086,957 shares of our common stock in an offering registered under the Securities Act. We also expect to grant a 30-day option to the underwriters in the common stock offering to purchase up to an additional 3,913,043 shares. See Prospectus Supplement Summary The Offering Concurrent offering of common stock. We expect to receive net proceeds of approximately \$581.4 million from the sale of our common stock, excluding any fees or expenses payable by us, and assuming no exercise by the underwriters of their option to purchase additional shares. We cannot give any assurance that the common stock offering will be completed. We refer to this offering, our concurrent common stock offering and the subsequent expected debt financing as the Securities Offerings. In addition, we intend to sell certain assets to further reduce our debt levels. We intend to use all of the net proceeds of the Securities Offerings to repay amounts outstanding under the Bridge Facility and, if sufficient, the Term Loan Facility (as defined below).

This offering is not contingent upon the concurrent common stock offering, and the common stock offering is not contingent upon this offering. This prospectus supplement shall not be deemed an offer to sell or a solicitation to buy the common stock.

Bridge Facility and Term Loan Facility

In connection with the Chesapeake Acquisition, on December 19, 2014 we entered into a \$4,500 million unsecured 364-day bridge term loan facility (the Bridge Facility) and a \$500 million unsecured two-year term loan facility (the Term Loan Facility), each with a syndicate of lenders, including affiliates of the underwriters of this offering. On December 22, 2014, we incurred aggregate borrowings of \$5,000 million under the Bridge Facility and the Term Loan Facility to finance the Chesapeake Acquisition and to pay certain fees and expenses in connection with the Chesapeake Acquisition. We intend to fully repay amounts outstanding under the Bridge Facility and, if funds are sufficient, the Term Loan Facility utilizing proceeds from the Securities Offerings and asset sales.

The terms of the Bridge Facility and the Term Loan Facility include covenants that restrict our ability to incur liens or to invest in subsidiaries not restricted by the covenants in the Bridge Facility and Term Loan

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Facility, and restrict the ability of restricted subsidiaries, as that term is defined in the Bridge Facility and the Term Loan Facility, to incur certain indebtedness. The terms of the Bridge Facility and the Term Loan Facility also contain a financial covenant that requires the Company to maintain a debt to capitalization ratio, as defined in the Bridge Facility and the Term Loan Facility that does not exceed 0.60 to 1.00. The Bridge Facility and the Term Loan Facility also restrict our ability to merge, consolidate or sell all or substantially all of our assets and also include events of default relating to customary matters, including, among other things, nonpayment of principal, interest or other amounts; violation of covenants; incorrectness of representations and warranties in any material respect; cross default and cross acceleration with respect to indebtedness in an aggregate principal amount exceeding \$100 million; bankruptcy; judgments involving liability in excess of \$100 million that are not paid; and ERISA events. Many of the events of default are subject to customary notice and cure periods.

Fourth Quarter Update (Preliminary and Unaudited)

Our consolidated financial statements for our three months ended December 31, 2014 are not yet available. Accordingly, the financial and operational results we present below are preliminary and subject to the completion of our financial closing procedures and any adjustments that may result from the completion of the quarterly and annual review of our consolidated financial statements. As a result, these preliminary results may differ from the actual results that will be reflected in our consolidated financial statements for the quarter and year when they are completed and publicly disclosed. These preliminary results may change and those changes may be material.

Our expectations with respect to our unaudited results for the period discussed below are based upon management estimates and are the responsibility of management. Our independent registered public accounting firm has not audited, reviewed or performed any procedures with respect to these preliminary results and, accordingly, does not express an opinion or any other form of assurance about them.

Although the results of our three months ended December 31, 2014 are not yet finalized, the following information reflects our preliminary expectations with respect to such results based on currently available information:

For the three months ended December 31, 2014:

Estimated operating income between \$275 million and \$295 million for the three months ended December 31, 2014, compared to \$317 million for the comparable period in 2013.

Estimated total production between 196 and 200 Bcfe for the three months ended December 31, 2014, compared to 176 Bcfe for the comparable period in 2013.

The Chesapeake Acquisition closed on December 22, 2014, so the estimates above include only one week of ownership of those assets. The estimates above represent the most current information available to management. A range for the preliminary results described above is provided because our financial closing procedures for the month, quarter and year ended December 31, 2014 are not yet complete due to the finalization of our monthly, quarterly and annual procedures.

Outlook

We believe the long-term outlook for our business is favorable despite the continued uncertainty of natural gas prices in the United States and the legislative and regulatory challenges facing our industry. Our resource base, financial

strength and disciplined investment of capital provide us with an opportunity:

to exploit and develop our positions in the Fayetteville Shale, the northeast Marcellus Shale and the multiple formations in West Virginia and southwest Pennsylvania acquired in the Chesapeake and Statoil Acquisitions;

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to maximize efficiency through economies of scale in our key operating areas;

to enhance our overall returns through expansion of our Midstream Services operations; and

to grow through new exploration and development activities.

Our capital investment plan for 2015 is flexible. Should prices remain at current levels we will adjust our capital investment plans accordingly. Following the consummation of this offering and our concurrent common stock offering, we may determine to issue and sell senior notes in a registered public offering pursuant to our existing shelf registration statement to repay amounts outstanding under the Bridge Facility and Term Loan Facility incurred to finance the Chesapeake Acquisition.

Table of Contents**The Offering**

*The summary below describes the principal terms of the depositary shares and our mandatory convertible preferred stock. Certain of the terms and conditions described below are subject to important limitations and exceptions. Refer to the section of the accompanying prospectus entitled *Description of Capital Stock Preferred Stock*, as supplemented by the *Description of Mandatory Convertible Preferred Stock* section of this prospectus supplement, for a more detailed description of the terms of the mandatory convertible preferred stock. As used in this section, the terms *Southwestern Energy*, *us*, *we*, or *our* refer to Southwestern Energy Company and not any of its subsidiaries.*

| | |
|----------------------------|---|
| Issuer | Southwestern Energy Company |
| Securities we are offering | 30,000,000 depositary shares, each of which represents a 1/20th interest in a share of our 6.25% Series B Mandatory Convertible Preferred Stock, \$0.01 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. Each depositary share entitles the holder of such depositary share, through the bank depositary, to a proportional fractional interest in the rights and preferences of such share of mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the terms of the deposit agreement. |
| Underwriters' option | We have granted the underwriters a 30-day option to purchase up to 4,500,000 additional depositary shares to cover over-allotments, if any, at the public offering price, less the underwriting discount. |
| Public offering price | \$50 per depositary share. |
| Liquidation preference | \$1,000 per share of our mandatory convertible preferred stock (equivalent to \$50 per depositary share). |
| Dividends | 6.25% of the liquidation preference of \$1,000 per share of our mandatory convertible preferred stock per year. Dividends will accumulate from the first original issue date and, to the extent that we are legally permitted to pay dividends and our board of directors, or an authorized committee thereof, declares a dividend payable with respect to our mandatory convertible preferred stock, we will pay such dividends in cash or, subject to certain limitations, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion; <i>provided</i> that any unpaid dividends will continue to accumulate. Dividends that are declared will |

be payable on the dividend payment dates (as described below) to holders of record on the January 1, April 1, July 1 or October 1, as the case may be, immediately preceding the relevant dividend payment date (each, a record date), whether or not such holders convert their depositary shares, or such depositary shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. The expected dividend payable on the first dividend payment date is approximately \$14.5833 per share of our mandatory

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convertible preferred stock (equivalent to approximately \$0.72917 per depositary share). Each subsequent dividend is expected to be \$15.6250 per share of our mandatory convertible preferred stock (equivalent to \$0.78125 per depositary share). See Description of Mandatory Convertible Preferred Stock Dividends.

If we elect to make any such payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined under Description of Mandatory Convertible Preferred Stock Definitions), of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price), multiplied by 97%. Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with any declared dividend exceed a number equal to the total dividend payment divided by \$8.05, which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any adjustment to each fixed conversion rate (such dollar amount, as adjusted, the floor price). To the extent that the amount of the declared dividend exceeds the product of the number of shares of common stock delivered in connection with such declared dividend and 97% of the five-day average price, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

The initial price equals \$1,000 divided by the maximum conversion rate of 43.4782 shares of common stock, which quotient is equal to approximately \$23.00, the per share public offering price of our common stock in the concurrent offering of our common stock.

| | |
|---------------------------|--|
| Dividend payment dates | January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2015 and ending on, and including, January 15, 2018. |
| Redemption | Neither the depositary shares nor our mandatory convertible preferred stock is redeemable. |
| Mandatory conversion date | The third business day immediately following the last trading day of the final averaging period (as defined below). |
| Mandatory conversion | On the mandatory conversion date, each outstanding share of our mandatory convertible preferred stock, unless previously converted, will |

automatically convert into a number of shares of our common stock equal to the conversion rate as described below, and each depositary share will automatically convert into a number of shares of common stock equal to a proportionate fractional interest in such shares of common stock.

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If we declare a dividend for the dividend period ending on January 15, 2018, we will pay such dividend to the holders of record on the applicable record date, as described above. If, on or prior to January 1, 2018, we have not declared all or any portion of the accumulated and unpaid dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders receive an additional number of shares of common stock equal to the amount of accumulated and unpaid dividends that have not been declared (the additional conversion amount), *divided by* the greater of (i) the floor price and (ii) 97% of the five-day average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and 97% of the five-day average price, we will, if we are legally able to do so, declare and pay such excess amount in cash.

Conversion rate

Upon conversion on the mandatory conversion date, the conversion rate for each share of our mandatory convertible preferred stock will be not more than 43.4782 shares of common stock and not less than 37.0028 shares of common stock (and, correspondingly, the conversion rate per depositary share will not be more than 2.17391 shares of common stock and not less than 1.85014 shares of common stock), depending on the applicable market value of our common stock, as described below.

The applicable market value of our common stock is the average VWAP per share of our common stock over the final averaging period. The final averaging period is the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding January 15, 2018. The conversion rate will be calculated as described under Description of Mandatory Convertible Preferred Stock Mandatory Conversion, and the following table illustrates the conversion rate per share of our mandatory convertible preferred stock, subject to certain anti-dilution adjustments.

| | Conversion rate per share of |
|---|---|
| Applicable market value of our | mandatory convertible preferred |
| common stock | stock |
| Greater than the threshold appreciation price | 37.0028 shares of common stock |
| Equal to or less than the threshold appreciation price but greater than or equal to the initial price | Between 37.0028 and 43.4782 shares of common stock, determined by dividing \$1,000 by the applicable market value |

| | |
|-----------------------------|--------------------------------|
| Less than the initial price | 43.4782 shares of common stock |
|-----------------------------|--------------------------------|

The threshold appreciation price equals \$1,000 *divided by* the minimum conversion rate of 37.0028 shares of common stock, which quotient is equal to approximately \$27.025.

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The following table illustrates the conversion rate per depositary share, subject to certain anti-dilution adjustments:

| Applicable market value of our common stock | Conversion rate per depositary share |
|---|--|
| Greater than the threshold appreciation price | 1.85014 shares of common stock |
| Equal to or less than the threshold appreciation price but greater than or equal to the initial price | Between 1.85014 and 2.17391 shares of common stock, determined by dividing \$50 by the applicable market value |
| Less than the initial price | 2.17391 shares of common stock |

Conversion at the option of the holder

Other than during a fundamental change conversion period (as defined below), at any time prior to January 15, 2018, a holder of mandatory convertible preferred stock may elect to convert such holder's shares of our mandatory convertible preferred stock, in whole or in part, at the minimum conversion rate of 37.0028 shares of common stock per share of mandatory convertible preferred stock (equivalent to 1.85014 shares of common stock per depositary share) as described under "Description of Mandatory Convertible Preferred Stock - Conversion at the Option of the Holder." This minimum conversion rate is subject to certain anti-dilution and other adjustments. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares only in lots of 20 depositary shares.

If, as of the effective date of any early conversion (the "early conversion date"), we have not declared all or any portion of the accumulated and unpaid dividends for all full dividend periods ending on the dividend payment date prior to such early conversion date, the conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock equal to such amount of accumulated and unpaid dividends that have not been declared for such full dividend periods (the "early conversion additional conversion amount"), *divided by* the greater of (i) the floor price and (ii) the average VWAP per share of our common stock over the 20 consecutive trading day period ending on, and including, the third trading day immediately preceding the early conversion date (the "early conversion average price"). To the extent that the early conversion additional conversion amount exceeds the product of such number of additional shares and the early conversion average price, we will not have any obligation to pay the shortfall in cash.

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| | |
|---|---|
| Conversion at the option of the holder upon a fundamental change; fundamental change dividend make-whole amount | <p>If a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) occurs on or prior to January 15, 2018, holders of the mandatory convertible preferred stock will have the right to convert their shares of mandatory convertible preferred stock, in whole or in part, into shares of common stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change, but in no event later than January 15, 2018). The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price paid (or deemed paid) per share of our common stock in such fundamental change. Holders who convert shares of our mandatory convertible preferred stock within that timeframe will also receive (1) a fundamental change dividend make-whole amount equal to the present value (calculated using a discount rate of 6.25% per annum) of all dividend payments on such shares (excluding any accumulated and unpaid dividends for any dividend period prior to the effective date of the fundamental change, including for the period, if any, from the dividend payment date immediately preceding the effective date to, but excluding, the effective date (collectively, the accumulated dividend amount)) for all the remaining full dividend periods and for the partial dividend period from, and including, the effective date to, but excluding, the next dividend payment date, and (2) to the extent that there is any accumulated dividend amount, the accumulated dividend amount (clauses (1) and (2), the make-whole dividend amounts), in the case of clauses (1) and (2), subject to our right to deliver shares of our common stock in lieu of all or part of such make-whole dividend amounts; <i>provided</i> that if the effective date or the conversion date falls after the record date for a declared dividend and prior to the next dividend payment date, such dividend will be paid on such dividend payment date to the holders as of such record date, and will not be included in the accumulated dividend amount, and the fundamental change dividend make-whole amount will not include the present value of the payment of such dividend. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares upon a fundamental change only in lots of 20 depositary shares.</p> |
|---|---|

If we elect to make any such payment of the make-whole dividend amounts, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at 97% of the price paid (or deemed paid) per share of our common stock in the fundamental

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change. Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with the make-whole dividend amount, in the aggregate, exceed a number equal to the sum of such amount (the additional fundamental change amount), *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the additional fundamental change amount exceeds the product of the number of shares of common stock delivered in respect of such additional fundamental change amount and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

In addition, if we are prohibited from paying or delivering, as the case may be, the make-whole dividend amounts (whether in cash or in shares of our common stock), in whole or in part, due to limitations of applicable Delaware law, the fundamental change conversion rate will instead be increased by a number of shares of common stock equal to the cash amount of the aggregate unpaid and undelivered make-whole dividend amounts, *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the cash amount of the aggregate unpaid and undelivered make-whole dividend amounts exceeds the product of such number of additional shares and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will not have any obligation to pay the shortfall in cash.

See Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount.

Anti-dilution adjustments

The conversion rate may be adjusted in the event of, among other things: (1) stock dividends or distributions; (2) certain distributions to holders of our common stock of rights, options or warrants to purchase our common stock; (3) subdivisions or combinations of our common stock; (4) certain distributions to holders of our common stock of evidences of our indebtedness, shares of capital stock, securities, rights to acquire our capital stock, cash or other assets; (5) distributions to holders of our common stock of cash; and (6) certain tender or exchange offers by us or one of our subsidiaries for our common stock, in each case subject to certain exceptions. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.

Voting rights

Except as specifically required by Delaware law or our Amended and Restated Certificate of Incorporation, which will include the certificate of designations for the mandatory convertible preferred stock, the holders of mandatory convertible preferred stock will have no voting rights.

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Whenever dividends on shares of mandatory convertible preferred stock have not been declared and paid for six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the first original issue date of the mandatory convertible preferred stock and ending on, but excluding, April 15, 2015), whether or not consecutive, the holders of mandatory convertible preferred stock, voting together as a single class with holders of all other preferred stock of equal rank having similar voting rights, will be entitled at our next special or annual meeting of stockholders to vote for the election of a total of two additional members of our board of directors, subject to certain limitations.

We will not, without the affirmative vote or consent of holders of at least two-thirds of the outstanding shares of mandatory convertible preferred stock and all other preferred stock of equal rank having similar voting rights, voting together as a single class (1) authorize or create, or increase the authorized amount of, any specific class or series of stock ranking senior to the mandatory convertible preferred stock; (2) amend, alter or repeal the provisions of our Amended and Restated Certificate of Incorporation so as to adversely affect the special rights, preferences, privileges or voting powers of the mandatory convertible preferred stock; or (3) consummate a binding share exchange or reclassification involving shares of mandatory preferred stock or a merger or consolidation of us with another entity unless the mandatory convertible preferred stock remains outstanding or is replaced by preference securities with terms not materially less favorable to holders, in each case subject to certain exceptions.

See Description of Mandatory Convertible Preferred Stock Voting Rights and Description of Depositary Shares Voting the Mandatory Convertible Preferred Stock.

Ranking

The mandatory convertible preferred stock will rank with respect to dividend rights and/or rights upon our liquidation, winding-up or dissolution, as applicable:

senior to all of our common stock and to each other class of capital stock issued in the future unless the terms of that stock expressly provide that it ranks senior to, or on a parity with, the mandatory convertible preferred stock;

on a parity with any class of capital stock issued in the future the terms of which expressly provide that it will rank on a parity with

the mandatory convertible preferred stock;

junior to each class of capital stock issued in the future the terms of which expressly provide that such capital stock or preferred stock will rank senior to the mandatory convertible preferred stock; and

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junior to all of our existing and future indebtedness (including trade payables).

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

At September 30, 2014, we had total outstanding consolidated debt of approximately \$1,807 million and no outstanding shares of preferred stock. At September 30, 2014, on a pro forma as adjusted basis our total debt was \$5,399 million.

Use of proceeds

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses payable by us for this offering, will be approximately \$1,454.1 million (or approximately \$1,672.3 million if the underwriters exercise their over-allotment option in full). We estimate that the net proceeds to us from the concurrent offering of our common stock, after deducting underwriting discounts and estimated offering expenses payable by us for such offering, will be approximately \$581.4 million (or approximately \$668.7 million if the underwriters exercise their option to purchase additional shares of common stock in full). We intend to use the net proceeds from this offering to partially repay amounts outstanding under the Bridge Facility. See Use of Proceeds. Affiliates of certain of the underwriters are lenders under the Bridge Facility and the Term Loan Facility and our revolving credit facility and as such will receive their pro rata share of the amounts used from the net proceeds of the Securities Offerings to repay indebtedness under such facilities. See Underwriting (Conflicts of Interest).

Sales to directors and officers

The underwriters have reserved for sale at the public offering price up to five percent of the depositary shares being offered by this prospectus supplement for sale to certain of our directors and officers. We do not know if these persons will choose to purchase all or any portion of these reserved depositary shares, but any purchases they do make will reduce the number of depositary shares available to the general public.

Material U.S. federal tax consequences

The material U.S. federal income tax consequences of purchasing, owning and disposing of the depositary shares and any common stock received upon their conversion are described in U.S. Federal Income Tax Considerations.

Listing

We have applied to list the depositary shares on the New York Stock Exchange under the symbol SWNC. Our common stock is listed on the New York Stock Exchange under the symbol SWN.

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Concurrent offering of common stock Concurrently with this offering, we are also making a public offering of 26,086,957 shares of our common stock pursuant to a separate prospectus supplement. In that offering, we have granted the underwriters of that offering an option to purchase up to an additional 3,913,043 shares of our common stock. The closing of our offering of the depositary shares is not conditioned upon the closing of the concurrent offering of our common stock, and the closing of the concurrent offering of our common stock is not conditioned upon the closing of this offering of the depositary shares.

Conflicts of interest Affiliates of certain of the underwriters are lenders under our Bridge Facility and Term Loan Facility and revolving credit facility. Because a portion of the net proceeds from this offering will be used to repay indebtedness under the Bridge Facility, we expect that more than 5% of the net proceeds will be directed to one or more of such underwriters (or their affiliates), which would be considered a conflict of interest under Financial Regulatory Authority, Inc. (**FINRA**) Rule 5121. As such, this offering is being conducted in accordance with FINRA Rule 5121. See Underwriting (Conflicts of Interest).

Transfer agent and registrar Computershare Trust Company, N.A. is the transfer agent and registrar for the mandatory convertible preferred stock and our common stock.

Risk factors See Risk Factors beginning on page S-27 of this prospectus supplement for a discussion of risks you should carefully consider before deciding to invest in the depositary shares.

As of January 5, 2015, 354,489,342 shares of common stock were outstanding.

Table of Contents**Summary Historical Consolidated Financial Data of the Company**

The following table sets forth our summary historical consolidated financial information that has been derived from (i) our audited statements of income and cash flows for each of the years ended December 31, 2011, 2012 and 2013 and our audited balance sheets as of December 31, 2011, 2012 and 2013 and (ii) unaudited statements of income and cash flows for each of the nine months ended September 30, 2013 and 2014 and our unaudited balance sheets as of September 30, 2013 and 2014.

You should read this historical and pro forma financial information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 as well as our historical financial statements and notes thereto, all of which are incorporated by reference into this prospectus supplement. Historical results are not necessarily indicative of results that may be expected for any future period.

| | Nine Months | | | | |
|--|----------------------|--------------|--------------------------------|--------------|--------------|
| | Ended | | Year Ended December 31, | | |
| (Dollars in millions) | September 30, | 2013 | 2013 | 2012 | 2011 |
| Income Statement Data: | | | | | |
| Operating Revenues: | | | | | |
| Gas sales | \$ 2,155 | \$ 1,736 | \$ 2,381 | \$ 1,956 | \$ 2,078 |
| Gas marketing | 765 | 582 | 792 | 592 | 714 |
| Oil sales | 13 | 12 | 16 | 8 | 9 |
| Gas gathering | 143 | 134 | 181 | 174 | 150 |
| Total revenues | 3,076 | 2,464 | 3,371 | 2,730 | 2,951 |
| Operating Costs and Expenses: | | | | | |
| Gas purchases - midstream services | 752 | 575 | 782 | 592 | 709 |
| Operating expenses | 309 | 237 | 329 | 245 | 241 |
| General and administrative expenses | 162 | 136 | 191 | 175 | 158 |
| Depreciation, depletion and amortization | 693 | 571 | 787 | 811 | 705 |
| Impairment of natural gas and oil properties | | | | 1,940 | |
| Taxes, other than income taxes | 72 | 59 | 79 | 68 | 66 |
| Total operating costs and expenses | 1,988 | 1,578 | 2,168 | 3,831 | 1,878 |
| Operating income | 1,088 | 886 | 1,203 | 1,101 | 1,073 |
| Other expense (Income): | | | | | |
| Interest on debt | 75 | 74 | 100 | 93 | 65 |
| Other interest charges | 4 | 3 | 4 | 4 | 4 |
| Interest capitalized | (40) | (48) | (62) | (62) | (46) |

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| | | | | | |
|--------------------------------------|---------------|---------------|---------------|-----------------|---------------|
| Other (income) expense, net | (1) | | (3) | | |
| Loss (gain) on derivatives | 29 | (75) | (26) | 16 | (1) |
| Income (Loss) before income taxes | 1,021 | 932 | 1,190 | (1,150) | 1,051 |
| Provision (Benefit) for income taxes | 409 | 373 | 487 | (443) | 413 |
| Net Income (Loss) | \$ 612 | \$ 559 | \$ 704 | \$ (707) | \$ 638 |

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| (Dollars in millions, except per share amounts) | Nine Months Ended | | | | |
|---|----------------------|-------------|-------------------------|-------------|-------------|
| | September 30, | | Year Ended December 31, | | |
| | 2014 | 2013 | 2013 | 2012 | 2011 |
| Earnings per share: | | | | | |
| Basic | \$ 1.74 | \$ 1.60 | \$ 2.01 | \$ (2.03) | \$ 1.84 |
| Diluted | \$ 1.74 | \$ 1.59 | \$ 2.00 | \$ (2.03) | \$ 1.82 |
| Weighted average shares outstanding: | | | | | |
| Basic | 351,357,913 | 350,334,634 | 350,465,430 | 348,610,503 | 347,205,316 |
| Diluted | 352,334,546 | 351,014,974 | 351,101,452 | 348,610,503 | 349,921,413 |
| Other Financial Data: | | | | | |
| Cash flows from operating activities | \$ 1,774 | \$ 1,378 | \$ 1,908 | \$ 1,653 | \$ 1,739 |
| Cash flows from investing activities | (1,687) | (1,712) | (2,253) | (2,108) | (2,184) |
| Cash flows from financing activities | (90) | 299 | 277 | 291 | 284 |
| Adjusted EBITDA (1) | \$ 1,760 | \$ 1,460 | \$ 1,997 | \$ 1,638 | \$ 1,774 |

| (Dollars in millions) | Nine Months Ended | | | | |
|---------------------------|----------------------|----------|-------------------------|----------|----------|
| | September 30, | | Year Ended December 31, | | |
| | 2014 | 2013 | 2013 | 2012 | 2011 |
| Balance Sheet Data | | | | | |
| Cash and cash equivalents | \$ 20 | \$ 19 | \$ 23 | \$ 54 | \$ 16 |
| Total assets | \$ 9,177 | \$ 7,894 | \$ 8,048 | \$ 6,738 | \$ 7,903 |
| Total liabilities | \$ 4,884 | \$ 4,374 | \$ 4,426 | \$ 3,702 | \$ 3,934 |
| Total equity | \$ 4,293 | \$ 3,520 | \$ 3,622 | \$ 3,036 | \$ 3,969 |

- (1) Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, non-cash impairment of natural gas and oil properties, (gain) loss on derivatives, net of settlements, and depreciation, depletion and amortization. This is a supplemental financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (GAAP). We have included information concerning Adjusted EBITDA in this prospectus supplement because it is used by certain investors as a measure of the ability of a company to service or incur indebtedness and because it is a financial measure commonly used in our industry. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss), net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP, or as a measure of our

profitability or liquidity. Adjusted EBITDA as defined above may not be comparable

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to similarly titled measures of other companies. The following table provides a reconciliation of net income to Adjusted EBITDA:

| (Dollars in millions) | Nine Months Ended | | Year Ended December 31, | | |
|--|-----------------------|-----------------|-------------------------|-----------------|-----------------|
| | September 30, 2014 | 2013 | 2013 | 2012 | 2011 |
| Net Income | | | | | |
| Net income (loss) | \$ 612 | \$ 559 | \$ 704 | \$ (707) | \$ 638 |
| Depreciation, depletion and amortization expense | 693 | 571 | 787 | 811 | 705 |
| Impairment of natural gas and oil properties | | | | 1,940 | |
| Loss (gain) on derivatives, net of settlement | 7 | (72) | (21) | 2 | (5) |
| Net interest expense | 39 | 29 | 42 | 36 | 24 |
| Provision for income taxes | 409 | 373 | 487 | (443) | 413 |
| Adjusted EBITDA | \$ 1,760 | \$ 1,460 | \$ 1,997 | \$ 1,638 | \$ 1,774 |

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Table of Contents**Summary Historical Financial Data of the Properties in the Chesapeake Acquisition**

The following table sets forth the statements of revenues and direct operating expenses of the properties acquired in the Chesapeake Acquisition, which has been derived from (i) the audited statements of revenues and direct operating expenses of the properties for the years ended December 31, 2013, 2012 and 2011 and (ii) the unaudited statements of revenues and direct operating expenses of the properties for the nine months ended September 30, 2014 and 2013. The information provided in the following table does not give effect to the properties to be acquired in the WPX and the Statoil Acquisitions. Historical results are not necessarily indicative of results that may be expected for any future period.

You should read this financial information in conjunction with the statements of revenues and direct operating expense of the properties we will acquire in the Chesapeake Acquisition and notes thereto included in our Current Report on Form 8-K/A filed with the SEC on January 7, 2015.

| (Dollars in millions) | Nine Months | | | | |
|---|----------------------|-------------|---------------------|-------------|-------------|
| | Ended | | Year Ended | | |
| | September 30, | | December 31, | | |
| | 2014 | 2013 | 2013 | 2012 | 2011 |
| Natural gas and oil revenues | \$ 340 | \$ 235 | \$ 342 | \$ 147 | \$ 181 |
| Direct operating expenses | 57 | 40 | 65 | 47 | 55 |
| Natural gas and oil revenues in excess of revenues over direct operating expenses | \$ 283 | \$ 195 | \$ 277 | \$ 100 | \$ 126 |

Table of Contents**Summary Unaudited Pro Forma Condensed Combined Financial Data**

The following table sets forth pro forma condensed combined financial information for the year ended December 31, 2013 and the nine months ended September 30, 2014, which has been derived from our unaudited pro forma financial statements included in our Current Report on Form 8-K/A filed with the SEC on January 7, 2015. The unaudited pro forma statements of income give effect to the Chesapeake Acquisition as if the Chesapeake Acquisition (and related borrowings of \$5,000 million under the Bridge Facility and the Term Loan Facility) had occurred on January 1, 2013. In addition, the pro forma balance sheet gives effect to the Chesapeake Acquisition (and related borrowings of \$5,000 million under the Bridge Facility and the Term Loan Facility) as if the acquisition occurred on September 30, 2014. The unaudited pro forma financial information does not purport to represent what our results of operations would have actually been had the Chesapeake Acquisition occurred on the dates noted above, or to project our results of operations as of any future date or for any future periods. The pro forma adjustments are based on available information and certain assumptions that we believe are reasonable. In our opinion, all adjustments necessary to present fairly the unaudited pro forma financial statements have been made. The following tables do not give effect to the properties to be acquired in the WPX and the Statoil Acquisitions.

You should read the pro forma financial information in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, as well as our historical financial statements and the notes thereto, the historical statements of revenues and direct operating expenses for the Chesapeake Acquisition and notes thereto, and the unaudited pro forma financial statements and notes thereto included in our Current Report on Form 8-K/A filed with the SEC on January 7, 2015.

| (Dollars in millions) | Nine Months Ended September 30, 2014 | Year Ended December 31, 2013 |
|--|---|---------------------------------|
| Income Statement Data: | | |
| Operating Revenues: | | |
| Gas sales | \$ 2,268 | \$ 2,503 |
| Gas marketing | 765 | 792 |
| Oil sales | 135 | 145 |
| NGL sales | 105 | 92 |
| Gas gathering | 143 | 181 |
| Total revenues | 3,416 | 3,713 |
| Operating Costs and Expenses: | | |
| Gas purchases midstream services | 752 | 782 |
| Operating expenses | 338 | 363 |
| General and administrative expenses | 162 | 191 |
| Depreciation, depletion and amortization | 893 | 1,033 |
| Taxes, other than income taxes | 100 | 109 |
| Total operating costs and expenses | 2,245 | 2,478 |
| Operating Income | 1,171 | 1,235 |
| Interest Expense: | | |

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| | | |
|----------------------------|-------|-------|
| Interest on debt | 143 | 196 |
| Other interest charges | 74 | 158 |
| Interest capitalized | (85) | (134) |
| Total interest expense | 132 | 220 |
| Gain (loss) on Derivatives | (28) | 28 |
| Income Before Income Taxes | 1,011 | 1,043 |

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| (Dollars in millions) | Nine Months Ended September 30, 2014 | Year Ended December 31, 2013 |
|--|---|---------------------------------|
| Provision (Benefit) for income taxes: | | |
| Current | 34 | (11) |
| Deferred | 371 | 438 |
| | 405 | 447 |
| Net Income | \$ 606 | \$ 616 |

| (Dollars in millions, except per share amounts) | Nine Months Ended September 30, 2014 | Year Ended December 31, 2013 |
|---|---|---------------------------------|
| Earnings per share: | | |
| Basic | \$ 1.72 | \$ 1.76 |
| Diluted | \$ 1.72 | \$ 1.75 |
| Weighted average shares outstanding: | | |
| Basic | 351,357,913 | 350,465,430 |
| Diluted | 352,334,546 | 351,101,452 |
| Other Financial Data: | | |
| Pro forma Adjusted EBITDA (1) | \$ 2,043 | \$ 2,275 |

| (Dollars in millions) | Nine Months Ended September 30, 2014 |
|---------------------------|---|
| Balance Sheet Data | |
| Cash and cash equivalents | \$ 20 |
| Total assets | \$ 14,262 |
| Total liabilities | \$ 9,969 |
| Total equity | \$ 4,293 |

(1) Pro forma Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, non-cash impairment of natural gas and oil properties, (gain) loss on derivatives, net of settlements, and depreciation, depletion and amortization. For more information relating to this non-GAAP measure, see Non-GAAP Financial Measures.

Pro forma adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, non-cash impairment of natural gas and oil properties, (gain) loss on derivatives, net of settlements, and depreciation, depletion and amortization. This is a supplemental financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (GAAP). We have included information concerning pro forma Adjusted EBITDA in this prospectus supplement because it is used by certain investors as a measure of the ability of a company to service or incur indebtedness and because it is a financial measure commonly used in our industry. Pro forma Adjusted EBITDA

should not be considered in isolation or as a substitute for net income (loss), net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP, or as a

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measure of our profitability or liquidity. Pro forma Adjusted EBITDA as defined above may not be comparable to similarly titled measures of other companies. The following table provides a reconciliation of pro forma net income to pro forma Adjusted EBITDA:

| (Dollars in millions) | Nine Months Ended September 30, 2014 | Year Ended December 31, 2013 |
|--|---|---|
| Pro Forma Net Income | | |
| Pro forma net income | \$ 606 | \$ 616 |
| Impairment of natural gas and oil properties | | |
| Depreciation, depletion and amortization expense | 893 | 1,033 |
| Loss (gain) on derivatives, net of settlement | 7 | (21) |
| Net interest expense | 132 | 220 |
| Provision for income taxes | 405 | 427 |
| Pro Forma Adjusted EBITDA | \$ 2,043 | \$ 2,275 |

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Table of Contents**Summary Historical Reserve and Operating Data of the Company**

The following table sets forth certain information with respect to our historical consolidated oil and gas reserves as of December 31, 2013, 2012 and 2011 and production for the years ended December 31, 2013, 2012 and 2011 and the nine months ended September 30, 2014 and 2013. The historical reserve information included in this table is based upon reserve reports prepared by Netherland, Sewell & Associates, Inc., our independent petroleum engineers. The reserve volumes and values were determined using the methods prescribed by the SEC.

This information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014.

| | Year Ended December 31, | | |
|---------------------------------------|--------------------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Estimated net proved reserves: | | | |
| Natural Gas (Bcf) | 6,974 | 4,017 | 5,887 |
| Crude Oil (MMBbls) | 0.4 | 0.2 | 1 |
| Total Proved Reserves (Bcfe) (1): | 6,976 | 4,018 | 5,893 |
| Percent proved developed | 61% | 80% | 55% |
| PV-10: (2) | | | |
| Pre-tax (millions) | \$ 5,147 | \$ 2,351 | \$ 4,803 |
| PV of taxes (millions) | 1,393 | 273 | 1,352 |
| Standardized measure (\$/thousands) | 3,736 | 2,051 | 3,451 |

| | Nine Months Ended | | Year Ended December 31, | | |
|---|---------------------------|-------------|--------------------------------|-------------|-------------|
| | September 30, 2014 | 2013 | 2013 | 2012 | 2011 |
| Production Data: | | | | | |
| Sales: | | | | | |
| Natural Gas (Bcf) | 566 | 479 | 656 | 565 | 500 |
| Crude Oil (MBbls) | 114 | 102 | 138 | 83 | 97 |
| Natural Gas Liquids (MBbls) | 27 | 40 | 50 | | |
| Total (Bcfe) | 567 | 480 | 657 | 565 | 500 |
| Average sales price per unit before derivative transactions | | | | | |
| Natural Gas (\$/Mcf) | 3.91 | 3.18 | 3.17 | 2.34 | 3.56 |
| Crude Oil (\$/Bbl) | 100.39 | 105.05 | 103.32 | 101.54 | 94.08 |
| Natural Gas Liquids (\$/Bbl) | 40.73 | 44.20 | 43.63 | | |
| \$/Mcf | 3.93 | 3.20 | 3.20 | 2.36 | 3.57 |
| | 0.91 | 0.85 | 0.86 | 0.80 | 0.84 |

Production costs (per Mcfe, excluding ad valorem and severance taxes)

- (1) We have no reserves from synthetic gas, synthetic oil or nonrenewable natural resources intended to be upgraded into synthetic gas or oil. We used standard engineering and geoscience methods, or a combination of methodologies in determining estimates of material properties, including performance and test date analysis offset statistical analogy of performance data, volumetric evaluation, including analysis of petrophysical parameters (including porosity, net pay, fluid saturations (i.e., water, oil and gas) and permeability) in combination with estimated reservoir parameters (including reservoir temperature and pressure, formation depth and formation volume factors), geological analysis, including structure and isopach maps and seismic analysis, including review of 2-D and 3-D data to ascertain faults, closure and other factors.

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- (2) Pre-tax PV-10 (a non-GAAP measure) is one measure of the value of a company's proved reserves that we believe is used by securities analysts to compare relative values among peer companies without regard to income taxes. The reconciling difference in pre-tax PV-10 and the after-tax PV-10, or standardized measure, is the discounted value of future income taxes on the estimated cash flows from our proved oil and natural gas reserves. For more information relating to this non-GAAP measure, see Non-GAAP Financial Measures.

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Table of Contents**Summary Historical Reserve Data of the Properties In the Chesapeake Acquisition**

The following tables sets forth certain information with respect to the oil and gas reserves as of June 30, 2014 and December 31, 2013 for the properties we will acquire in the Chesapeake Acquisition. The reserves information presented below as of December 31, 2013 is based solely on our internal evaluation and interpretation of reserve and other information provided to us by the third-party seller in the course of our due diligence with respect to the Chesapeake Acquisition and has not been independently verified or estimated. The reserve information as of June 30, 2014 is based on the report dated November 21, 2014 provided by Netherland, Sewell & Associates, Inc.

| | June 30, 2014 | December 31, 2013 |
|---|--------------------------|------------------------------|
| Estimated net proved reserves: | | |
| Natural Gas (Bcf) | 1,388,100 | 919,944 |
| Crude Oil (MBbls) | 38,400 | 14,456 |
| Natural Gas Liquids (MBbls) | 119,400 | 40,567 |
| Total Proved Reserves (Bcfe): | 2,334,900 | 1,250,087 |
| Percent proved developed | 36% | 60% |
| PV-10 value (dollars in millions) (1) | \$ 2,437 | \$ 1,486 |
| Standardized measure (\$/millions) (1)(2) | n/a | \$ 1,486 |

- (1) PV-10 is a non-GAAP financial measure. For more information relating to these non-GAAP measures, see Non-GAAP Financial Measures.
- (2) GAAP does not prescribe any corresponding measure for PV-10 of proved reserves based on other than SEC prices. As a result, it is not practicable for us to reconcile this additional PV-10 measure to GAAP standardized measure.

Table of Contents**Summary Unaudited Pro Forma Reserve Data**

The following table sets forth pro forma reserve data at December 31, 2013, giving effect to the Chesapeake Acquisition. Future exploration and development expenditures, as well as future commodity prices and service costs will affect the reserve volumes attributable to the properties we will acquire in the Chesapeake Acquisition.

| | Company Historical | Acquired properties Historical | Pro forma adjustments | Pro forma for acquired properties |
|--|-------------------------------|---|----------------------------------|--|
| Estimated net proved reserves | | | | |
| Natural Gas (MMcf) | 6,974,077 | 919,944 | | 7,894,021 |
| Crude Oil (MBbls) | 373 | 14,456 | | 14,829 |
| Natural Gas Liquids (MBbls) | | 40,567 | | 40,567 |
| Total (MMcfe) | 6,976,315 | 1,250,087 | | 8,226,402 |
| Estimated net proved developed reserves | | | | |
| Natural Gas (MMcf) | 4,237,495 | 551,123 | | 4,788,618 |
| Crude Oil (MBbls) | 372 | 10,612 | | 10,984 |
| Natural Gas Liquids (MBbls) | | 21,599 | | 21,599 |
| Total (MMcfe) | 4,239,727 | 744,391 | | 4,984,116 |
| Future cash inflows | \$ 22,625 | \$ 5,081 | \$ | 27,706 |
| Future development costs | (3,627) | (547) | | (4,174) |
| Future production costs | (8,896) | (942) | | (9,838) |
| Future income tax | (3,223) | | (1,478) | (4,701) |
| Future net cash flows | 6,879 | 3,592 | (1,478) | 8,993 |
| Discounted at 10% per year | (3,143) | (2,106) | 867 | (4,382) |
| Standardized measure (\$/millions) | \$ 3,736 | \$ 1,486 | \$ (611) | \$ 4,611 |

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RISK FACTORS

*An investment in our depositary shares involves risks. You should consider carefully the following risks, as well as the risk factors discussed under the caption *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2013, and our subsequent Quarterly Reports on Form 10-Q together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, when evaluating an investment in our depositary shares.*

Risks Related to the Depositary Shares and Our Mandatory Convertible Preferred Stock

You are making an investment decision in the depositary shares as well as in our mandatory convertible preferred stock.

As described in this prospectus supplement, you are investing in depositary shares that represent fractional interests in our mandatory convertible preferred stock. The bank depositary will rely solely on the dividend payments and other distributions on the mandatory convertible preferred stock it receives from us to fund all dividend payments and other distributions on the depositary shares.

You will bear the risk of a decline in the market price of our common stock between the pricing date for the depositary shares and the mandatory conversion date.

The number of shares of our common stock that you would receive upon mandatory conversion of our mandatory convertible preferred stock (and the related conversion of the depositary shares) is not fixed, but instead will depend on the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, which is the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding January 15, 2018. The aggregate market value of the shares of our common stock that you would receive upon mandatory conversion may be less than the aggregate liquidation preference of the mandatory convertible preferred stock represented by your depositary shares. Specifically, if the applicable market value of our common stock is less than the initial price of approximately \$23.00 (the per share public offering price of our common stock in the concurrent offering of our common stock), subject to certain anti-dilution adjustments, the market value of the shares of our common stock that you would receive upon mandatory conversion of each share of mandatory convertible preferred stock will be less than the \$1,000 liquidation preference per share of mandatory convertible preferred stock (and, accordingly the market value of shares of our common stock that you would receive upon mandatory conversion of each depositary share will be less than the \$50 liquidation preference per depositary share), and an investment in the depositary shares would result in a loss. Accordingly, you will bear the entire risk of a decline in the market price of our common stock. Any such decline could be substantial.

In addition, because the number of shares delivered to you upon mandatory conversion will be based upon the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, the shares of common stock you receive upon mandatory conversion may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the mandatory conversion date or the average VWAP of our common stock over a different period of days.

Purchasers of the depositary shares may not realize any or all of the benefit of an increase in the market price of shares of our common stock.

The aggregate market value of the shares of our common stock that you will receive upon mandatory conversion of each share of our mandatory convertible preferred stock (and the related conversion of the depositary shares) on the

mandatory conversion date will only exceed the liquidation preference of \$1,000 per

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share of mandatory convertible preferred stock (and the liquidation preference of \$50 per depositary share) if the applicable market value of our common stock exceeds the threshold appreciation price of approximately \$27.025, subject to certain anti-dilution adjustments. The threshold appreciation price represents an appreciation of approximately 17.5% over the initial price. If the applicable market value of our common stock exceeds the threshold appreciation price, you will receive on the mandatory conversion date approximately 85.11% (which percentage is equal to the initial price *divided by* the threshold appreciation price) of the value of our common stock that you would have received if you had made a direct investment in our common stock on the date of this prospectus supplement. This means that the opportunity for equity appreciation provided by an investment in the depositary shares (and the underlying mandatory convertible preferred stock) is less than that provided by a direct investment in shares of our common stock.

In addition, if the market value of our common stock appreciates and the applicable market value of our common stock is equal to or greater than the initial price but less than or equal to the threshold appreciation price, the aggregate market value of the shares of our common stock that you would receive upon mandatory conversion will only be equal to the aggregate liquidation preference of the mandatory convertible preferred stock (and, correspondingly, the aggregate market value of our common stock that you would receive upon the related mandatory conversion of the depositary shares will only be equal to the aggregate liquidation preference of the depositary shares), and you will realize no equity appreciation on our common stock.

The market price of our common stock, which may fluctuate significantly, will directly affect the market price for the depositary shares.

We expect that, generally, the market price of our common stock will affect the market price of the depositary shares more than any other single factor. This may result in greater volatility in the market price of the depositary shares than would be expected for nonconvertible preferred stock or depositary shares representing nonconvertible preferred stock. The market price of our common stock will likely fluctuate in response to a number of factors, including our financial condition, operating results and prospects, as well as economic, financial and other factors, such as prevailing interest rates, interest rate volatility, reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, or changes in our industry and competitors and government regulations, many of which are beyond our control. For more information regarding such factors, see the sections of this prospectus supplement below entitled **Risks Related to Ownership of Our Common Stock**.

In addition, we expect that the market price of the depositary shares will be influenced by yield and interest rates in the capital markets, the time remaining to the mandatory conversion date, our creditworthiness and the occurrence of certain events affecting us that do not require an adjustment to the fixed conversion rates. Fluctuations in yield rates in particular may give rise to arbitrage opportunities based upon changes in the relative values of the depositary shares and our common stock. Any such arbitrage could, in turn, affect the market prices of our common stock and the depositary shares. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the market price of the depositary shares.

Recent regulatory actions may adversely affect the trading price and liquidity of the depositary shares.

We expect that many investors in, and potential purchasers of, the depositary shares will employ, or seek to employ, a convertible arbitrage strategy with respect to the depositary shares. Investors would typically implement such a strategy by selling short the common stock underlying the convertible securities and dynamically adjusting their short

position while continuing to hold the securities. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

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The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the depositary shares to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the depositary shares.

The fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount upon the occurrence of certain fundamental changes may not adequately compensate you for the lost option value and lost dividends as a result of early conversion upon a fundamental change.

If a fundamental change (as defined in Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) occurs on or prior to January 15, 2018, the fundamental change conversion rate will apply to any shares of mandatory convertible preferred stock (and, accordingly, the depositary shares) converted during the fundamental change conversion period (as defined in the Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount) unless the stock price is less than \$5.00 or above \$60.00 (in each case, subject to adjustment) and, with respect to those shares of mandatory convertible preferred stock (and, accordingly, those depositary shares) converted, you will also receive, among other consideration, a fundamental change dividend make-whole amount, subject to our right to deliver shares of common stock in lieu of all or part of such amount and subject to Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. The number of shares of common stock to be issued upon conversion in connection with a fundamental change will be determined as described in Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. Although the fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount are generally designed to compensate you for the lost option value that you would suffer and lost dividends as a result of converting your depositary shares representing our mandatory convertible preferred stock upon a fundamental change, the fundamental change conversion rate is also designed to compensate us for the lost option value that we would suffer as a result of any such conversion. As a result, in many cases the fundamental change conversion rate will be less than the conversion rate that would apply upon mandatory conversion. The fundamental change conversion rate and fundamental change dividend make-whole amount are generally only an approximation of such lost option value and lost dividends and may not adequately compensate you for your actual loss. Furthermore, our obligation to deliver a number of shares of common stock, per share of the mandatory convertible preferred stock (and your corresponding right to receive a proportionate number of shares of our common stock per depositary share), equal to the fundamental change conversion rate and pay the fundamental change dividend make-whole amount (whether paid or delivered, as the case may be, in cash or shares of our common stock) upon a conversion during the fundamental change conversion period could be considered a penalty under state law, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

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The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares may not be adjusted for all dilutive events that may adversely affect the market price of the depositary shares or the common stock issuable upon conversion of the mandatory convertible preferred stock.

The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares are subject to adjustment only for share subdivisions and combinations, share dividends and specified other transactions. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments for further discussion of anti-dilution adjustments. However, other events, such as employee stock option grants, offerings of our common stock or securities convertible into common stock (other than those set forth in Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments) for cash or in connection with acquisitions, or third-party tender or exchange offers, which may adversely affect the market price of our common stock, may not result in any adjustment. Further, if any of these other events adversely affects the market price of our common stock, it may also adversely affect the market price of the depositary shares. In addition, the terms of our mandatory convertible preferred stock and the depositary shares do not restrict our ability to offer common stock or securities convertible into common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the specific interests of the holders of our mandatory convertible preferred stock or the depositary shares in engaging in any such offering or transaction.

Purchasers of the depositary shares may be adversely affected upon the issuance of a new series of preferred stock ranking equally with the mandatory convertible preferred stock represented by the depositary shares sold in this offering.

The terms of our mandatory convertible preferred stock will not restrict our ability to offer a new series of preferred stock that ranks equally with our mandatory convertible preferred stock as to dividend payments or liquidation preference in the future. We have no obligation to consider the specific interests of the holders of our mandatory convertible preferred stock or the depositary shares in engaging in any such offering or transaction.

The concurrent offering of our common stock, and the possibility of the sale of our common stock in the future, could reduce the market price of our common stock and, in turn, the depositary shares.

Concurrently with this offering, we are offering 26,086,957 shares of our common stock, plus up to 3,913,043 additional shares of our common stock if the underwriters in that offering exercise their option to purchase additional shares of our common stock in full. This offering is not conditioned on the closing of the concurrent offering of our common stock, and the concurrent offering of our common stock is not conditioned on the closing of this offering. In the future, we may sell additional shares of our common stock to raise capital or acquire interests in other companies by using a combination of cash and our common stock or just our common stock. Any of these events may dilute your ownership interest in our company and have an adverse impact on the price of our common stock and, in turn, the depositary shares. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the mandatory convertible preferred stock. Furthermore, sales of a substantial amount of our common stock in the public market, or the perception that these sales may occur, could reduce the market price of our common stock and, in turn, the depositary shares. This could also impair our ability to raise additional capital through the sale of our securities.

You will have no rights with respect to our common stock until you convert your depositary shares, but you may be adversely affected by certain changes made with respect to our common stock.

You will have no rights with respect to our common stock, including voting rights, rights to respond to common stock tender offers, if any, and rights to receive dividends or other distributions on our common stock, if any, prior to the

conversion date with respect to a conversion of your depositary shares, but your investment in

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the depositary shares may be negatively affected by these events. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs on or after the conversion date. For example, in the event that an amendment is proposed to our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, unless it would adversely affect the special rights, preferences, privileges and voting powers of the mandatory convertible preferred stock, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

You will have no voting rights except under limited circumstances, and you will need to act through the bank depositary to exercise voting rights with respect to our mandatory convertible preferred stock.

You do not have voting rights, except with respect to certain amendments to the terms of the mandatory convertible preferred stock, in the case of certain dividend arrearages, in certain other limited circumstances and except as specifically required by Delaware law. You will have no right to vote for any members of our board of directors except in the case of certain dividend arrearages. If dividends on any shares of the mandatory convertible preferred stock have not been declared and paid for the equivalent of six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the first original issue date of the mandatory convertible preferred stock and ending on, but excluding, April 15, 2015), whether or not for consecutive dividend periods, the holders of shares of mandatory convertible preferred stock, voting together as a single class with holders of any and all other classes or series of our preferred stock ranking equally with the mandatory convertible preferred stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and having similar voting rights, will be entitled to vote for the election of a total of two additional members of our board of directors, subject to the terms and limitations described in Description of Mandatory Convertible Preferred Stock Voting Rights. Holders of depositary shares must act through the bank depositary to exercise any voting rights in respect of our mandatory convertible preferred stock.

Our mandatory convertible preferred stock will rank junior to all of our and our subsidiaries liabilities, as well as the capital stock of our subsidiaries held by third parties, in the event of a bankruptcy, liquidation or winding up of our or our subsidiaries assets.

In the event of a bankruptcy, liquidation or winding up, our assets will be available to make payments to holders of our mandatory convertible preferred stock only after all of our liabilities have been paid. In addition, our mandatory convertible preferred stock will rank structurally junior to all existing and future liabilities of our subsidiaries, as well as the capital stock of our subsidiaries held by third parties. Your rights to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the prior claims of that subsidiary's creditors and third party equity holders. In the event of a bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay any amounts to the holders of our mandatory convertible preferred stock then outstanding. At September 30, 2014, we and our subsidiaries had total outstanding consolidated debt of approximately \$1,807 million, and we had no outstanding shares of preferred stock. At September 30, 2014, on a pro forma as adjusted basis our total debt was \$5,399 million.

Our ability to pay dividends on our mandatory convertible preferred stock may be limited.

Our payment of dividends on our mandatory convertible preferred stock in the future will be determined by our board of directors (or an authorized committee thereof) in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors.

The agreements governing any future indebtedness of ours may limit our ability to pay cash dividends on our capital stock, including the mandatory convertible preferred stock. In the event that the agreements governing any such indebtedness restrict our ability to pay dividends in cash on the mandatory convertible preferred stock, we may be unable to pay dividends in cash on the mandatory convertible preferred stock unless we can refinance the amounts outstanding under such agreements.

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In addition, under Delaware law, our board of directors (or an authorized committee thereof) may declare dividends on our capital stock (whether in cash or in shares of our common stock) only to the extent of our statutory surplus (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on the mandatory convertible preferred stock, we may not have sufficient cash to pay dividends in cash on the mandatory convertible preferred stock (and, in turn, on the depositary shares).

If upon mandatory conversion or an early conversion at the option of a holder (other than during a fundamental change conversion period, except in limited circumstances) we have not declared all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, the applicable conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock having a market value generally equal to the amount of such accumulated and unpaid dividends, subject to the limitations described under **Description of the Mandatory Convertible Preferred Stock Mandatory Conversion and**

Conversion at the Option of the Holder. If upon an early conversion during the fundamental change conversion period we have not declared all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, we will pay the amount of such accumulated and unpaid dividends in cash, shares of our common stock or any combination thereof, in our sole discretion (or, in certain circumstances, make a corresponding adjustment to the conversion rate), subject in each case to the limitations described under

Conversion at the Option of the Holder upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. In the case of mandatory conversion or conversion upon a fundamental change, if these limits to the adjustment of the conversion rate or the amount of such dividends payable in shares, as applicable, are reached, we will pay the shortfall in cash if we are legally permitted to do so. We will not have an obligation to pay the shortfall in cash if these limits to the adjustment of the conversion rate are reached in the case of an early conversion at the option of the holder (or in the case of an early conversion during the fundamental change conversion period, if we are required to make an adjustment to the conversion rate in respect of any accumulated and unpaid dividends).

You may be subject to tax upon an adjustment to the conversion rate of the mandatory convertible preferred stock and the depositary shares even though you do not receive a corresponding cash distribution.

The conversion rate of the mandatory convertible preferred stock and the depositary shares is subject to adjustment in certain circumstances. Refer to **Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.** If, as a result of an adjustment (or failure to make an adjustment), your proportionate interest in our assets or earnings and profits is increased, you may be deemed to have received for U.S. federal income tax purposes a taxable dividend without the receipt of any cash or property. If you are a Non-U.S. holder (as defined in **U.S. Federal Income Tax Considerations Tax Consequences Applicable to Non-U.S. Holders**), such deemed dividend generally will be subject to U.S. federal withholding tax (currently at a 30% rate, or such lower rate as may be specified by an applicable treaty), which may be withheld from subsequent payments on the depositary shares. Refer to **U.S. Federal Income Tax Considerations Tax Consequences Applicable to Non-U.S. Holders** for a further discussion of U.S. federal tax implications for U.S. holders (as defined therein) and non-U.S. holders.

Corporate U.S. holders of depositary shares may be unable to use the dividends-received deduction.

Distributions paid to corporate U.S. holders (as defined below) of depositary shares will be eligible for the dividends-received deduction only to the extent we have current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. We cannot assure you that we will have sufficient earnings and profits to cause all distributions on depositary shares to be treated as dividends. If a distribution with respect to depositary shares fails to qualify as a dividend, corporate U.S. holders would not be eligible for the dividends-received deduction with

respect to such distribution. See U.S. Federal Income Tax Considerations.

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Non-U.S. holders may be subject to U.S. income tax with respect to gain on disposition of their depository shares or common stock.

We believe that we are a United States real property holding corporation, or USRPHC, and likely will remain one in the future. As a result, non-U.S. holders that own (or are treated as owning under constructive ownership rules) more than a specified amount of our depository shares or common stock during a specified time period may be subject to U.S. federal income tax on a sale, exchange, or other disposition of such depository shares or common stock and may be required to file a U.S. federal income tax return. See U.S. Federal Income Tax Considerations Tax Consequences Applicable to Non-U.S. Holders.

An active trading market for the depository shares does not exist and may not develop.

The depository shares are a new issue of securities with no established trading market. We have applied to list the depository shares on The New York Stock Exchange under the symbol SWNC. Even if the depository shares are approved for listing on The New York Stock Exchange, such listing does not guarantee that a trading market for the depository shares will develop or, if a trading market for the depository shares does develop, the depth or liquidity of that market or the ability of the holders to sell the depository shares, or to sell the depository shares at a favorable price. In addition, any depository shares that are sold by the underwriters to any of our directors and officers that are our affiliates will not be freely tradable by such affiliates under U.S. securities laws, and as such, the sale of depository shares to such affiliates may reduce the depth and/or liquidity for any market that may develop for the depository shares.

Risks Related to Ownership of Our Common Stock

The market price of our common stock may be volatile or may decline and it may be difficult for you to resell shares of our common stock at prices you find attractive.

The market price of our common stock has historically experienced and may continue to experience volatility. For example, during the twelve months ended December 31, 2014, the high sales price per share of our common stock on The New York Stock Exchange was \$49.16 and the low sales price per share was \$26.75. The price of our common stock could be subject to wide fluctuations in the future in response to the following events or factors:

changes in natural gas and oil prices, including in different geographic locations;

demand for natural gas and oil;

the success of our drilling program;

changes in our drilling schedule;

adjustments to our reserve estimates and differences between actual and estimated production, revenue and expenditures;

competition from other oil and gas companies;

costs and liabilities relating to governmental laws and regulations and environmental risks;

general market, political and economic conditions;

our failure to meet financial analysts' performance or financing expectations;

changes in recommendations by financial analysts; and

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changes in market valuations of other companies in our industry.

In particular, a significant or extended decline in natural gas and oil prices would have a material adverse effect on our financial position, our results of operations, our access to capital and the quantities of natural gas and oil that we can produce economically. For example, the New York Mercantile Exchange, or NYMEX, natural gas prices traded at a high of \$5.56 in February 2014 and a low of \$3.73 in November 2014 based on last day of month settlement. Other risks described elsewhere under Risk Factors in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement also could materially and adversely affect our share price.

Anti-takeover provisions in our organizational documents and under Delaware law may impede or discourage a takeover, which could cause the market price of our common stock to decline.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders, which, under certain circumstances, could reduce the market price of our common stock. In addition, protective provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws or the implementation by our board of directors of a stockholder rights plan could prevent a takeover, which could harm our stockholders.

The mandatory convertible preferred stock and the depositary shares may adversely affect the market price of our common stock.

The market price of our common stock is likely to be influenced by the mandatory convertible preferred stock and the depositary shares. For example, the market price of our common stock could become more volatile and could be depressed by:

investors' anticipation of the potential resale in the market of a substantial number of additional shares of our common stock received upon conversion of the mandatory convertible preferred stock (and, correspondingly, the depositary shares);

possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us than owning shares of our common stock; and

hedging or arbitrage trading activity that may develop involving the depositary shares and our common stock.

Risks Relating to the Acquisitions

We may be subject to risks in connection with acquisitions, including the Acquisitions, and the integration of significant acquisitions may be difficult.

We have consummated the Chesapeake Acquisition and expect to consummate the other Acquisitions described above under the heading Prospectus Supplement Summary Recently Completed and Pending Asset Acquisitions and we periodically evaluate other potential acquisitions of reserves, properties, prospects and leaseholds and other strategic transactions that appear to fit within our overall business strategy. The successful acquisition of producing properties,

including the Acquisitions, requires an assessment of several factors, including:

recoverable reserves;

future oil and natural gas prices and their appropriate differentials;

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availability and cost of transportation of production to markets;

availability and cost of drilling equipment and of skilled personnel;

development and operating costs and potential environmental and other liabilities;

regulatory, permitting and similar matters; and

our ability to obtain external financing to fund the purchase price.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an as is basis, and, as is the case with certain liabilities associated with the assets to be acquired, we are entitled to indemnification for only certain environmental liabilities. In addition, we waived certain environmental and title indemnification in the Chesapeake Acquisition and did not include them in the Statoil Acquisition in exchange for downward adjustments to the purchase prices.

Significant acquisitions, including the Acquisitions, and other strategic transactions may involve other risks, including:

diversion of our management's attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;

the challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of ours while carrying on our ongoing business;

difficulty associated with coordinating geographically separate assets;

the challenge of attracting and retaining personnel associated with acquired operations; and

the failure to realize the full benefit that we expect in estimated proved reserves, production volume, cost savings from operating synergies or other benefits anticipated from an acquisition, or to realize these benefits within the expected time frame.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

Financing the Acquisitions will substantially increase our leverage.

On December 22, 2014, we incurred aggregate borrowings of \$5,000 million under the Bridge Facility and the Term Loan Facility to finance the Chesapeake Acquisition and to pay certain fees and expenses in connection with the Chesapeake Acquisition. We also intend to incur an aggregate of approximately \$664 million under our revolving credit facility in order to consummate the WPX and the Statoil Acquisitions and an

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additional \$260 million to fully repay the remaining borrowings under the Bridge Facility. We intend to partially repay amounts outstanding under the Bridge Facility and, if sufficient, the Term Loan Facility utilizing proceeds from the Securities Offerings and asset sales. Our total outstanding indebtedness as of September 30, 2014 was \$1,807 million. As of January 9, 2015, after giving effect to the Chesapeake and the Statoil Acquisitions and the financing thereof our total outstanding indebtedness increased by approximately \$5,300 million. The increase in our indebtedness may reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditures or working capital needs.

We may not be able to consummate the WPX and Statoil Acquisitions.

Although we entered into purchase and sale agreements for the WPX and the Statoil Acquisitions in December 2014, the consummation of each of them is subject to certain closing conditions, including conditions that must be met and are beyond our control. In addition, under certain circumstances we or the sellers may terminate the purchase agreements. There can be no assurances that either the WPX or the Statoil Acquisition will be consummated in the anticipated timeframe or at all.

If either the WPX or the Statoil Acquisition is not consummated under certain circumstances due to our default, we may forfeit the deposits under the respective purchase agreement. The aggregate deposit amount under the purchase agreements for the WPX and the Statoil Acquisitions is \$65 million. Furthermore, our stock price could be negatively impacted if either the WPX or the Statoil Acquisition is not consummated, regardless of the reason.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$1,454.1 million, or \$1,672.3 million if the underwriters exercise their option to purchase additional depositary shares in full after deducting the underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering to partially repay amounts outstanding under our Bridge Facility entered into in connection with the Chesapeake Acquisition.

As of January 9, 2015, the outstanding balance under the Bridge Facility was \$4,500 million, bearing an effective interest rate of approximately 1.55%, and the outstanding balance under the Term Loan Facility was \$500 million, bearing an effective interest rate of approximately 1.52%. Amounts borrowed under the Bridge Facility and the Term Loan Facility were used to fund the Chesapeake Acquisition and costs and expenses related thereto. The Bridge Facility matures on December 18, 2015 and the Term Loan Facility matures on December 19, 2016.

The offering of depositary shares pursuant to this prospectus supplement and the accompanying prospectus is not contingent upon the closing of our common stock offering, and the concurrent offering of our common stock is not contingent upon the closing of the offering of depositary shares hereunder.

Affiliates of certain of the underwriters are lenders under the Bridge and the Term Loan Facilities and as such will receive their pro rata share of the amounts used from the net proceeds of the Securities Offerings to repay indebtedness under such facilities. See Underwriting (Conflicts of Interest).

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2014:

on a consolidated historical basis;

pro forma to give further effect to (i) the consummation of the Chesapeake Acquisition and the financing thereof with \$4,500 million of borrowings made under the Bridge Facility and \$500 million of borrowings made under the Term Loan Facility, and (ii) \$28 million of borrowings made under the revolving credit facility; and

pro forma as adjusted to give further effect to (i) the issuance of 30,000,000 depositary shares in this offering, and the issuance of 26,086,957 shares of common stock in the concurrent common stock offering, which excludes the exercise by the underwriters to purchase any additional shares and depositary shares, and \$2,200 million raised in the subsequent expected debt financing and the application of the net proceeds therefrom, and (ii) borrowings of approximately \$664 million under our revolving credit facility, which amount includes the aggregate \$65 million deposits, to fund the WPX and the Statoil Acquisitions and an additional \$260 million to fully repay the remaining borrowings under the Bridge Facility.

There can be no assurance that we complete the subsequent expected debt financing.

You should read our historical consolidated financial statements and notes, as well as our unaudited pro forma condensed combined financial statements related to the Chesapeake Acquisition and accompanying notes included in our Current Report on Form 8-K/A filed with the SEC on January 7, 2015, that are incorporated by reference into this prospectus supplement.

| (Dollars in millions) | As of September 30, 2014 | | |
|--|---------------------------------|----------------------|--------------------|
| | Historical | Pro Forma | Pro Forma |
| | | (in millions) | as adjusted |
| Cash and cash equivalents | \$ 20 | \$ 20 | \$ 20 |
| Short-term debt: | | | |
| 7.15% Senior Notes due 2018 | 1 | 1 | 1 |
| Bridge Facility | | 4,500 | |
| Total short-term debt | 1 | 4,501 | 1 |
| Long-term debt: | | | |
| Revolving Credit Facility, expires December 2018 (1) | 139 | 167 | 1,091 |
| 7.35% Senior Notes due 2017 | 15 | 15 | 15 |

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| | | | |
|--|-----------------|------------------|------------------|
| 7.125% Senior Notes due 2017 | 25 | 25 | 25 |
| 7.15% Senior Notes due 2018 | 28 | 28 | 28 |
| 7.5% Senior Notes due 2018 | 600 | 600 | 600 |
| 4.10% Senior Notes due 2022 | 1,000 | 1,000 | 1,000 |
| Term Loan Facility | | 500 | 500 |
| Expected Debt Financing | | | 2,200 |
| Unamortized discount | (1) | (1) | (1) |
| Total long-term debt | 1,806 | 2,334 | 5,458 |
| Total debt | 1,807 | 6,835 | 5,459 |
| Equity: | | | |
| Preferred Stock \$0.01, par value; 10,000,000 authorized shares; and 0 shares issued and outstanding, historical; 10,000,000 shares authorized and 0 shares issued and outstanding, pro forma; 10,000,000 shares authorized and 1,500,000 shares issued and outstanding, pro forma as adjusted | | | |
| Common stock, \$0.01 par value; 1,250,000,000 authorized shares and 353,125,665 shares issued and 352,938,584 shares outstanding, historical; 1,250,000,000 authorized shares and 353,125,665 shares issued and 352,938,584 shares outstanding, pro forma; 1,250,000,000 authorized shares and 353,125,665 shares issued and 379,025,541 shares outstanding, pro forma as adjusted | 4 | 4 | 5 |
| Additional paid-in capital | 1,005 | 1,005 | 3,040 |
| Retained earnings | 3,265 | 3,265 | 3,265 |
| Accumulated other comprehensive income (loss) | 19 | 19 | 19 |
| Total equity | 4,293 | 4,293 | 6,329 |
| Total Capitalization: | \$ 6,100 | \$ 11,128 | \$ 11,788 |

(1) As of January 9, 2015, we had \$331 million outstanding under our revolving credit facility, which amount outstanding includes the \$65 million aggregate deposit for the WPX and the Statoil Acquisitions and excludes the remaining \$599 million aggregate purchase price, and \$1,669 million of borrowing capacity under such facility.

Table of Contents**DIVIDEND POLICY AND MARKET FOR COMMON STOCK****Dividend Policy**

We do not currently pay cash dividends on our common stock, and we do not anticipate paying cash dividends in the foreseeable future. Holders of our common stock may receive dividends when, as and if declared by our board of directors out of funds lawfully available for the payment of dividends. As a Delaware corporation, we may pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which a dividend is declared and/or the preceding fiscal year. Section 170 of the Delaware General Corporation Law also provides that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Price Range of Our Common Stock

The following table sets forth the high and low sales prices per share of our common stock as reported on the New York Stock Exchange since January 1, 2012.

| | High | Low |
|--|-------------|------------|
| Fiscal Year 2015: | | |
| Quarter ended March 31, 2015 (through January 9, 2015) | \$ 27.17 | \$ 24.24 |
| Fiscal Year 2014: | | |
| Quarter ended December 31, 2014 | \$ 37.26 | \$ 26.75 |
| Quarter ended September 30, 2014 | \$ 45.52 | \$ 34.82 |
| Quarter ended June 30, 2014 | \$ 49.16 | \$ 44.01 |
| Quarter ended March 31, 2014 | \$ 46.90 | \$ 37.25 |
| Fiscal Year 2013: | | |
| Quarter ended December 31, 2013 | \$ 40.46 | \$ 34.88 |
| Quarter ended September 30, 2013 | \$ 40.11 | \$ 36.06 |
| Quarter ended June 30, 2013 | \$ 40.34 | \$ 34.68 |
| Quarter ended March 31, 2013 | \$ 39.35 | \$ 31.62 |
| Fiscal Year 2012: | | |
| Quarter ended December 31, 2012 | \$ 36.87 | \$ 32.51 |
| Quarter ended September 30, 2012 | \$ 36.50 | \$ 30.13 |
| Quarter ended June 30, 2012 | \$ 32.75 | \$ 25.63 |
| Quarter ended March 31, 2012 | \$ 35.98 | \$ 28.37 |

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DESCRIPTION OF MANDATORY CONVERTIBLE PREFERRED STOCK

The following description is a summary of certain terms of our 6.25% Series B Mandatory Convertible Preferred Stock, par value \$0.01 per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock, but is not necessarily complete. The following summary supplements and, to the extent that it is inconsistent, replaces the description of our preferred stock in the accompanying prospectus.

A copy our Amended and Restated Certificate of Incorporation, including the certificate of designations for the mandatory convertible preferred stock, and the form of mandatory convertible preferred stock share certificate are available upon request from us at the address set forth in **Where You Can Find More Information** in the accompanying prospectus. The following summary of the terms of the mandatory convertible preferred stock is subject to, and qualified in its entirety by reference to, the provisions of such documents.

The bank depositary will initially be the sole holder of our mandatory convertible preferred stock. However, the holders of depositary shares will be entitled, through the bank depositary, to exercise the rights and preferences of the holders of our mandatory convertible preferred stock, subject to the terms of the deposit agreement and as described under **Description of Depositary Shares** below. Each depositary share represents a 1/20th interest in a share of our mandatory convertible preferred stock.

As used in this section, the terms **Southwestern Energy**, **us**, **we** or **our** refer to Southwestern Energy Company and any of its subsidiaries.

General

Under our Amended and Restated Certificate of Incorporation, our board of directors is authorized, without further stockholder action, to issue up to 10,000,000 shares of preferred stock, par value \$0.01 per share, in one or more series, with such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be set forth in the resolutions providing therefor. We previously designated 1,000,000 shares of our preferred stock as Series A Junior Participating Preferred Stock and reserved such shares for issuance under a stockholders' rights plan that we subsequently terminated. At the consummation of this offering, we will issue 1,500,000 shares of mandatory convertible preferred stock in the form of 30,000,000 depositary shares. In addition, we have granted the underwriters an option to purchase up to 225,000 additional shares of our mandatory convertible preferred stock in the form of 4,500,000 depositary shares to cover over-allotments, if any, in accordance with the procedures set forth in **Underwriting (Conflicts of Interest)**.

When issued, the mandatory convertible preferred stock and any common stock issued upon the conversion of the mandatory convertible preferred stock will be fully paid and nonassessable. The holders of the mandatory convertible preferred stock will have no preemptive or preferential rights to purchase or subscribe to the stock, obligations, warrants or other securities of Southwestern Energy of any class. Computershare Trust Company, N.A. is the transfer agent and registrar of our common stock and will serve as transfer agent, registrar, conversion and dividend disbursing agent for the mandatory convertible preferred stock.

We do not intend to list our mandatory convertible preferred stock on any securities exchange or any automated dealer quotation system, but we have applied to list the depositary shares on The New York Stock Exchange as described under **Description of Depositary Shares Listing**.

Ranking

The mandatory convertible preferred stock, with respect to dividend rights and/or rights upon our liquidation, winding-up or dissolution, as applicable, ranks:

senior to (i) our common stock and (ii) each other class of capital stock established after the original issue date of the mandatory convertible preferred stock (which we refer to as the initial issue

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date) the terms of which do not expressly provide that such class or series ranks either (x) senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution or (y) on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as junior stock);

on a parity with any class of capital stock established after the initial issue date the terms of which expressly provide that such class or series will rank on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as parity stock);

junior to each class of capital stock established after the initial issue date the terms of which expressly provide that such class or series will rank senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution (which we refer to collectively as senior stock); and

junior to our existing and future indebtedness (including trade payables).

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

At September 30, 2014, we had total outstanding consolidated debt of approximately \$1,807 million and no outstanding shares of preferred stock. At September 30, 2014, on a pro forma as adjusted basis our total debt was \$5,399 million.

Dividends

Subject to the rights of holders of any class of capital stock ranking senior to the mandatory convertible preferred stock with respect to dividends, holders of shares of mandatory convertible preferred stock will be entitled to receive, when, as and if declared by our board of directors, or an authorized committee thereof, out of funds legally available for payment, cumulative dividends at the rate per annum of 6.25% on the liquidation preference of \$1,000 per share of mandatory convertible preferred stock (equivalent to \$62.50 per annum per share), payable in cash, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion (subject to the limitations described below). See Method of Payment of Dividends. Declared dividends on the mandatory convertible preferred stock will be payable quarterly on January 15, April 15, July 15 and October 15 of each year to, and including, January 15, 2018, commencing April 15, 2015 (each, a dividend payment date), at such annual rate, and dividends shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the initial issue date of the mandatory convertible preferred stock, whether or not in any dividend period or periods there have been funds legally available for the payment of such dividends. Declared dividends will be payable on the relevant dividend payment date to holders of record as they appear on our stock register at 5:00 p.m., New York City time, on the January 1, April 1, July 1 or October 1, as the case may be, immediately preceding the relevant dividend payment date (each, a record date), whether or not such holders convert their shares, or such shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. These record dates will apply regardless of whether a particular record date is a business day. A business day means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close. If a dividend

payment date is not a business day, payment will be made on the next succeeding business day, without any interest or other payment in lieu of interest accruing with respect to this delay.

A full dividend period is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period will commence on, and include, the initial

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issue date of our mandatory convertible preferred stock and will end on, and exclude, the April 15, 2015 dividend payment date. The amount of dividends payable on each share of mandatory convertible preferred stock for each full dividend period (after the initial dividend period) will be computed by *dividing* the annual dividend rate by four. Dividends payable on the mandatory convertible preferred stock for the initial dividend period and any partial dividend period will be computed based upon the actual number of days elapsed during the period over a 360-day year (consisting of twelve 30-day months). Accordingly, the dividend on the mandatory convertible preferred stock for the first dividend period, assuming the initial issue date is January 21, 2015, will be approximately \$14.5833 per share (based on the annual dividend rate of 6.25% and a liquidation preference of \$1,000 per share) and will be payable, when, as and if declared, on April 15, 2015. The dividend on the mandatory convertible preferred stock for each subsequent full dividend period, when, as and if declared, will be \$15.6250 per share (based on the annual dividend rate of 6.25% and a liquidation preference of \$1,000 per share). Accumulated dividends will not bear interest if they are paid subsequent to the applicable dividend payment date.

No dividend will be declared or paid upon, or any sum or number of shares of common stock set apart for the payment of dividends upon, any outstanding share of the mandatory convertible preferred stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock.

Our ability to declare and pay cash dividends and make other distributions with respect to our capital stock, including the mandatory convertible preferred stock, may be limited by the terms of any future indebtedness. In addition, our ability to declare and pay dividends may be limited by applicable Delaware law. See [Risk Factors](#) [Risks Related to the Depositary Shares and Our Mandatory Convertible Preferred Stock](#) Our ability to pay dividends on our mandatory convertible preferred stock may be limited.

So long as any share of the mandatory convertible preferred stock remains outstanding, no dividend or distribution shall be declared or paid on the common stock or any other shares of junior stock, and no common stock or other junior stock or parity stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by us or any of our subsidiaries unless all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock. The foregoing limitation shall not apply to: (i) a dividend payable on any common stock or other junior stock in shares of any common stock or other junior stock; (ii) the acquisition of shares of any common stock or other junior stock in exchange for shares of any common stock or other junior stock and the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of any common stock or other junior stock pursuant to the conversion or exchange provisions of such shares of other junior stock or any securities exchangeable for or convertible into such shares of common stock or other junior stock; (iv) redemptions, purchases or other acquisitions of shares of common stock or other junior stock in connection with the administration of any employee benefit plan in the ordinary course of business, including, without limitation, the forfeiture of unvested shares of restricted stock or share withholdings upon exercise, delivery or vesting of equity awards granted to officers, directors and employees and the payment of cash in lieu of fractional shares; (v) any dividends or distributions of rights or common stock or other junior stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (vi) the acquisition by us or any of our subsidiaries of record ownership in common stock or other junior stock or parity stock for the beneficial ownership of any other persons (other than us or any of our subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (vii) the exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock (with the same or lesser aggregate liquidation amount) or junior stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the mandatory convertible preferred stock have not been paid in full on any dividend payment date or declared and a sum or number of shares of common stock sufficient for payment

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thereof set aside for the benefit of the holders thereof on the applicable record date, no dividends may be declared or paid on any parity stock unless dividends are declared on the mandatory convertible preferred stock such that the respective amounts of such dividends declared on the mandatory convertible preferred stock and each such other class or series of parity stock shall bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of the mandatory convertible preferred stock and such class or series of parity stock (subject to their having been declared by the board of directors, or an authorized committee thereof, out of legally available funds) bear to each other, in proportion to their respective liquidation preferences; *provided* that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the board of directors, or an authorized committee thereof, may be declared and paid on any securities, including common stock and other junior stock, from time to time out of any funds legally available for such payment, and holders of the mandatory convertible preferred stock shall not be entitled to participate in any such dividends.

If we (or an applicable withholding agent) are required to withhold on distributions of common stock to a holder (see U.S. Federal Income Tax Considerations) and pay the applicable withholding taxes, we may, at our option, or an applicable withholding agent may, withhold such taxes from payments of cash or shares of common stock payable to such holder.

Method of Payment of Dividends

Subject to the limitations described below, we may pay any declared dividend (or any portion of any declared dividend) on the mandatory convertible preferred stock (whether or not for a current dividend period or any prior dividend period), determined in our sole discretion:

in cash;

by delivery of shares of our common stock (or, as described below, units of exchange property); or

through any combination of cash and shares of our common stock.

We will make each payment of a declared dividend on the mandatory convertible preferred stock in cash, except to the extent we elect to make all or any portion of such payment in shares of our common stock. We will give the holders of the mandatory convertible preferred stock notice of any such election, and the portion of such payment that will be made in cash and the portion that will be made in common stock, no later than 10 scheduled trading days (as defined below) prior to the dividend payment date for such dividend.

If we elect to make any such payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined below) of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price), *multiplied by 97%*.

No fractional shares of common stock will be delivered to the holders of the mandatory convertible preferred stock in respect of dividends. We will instead pay a cash adjustment to each holder that would otherwise be entitled to a fraction of a share of common stock based on the five-day average price.

To the extent a shelf registration statement is required in our reasonable judgment in connection with the issuance of or for resales of common stock issued as payment of a dividend, including dividends paid in connection with a conversion, we will, to the extent such a registration statement is not currently filed and effective, use our commercially reasonable efforts to file and maintain the effectiveness of such a shelf registration statement until the earlier of such time as all such shares of common stock have been resold

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thereunder and such time as all such shares are freely tradable without registration. To the extent applicable, we will also use our commercially reasonable efforts to have the shares of common stock qualified or registered under applicable state securities laws, if required, and approved for listing on The New York Stock Exchange (or if our common stock is not listed on The New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our common stock is then listed).

Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with any declared dividend exceed a number equal to the total dividend payment *divided by* \$8.05, which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any anti-dilution adjustment to each fixed conversion rate as set forth below in *Anti-dilution Adjustments* (such dollar amount, as adjusted, the *floor price*). To the extent that the amount of the declared dividend exceeds the product of the number of shares of common stock delivered in connection with such declared dividend and 97% of the five-day average price, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

Redemption

The mandatory convertible preferred stock will not be redeemable. However, at our option, we may purchase the mandatory convertible preferred stock or depositary shares from time to time in the open market, by tender offer or otherwise.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, winding-up or dissolution, each holder of mandatory convertible preferred stock will be entitled to receive a liquidation preference in the amount of \$1,000 per share of the mandatory convertible preferred stock (the *liquidation preference*), *plus* an amount equal to accumulated and unpaid dividends on the shares to, but excluding, the date fixed for liquidation, winding-up or dissolution to be paid out of our assets available for distribution to our stockholders, after satisfaction of liabilities to our creditors and holders of any senior stock and before any payment or distribution is made to holders of junior stock (including our common stock). If, upon our voluntary or involuntary liquidation, winding-up or dissolution, the amounts payable with respect to the liquidation preference, *plus* an amount equal to accumulated and unpaid dividends of the mandatory convertible preferred stock and all parity stock are not paid in full, the holders of the mandatory convertible preferred stock and any parity stock will share equally and ratably in any distribution of our assets in proportion to the respective liquidation preferences and amounts equal to accumulated and unpaid dividends to which they are entitled. After payment of the full amount of the liquidation preference and an amount equal to accumulated and unpaid dividends to which they are entitled, the holders of the mandatory convertible preferred stock will have no right or claim to any of our remaining assets.

Neither the sale of all or substantially all of our assets or business (other than in connection with our liquidation, winding-up or dissolution), nor our merger or consolidation into or with any other person, will be deemed to be our voluntary or involuntary liquidation, winding-up or dissolution.

The certificate of designations for our mandatory convertible preferred stock does not contain any provision requiring funds to be set aside to protect the liquidation preference of the mandatory convertible preferred stock even though it is substantially in excess of the par value thereof.

Voting Rights

The holders of the mandatory convertible preferred stock do not have voting rights other than those described below, except as specifically required by Delaware law.

Whenever dividends on any shares of mandatory convertible preferred stock have not been declared and paid for the equivalent of six or more dividend periods (including, for the avoidance of doubt, the dividend

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period beginning on, and including, the initial issue date and ending on, but excluding, April 15, 2015), whether or not for consecutive dividend periods (a nonpayment), the holders of such shares of mandatory convertible preferred stock, voting together as a single class with holders of any and all other series of voting preferred stock (as defined below) then outstanding, will be entitled at our next special or annual meeting of stockholders to vote for the election of a total of two additional members of our board of directors (the preferred stock directors); *provided* that the election of any such directors will not cause us to violate the corporate governance requirements of The New York Stock Exchange (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors; and *provided further* that our board of directors shall at no time include more than two preferred stock directors. In the event of a nonpayment, we will increase the number of directors on our board of directors by two, and the new directors will be elected at a special meeting of stockholders called by our board of directors, subject to its fiduciary duties, at the request of the holders of at least 20% of the shares of mandatory convertible preferred stock or of any other series of voting preferred stock (*provided* that such request is received at least 90 calendar days before the date fixed for the next annual or special meeting of the stockholders, failing which election shall be held at such next annual or special meeting of stockholders), and at each subsequent annual meeting, so long as the holders of mandatory convertible preferred stock continue to have such voting rights.

As used in this prospectus supplement, voting preferred stock means any other class or series of our preferred stock ranking equally with the mandatory convertible preferred stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable. Whether a plurality, majority or other portion of the mandatory convertible preferred stock and any other voting preferred stock have been voted in favor of any matter shall be determined by reference to the respective liquidation preference amounts of the mandatory convertible preferred stock and such other voting preferred stock voted.

If and when all accumulated and unpaid dividends have been paid in full, or declared and a sum sufficient for such payment shall have been set aside (a nonpayment remedy), the holders of mandatory convertible preferred stock shall immediately and, without any further action by us, be divested of the foregoing voting rights, subject to the revesting of such rights in the event of each subsequent nonpayment. If such voting rights for the holders of mandatory convertible preferred stock and all other holders of voting preferred stock have terminated, the term of office of each preferred stock director so elected will terminate at such time and the number of directors on our board of directors shall automatically decrease by two.

Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of mandatory convertible preferred stock and any other shares of voting preferred stock then outstanding (voting together as a class) when they have the voting rights described above. In the event that a nonpayment shall have occurred and there shall not have been a nonpayment remedy, any vacancy in the office of a preferred stock director (other than prior to the initial election after a nonpayment) may be filled by the written consent of the preferred stock director remaining in office or, if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of mandatory convertible preferred stock and any other shares of voting preferred stock then outstanding (voting together as a class) when they have the voting rights described above; *provided* that the filling of each vacancy will not cause us to violate the corporate governance requirements of The New York Stock Exchange (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors.

So long as any shares of mandatory convertible preferred stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of mandatory convertible preferred stock given in person or by proxy, either in writing or at a meeting:

amend or alter the provisions of our Amended and Restated Certificate of Incorporation or the certificate of designations for the shares of mandatory convertible preferred stock so as to authorize

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or create, or increase the authorized amount of, any specific class or series of stock ranking senior to the mandatory convertible preferred stock with respect to payment of dividends or the distribution of our assets upon our liquidation, dissolution or winding up; or

amend, alter or repeal the provisions of our Amended and Restated Certificate of Incorporation or the certificate of designations for the shares of mandatory convertible preferred stock so as to adversely affect the special rights, preferences, privileges or voting powers of the shares of mandatory convertible preferred stock; or

consummate a binding share exchange or reclassification involving the shares of mandatory convertible preferred stock or a merger or consolidation of us with another entity, unless in each case: (i) shares of mandatory convertible preferred stock remain outstanding and are not amended in any respect or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent; and (ii) such shares of mandatory convertible preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the mandatory convertible preferred stock immediately prior to such consummation, taken as a whole;

provided, however, that (1) any increase in the amount of our authorized but unissued shares of preferred stock, (2) any increase in the authorized or issued shares of mandatory convertible preferred stock and (3) the creation and issuance, or an increase in the authorized or issued amount, of any other series of parity stock or junior stock will be deemed not to adversely affect the special rights, preferences, privileges or voting powers of the mandatory convertible preferred stock and shall not require the affirmative vote or consent of holders of the mandatory convertible preferred stock.

Without the consent of the holders of the mandatory convertible preferred stock, we may amend, alter, supplement, or repeal any terms of the mandatory convertible preferred stock by amending or supplementing our certificate of incorporation, the certificate of designations or any certificate representing the mandatory convertible preferred stock for the following purposes:

to cure any ambiguity, omission, inconsistency or mistake in any such agreement or instrument;

to make any provision with respect to matters or questions relating to the mandatory convertible preferred stock that is not inconsistent with the provisions of the certificate of designations for the mandatory convertible preferred stock and that does not adversely affect the rights of any holder of the mandatory convertible preferred stock; or

to make any other change that does not adversely affect the rights of any holder of the mandatory convertible preferred stock (other than any holder that consents to such change).

In addition, without the consent of the holders of the mandatory convertible preferred stock, we may amend, alter, supplement or repeal any terms of the mandatory convertible preferred stock to conform the terms of the mandatory

convertible preferred stock to the description thereof in the accompanying prospectus as supplemented and/or amended by this Description of Mandatory Convertible Preferred Stock section of the preliminary prospectus supplement for the mandatory convertible preferred stock, as further supplemented and/or amended by the related pricing term sheet.

Mandatory Conversion

Each outstanding share of the mandatory convertible preferred stock, unless previously converted, will automatically convert on the mandatory conversion date, into a number of shares of common stock equal to the

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conversion rate described below. If we declare a dividend for the dividend period ending on January 15, 2018, we will pay such dividend to the holders of record as of the applicable record date, as described above under Dividends. If on or prior to January 1, 2018 we have not declared all or any portion of the accumulated and unpaid dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders receive an additional number of shares of common stock equal to the amount of accumulated and unpaid dividends that have not been declared (the additional conversion amount), *divided by* the greater of (i) the floor price and (ii) 97% of the five-day average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and 97% of the five-day average price, we will, if we are legally able to do so, declare and pay such excess amount in cash pro rata to the holders of the mandatory convertible preferred stock.

The conversion rate, which is the number of shares of common stock issuable upon conversion of each share of mandatory convertible preferred stock on the mandatory conversion date (excluding shares of common stock issued in respect of accrued and unpaid dividends, if any), will be as follows:

if the applicable market value of our common stock is greater than the threshold appreciation price, which equals \$1,000 *divided by* the minimum conversion rate (as defined below), which quotient is equal to approximately \$27.025 and which represents an approximately 17.5% appreciation over the initial price, then the conversion rate will be 37.0028 shares of common stock per share of mandatory convertible preferred stock (the minimum conversion rate);

if the applicable market value of our common stock is less than or equal to the threshold appreciation price but equal to or greater than the initial price, which is equal to \$1,000 *divided by* the maximum conversion rate (as described below) and approximately equals the per share public offering price of our common stock in the concurrent offering of our common stock, then the conversion rate will be equal to \$1,000 *divided by* the applicable market value of our common stock, rounded to the nearest ten thousandth of a share; or

if the applicable market value of our common stock is less than the initial price, then the conversion rate will be 43.4782 shares of common stock per share of mandatory convertible preferred stock (the maximum conversion rate).

We refer to the minimum conversion rate and the maximum conversion rate collectively as the fixed conversion rates. The fixed conversion rates, the initial price, the threshold appreciation price and the applicable market value are each subject to adjustment as described in Anti-dilution Adjustments below.

Hypothetical conversion values upon mandatory conversion

For illustrative purposes only, the following table shows the number of shares of our common stock that a holder of our mandatory convertible preferred stock would receive upon mandatory conversion of one share of mandatory convertible preferred stock at various applicable market values for our common stock. The table assumes that there will be no conversion adjustments as described below in Anti-dilution Adjustments and that dividends on the shares of mandatory convertible preferred stock will be declared and paid in cash. The actual applicable market value of shares of our common stock may differ from those set forth in the table below. Given an initial price of \$23.00 and a threshold appreciation price of \$27.025, a holder of our mandatory

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convertible preferred stock would receive on the mandatory conversion date the number of shares of our common stock per share of our mandatory convertible preferred stock set forth below:

| Applicable Market Value of Our Common Stock | Number of Shares of Our Common Stock to Be Received Upon Conversion | Conversion Value (Applicable Market Value <i>Multiplied by</i> the Number of Shares of Our Common Stock to Be Received Upon Conversion) |
|--|--|--|
| \$ 5.00 | 43.4782 | \$ 217.39 |
| \$10.00 | 43.4782 | \$ 434.78 |
| \$15.00 | 43.4782 | \$ 652.17 |
| \$20.00 | 43.4782 | \$ 869.56 |
| \$23.00 | 43.4782 | \$ 1,000.00 |
| \$25.00 | 40.0000 | \$ 1,000.00 |
| \$27.025 | 37.0028 | \$ 1,000.00 |
| \$30.00 | 37.0028 | \$ 1,110.08 |
| \$35.00 | 37.0028 | \$ 1,295.10 |
| \$40.00 | 37.0028 | \$ 1,480.11 |
| \$45.00 | 37.0028 | \$ 1,665.13 |
| \$50.00 | 37.0028 | \$ 1,850.14 |
| \$60.00 | 37.0028 | \$ 2,220.17 |

Accordingly, if the applicable market value of our common stock is greater than the threshold appreciation price, the aggregate market value of our common stock delivered upon conversion of each share of the mandatory convertible preferred stock will be greater than the \$1,000 liquidation preference of the share of the mandatory convertible preferred stock, assuming that the market price of our common stock on the mandatory conversion date is the same as the applicable market value of our common stock. If the applicable market value for our common stock is equal to or greater than the initial price and equal to or less than the threshold appreciation price, the aggregate market value of our common stock delivered upon conversion of each share of the mandatory convertible preferred stock will be equal to the \$1,000 liquidation preference of the share of the mandatory convertible preferred stock, assuming that the market price of our common stock on the mandatory conversion date is the same as the applicable market value of our common stock. If the applicable market value of our common stock is less than the initial price, the aggregate market value of our common stock delivered upon conversion of each share of the mandatory convertible preferred stock will be less than the \$1,000 liquidation preference of the share of the mandatory convertible preferred stock, assuming that the market price of our common stock on the mandatory conversion date is the same as the applicable market value of our common stock.

Definitions

Applicable market value means the average VWAP per share of our common stock over the final averaging period.

Final averaging period means the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding January 15, 2018.

Mandatory conversion date means the third business day immediately following the last trading day of the final averaging period.

Trading day means a day on which (i) there is no market disruption event (as defined below) and (ii) trading in our common stock generally occurs on The New York Stock Exchange or, if our common stock is not then listed on The New York Stock Exchange, on the principal other U.S. national or regional securities

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exchange on which our common stock is then listed or, if our common stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common stock is then listed or admitted for trading. If our common stock is not so listed or admitted for trading, trading day means a business day.

Market disruption event means (i) a failure by the primary U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any scheduled trading day for our common stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in our common stock or in any options contracts or futures contracts relating to our common stock.

A scheduled trading day&