

SOUTHWESTERN ENERGY CO

Form 424B5

September 11, 2017

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Registration No. 333-208074

The information in this document is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion

Preliminary prospectus supplement dated September 11, 2017

Preliminary prospectus supplement

(To prospectus dated November 17, 2015)

***\$1,150,000,000***

## Southwestern Energy Company

***\$***                      ***% Senior notes due 2026***

***\$***                      ***% Senior notes due 2027***

We are offering \$                      million aggregate principal amount of our                      % Senior Notes due 2026 (the                      2026 notes ) and \$                      million aggregate principal amount of our                      % Senior Notes due 2027 (the                      2027 notes, and, together with the 2026 notes, the                      notes ). We will pay interest on the notes on each                      and                      , beginning on                      , 2018. The notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future senior indebtedness, will be effectively subordinated to all of our secured indebtedness, including the secured portion of indebtedness under our 2016 Credit Agreement, to the extent of the value of the collateral securing such indebtedness, and will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

We may, at our option, at any time and from time to time, redeem the notes, in whole or in part, prior to their maturity as described herein under Description of the notes Optional redemption. There are no sinking funds for the notes.

Investing in the notes involves risks. Please read Risk factors beginning on page S-17 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement.



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## **About this prospectus supplement**

This document is in two parts. The first part is this 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. 333-208074) with the Securities and Exchange Commission (the SEC) on November 17, 2015 as part of a shelf registration process. Under the shelf registration process, we may offer to sell debt securities, preferred or common stock, depositary shares, warrants, purchase contracts and units 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 notes 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 supplement 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 notes in any jurisdiction 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 the notes, 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 Company and its direct and indirect subsidiaries on a consolidated basis.

## **Extended settlement**

Delivery of the notes is expected to be made against payment therefor on or about \_\_\_\_\_, 2017, which is the 10th business day following the date of pricing of the notes (such settlement being referred to as T+10). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the Exchange Act), trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing of the notes or the seven succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+10, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisers.

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## **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 Exchange Act (other than the portions of those documents furnished under Item 2.02 or Item 7.01 of Form 8-K and related exhibits thereto):

our Annual Report on Form 10-K for the year ended December 31, 2016, including those portions of our Proxy Statement on Schedule 14A that was filed on April 12, 2017 and incorporated into our Form 10-K;

our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2017 and June 30, 2017; and

our Current Reports on Form 8-K filed on April 27, 2017, May 30, 2017, June 8, 2017, June 12, 2017 and September 11, 2017.

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## **Forward-looking statements**

Certain statements and information in this prospectus supplement, the accompanying 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, may, will, are likely and 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-17 of this prospectus supplement and on page 5 of the accompanying prospectus, as well as Risk factors in our Annual Report on Form 10-K for the year ended December 31, 2016 and our subsequent Quarterly Reports on Form 10-Q. 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:

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

our ability to fund our planned capital investments;

a change in our credit rating;

the extent to which lower commodity prices impact our ability to service or refinance our existing debt;

the impact of volatility in the financial markets or other global economic factors;

difficulties in appropriately allocating capital and resources among our strategic opportunities;

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

our ability to maintain leases that may expire if production is not established or profitably maintained;

our ability to realize the expected benefits from recent acquisitions;

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

availability and costs of personnel and of products and services provided by third parties;

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;

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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;

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.

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## Non-GAAP financial measures

We refer to the term Adjusted EBITDA in this prospectus supplement. Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization, non-cash impairment of natural gas and oil properties, non-cash stock based compensation, write-down of inventory, restructuring charges and loss on debt extinguishment, less gains (losses) on sale of assets and gains (losses) on derivatives (net of settlement). 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 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 base 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-17 of this prospectus supplement and on page 5 of the accompanying prospectus, as well as *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2016, 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 notes.*

*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-63 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, oil and NGL exploration, development and production, which we refer to as 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 most of our businesses through subsidiaries and we operate principally in two segments: E&P and Midstream Services. Currently we operate only in the United States.

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](http://www.swn.com). The information included on our website is not part of, or incorporated by reference into, this prospectus supplement.

### **Business strategy**

We are 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 always strive to attract and retain strong talent, to work safely and act ethically with unwavering vigilance for the environment and the communities in which we operate, and to creatively apply technical and financial skills, which we believe will grow long-term value. The arrow in our formula is not a straight line: we acknowledge that factors may adversely affect quarter-by-quarter results, but the path over time points to value creation.

In applying these core principles, we concentrate on:

*Financial strength.* We are committed to rigorously managing our balance sheet and risks. We budget to invest only from our net cash flow (along with the remaining portion of proceeds from our equity issuance in 2016 that we previously earmarked for capital investment), protect our projected cash flows through hedging, and continue to ensure strong liquidity while de-levering the Company;

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*Increasing margins.* We apply strong technical, operational, commercial and marketing skills to reduce cost, improve the productivity of our wells and pursue commercial arrangements that extract greater value from them. We believe our demonstrated ability to improve margins, especially by leveraging the scale of our large asset base, gives us a competitive advantage as we move into the future.

*Dynamic management of assets throughout life cycle.* We own large-scale, long-life assets in various phases of development. In early stages, we ramp up development through technical, operational and commercial skills, and as they grow we look for ways to maximize their value, through efficient operating practices along with commercial and marketing expertise.

*Deepening our inventory.* We continue to expand the inventory of properties that we can develop profitably by converting our extensive resources into proved reserves, targeting additions whose productivity largely has been demonstrated and improving efficiencies in production.

*The hydrocarbon value chain.* We often expand our activities vertically when we believe this will enhance our margins or otherwise provide us competitive advantages. For example, we developed and operate the largest gathering system in the Fayetteville Shale area based on miles of pipeline. We operate drilling rigs and own a sand mine that provides a low cost proppant for use in hydraulic fracturing. These activities help protect our margin, minimize the risk of unavailability of these resources from third parties, diversify our cash flows and capture additional value.

*The next chapter of unconventional.* We grew dramatically in the 2000s by harnessing and enhancing the newfound combination of hydraulic fracturing and horizontal drilling technologies. Our people constantly search for the next revolutionary technology and other operational advancements to capture greater value in unconventional hydrocarbon resource development. These developments whether single, step-changing technologies or a combination of several incremental ones can reduce finding and development costs and thus increase our margins.

*Innovative environmental solutions and policy formation.* We are a leader in identifying and implementing innovative solutions to unconventional hydrocarbon development to minimize the environmental and community impacts of our activities. We work extensively with governmental, non-governmental and industry stakeholders to develop responsible and cost-effective programs. We demonstrate that a company can operate responsibly and profitably, putting us in a better position to comply with new regulations as they evolve. During 2016, we executed on our business strategy by:

investing within our cash flow plus a portion of the proceeds from our successful equity offering earmarked for this purpose, with the remainder applied to debt reduction;

investing in only those projects that meet our rigorous economic hurdles at strip pricing;

rearranging and extending our bank credit facilities and successfully tendering for approximately \$700 million of near-term senior notes, which reduced our leverage, enhanced and stabilized our liquidity and eliminated the overhang of near-term debt maturities;

generating cash flow from operations of approximately \$500 million, which reflects the impact of an aggressive focus on costs and improved drilling and completion performance;

intelligently managing our portfolio, including disposing of acreage we were not planning to develop until well into the next decade and using the over \$400 million of proceeds to reduce debt.



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In the second quarter of 2017, we made additional progress on our debt reduction by redeeming all (i) \$187 million principal amount outstanding of our 3.30% Senior Notes due January 2018, (ii) \$38 million principal amount outstanding of our 7.50% Senior Notes due February 2018 and (iii) \$26 million principal amount outstanding of our 7.15% Senior Notes due June 2018.

## **Exploration and production**

### *Overview*

Our primary business is the exploration for and production of natural gas, oil and NGLs, with our current operations principally focused on the development of unconventional natural gas reservoirs located in Pennsylvania, West Virginia and Arkansas. Our operations in northeast Pennsylvania, which we refer to as Northeast Appalachia, are primarily focused on the unconventional natural gas reservoir known as the Marcellus Shale. Our operations in West Virginia and southwest Pennsylvania, which we refer to as Southwest Appalachia, are focused on the Marcellus Shale, the Utica and the Upper Devonian unconventional natural gas and oil reservoirs. Collectively, we refer to our properties located in Pennsylvania and West Virginia as the Appalachian Basin. Our operations in Arkansas are primarily focused on an unconventional natural gas reservoir known as the Fayetteville Shale. We have smaller holdings in Colorado and Louisiana, along with other areas in which we are testing potential new resources. We also have drilling rigs located in Pennsylvania, West Virginia and Arkansas, as well as in other operating areas, and provide oilfield products and services, principally serving our E&P operations.

### *Oilfield services vertical integration*

We provide some oilfield services that are strategic and economically beneficial for our E&P operations when our E&P activity levels and market pricing support these activities and we can do so more efficiently or cost-effectively. This vertical integration lowers our net well costs, allows us to operate efficiently and helps us to mitigate certain operational environmental risks. Among others, these services have included drilling, hydraulic fracturing and the mining of sand used as proppant for certain of our well completions in the Fayetteville Shale from a 570-acre complex in Arkansas.

We have conducted drilling operations for a majority of our operated wells. As of June 30, 2017, we had a total of six rigs drilling in Pennsylvania, West Virginia and Arkansas. In 2016, we provided drilling services for all of the wells that we operate in Northeast Appalachia, Southwest Appalachia and the Fayetteville Shale. Our drilling and completion services, along with our sand mine servicing our operated wells in the Fayetteville Shale, were inactive during our suspension of drilling and completion activities in the first half of 2016, but resumed, in part, as these activities were reinitiated during the third quarter of 2016.

We ceased providing hydraulic fracturing services in early 2016 at the same time as we suspended drilling and completion activities. We resumed providing hydraulic fracturing services in July 2017.

### *Our proved reserves*

Our estimated proved natural gas, oil and NGL reserves were 5,253 Bcfe at year-end 2016, compared to 6,215 Bcfe at year-end 2015 and 10,747 Bcfe at year-end 2014. The decrease in our reserves in 2016 was primarily due to our production in 2016 and downward price revisions associated with decreased commodity prices, partially offset by upward performance revisions in Northeast Appalachia, Southwest Appalachia and the Fayetteville Shale. The significant decrease in our reserves in 2015 was primarily due to downward price revisions in our

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proved undeveloped reserves associated with decreased commodity prices and our production, partially offset by upward performance revisions in Northeast Appalachia and Southwest Appalachia and our successful development programs in Northeast Appalachia, Southwest Appalachia and the Fayetteville Shale. The significant increase in our reserves in 2014 was primarily due to the acquisition of approximately 413,000 net acres in Southwest Appalachia, our successful development drilling programs in Northeast Appalachia and the Fayetteville Shale and upward performance revisions in Northeast Appalachia. Because our proved reserves are primarily natural gas, our reserve estimates and the after-tax PV-10 measure, or standardized measure of discounted future net cash flows relating to proved natural gas, oil and NGL reserve quantities, are highly dependent upon the natural gas price used in our reserve and after-tax PV-10 calculations. In order to value our estimated proved natural gas, oil and NGL reserves as of December 31, 2016, we utilized average prices from the first day of each month from the previous 12 months for Henry Hub natural gas of \$2.48 per MMBtu for natural gas, West Texas Intermediate oil of \$39.25 per barrel for oil and \$6.74 per barrel for NGLs, compared to \$2.59 per MMBtu for natural gas, \$46.79 per barrel for oil and \$6.82 per barrel for NGLs at December 31, 2015 and \$4.35 per MMBtu for natural gas, \$91.48 per barrel for oil and \$23.79 per barrel for NGLs at December 31, 2014.

Our after-tax PV-10 was \$1.7 billion at year-end 2016, \$2.4 billion at year-end 2015 and \$7.5 billion at year-end 2014. The decrease in our after-tax PV-10 value in 2016 compared to 2015 was primarily due to lower reserve levels. The decrease in 2015 compared to 2014 was primarily due to comparatively lower average commodity prices. The difference in after-tax PV-10 and pre-tax PV-10 (a non-GAAP measure which is reconciled in the Historical summary reserve and operating data table below) is the discounted value of future income taxes on the estimated cash flows. Our year-end 2016 estimated proved reserves had a present value of estimated future net cash flows before income tax, or pre-tax PV-10, of \$1.7 billion, compared to \$2.4 billion at year-end 2015 and \$9.5 billion at year-end 2014. Our year-end 2016 and 2015 after-tax PV-10 computations do not have future income taxes because our tax basis in the associated oil and gas properties exceeded expected pre-tax cash inflows, and thus do not differ from the pre-tax values.

We believe that the pre-tax PV-10 value of the estimated cash flows related to our estimated proved reserves is a useful supplemental disclosure to the after-tax PV-10 value. Pre-tax PV-10 is based on prices, costs and discount factors that are comparable from company to company, while the after-tax PV-10 is dependent on the unique tax situation of each individual company. We understand that securities analysts use pre-tax PV-10 as one measure of the value of a company's current proved reserves and to compare relative values among peer companies without regard to income taxes.

At year-end 2016, 93% of our estimated proved reserves were natural gas and 99% of total estimated proved reserves were classified as proved developed, compared to 95% and 93%, respectively, in 2015 and 91% and 55%, respectively in 2014. We operate, or if operations have not commenced, plan to operate, approximately 98% of our reserves, based on the pre-tax PV-10 value of our proved developed producing reserves, and our reserve life index approximated 6.0 years at year-end 2016. Natural gas sales accounted for 89% of total E&P operating revenues for the six months ended June 30, 2017 and 2016. In 2016, natural gas sales accounted for 89% of total E&P operating revenues, compared to 93% and nearly 100% in 2015 and 2014, respectively.



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The following table provides an overall and categorical summary of our natural gas, oil and NGL reserves, as of fiscal year-end 2016 based on average fiscal year prices, and our PV-10 as of December 31, 2016, and sets forth 2016 annual information related to production and capital investments for each of our operating areas. The following table also sets forth information related to production and capital investments for the six months ended June 30, 2017.

**Historical summary reserve and operating data**

	Appalachia		Fayetteville	Other(1)	Total
	Northeast	Southwest	Shale		
Estimated Proved Reserves (as of December 31, 2016):					
Natural Gas (Bcf):					
Developed (Bcf)	1,540	293	2,954	2	4,789
Undeveloped (Bcf)	34		43		77
	1,574	293	2,997	2	4,866
Crude Oil (MMBbls):					
Developed (MMBbls)		10.2		0.3	10.5
Undeveloped (MMBbls)					
		10.2		0.3	10.5
Natural Gas Liquids (MMBbls):					
Developed (MMBbls)		53.8		0.1	53.9
Undeveloped (MMBbls)					
		53.8		0.1	53.9
Total Proved Reserves (Bcfe)(2):					
Developed (Bcfe)	1,540	677	2,954	5	5,176
Undeveloped (Bcfe)	34		43		77
	1,574	677	2,997	5	5,253
Percent of Total	30%	13%	57%	0%	100%
Percent Proved Developed	98%	100%	99%	100%	99%
Percent Proved Undeveloped	2%	0%	1%	0%	1%
PV-10 (as of December 31, 2016):					
Pre-Tax (in millions)(3)	\$ 183	\$ 163	\$ 1,325	\$ (6)	\$ 1,665
PV of Taxes (in millions)(3)					
After-Tax (in millions)(3)	\$ 183	\$ 163	\$ 1,325	\$ (6)	\$ 1,665
Percent of Total	11%	10%	79%	0%	100%
Percent Operated(4)	95%	100%	99%	100%	98%
Production (Bcfe) (for the year ended December 31, 2016)	350	148	375	2	875
Capital Investments (in millions) (for the year ended December 31, 2016)(5)					
Production (Bcfe) (for the six months ended June 30, 2017)	184	79	163		426
Capital Investments (in millions) (for the six months ended June 30, 2017)(5)	\$ 245	\$ 250	\$ 66	\$ 40	\$ 601

(1) Other consists primarily of properties in Colorado and Louisiana.

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- (2) 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.
- (3) 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 natural gas, oil and NGL reserves.
- (4) Based upon pre-tax PV-10 of proved developed producing activities.
- (5) Total and Other capital investments excludes \$16 million for the six months ended June 30, 2017 and \$26 million for the year ended December 31, 2016 related to our E&P service companies.

**Our reserve replacement**

Since 2005, the substantial majority of our reserve additions have been generated from our Fayetteville Shale division. However, over the past several years, Northeast Appalachia has also contributed to an increasing amount of our reserve additions as a result of increased development activity, totaling 81 Bcf, 420 Bcf and 835 Bcf in 2016, 2015 and 2014, respectively. Additionally, we added 157 Bcfe and 123 Bcfe of reserves in 2016 and 2015, respectively, as a result of our drilling program in Southwest Appalachia, which was acquired in December 2014. We expect our drilling programs in Northeast Appalachia, Southwest Appalachia and the Fayetteville Shale to continue to be the primary source of our reserve additions in the future; however, our ability to add reserves depends upon many factors that are beyond our control.

**Our operations****Northeast Appalachia**

We began leasing acreage in northeast Pennsylvania in 2007 in an effort to participate in the emerging Marcellus Shale. As of December 31, 2016, we had approximately 245,805 net acres in Northeast Appalachia. Northeast Appalachia represented 40% of our total net production and 30% of our total reserves as of December 31, 2016. Below is a summary of Northeast Appalachia's net production and capital investments for the last three years and six months ended June 30, 2017 and reserves and certain other operational information for the last three years.

	<b>For the six months ended June 30, 2017</b>	<b>2016</b>	<b>For the years ended December 31,</b>	
			<b>2015</b>	<b>2014</b>
<b>Reserves</b> (at end of period) (Bcf)		<b>1,574</b>	2,319	3,192
<b>Net Production</b> (Bcf)	184	<b>350</b>	360	254
<b>Capital Investments</b> (in millions)				
Exploratory and development drilling, including workovers	\$ 211	<b>\$ 160</b>	\$ 472	\$ 571
Acquisition and leasehold	9	<b>3</b>	172	28
Seismic and other	5	<b>2</b>	8	30
Capitalized interest and expense	20	<b>39</b>	58	66
Total capital investments	\$ 245	<b>\$ 204</b>	\$ 710	\$ 695
Average completed well cost (in millions)		<b>\$ 5.3</b>	\$ 5.4	\$ 6.1
Average lateral length (feet)		<b>6,142</b>	5,403	4,752



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In 2016, our reserves in Northeast Appalachia decreased by 745 Bcf, which included net downward price revisions of 794 Bcf and production of 350 Bcf, partially offset by net upward performance revisions of 318 Bcf and additions of 81 Bcf.

Our ability to bring our Northeast Appalachia production to market depends on a number of factors including the construction of and/or the availability of capacity on gathering systems and pipelines that we do not own.

**Southwest Appalachia**

In late 2014 and early 2015, we closed two transactions to acquire natural gas and oil assets in West Virginia and southwest Pennsylvania for approximately \$5.4 billion. This acreage has at least three drilling objectives, namely the Marcellus, Utica and Upper Devonian Shales. In 2016 we disposed of a portion of this acreage that we did not expect to drill for several years. As of December 31, 2016, we had approximately 321,563 net acres in Southwest Appalachia. Southwest Appalachia represented 17% of our total net production and 13% of our total reserves as of December 31, 2016. Below is a summary of Southwest Appalachia's net production and capital investments for the last three years and six months ended June 30, 2017 and reserves and certain other operational information for the last three years.

	<b>For the six months ended June 30, 2017</b>	<b>2016</b>	<b>For the years ended December 31,</b>	
			<b>2015</b>	<b>2014</b>
<b>Reserves</b> (at end of period) (Bcfe)		<b>677</b>	611	2,297
<b>Net Production</b> (Bcfe)	79	<b>148</b>	143	3
<b>Capital Investments</b> (in millions)				
Exploratory and development drilling, including workovers	\$ 154	<b>\$ 111</b>	\$ 248	\$ 3
Acquisition and leasehold	31	<b>18</b>	409	5,007
Seismic and other	1	<b>1</b>	2	
Capitalized interest and expense	64	<b>158</b>	198	2
Total capital investments	\$ 250	<b>\$ 288</b>	\$ 857	\$ 5,012
Average completed well cost (in millions)		<b>\$ 6.5</b>	\$ 6.9	\$
Average lateral length (feet)		<b>5,499</b>	6,985	

In 2016, our reserves in Southwest Appalachia increased by 66 Bcfe, which included 199 Bcfe of net upward performance revisions and additions of 157 Bcfe, partially offset by production of 148 Bcfe, net downward price revisions of 127 Bcfe and dispositions of 15 Bcfe.

Our ability to bring our Southwest Appalachia production to market will depend on a number of factors including the construction of and/or the availability of capacity on gathering systems and pipelines that we do not own.

**Fayetteville Shale**

As of December 31, 2016, we held leases for approximately 918,535 net acres in the Fayetteville Shale, an unconventional gas reservoir located on the Arkansas side of the Arkoma Basin. The Fayetteville Shale represented 43% of our total net production and 57% of our total reserves as of December 31, 2016. Below is a summary of the Fayetteville Shale's net production and capital investments for the last three years and six months ended June 30, 2017 and reserves and certain other operational information for the last three years.

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	For the six months ended		For the years ended December 31,	
	June 30, 2017	2016	2015	2014
<b>Reserves</b> (at end of period) (Bcf)		<b>2,997</b>	3,281	5,069
<b>Net Production</b> (Bcf)	163	<b>375</b>	465	494
<b>Capital Investments</b> (in millions)				
Exploratory and development drilling, including workovers	\$ 53	\$ <b>63</b>	\$ 484	\$ 838
Acquisition and leasehold		<b>2</b>	4	7
Seismic and other	1		8	4
Capitalized interest and expense	12	<b>21</b>	69	95
Total capital investments	\$ 66	\$ <b>86</b>	\$ 565	\$ 944
Average completed well cost (in millions)		\$ <b>3.2</b>	\$ 2.8	\$ 2.6
Average lateral length (feet)		<b>5,717</b>	5,729	5,440

In 2016, our reserves in the Fayetteville Shale decreased by 284 Bcf, which included production of 375 Bcf and net downward price revisions of 116 Bcf, partially offset by 163 Bcf of net upward revisions due to well performance and reserve additions of 44 Bcf.

**Other**

As of December 31, 2016, we held 3,010,908 net undeveloped acres for the potential development of new resources, of which 2,518,519 net acres were located in New Brunswick, Canada, and are subject to a drilling moratorium. This compares to 3,661,375 net undeveloped acres held at year-end 2015 and 4,170,687 net undeveloped acres held at year-end 2014.

We limited our activities in areas beyond our assets in the Appalachian Basin and the Fayetteville Shale during 2016 and 2015 as a result of the commodity price environment as we focused on these more proven development plays. However, we began increasing our activity in the third quarter of 2016, which has continued throughout the first half of 2017. There can be no assurance that any prospects outside of our development plays will result in viable projects or that we will not abandon our initial investments.

*Sand Wash Basin.* In 2014, we acquired acreage in northwest Colorado targeting crude oil, NGLs and natural gas contained in the Sand Wash Basin, with the target zone ranging in vertical depth from 6,500 to 12,500 feet. As of December 31, 2016, we held approximately 127,943 net acres in the area.

*Lower Smackover Brown Dense.* In July 2011, we announced that we would begin testing a new unconventional liquids rich play targeting the Lower Smackover Brown Dense formation, an unconventional reservoir found in southern Arkansas and Northern Louisiana that ranges in vertical depths from 8,500 to 11,400 feet and appears to be laterally extensive over a large area ranging in thickness from 450 to 700 feet. As of December 31, 2016, we held approximately 146,677 net acres in the area.

*New Brunswick, Canada.* In March 2010, we successfully bid for exclusive licenses from the Department of Natural Resources of New Brunswick to search and conduct an exploration program covering 2,518,519 net acres in the province in order to test new hydrocarbon basins. In 2015, the provincial government in New Brunswick imposed a moratorium on hydraulic fracturing until it is satisfied with a list of conditions. In May 2016, the provincial government announced that the moratorium would continue indefinitely.

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**Midstream services**

Our Midstream Services segment complements our E&P initiatives and, in some areas, competes with other midstream providers for unaffiliated business. We generate revenue from gathering fees associated with the transportation of natural gas to market and through the marketing of natural gas, oil and NGLs. Our gathering assets support our E&P operations and are currently concentrated in the Fayetteville Shale in Arkansas since the sale of our gathering assets in northeast Pennsylvania and Texas in 2015.

***Gas gathering***

Currently, our gas gathering activities are located predominantly in Arkansas and are related to the operation of our Fayetteville Shale asset. During the six months ended June 30, 2017, we had gathering revenues of \$163 million, compared to revenues of \$200 million in the six months ended June 30, 2016. The decrease in the gathering revenues for the six months ended June 30, 2017 was primarily due to decreased volumes in the Fayetteville Shale. We invested approximately \$21 million related to our gathering activities in 2016 and had gathering revenues of \$378 million, compared to \$58 million invested and revenues of \$491 million in 2015 and \$144 million invested and revenues of \$562 million in 2014. During 2015, we divested our gathering assets in northeast Pennsylvania and East Texas. The divested gathering assets accounted for \$21 million and \$67 million of our gathering revenues for the years ended December 31, 2015 and 2014, respectively.

During the six months ended June 30, 2017, we had gathering volumes of 257 Bcf, compared to volumes of 318 Bcf in the six months ended June 30, 2016. In 2016, we gathered approximately 600 Bcf of natural gas in the Fayetteville Shale area, including 42 Bcf of natural gas from third-party operated wells. During 2015, we gathered approximately 750 Bcf of natural gas in the Fayetteville Shale area, including 55 Bcf of natural gas from third-party operated wells. In 2014, we gathered approximately 812 Bcf of natural gas volumes in the Fayetteville Shale area, including 62 Bcf of natural gas from third-party operated wells. At the end of 2016, we had approximately 2,045 miles of pipe from the individual wellheads to the transmission lines and compression equipment representing in aggregate approximately 477,095 horsepower had been installed at 58 central point gathering facilities in the Fayetteville Shale.

***Marketing***

We attempt to capture opportunities related to the marketing and transportation of natural gas, oil and NGLs primarily involving the marketing of our own natural gas production and that of royalty owners in our wells. Additionally, we manage portfolio and basis risk, acquire transportation rights on third-party pipelines and in limited circumstances, purchase third-party natural gas to fulfill commitments specific to a geographic location.

Revenues from our marketing activities increased 55% to \$1,517 million for the six months ended June 30, 2017, compared to the same period in 2016. For the six months ended June 30, 2017, the volumes marketed decreased 7% and the price received for volumes marketed increased 67%, compared to the same period in 2016. Increases and decreases in marketing revenues due to changes in commodity prices are largely offset by corresponding changes in marketing purchase expenses. Of the total natural gas volumes marketed, production from our affiliated E&P operated wells accounted for 96% and 95% of the natural gas marketed volumes for the six months ended June 30, 2017 and 2016, respectively. Our Midstream Services segment marketed approximately 64% of our combined oil and NGL production for the six months ended June 30, 2017. During 2016, we marketed 1,062 Bcfe, compared to 1,127 Bcfe in 2015 and 904 Bcf in 2014. Of the total gas volumes marketed, production from our affiliated E&P operations accounted for 93% in 2016, compared to 97% in 2015 and 2014. Our Midstream Services segment also marketed approximately 65% of our combined oil and NGL production for the year ended December 31, 2016, compared to 60% in 2015.

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### ***Demand charges***

We have entered into gathering agreements and/or multiple long-term firm transportation agreements relating to natural gas volumes from all our producing areas. As of June 30, 2017, our contractual obligations for demand and similar charges under firm transportation agreements and gathering agreements to guarantee access capacity on natural gas and liquids pipelines and gathering systems totaled approximately \$8.6 billion, \$3.6 billion of which related to access capacity on future pipeline and gathering infrastructure projects that still require the granting of regulatory approvals and additional construction efforts. We also have guarantee obligations of up to \$822 million of that amount.

### **Recent developments**

#### ***Tender Offers for 2020 Notes, 2022 Notes and 2025 Notes***

In connection with this offering, we have commenced tender offers (the *Tender Offers*) to purchase for cash, subject to certain conditions, (i) any and all of our 4.05% Senior Notes due 2020 (the *2020 Notes*) and (ii) an amount of our 4.10% Senior Notes due 2022 (the *2022 Notes*) and our 4.95% Senior Notes due 2025 (the *2025 Notes*) and, together with the 2020 Notes and the 2022 Notes, the *Target Notes*) up to an amount equal to \$800.0 million less the amount paid in settlement of tendered and accepted 2020 Notes, excluding accrued interest, provided that, in addition to the foregoing limitation, the maximum purchase price we will pay in respect of the 2022 Notes will be \$100.0 million, and the maximum purchase price we will pay in respect of 2025 Notes will also be \$100.0 million, in each case excluding accrued interest. 2022 Notes will be accepted in priority to 2025 Notes in the event that proration is required. We intend to use \$327 million of the net proceeds to repay in full and terminate our 2015 Term Facility (defined below), and the remaining net proceeds of this offering, together with cash on hand if needed, to fund the Tender Offers.

Total consideration offered in the Tender Offers is \$1,070 per \$1,000 principal amount for the 2020 Notes, \$960 per \$1,000 principal amount for the 2022 Notes, and \$1,005 per \$1,000 principal amount for the 2025 Notes, in each case plus accrued interest to the applicable settlement date. The total consideration for the Target Notes includes a premium of \$50 (the *Early Tender Premium*) for each \$1,000 principal amount of notes that are tendered prior to an early tender deadline on September 22, 2017. Holders that validly tender Target Notes subsequent to the early tender deadline but prior to the expiration date of the Tender Offers will not receive the Early Tender Premium. We currently expect to settle the Tender Offer with respect to 2020 Notes validly tendered prior to the early tender deadline on the business day following the early tender deadline. Settlement of the Tender Offers with respect to 2020 Notes tendered after the early tender deadline, and for any 2022 Notes or 2025 Notes tendered prior to the expiration of the applicable Tender Offer and accepted for purchase will, subject to the terms of the Tender Offers, occur promptly following expiration of the Tender Offers.

In connection with the Tender Offer for the 2020 Notes, we are soliciting the consent of the holders of the 2020 Notes to amend the limitations on liens covenant in the indenture governing the 2020 Notes to be substantially similar to the covenant applicable to the notes offered hereby.

Each Tender Offer may be amended, extended or terminated individually. The Tender Offers and consent solicitation are being made pursuant to an Offer to Purchase. This prospectus supplement is not an offer to purchase or a solicitation of an offer to sell any of the Target Notes. The Tender Offers are conditioned on, among other things, the consummation of this offering. This offering, however, is not conditioned on the consummation of the Tender Offers, the consent solicitation or the tender of any specified amount of the Target Notes. There can be no assurance as to the amount of Target Notes that will be tendered in the Tender Offers or



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that we will consummate the Tender Offers or the consent solicitation, which are subject to market conditions and other factors.

***Credit agreement amendment***

In anticipation of this offering, we entered into Amendment No. 1 to the \$1,191 million secured term loan facility and \$743 million unsecured revolving facility (such facilities, the 2016 Credit Agreement and the unsecured revolving credit facility, the 2016 Revolver ) entered into in June 2016. Pursuant to the amendment, which will become effective at the closing of this offering upon our repayment in full and termination of the 2015 Term Facility (defined below) with a portion of the proceeds from this offering, the 2016 Credit Agreement will be amended to reflect the following:

(i) increase the minimum interest coverage ratio to 2.00x commencing with the fiscal quarter ended June 30, 2017 and continued over the life of the 2016 Credit Agreement;

(ii) modify the minimum liquidity covenant such that either (1) if leverage is less than 4.00x or if the 2016 Revolver has been terminated, there is no minimum liquidity covenant, or (2) we can elect to replace the minimum liquidity covenant with a maximum leverage ratio of no more than 6.00x for the fiscal quarter ended June 30, 2017, and stepping down to 5.50x for the fiscal quarters ending September 30, 2017 and December 31, 2017, 5.00x for the fiscal quarters ending March 31, 2018 and June 30, 2018 and 4.50x thereafter;

(iii) modify the mandatory prepayment and commitment reduction provisions in order to permit us to retain the first \$500.0 million of net cash proceeds from asset sales that would have otherwise been required to prepay amounts outstanding under the 2016 Revolver and/or reduce commitments under the 2016 Revolver; and

(iv) provide us with up to one year to apply the proceeds of the notes offered hereby to the repayment of certain indebtedness.

Table of Contents**The offering**

<b>Issuer</b>	Southwestern Energy Company
<b>Securities offered</b>	\$ million aggregate principal amount of % Senior Notes due 2026 (the 2026 notes ) and \$ million aggregate principal amount of % Senior Notes due 2027 (the 2027 notes and, together with the 2026 notes, the notes ). The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
<b>Maturity date</b>	The 2026 notes will mature on , 2026. The 2027 notes will mature on , 2027.
<b>Interest</b>	Interest will accrue on the 2026 notes at % per year and interest will accrue on the 2027 notes at % per year. Interest will accrue on each series of the notes from , 2017.
<b>Interest payment dates</b>	Interest on the notes will be paid on and of each year, beginning on , 2018.
<b>Use of proceeds</b>	We expect to receive net proceeds from this offering of approximately \$1,133 million after deducting the underwriting discounts and estimated offering expenses. We intend to use \$327 million of the net proceeds to repay in full and terminate our Amended and Restated Term Loan Credit Agreement with various lenders and Bank of America, N.A., as administrative agent and lender (the 2015 Term Facility ), and the remaining net proceeds of this offering, together with cash on hand if needed, to fund the Tender Offers. If the Tender Offers are not consummated, or the aggregate amount of securities tendered in the Tender Offers and accepted for payment is less than the net proceeds of this offering dedicated for that purpose, we will use the remainder of those proceeds for other repayments of indebtedness, subject to the terms of our 2016 Credit Agreement. Until we apply the net proceeds for the purposes described above with respect to the Tender Offers, we may invest them in short-term, liquid investments. For more information about our use of proceeds from this offering, see Use of proceeds.
<b>Risk factors</b>	Investing in the notes involves risks. Please read Risk factors beginning on page S-17 of this prospectus supplement and on page 5 of the accompanying prospectus, as well as Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016, and our subsequent Quarterly Reports on Form 10-Q for more information about important risks that you should consider before making an investment in the notes.
<b>Future subsidiary guarantees</b>	Initially, the notes will not be guaranteed by any of our subsidiaries. In the future, however, if any of our subsidiaries guarantees or becomes a borrower or guarantor under certain indebtedness, that subsidiary may be required to fully and unconditionally guarantee our payment obligations under the notes. See Description of the notes Future subsidiary guarantees.

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**Ranking**

The notes will:

be senior unsecured obligations;

rank equally in right of payment with all of our other existing and future senior indebtedness that is not specifically subordinated to the notes;

be effectively subordinated to any of our secured indebtedness, including the secured portion of indebtedness under our 2016 Credit Agreement, to the extent of the value of the collateral securing such indebtedness; and

be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, except any subsidiaries that, in the future, guarantee the notes.

At June 30, 2017, we had total outstanding consolidated debt of approximately \$4,381 million. At June 30, 2017, on an as adjusted basis as described under Capitalization without giving effect to the Tender Offers, our total debt was \$5,189 million and:

we would have had \$1,191 million of secured indebtedness;

we would have had available capacity under our 2016 Credit Agreement of up to \$417 million; and

of our total consolidated indebtedness, none would be primary indebtedness of our subsidiaries, which would be structurally senior to the notes.

The indenture places no limitation on the amount of additional senior indebtedness that we may incur that will rank equally to the notes. In addition, although the covenants in the indenture limit the amount of indebtedness that may be secured by our principal properties and by equity interests in certain of our subsidiaries without securing the notes *pari passu*, they will not limit the overall amount of secured indebtedness that we may incur. We expect from time to time to incur additional indebtedness constituting senior indebtedness, some or all of which may be secured indebtedness.

**Change of control offer**

If we experience specific kinds of changes of control accompanied by a ratings decline, we will be required to make an offer to purchase the notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest to the purchase date. See Description of the notes Change of control event.

**Optional redemption**

The 2026 notes will be redeemable by us at our option in whole or in part on or after \_\_\_\_\_, 2021 at the redemption prices specified herein, plus accrued and unpaid interest to the redemption date. Prior to \_\_\_\_\_, 2021, the 2026 notes will be redeemable by us at our option in whole or in part at a make-whole redemption price specified herein.

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The 2027 notes will be redeemable by us at our option in whole or in part on or after \_\_\_\_\_, 2022 at the redemption prices specified herein, plus accrued and unpaid interest to the redemption date. Prior to \_\_\_\_\_, 2022, the 2027 notes will be redeemable by us at our option in whole or in part at a make-whole redemption price specified herein.

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See Description of the notes Optional redemption.

**Covenants**

We will issue each series of notes as a new series of debt securities under an indenture to be entered into between us and U.S. Bank National Association, as trustee. The indenture will contain covenants for your benefit. These covenants restrict our ability, and our ability to permit our subsidiaries, with certain exceptions, to incur debt secured by liens and engage in sale/leaseback transactions. These covenants also restrict our ability, with certain exceptions, to merge or consolidate with another entity. See Description of the notes Certain covenants.

**Form, delivery and clearance**

The notes of each series will be represented by one or more global notes registered in the name of The Depository Trust Company, referred to as DTC, or its nominee. Beneficial interests in the notes will be evidenced by, and transfers thereof will be effected only through, records maintained by participants in DTC.

**Trustee**

U.S. Bank National Association

**Governing law**

New York

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, 2016, 2015 and 2014 and our audited balance sheets as of December 31, 2016, 2015 and 2014 and (ii) unaudited statements of income and cash flows for each of the six months ended June 30, 2017 and 2016 and our unaudited balance sheets as of June 30, 2017 and 2016.

You should read this historical 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, 2016 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2017 and June 30, 2017 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.

(Dollars in millions)	Six months ended June 30,		Year ended December 31,		
	2017	2016	2016	2015	2014
<b>Income Statement Data:</b>					
<b>Operating Revenues:</b>					
Exploration and production	\$ 1,089	\$ 620	\$ 1,413	\$ 2,074	\$ 2,862
Midstream services	1,680	1,180	2,569	3,119	4,358
Intersegment revenues	(1,112)	(699)	(1,546)	(2,060)	(3,182)
Total revenues	1,657	1,101	2,436	3,133	4,038
<b>Operating Costs and Expenses:</b>					
Marketing purchases – midstream services	504	393	864	852	980
Operating and general and administrative expenses	419	426	839	935	648
Restructuring charges		75	78		
Depreciation, depletion and amortization	229	250	436	1,091	942
Impairment of natural gas and oil properties		1,504	2,321	6,950	
Gain on sale of assets, net				(283)	
Taxes, other than income taxes	51	45	93	110	95
Total operating costs and expenses	1,203	2,693	4,631	9,655	2,665
<b>Operating income (loss)</b>	454	(1,592)	(2,195)	(6,522)	1,373
<b>Other expense (Income):</b>					
Interest expense, net	(66)	(31)	(88)	(56)	(59)
Gain (loss) on derivatives	250	(99)	(339)	47	139
Loss on early extinguishment of debt	(11)		(51)		
Other income (loss), net	8	(3)	1	(30)	(4)
Income (Loss) before income taxes	635	(1,725)	(2,672)	(6,561)	1,449
<b>Provision (Benefit) for income taxes</b>					
Current			(7)	(2)	21
Deferred			(22)	(2,003)	504
			(29)	(2,005)	525
<b>Net Income (Loss)</b>	\$ 635	\$ (1,725)	\$ (2,643)	\$ (4,556)	\$ 924

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(Dollars in millions)	Six months ended		Year ended December 31,		
	2017	June 30, 2016	2016	2015	2014
<b>Other Financial Data:</b>					
Cash flows from operating activities	\$ 578	\$ 165	\$ 498	\$ 1,580	\$ 2,335
Cash flows from investing activities	(606)	(186)	(162)	(1,638)	(7,288)
Cash flows from financing activities	(284)	1,004	1,072	20	4,983
<b>Adjusted EBITDA(1)</b>	<b>\$ 631</b>	<b>\$ 287</b>	<b>\$ 721</b>	<b>\$ 1,471</b>	<b>\$ 2,343</b>

(Dollars in millions)	Six months ended		Year ended December 31,		
	2017	June 30, 2016	2016	2015	2014
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 1,111	\$ 998	\$ 1,423	\$ 15	\$ 53
Total assets	\$ 7,150	\$ 7,377	\$ 7,076	\$ 8,086	\$ 14,925
Total liabilities	\$ 5,577	\$ 6,804	\$ 6,159	\$ 5,804	\$ 10,263
Total equity	\$ 1,573	\$ 573	\$ 917	\$ 2,282	\$ 4,662

- (1) Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization, non-cash impairment of natural gas and oil properties, non-cash stock based compensation, write-down of inventory, restructuring charges and loss on debt extinguishment, less gains (losses) on sale of assets and gains (losses) on derivatives (net of settlement). 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 to similarly titled measures of other companies. The following table provides a reconciliation of net income to Adjusted EBITDA.

(Dollars in millions)	Six months ended		Year ended December 31,		
	2017	June 30, 2016	2016	2015	2014
<b>Net Income:</b>					
Net income (loss)	\$ 635	\$ (1,725)	\$ (2,643)	\$ (4,556)	\$ 924
Add back (deduct):					
Net interest expense	66	31	88	56	59
Provision (benefit) for income taxes			(29)	(2,005)	525
Depreciation, depletion and amortization	229	250	436	1,091	942
Impairment of natural gas and oil properties		1,504	2,321	6,950	
Gain on sale of assets, net	(3)	(2)	(3)	(283)	
Non-cash stock based compensation	13	21	35	31	23
Write-down of inventory	(1)	4	3	32	
Restructuring and other one-time charges		75	89		
Loss on debt extinguishment	11		51		
(Gain) loss on derivatives, unsettled	(319)	129	373	155	(130)
Adjusted EBITDA	\$ 631	\$ 287	\$ 721	\$ 1,471	\$ 2,343



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## **Risk factors**

*An investment in our notes 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, 2016, 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 notes.*

### **Risks relating to the offering and the notes**

*The notes and the guarantees will be unsecured and effectively subordinated to the rights of our secured indebtedness to the extent of collateral securing that indebtedness.*

The notes and the guarantees will be general unsecured senior obligations ranking effectively junior to all our existing and future secured debt to the extent of the value of the collateral securing the debt. As of June 30, 2017, on an as adjusted basis as described under Capitalization, our outstanding senior indebtedness would have been approximately \$5,189 million, of which \$1,191 million would have been secured under our 2016 Credit Agreement. Our 2016 Credit Agreement also provides for a \$743 million revolving credit facility which is not currently secured but may be secured in the future depending on restrictions in our senior notes indentures.

If we are declared bankrupt, become insolvent or are liquidated or reorganized, our secured debt will be entitled to be paid in full from our assets, if any, securing that debt before any payment may be made with respect to the notes offered hereby. Holders of the notes offered hereby will participate ratably in our remaining assets with all holders of our senior unsecured indebtedness, including debt incurred after the notes are issued, that does not rank junior to the notes, trade payables and all of our other general indebtedness, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes offered hereby. As a result, holders of the notes offered hereby would likely receive less, ratably, than holders of secured indebtedness.

*Our future level of indebtedness and the terms of our financing arrangements may adversely affect operations and limit our growth.*

At June 30, 2017, we had total outstanding consolidated debt of \$4,381 million, including secured borrowings of \$1,191 million under our 2016 Credit Agreement. At June 30, 2017, on an as adjusted basis as described under Capitalization, our total indebtedness was \$5,189 million. At such date, on an as adjusted basis as described under Capitalization, we had the ability to borrow up to an additional approximately \$417 million under our unsecured revolving credit facility.

The terms of the indenture relating to our outstanding senior notes, our 2013 revolving credit facility (the 2013 Revolver), our 2016 Credit Agreement, and the master lease agreements relating to our drilling rigs and other equipment, which we collectively refer to as our financing agreements, impose restrictions on our ability and, in some cases, the ability of our subsidiaries to take a number of actions that we may otherwise desire to take, which may include, without limitation, one or more of the following:

- incurring additional debt;
- redeeming stock or redeeming debt;
- making investments;
- creating liens on our assets; and
- selling assets.

Under the terms of our 2016 Credit Agreement, which we are amending in connection with this offering as described in Prospectus supplement summary Recent developments Credit agreement amendment, we

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must maintain a minimum interest coverage of 1.00x in 2017, increasing by 0.25x increments per year to 1.50x in 2019 and 2020. We are also subject to a minimum liquidity requirement of \$300 million, which could be increased up to \$500 million upon certain conditions, as well as an anti-hoarding provision, requiring unrestricted cash in excess of \$100 million to pay down any amounts borrowed under the 2016 Credit Agreement. The financial covenant with respect to minimum interest coverage consists of EBITDAX divided by consolidated interest expense. EBITDAX, as defined in our 2016 Credit Agreement, excludes the effects of interest expense, income taxes, depreciation, depletion and amortization, any non-cash impacts from impairments, certain non-cash hedging activities, stock-based compensation expense, non-cash gains or losses on asset sales, unamortized issuance cost, unamortized debt discount and certain restructuring costs. Collateral for the secured term loan is principally our E&P properties in the Fayetteville Shale area, the equity of our subsidiaries and cash and marketable securities on hand, and the 2016 Credit Agreement requires a minimum collateral coverage ratio of 1.50x for the secured term loan. This collateral also may support all or a part of revolving credit extensions depending on restrictions in our senior notes indentures.

Under the terms of our 2013 Revolver, we must keep our total debt at or below 60% of our total adjusted book capital. This financial covenant with respect to capitalization percentages excludes the effects of any non-cash impacts from any full cost ceiling impairments, certain non-cash hedging activities and our pension and other post-retirement liabilities. Therefore, under the 2013 Revolver, our adjusted capital structure as of June 30, 2017 was 32% debt and 68% equity.

Although we do not anticipate any violations of our financial covenants, our ability to comply with these covenants is dependent upon the success of our exploration and development program and upon factors beyond our control, such as the market prices for natural gas, oil and NGLs.

Although the indenture governing the notes contains covenants limiting liens and sale and leaseback transactions, these covenants contain exceptions and limitations that would allow us, pursuant to the terms of the indenture, to create, grant or incur certain liens or security interests or enter into certain sale/leaseback transactions. Moreover, the indenture does not contain any limitations on the ability of us or our subsidiaries to incur debt, pay dividends, make investments, or limit the ability of our subsidiaries to make distributions to us. Such activities may, however, be limited by our other financing agreements in certain circumstances.

In addition, the December 2020 maturity date of our 2016 Credit Agreement and the 2015 Term Facility will accelerate to October 2019 if, by that date, we have not amended, redeemed or refinanced at least \$765 million of our 2020 Notes.

Our level of indebtedness and off-balance sheet obligations, and the covenants contained in our financing agreements, could have important consequences for our operations, including:

requiring us to dedicate a substantial portion of our cash flow from operations to required payments, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;

limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate and other activities;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

detracting from our ability to successfully withstand a downturn in our business or the economy generally.

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*The claims of creditors of our subsidiaries will be structurally senior to claims of holders of the notes.*

The notes initially will not be guaranteed by any of our existing or future subsidiaries. Our subsidiaries are separate and distinct legal entities. Our right to receive any assets of any of our subsidiaries upon the insolvency, liquidation or reorganization of any of our subsidiaries, and therefore the right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors. In addition, even if we are a creditor of any of our subsidiaries, our rights as a creditor would be effectively subordinated to any security interest in the assets of our subsidiaries to the extent of the value of the assets. As of June 30, 2017, on an as adjusted basis after giving effect to this offering, our subsidiaries would have had no outstanding indebtedness, excluding intercompany indebtedness.

*Our ability to comply with the covenants and other restrictions in our financing agreements may be affected by events beyond our control, including prevailing economic and financial conditions.*

If we fail to comply with the covenants and other restrictions in our financing agreements, it could lead to an event of default and the acceleration of our obligations under the notes or our other financing agreements, and in the case of the lease agreements for drilling rigs, loss of use of our drilling rigs. In particular, a significant or extended decline in natural gas, oil or NGL prices would have a material adverse effect on our results of operations, our access to capital and the quantities of natural gas, oil and NGLs that we can produce economically. For example, the New York Mercantile Exchange, or NYMEX, natural gas prices traded at a low of \$1.71 in March 2016 and a high of \$3.93 in January 2017 based on the settlement price of the monthly contract at expiration. If we are unable to satisfy our obligations with cash on hand, we could attempt to refinance such debt, sell assets or repay such debt with the proceeds from an equity offering, an asset sale or other similar transaction. However, we can offer no assurance regarding our ability to consummate such a transaction. We cannot assure that we will be able to generate sufficient cash flow to pay the interest on our debt, to meet our lease obligations, or that future borrowings, equity financings or proceeds from the sale of assets will be available to pay or refinance such debt or obligations. The terms of our financing agreements may also prohibit us from taking such actions. Factors that will affect our ability to raise cash through an offering of our capital stock, a refinancing of our debt or a sale of assets include financial market conditions and our market value and operating performance at the time of such offering or other financing. We cannot assure that any such proposed offering, refinancing or sale of assets can be successfully completed or, if completed, that the terms will be favorable to us.

*We may be unable to repay the notes when due or repurchase the notes when we are required to do so.*

At final maturity of the notes or in the event of acceleration of the notes following an event of default, the entire outstanding principal amount of the notes will become due and payable. Upon a change of control event (as described herein), we will be required to offer to repurchase in cash all outstanding notes at a redemption price equal to 101% of the principal amount of the notes plus accrued and unpaid interest up to, but not including, the repurchase date. If we were unable to make the required payments or repurchases of the notes, it would constitute an event of default under the indenture related to the notes and under our other financing agreements. The indentures for our other outstanding debt securities also provide for repurchase rights upon a change of control and our 2013 Revolver and 2016 Credit Agreement requires repayment of amounts outstanding thereunder and certain other amounts. As a result, holders of our other debt securities may have the ability to require us to repurchase their debt securities before or at the same time as the holders of the notes offered hereby would have such repurchase rights. It is possible that we will not have sufficient funds at maturity, upon acceleration or at the time of the change of control event or other fundamental change to make the required repurchase of notes and other debt securities. In addition, certain change of control events would

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constitute an event of default under our senior credit facility, which could lead to a default on the notes or an inability to make a change of control payment on the notes.

***A further downgrade in our credit rating could negatively impact our cost of and ability to access capital and our liquidity.***

Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could impact our ability to access debt markets in the future, affect the market value of our senior notes and increase our corporate borrowing costs. Such ratings are limited in scope, and do not address all material risks relating to us, but rather reflect only the view of each rating agency at the time the rating is issued of the likelihood we will be able to repay our debt. An explanation of the significance of each rating may be obtained from the applicable rating agency. As of September 8, 2017, we were rated non-investment grade by Moody's, Standard and Poor's and Fitch Investor Services. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant.

Actual downgrades in our credit ratings may also impact our liquidity. Many of our existing commercial contracts contain, and future commercial contracts may contain, provisions permitting the counterparty to require increased security upon the occurrence of a downgrade in our credit rating. Providing additional security, such as posting letters of credit, could reduce our available cash or our liquidity under our revolving credit facilities for other purposes. We had \$326 million of letters of credit outstanding at June 30, 2017. The amount of additional security would depend on the severity of the downgrade from the credit rating agencies, and a downgrade could result in a decrease in our liquidity.

***Active trading markets for either series of the notes may not develop, which could make it more difficult for holders of the notes to sell their notes and/or result in a lower price at which holders would be able to sell their notes.***

There is no existing market for the notes. The notes will not be listed on any securities exchange. There can be no assurance that a trading market for the notes will ever develop or will be maintained. Further, there can be no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the price at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including prevailing interest rates, our financial condition and results of operations, the then-current ratings assigned to the notes and the market for similar securities. Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including:

- time remaining to the maturity of the notes;
- outstanding amount of the notes;
- the terms related to optional redemption of the notes; and
- level, direction and volatility of market interest rates generally.

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*Any future subsidiary guarantees could be deemed fraudulent conveyances under certain circumstances, and in such event a court may try to subordinate or void the subsidiary guarantees.*

At the closing of this offering the notes will not be guaranteed by any of our subsidiaries, although in the future one or more of our subsidiaries may do so. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, a subsidiary guarantee could be voided, or claims in respect of a subsidiary guarantee could be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its subsidiary guarantee:

received less than reasonably equivalent value or fair consideration for the incurrence of such subsidiary guarantee; and

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the subsidiary guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that subsidiary guarantor pursuant to its subsidiary guarantee could be voided and required to be returned to the subsidiary guarantor, or to a fund for the benefit of the creditors of the subsidiary guarantor. The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability, including contingent liabilities, on its existing debts, as they become absolute and mature; or

it could not pay its debts as they become due.

***We may not consummate the Tender Offers, and this offering is not conditioned on the consummation of the Tender Offers.***

We intend to use a portion of the net proceeds from this offering, together with cash on hand if needed, to fund the Tender Offers, as described under Prospectus supplement summary Recent developments Tender Offers for 2020 Notes, 2022 Notes and 2025 Notes. However, there can be no assurance as to the amount of Target Notes that will be tendered in the Tender Offers or that we will consummate the Tender Offers, which are subject to market conditions and other factors. This offering is not conditioned on the consummation of the Tender Offers. Therefore, upon the closing of this offering, you will become a holder of our notes regardless of whether the Tender Offers are consummated, delayed or terminated. If the Tender Offers are delayed or terminated, the value of our notes may decline to the extent that their price reflects a market assumption that the Tender Offers will be consummated on the terms described herein. If the Tender Offers are not consummated, we may use such proceeds for other repayments of indebtedness, subject to the terms of our 2016 Credit Agreement. See Use of proceeds .

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## **Use of proceeds**

We expect to receive net proceeds from this offering of approximately \$1,133 million, after deducting the underwriting discounts and estimated offering expenses. We intend to use \$327 million of the net proceeds to repay in full and terminate our 2015 Term Facility, and the remaining net proceeds of this offering, together with cash on hand if needed, to fund the Tender Offers. If the Tender Offers are not consummated, or the aggregate amount of securities tendered in the Tender Offer and accepted for payment is less than the net proceeds of this offering dedicated for that purpose, we will use the remainder of those proceeds for other repayments of indebtedness, subject to the terms of our 2016 Credit Agreement. Until we apply the net proceeds for the purposes described above with respect to the Tender Offer, we may invest them in short-term, liquid investments. For a more detailed discussion of the Tender Offer read Prospectus supplement summary Recent developments Tender Offers for 2020 Notes, 2022 Notes and 2025 Notes.

As of June 30, 2017, we had \$327 million of borrowings outstanding under the 2015 Term Facility. The interest rate on the 2015 Term Facility at June 30, 2017 was 3.69%. The 2015 Term Facility has an initial maturity date of December 14, 2020, subject to an earlier maturity of October 16, 2019 if, under certain circumstances, we have not amended, redeemed or refinanced at least \$765 million of our 2020 Notes on or before October 16, 2019. We used borrowings under the 2015 Term Facility to repay borrowings under our prior revolving credit facility.

As of June 30, 2017, we had \$850 million in aggregate principal amount of the 4.05% 2020 Notes outstanding, \$1,000 million in aggregate principal amount of the 4.10% 2022 Notes outstanding and \$1,000 million in aggregate principal amount of the 4.95% 2025 Notes outstanding. The interest rates on the 2020 Notes and the 2025 Notes increased to 5.80% and 6.70%, respectively, in connection with a downgrade in the credit rating of such notes in February and June 2016.

Affiliates of certain of the underwriters are lenders under the 2015 Term Facility and as such will receive their pro rata share of the amounts used from the net proceeds of this offering to repay indebtedness under such facility. For example, Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is the administrative agent under the 2015 Term Facility. In addition, certain of the underwriters or their affiliates are holders of the Target Notes and may receive a portion of the net proceeds of the offering to the extent such underwriters or their affiliates tender their Target Notes and such notes are accepted for purchase. See Underwriting.

Table of Contents**Ratio of earnings to fixed charges and preferred share dividends**

Our ratio of earnings to fixed charges for the six months ended June 30, 2017 and each of the five years in the period ended December 31, 2016 is set forth below.

	Six months ended June 30, 2017		Year ended December 31,		
	(unaudited) 2016	2015	2014(1)	2013(1)	2012(1)
<b>Ratio of Earnings to Fixed Charges</b>					
Actual	4.99x	(2)	(2)	9.46x	7.84x (2)
Pro Forma (Unaudited)(3)	4.38x				
<b>Ratio of Earnings to Combined Fixed Charges and Preferred Share Dividends</b>					
Actual	3.65x		9.46x	7.84x	
Pro Forma (Unaudited)(3)	3.26x				

(1) We had no outstanding shares of preferred stock with required dividend payments for the years ended December 31, 2014, 2013 and 2012. Therefore, the ratios of earnings to combined fixed charges and preferred stock dividends are identical to the ratios of earnings to fixed charges for each such period.

(2) For the years ended December 31, 2016, 2015 and 2012, our earnings were insufficient to cover our fixed charges by approximately \$2,921 million, \$6,848 million and \$1,197 million, respectively. During 2016, 2015 and 2012, we recorded non-cash full cost ceiling test impairments of \$2,321 million, \$6,950 million and \$1,940 million, respectively. Excluding the impairments, the ratio of earnings to fixed charges would have been zero, 1.76x and 5.67x for the years ended December 31, 2016, 2015 and 2012, respectively. The ratio of earnings to fixed charges was zero for the year ended December 31, 2016 due to a net loss position after excluding the 2016 impairment.

(3) For the six months ended June 30, 2017 and the year ended December 31, 2016, our pro forma ratio of earnings to fixed charges and preferred share dividends reflects the pro forma effects on earnings and fixed charges and preferred share dividends from this offering and the use of proceeds described herein under "Use of proceeds," in each case as if such event occurred on January 1, 2016. For the year ended December 31, 2016, our earnings were insufficient to cover our pro forma fixed charges by approximately \$2,978 million.

For the purpose of this calculation, earnings consists of income (loss) from continuing operations before income taxes, income on equity method investments, fixed charges (excluding interest capitalized and amortization of interest capitalized). Fixed charges consists of interest expensed and capitalized, amortization of debt discount and related issuance costs and the component of rental expense believed by management to be representative of the interest factor thereon.

Table of Contents**Capitalization**

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2017:

on a consolidated historical basis; and

as adjusted to give effect to this offering and the use of a portion of the proceeds thereof to repay our 2015 Term Facility, but without giving effect to the Tender Offers, in each case as if such event occurred on June 30, 2017.

You should read our historical consolidated financial statements and notes that are incorporated by reference into this prospectus supplement.

<b>(Dollars in millions)</b>	<b>Historical</b>	<b>As Adjusted(1)</b>
Cash and cash equivalents	\$ 1,111	\$ 1,917
<b>Debt (including short-term liabilities):</b>		
2013 Credit Facility due December 2018		
2015 Term Facility due December 2020(2)	327	
2016 Credit Agreement due December 2020(2)(3)	1,191	1,191
7.35% Senior Notes due October 2017	15	15
7.125% Senior Notes due October 2017	25	25
4.05% Senior Notes due January 2020(4)	850	850
4.10% Senior Notes due March 2022	1,000	1,000
4.95% Senior Notes due January 2025(4)	1,000	1,000
Notes offered hereby		1,150
Unamortized discount	(3)	(3)
Unamortized issuance cost	(24)	(39)(5)
<b>Total debt</b>	<b>4,381</b>	<b>5,189</b>
<b>Equity:</b>		
Preferred Stock \$0.01, par value; 10,000,000 authorized shares; and 1,725,000 shares issued and outstanding		
Common stock, \$0.01 par value; 1,250,000,000 authorized shares and 505,893,345 shares issued (does not include 3,346,738 shares issued on July 17, 2017 on account of a dividend declared on June 21, 2017)	5	5
Additional paid-in capital	4,697	4,697
Accumulated deficit	(3,090)	(3,092)(6)
Accumulated other comprehensive loss	(38)	(38)
Common Stock in treasury, 31,269 shares, historical	(1)	(1)
<b>Total equity</b>	<b>1,573</b>	<b>1,571</b>
<b>Total Capitalization:</b>	<b>\$ 5,954</b>	<b>\$ 6,760</b>

(1) Although we intend to use a portion of the net proceeds from this offering to partially fund the Tender Offers, the As Adjusted column does not give effect to the Tender Offers, and instead presents an increase to cash and cash equivalents pending their intended use. See Use of proceeds. This offering is not



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conditioned on the consummation of the Tender Offers or the tender of any specified amount of the Target Notes in the Tender Offers. There can be no assurance that we will consummate the Tender Offers, which are subject to market conditions and other factors. In the event that all 2020 Notes are tendered and accepted for purchase in the Tender Offers prior to the early tender deadline, our As Adjusted Cash and cash equivalents in the table above would have been \$1,067 million and our As Adjusted Total debt in the table above would have been \$4,339 million (excluding expenses related to the Tender Offers).

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- (2) The maturity date of the 2015 Term Facility and the 2016 Credit Agreement will accelerate to October 2019 if, by that date, we have not amended, redeemed or refinanced at least \$765 million of our 2020 Notes.
  
- (3) As of June 30, 2017, we had \$1,191 million of secured term borrowings outstanding under our 2016 Credit Agreement and \$417 million of unsecured revolving credit borrowing capacity under such facility.
  
- (4) In February and June 2016, Moody's and S&P downgraded certain senior notes, increasing the interest rates by 175 basis points effective July 2016. As a result of the downgrades, interest rates increased to 5.80% for the Senior Notes due January 2020 and 6.70% for the Senior Notes due January 2025.
  
- (5) Assumes an increase in unamortized debt issuance costs of \$17 million related to the notes offered hereby and a decrease of \$2 million associated with the repayment of the 2015 Term Facility.
  
- (6) Assumes the recognition of \$2 million in unamortized debt issuance costs associated with the repayment of the 2015 Term Facility.

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**Table of Contents****Description of other indebtedness****2016 Credit Agreement**

In June 2016, we entered into a new \$1,934 million credit agreement, consisting of a \$1,191 million secured term loan and a new \$743 million unsecured revolving credit facility, which matures in December 2020. The maturity date will accelerate to October 2019 if, by that date, we have not amended, redeemed or refinanced at least \$765 million of our senior notes due January 2020. The \$1,191 million secured term loan is fully drawn. As of June 30, 2017, there were no borrowings under the 2016 Revolver; however, \$326 million in letters of credit were outstanding under the 2016 Revolver.

Loans under the 2016 Credit Agreement are subject to varying rates of interest based on whether the loan is a Eurodollar loan or an alternate base rate loan. Eurodollar loans bear interest at the Eurodollar rate, which is adjusted LIBOR plus applicable margins ranging from 1.750% to 2.500%. Alternate base rate loans bear interest at the alternate base rate plus the applicable margin ranging from 0.750% to 1.500%. The interest rate on the term loan facility is determined based upon our public debt ratings and was 250 basis points over LIBOR as of June 30, 2017.

Our 2016 Credit Agreement contains financial covenants that impose certain restrictions on us. Under the 2016 Credit Agreement, we must maintain a minimum interest coverage of 1.00x in 2017, increasing by 0.25x increments per year to 1.50x in 2019 and 2020. We are also subject to a minimum liquidity requirement of \$300 million, which could be increased up to \$500 million upon certain conditions, as well as an anti-hoarding provision, requiring unrestricted cash in excess of \$100 million to pay down any amounts borrowed under the new revolving credit facility. The financial covenant with respect to minimum interest coverage consists of EBITDAX divided by consolidated interest expense. EBITDAX, as defined in our 2016 Credit Agreement, excludes the effects of interest expense, income taxes, depreciation, depletion and amortization, any non-cash impacts from impairments, certain non-cash hedging activities, stock-based compensation expense, non-cash gains or losses on asset sales, unamortized issuance cost, unamortized debt discount and certain restructuring costs. Collateral for the secured term loan is principally our E&P properties in the Fayetteville Shale area, the equity of its subsidiaries and cash and marketable securities on hand, and the 2016 Credit Agreement requires a minimum collateral coverage ratio of 1.50x for the secured term loan. This collateral also may support all or a part of revolving credit extensions depending on restrictions in our senior notes indentures.

In anticipation of this offering, we entered into an amendment to the 2016 Credit Agreement. Pursuant to the amendment, which will become effective at the closing of this offering upon our repayment in full and termination of the 2015 Term Facility with a portion of the proceeds from this offering, the 2016 Credit Agreement will be amended to reflect the following:

- (i) increase the minimum interest coverage ratio to 2.00x commencing with the fiscal quarter ended June 30, 2017 and continuing over the life of the 2016 Credit Agreement;
- (ii) modify the minimum liquidity covenant such that either (1) if leverage is less than 4.00x or if the 2016 Revolver has been terminated, there is no minimum liquidity covenant, or (2) we can elect to replace the minimum liquidity covenant with a maximum leverage ratio of no more than 6.00x for the fiscal quarter ended June 30, 2017, and stepping down to 5.50x for the fiscal quarters ending September 30, 2017 and December 31, 2017, 5.00x for the fiscal quarters ending March 31, 2018 and June 30, 2018 and 4.50x thereafter;
- (iii) modify the mandatory prepayment and commitment reduction provisions in order to permit us to retain the first \$500.0 million of net cash proceeds from asset sales that would have otherwise been required to prepay amounts outstanding under the 2016 Revolver and/or reduce commitments under the 2016 Revolver; and
- (iv) provide us with up to one year to apply the proceeds of the notes offered hereby to the repayment of certain indebtedness.

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As of June 30, 2017, we were in compliance with all of the covenants of the 2016 Credit Agreement. Although we do not anticipate any violations of the financial covenants, our ability to comply with these covenants is dependent upon the success of our exploration and development program and upon factors beyond our control, such as the market prices for natural gas, oil and NGLs.

### **2015 Term Facility**

In November 2015, we entered into the 2015 Term Facility, which provides for a \$750 million unsecured three-year term loan credit agreement with various lenders. The interest rate on the 2015 Term Facility is determined based upon our public debt ratings from Moody's and S&P and was 250 basis points over LIBOR as of June 30, 2017. The 2015 Term Facility requires prepayment under certain circumstances from the net cash proceeds of sales of equity or certain assets and borrowings outside the ordinary course of business. In June 2016, the 2015 Term Facility was amended to extend the maturity date upon a repayment threshold. From the net proceeds of our July 2016 equity offering, we repaid \$375 million of the \$750 million unsecured term loan, which had the effect of extending the maturity date from November 2018 to December 2020, which will accelerate to October 2019 if, by that date, we have not amended, redeemed or refinanced at least \$765 million of our senior notes due in January 2020. In September 2016, we repaid an additional \$48 million from the proceeds received from the closing of the sale of approximately 55,000 net acres in West Virginia. As of June 30, 2017, \$327 million remained outstanding under the 2015 Term Facility. We plan to use a portion of the proceeds of this offering to repay in full and terminate the 2015 Term Facility.

### **2013 credit facility**

Under a revolving credit facility entered into in December 2013, (the 2013 Revolver), we had a borrowing capacity of \$2.0 billion. The 2013 Revolver was unsecured and was not guaranteed by any subsidiaries. In June 2016, the 2013 Revolver was substantially exchanged for the new secured term loan and revolving credit facility under the 2016 Credit Agreement. The borrowing capacity of the original 2013 Revolver was reduced from \$2.0 billion to \$66 million, remains unsecured and the maturity remains December 2018. As of June 30, 2017, there were no borrowings under this facility.

The 2013 Revolver includes a financial covenant under which we may not have total debt in excess of 60% of our total adjusted book capital. This financial covenant with respect to capitalization percentages excludes the effects of any full cost ceiling impairments, certain hedging activities and our pension and other postretirement liabilities. At June 30, 2017, debt constituted 32% of our adjusted book capital.

### **Senior notes**

As of June 30, 2017, we had outstanding \$2,890 million of senior unsecured notes having various maturity dates and interest rates. See Capitalization.

Our existing senior notes are our unsecured senior obligations and rank equally in right of payment with all of our other existing and future senior unsecured indebtedness and rank senior in right of payment to all of our future subordinated indebtedness. We are a holding company whose assets consist of direct and indirect ownership interests in, and whose business is conducted substantially through, our subsidiaries.

We may redeem certain series of our senior notes at any time at specified make-whole or redemption prices. Our senior notes are governed by indentures containing covenants that may limit our ability and our subsidiaries' ability to incur certain indebtedness, enter into sale/leaseback transactions, and consolidate, merge or transfer assets. The indentures governing the senior notes will not have any financial or restricted payment covenants. The senior notes indentures have cross default provisions that apply to other indebtedness we may have from time to time, depending on the indenture.

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## **Description of the notes**

The following description of the particular terms of the notes and summaries of certain provisions of the indenture do not purport to be complete and are subject to and are qualified in their entirety by reference to all of the provisions of the indenture, which provisions of the indenture are incorporated herein by reference. Capitalized and other terms not otherwise defined in this prospectus supplement will have the meanings given to them in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act. You may obtain a copy of the indenture from us upon request.

In this section, the terms *we*, *our*, *us* and *Southwestern Energy Company* refer solely to Southwestern Energy Company and not its subsidiaries. References to *holders* mean those who have notes registered in their names on the books that we or the trustee maintain for that purpose, and not those who own beneficial interests in notes issued in book-entry form through The Depository Trust Company, or DTC, or in notes registered in street name. Owners of beneficial interests in the notes should refer to *Form*, book-entry procedures and transfer *below*.

### **General**

The notes will be issued as separate series of our senior debt securities described in the accompanying base prospectus, under an indenture to be entered into on the closing date of this offering (the *base indenture* ) between us and U.S. Bank National Association, as trustee, as supplemented by a supplemental indenture thereto (the *base indenture*, as so supplemented, being referred to herein as the *indenture* ). The terms of each series of notes will be as set forth herein and in the accompanying base prospectus, provided that to the extent that any terms of the notes or the indenture in this Description of the notes is different than the description in the base prospectus, this description will govern.

The 2026 notes will mature on \_\_\_\_\_, 2026. The 2027 notes will mature on \_\_\_\_\_, 2027. Unless previously redeemed or purchased and cancelled, we will repay the notes in cash at 100% of their principal amount together with accrued and unpaid interest thereon at maturity. We will pay principal of and interest on the notes in U.S. dollars.

The notes will be our senior unsecured debt obligations and will rank equally among themselves and with all of our other present and future senior unsecured indebtedness.

The notes will be issued in registered, book-entry form only without interest coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes will be subject to defeasance as described under *Defeasance* *below*.

The indenture and the notes will not limit the amount of indebtedness that may be incurred or the amount of securities which may be issued by us, and contain no financial or similar restrictions on us, except as described under *Certain covenants* *below*. The base indenture will provide that we may issue other series of debt securities thereunder.

The notes of each series will be issued in the aggregate initial principal amount set forth on the cover of this prospectus supplement, subject to our ability to issue additional notes of each series as described under *Further issuances*.

### **Interest**

Interest will accrue on the 2026 notes at the rate of \_\_\_\_\_ % per year and will accrue on the 2027 notes at the rate of \_\_\_\_\_ % per year. Interest will accrue on each series of the notes from the date of issuance. We will make

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interest payments on each series of notes semi-annually in arrears on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing on \_\_\_\_\_, 2018 to the Person in whose name such notes are registered at the close of business on the immediately preceding \_\_\_\_\_ and \_\_\_\_\_, as applicable. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.

If an interest payment date for the notes falls on a day that is not a business day, the interest payment shall be postponed to the next succeeding business day, and no interest on such payment shall accrue for the period from and after such interest payment date.

## **Further issuances**

We may from time to time, without notice to or the consent of the registered holders of a series of the notes, create and issue further notes having the same terms as the notes of that series in all respects (or in all respects other than the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes). Such further notes will form a single series with the notes of that series and have the same terms as to status, redemption or otherwise as the notes, provided that the further notes will have a separate CUSIP number unless (i) the further notes have no more than a de minimis amount of original issue discount for U.S. federal income tax purposes or (ii) such issuance would constitute a qualified reopening for U.S. federal income tax purposes.

## **Future subsidiary guarantees**

At the closing of this offering the notes will not be guaranteed by any of our existing subsidiaries. If in the future any of our subsidiaries guarantees, becomes a borrower or guarantor under, or grants any lien to secure any obligations pursuant to, (i) our revolving credit facility or any future credit facility, or (ii) any other indebtedness for money borrowed in excess of \$500.0 million, then we will cause such subsidiary to become a guarantor of the notes by executing a supplement to the indenture and delivering such supplement to the trustee promptly (but in any event, within ten business days of the date on which it guaranteed or incurred such obligations or granted such lien, as the case may be). In the event of a bankruptcy, liquidation or reorganization of any subsidiary that does not guarantee the notes, such non-guarantor subsidiary will pay the holders of its debt or debt it guarantees and its trade creditors before it will distribute any of its assets to us.

Any subsidiary guarantees will be joint and several obligations of the guarantors. The obligations of each guarantor under its subsidiary guarantee will be limited as necessary to prevent that subsidiary guarantee from constituting a fraudulent conveyance under applicable law. If a subsidiary guarantee is rendered voidable, it could be subordinated by a court to all other debt (including guarantees and other contingent liabilities) of the applicable guarantor, and, depending on the amount of such debt, a guarantor's liability on its subsidiary guarantee could be reduced to zero.

The indenture will limit the ability of a guarantor to consolidate with or merge with or into any other person, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets and the properties or assets of its subsidiaries (taken as a whole with the properties or assets of such guarantor) to another person in one or more related transactions.

If any of our subsidiaries guarantees the notes, its subsidiary guarantee will be released:

- (1) in connection with any sale or other disposition of all or substantially all of the properties or assets of, or all of our direct or indirect limited partnership, limited liability company or other equity interests in, that guarantor (including by way of merger or consolidation) to a person that is not (either before or after giving effect to such transaction) an affiliate of us;

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- (2) upon the merger of the guarantor into us or any other guarantor or the liquidation or dissolution of the guarantor;
- (3) upon legal defeasance or covenant defeasance as described below under the caption **Defeasance** or upon satisfaction and discharge of the indenture as described below under the caption **Satisfaction and discharge** ; or
- (4) upon delivery of written notice to the trustee of the release of all guarantees or other obligations of the guarantor under our revolving credit facility and any future credit facility or term loan or other indebtedness such that the subsidiary would not be required to be a guarantor under the first paragraph of this covenant.

If at any time following any release of a guarantor from its guarantee of the notes pursuant to clause (4) in the preceding paragraph, the guarantor again incurs obligations under our revolving credit facility or any future credit facility or term loan or other indebtedness such that the subsidiary would not be required to be a guarantor under the first paragraph of this covenant, then we will cause the guarantor to again guarantee the notes in accordance with the indenture.

**Optional redemption**

***2026 notes***

On or after \_\_\_\_\_, 2021, we may on any one or more occasions redeem all or a part of the 2026 notes, upon notice as provided in the indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on \_\_\_\_\_ of the years indicated below, subject to the rights of holders of 2026 notes on the relevant record date to receive interest on the relevant interest payment date:

<b>Year</b>	<b>Percentage</b>
2021	%
2022	%
2023	%
2024 and thereafter	100.000%

At any time prior to \_\_\_\_\_, 2021, we may on any one or more occasions redeem all or a part of the 2026 notes, upon notice as provided in the indenture, at a redemption price equal to 100% of the principal amount of the 2026 notes redeemed, plus the relevant Applicable Premium, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

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*2027 notes*

On or after \_\_\_\_\_, 2022, we may on any one or more occasions redeem all or a part of the 2027 notes, upon notice as provided in the indenture, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on \_\_\_\_\_ of the years indicated below, subject to the rights of holders of 2027 notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2022	%
2023	%
2024	%
2025 and thereafter	100.000%

At any time prior to \_\_\_\_\_, 2022, we may on any one or more occasions redeem all or a part of the 2027 notes, upon notice as provided in the indenture, at a redemption price equal to 100% of the principal amount of the 2027 notes redeemed, plus the relevant Applicable Premium, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the note is registered at the close of business on such record date. We will mail or cause to be mailed a notice of redemption at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. Notes called for redemption become due on the date fixed for redemption. If less than all of the notes are to be redeemed, the trustee will select notes for redemption as follows:

- (1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not so listed, on a pro rata basis (subject to the procedures of DTC) or, to the extent a pro rata basis is not permitted, by lot or in such other manner as the trustee shall deem to be fair and appropriate.

However, no note of \$2,000 in principal amount or less shall be redeemed in part. If any note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion will be issued in the name of the holder thereof upon cancellation of the original note.

**Applicable Premium** means, with respect to any note at any redemption date, the greater of:

- (1) 1.0% of the principal amount of the note; or
- (2) the excess of:



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- (a) the present value at such redemption date of (i) with respect to the 2026 notes, (x) the redemption price of the note at \_\_\_\_\_, 2021 (such redemption price being set forth in the table applicable to the 2026 notes appearing above) plus (y) all required interest payments due on the note through \_\_\_\_\_, 2021 (in each case excluding accrued but unpaid interest to the redemption date), or (ii) with respect to the 2027 notes, (x) the redemption price of the note at \_\_\_\_\_, 2022 (such redemption price being set forth in the table applicable to the 2027 notes appearing above) plus (y) all required interest payments due on the note through \_\_\_\_\_, 2022 (in each case excluding accrued but unpaid interest to the redemption date), in each case computed using a discount rate equal to the applicable Treasury Rate as of such redemption date plus 50 basis points discounted to the redemption date on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months); over

- (b) the principal amount of the note.

**Treasury Rate** means, in respect of any redemption date, the yield to maturity, as of the time of computation, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two business days prior to such time (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to \_\_\_\_\_, 2021, in the case of the 2026 notes, or \_\_\_\_\_, 2022, in the case of the 2027 notes; provided, however, that if the period from the redemption date to such date, as applicable, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. We will (a) calculate the Treasury Rate no later than the second (and no earlier than the fourth) business day preceding the applicable redemption date and (b) prior to such redemption date, file with the trustee a statement setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail; provided that the Trustee shall not be responsible for any such calculation.

**Change of control event**

If a change of control event occurs with respect to a series of notes, each holder of such notes will have the right, pursuant to the terms set forth in the indenture, to require us to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereafter) of such holder's notes of such series at a purchase price in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a change of control event, if we have not (prior to the change of control event) sent a redemption notice for all the notes of the applicable series in connection with an optional redemption permitted by the indenture, we will mail a notice (the "change of control offer") to each holder of such notes, with a copy to the trustee, stating:

- (1) that a change of control event has occurred and that such holder has the right to require us to purchase such holder's notes at a purchase price in cash equal to 101% of the principal amount of such notes plus accrued and unpaid interest, if any, up to but excluding the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the "change of control payment");
- (2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "change of control payment date");
- (3) that any note not properly tendered will remain outstanding and continue to accrue interest;

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- (4) that unless we default in the payment of the change of control payment, all notes accepted for payment pursuant to the change of control offer will cease to accrue interest on the change of control payment date;
- (5) that holders electing to have any notes purchased pursuant to a change of control offer will be required to surrender such notes (in accordance with DTC procedures, if in global form), with the form entitled Option of Holder to Elect Purchase on the reverse of such notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the Business Day preceding the change of control payment date;
- (6) that holders will be entitled to withdraw their tendered notes and their election to require us to purchase such notes, provided that the paying agent receives, not later than the close of business on the Business Day preceding the change of control payment date, a telegram, telex, facsimile transmission or letter setting forth the name of the holder of the notes, the principal amount of notes tendered for purchase, and a statement that such holder is withdrawing its tendered notes and its election to have such notes purchased;
- (7) that holders electing to have their notes purchased pursuant to a change of control offer must specify the principal amount that is being tendered for purchase. The principal amount of the portion of notes tendered must be equal to \$2,000 or an integral multiple of \$1,000 thereafter;
- (8) that if we are redeeming less than all of the notes, the holders of the remaining notes will be issued new notes and such new notes will be equal in principal amount to the unpurchased portion of the notes surrendered. The unpurchased portion of the notes must be equal to \$2,000 or an integral multiple of \$1,000 thereafter; and
- (9) the procedures determined by us, consistent with the indenture, that a holder must follow in order to have its notes repurchased. On the change of control payment date, we will, to the extent lawful:

- (1) accept for payment all notes or portions of notes (of at least \$2,000 or an integral multiple of \$1,000 thereafter) properly tendered pursuant to the change of control offer;
- (2) deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered and not properly withdrawn; and
- (3) deliver or cause to be delivered to the trustee the notes so accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by us.

The paying agent will promptly mail to each holder of notes properly tendered and not properly withdrawn the change of control payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 thereafter.

If the change of control payment date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, will be paid to the Person in whose name a note is registered at the close of business on such record date, and no further interest will be payable to holders who tender pursuant to the change of control offer.

The provisions described above will be applicable to any change of control event whether or not any other provisions of the indenture are applicable. Except as described above with respect to a change of control event,



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the indenture will not contain provisions that permit the holders to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

We will not be required to make a change of control offer upon a change of control event if a third party makes the change of control offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a change of control offer made by us and purchases all notes validly tendered and not withdrawn under such change of control offer.

We will comply, to the extent applicable, with the requirements of Rule 14e-1 of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes as a result of a change of control event. To the extent that the provisions of any securities laws or regulations conflict with provisions of the indenture, or compliance with the change of control event provisions of the indenture would constitute a violation of any such laws or regulations, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations described in the indenture by virtue of our compliance with such securities laws or regulations.

Our ability to repurchase notes pursuant to a change of control offer may be limited by a number of factors. The occurrence of certain of the events that constitute a change of control would constitute a default under our senior credit facility. In addition, certain events that may constitute a change of control under our senior credit facility and cause a default under that agreement will not constitute a change of control or a change of control event under the indenture. Our future indebtedness or that of our subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such indebtedness to be repurchased upon a change of control or a change of control event. Moreover, the exercise by the holders of their right to require us to repurchase the notes following a change of control in connection with a change in control event could cause a default under such indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders upon a repurchase may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of our senior credit facility and other and/or future indebtedness may prohibit our prepayment or repurchase of notes before their scheduled maturity. Consequently, if we are not able to prepay any such other indebtedness containing similar restrictions or obtain requisite consents, we will be unable to fulfill our repurchase obligations if holders of notes exercise their repurchase rights following a change of control, resulting in a default under the indenture. A default under the indenture may result in a cross-default under our senior credit facility. The provisions described above may deter certain mergers, tender offers and other takeover attempts involving us. The change of control purchase feature is a result of negotiations between the initial purchasers of the original notes and us. We have no present intention to engage in a transaction involving a change of control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a change of control or a change of control event under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional indebtedness are contained in the covenants described under Certain covenants Limitation on liens and Certain covenants Limitation on sale and leaseback transactions. Such restrictions in the indenture can be waived only with the consent of the holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenants, however, the indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of a highly leveraged transaction.

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The definition of “change of control” includes a disposition of all or substantially all of the assets of Southwestern Energy Company (determined on a consolidated basis). Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the property or assets of a Person. As a result, it may be unclear as to whether a change of control has occurred and whether a holder of notes may require us to make an offer to repurchase the notes as described above.

The provisions under the indenture relative to our obligation to make an offer to repurchase the notes as a result of a change of control event may be waived or modified or terminated with the written consent of the holders of a majority in principal amount of the notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the notes) prior to the occurrence of such change of control event.

Under the indenture:

**capital stock** means, as to any Person, any and all shares, units of beneficial interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities or other indebtedness convertible into such equity.

**change of control** means the occurrence of any of the following:

- (a) any Person, as such term is used in Section 13(d)(3) of the Exchange Act, becoming the beneficial owner, directly or indirectly, of more than 50% of the voting power of the voting stock of Southwestern Energy Company; provided that a transaction in which Southwestern Energy Company becomes a subsidiary of another Person shall not constitute a change of control if, immediately following such transaction, (i) the Persons who were stockholders of Southwestern Energy Company immediately prior to such transaction continue to beneficially own, directly or indirectly through one or more intermediaries, 50% or more of the voting power of the outstanding voting stock of such other Person of whom Southwestern Energy Company has become a subsidiary and (ii) no Person other than such other Person of whom Southwestern Energy Company has become a subsidiary beneficially owns, directly or indirectly, more than 50% of the voting power of the voting stock of Southwestern Energy Company;
- (b) the merger or consolidation of Southwestern Energy Company with or into another Person or the merger of another Person with or into Southwestern Energy Company, or the sale, lease or other disposition of all or substantially all the assets of Southwestern Energy Company (determined on a consolidated basis) to another Person, other than (i) (A) a transaction following which in the case of a merger or consolidation transaction, holders of securities that represented 100% of the voting stock of Southwestern Energy Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the voting stock of the surviving Person (or any parent thereof) in such merger or consolidation transaction immediately after such transaction or (B) a transaction that would be permitted under the proviso to clause (a) of this definition of “change of control” or (b) in the case of a sale, lease or other disposition of all or substantially all assets transaction, a transaction in which each transferee becomes an obligor in respect of the notes and a subsidiary of the transferor of such assets; or
- (c) the adoption of a plan relating to the liquidation or dissolution of Southwestern Energy Company.

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**change of control event** means the occurrence of either of the following with respect to a series of notes: (i) if such notes do not have an investment grade rating from both of the rating agencies on the first day of the trigger period, such notes are downgraded by at least one rating category (e.g., from BB+ to BB or Ba1 to Ba2) from the applicable rating of the notes on the first day of the trigger period by both of the rating agencies on any date during the trigger period, or (ii) if such notes have an investment grade rating from both of the rating agencies on the first day of the trigger period, such notes cease to have an investment grade rating from both of the ratings agencies on any date during the trigger period; provided, however, that for so long as any of our existing senior notes are outstanding, if we are required to offer to purchase any such existing senior notes as a result of the occurrence of a change of control (as defined in such existing senior notes), then the occurrence of such change of control shall constitute a change of control event. For purposes of the foregoing, existing senior notes means our 7.125% senior notes due 2017, our 7.35% senior notes due 2017, our 4.05% senior notes due 2020, our 4.10% senior notes due 2022, and our 4.95% senior notes due 2025.

If a rating agency is not providing a rating for the notes at the commencement of the trigger period, a change of control event shall be deemed to have occurred with respect to such rating agency as a result of the related change of control. Notwithstanding the foregoing, no change of control event will be deemed to have occurred in connection with any particular change of control unless and until such change of control has actually occurred.

**investment grade rating** means a rating equal to or greater than (i) BBB- by S&P or (ii) Baa3 by Moody's or (iii) the equivalent thereof under any new ratings system if the ratings system of either such agency shall be modified after the date hereof, or (iv) the equivalent rating of any other Ratings Agency selected by Southwestern Energy Company as provided by the definition of Ratings Agency.

**Moody's** means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

**Ratings Agency** means any of (1) Moody's, (2) S&P; or (3) if S&P or Moody's ceases to rate the notes or ceases to make a rating on the notes publicly available, an entity registered as a nationally recognized statistical rating organization (registered as such pursuant to Section 3(a)(62) of the Exchange Act) then making a rating on the notes publicly available selected by Southwestern Energy Company (as certified by an officer's certificate), which shall be substituted for S&P or Moody's, as the case may be.

**S&P** means S&P Global Ratings, or any successor to the rating agency business thereof.

**trigger period** means the period commencing on the day of the first public announcement (the announcement date) by us of any change of control (or pending change of control) and ending 60 days following consummation of such change of control (which trigger period will be extended following consummation of a change of control for so long as either of the rating agencies has publicly announced that it is considering a possible ratings downgrade related to such change of control).

**voting stock** of a Person means all classes of capital stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

**Certain covenants**

Except as described below, we will not be restricted by the indenture from incurring, assuming or becoming liable for any type of debt or other obligations, from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital stock. The indenture will not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, with certain exceptions, the indenture

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will not contain any covenants or other provisions that would limit our right to incur additional indebtedness. The indenture will not contain any provisions that would require us to repurchase or redeem or otherwise modify the terms of the notes upon a change in control or other events that may adversely affect the creditworthiness of the notes, for example, a highly leveraged transaction.

**Limitation on Liens.** We will not, and will not permit any of our subsidiaries to, incur, assume or guarantee any indebtedness for borrowed money secured by a lien on (a) productive property, (b) any principal transmission facility or (c) any shares of stock of any subsidiary (collectively, (a), (b) and (c), **principal property** ), if the sum, without duplication, of:

the aggregate principal amount of all secured debt (other than secured debt referred to in clauses (i)-(vii) below); and

all attributable debt of us or our subsidiaries in respect of sale and leaseback transactions involving any principal property (other than sale and leaseback provisions permitted pursuant to the second paragraph of the covenant **Limitation on sale and leaseback transactions** below), exceeds the greater of \$2.0 billion and 25% of our ACNTA at the time of incurrence, unless we provide that the notes will be secured equally and ratably with (or, at our option, prior to) such secured debt.

The provisions described in the foregoing paragraph do not apply to liens incurred, assumed or guaranteed that do not arise from indebtedness for borrowed money and, without limiting the foregoing, also do not apply to liens on principal property:

- (i) upon any principal property (including any related contract rights) existing at the time of acquisition thereof by us or any of our subsidiaries (whether such acquisition is direct or by acquisition of stock, assets or otherwise, provided any such lien is not incurred in contemplation of such acquisition);
- (ii) securing indebtedness under credit facilities of any subsidiary, provided that the aggregate principal amount of any indebtedness under such credit facilities shall not exceed \$500.0 million at any time outstanding;
- (iii) upon or with respect to any property (including any related contract rights) acquired, constructed, refurbished or improved by us or any of our subsidiaries (including, but not limited to, liens to secure all or any part of the cost of construction, alteration or repair of any building, equipment, facility or other improvement on, all or any part of such property, including any pipeline financing) after the date of the indenture which are created, incurred or assumed contemporaneously with, or within 360 days after, the latest to occur of the acquisition (whether by acquisition of stock, assets or otherwise), completion of construction, refurbishment or improvement, or the commencement of commercial operation, of such property (or, in the case of liens on contract rights, the completion of construction or the commencement of commercial operation of the facility to which such contract rights relate, regardless of the date when the contract was entered into) to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction, refurbishment or improvement; provided, however, that in the case of any such construction, refurbishment or improvement, the lien shall relate only to indebtedness reasonably incurred to finance such construction, refurbishment or improvement;
- (iv) securing indebtedness owing by any of our subsidiaries to us or to other subsidiaries;
- (v) arising from the deposit of funds or securities in trust for the purpose of decreasing or defeasing indebtedness;
- (vi) for the sole purpose of extending, renewing or replacing (or successive extensions, renewals or replacements), in whole or in part, any lien referred to in the foregoing subsections (i), (ii) or (iii) or above





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or this subsection (vi); provided, however, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the property subject to the lien so extended, renewed or replaced (plus refurbishment of or improvements on or to such property); and

(vii) any ordinary course lien arising, but only so long as continuing, in the ordinary course of our business or the business of our subsidiaries. In all of the cases set forth above, notwithstanding any stated limitation on the assets that may be subject to such lien, a lien on a specified asset or group or type of assets may include liens on all improvements, additions and accessions thereto and all products and proceeds thereof (including, without limitation, dividends, distributions and increases in respect thereof).

Under the indenture:

**ACNTA** means (without duplication), as of the date of determination:

(a) the sum of:

(i) discounted future net revenue from proved crude oil and natural gas reserves of us and our subsidiaries calculated in accordance with SEC guidelines before any state or federal income taxes, as estimated in a reserve report prepared as of the end of the our most recently completed fiscal year, which reserve report is prepared or audited by independent petroleum engineers as to at least 80% of the value of the reserves covered thereby, provided, however, that in lieu of using commodities prices and costs determined under SEC guidelines in such reserve report and for all purposes of this definition, such discounted future net revenue shall be adjusted using NYMEX prices after giving further effect to commodity derivatives contracts in effect on the date of determination and estimates of costs in light of prevailing market conditions in effect as of the date of determination, in each case as determined in good faith by us, as increased by, as of the date of determination, the discounted future net revenue before any state or federal income taxes of:

(A) estimated proved crude oil and natural gas reserves of us and our subsidiaries attributable to acquisitions consummated since the date of such year-end reserve report, and

(B) estimated proved crude oil and natural gas reserves of us and our subsidiaries attributable to extensions, discoveries and other additions and upward determinations of estimates of proved crude oil and natural gas reserves (including previously estimated development costs incurred during the period and the accretion of discount since the prior year-end) due to exploration, development or exploitation, production or other activities which reserves were not reflected in such year-end reserve report (as adjusted for pricing and costs as set forth above),

in the case of the determination made under each of clauses (A) and (B) above, calculated in accordance with SEC guidelines (except utilizing commodities prices and costs as set forth above) before any state or federal income taxes, and as decreased by, as of the date of determination, the discounted future net revenue before any state or federal income taxes attributable to:

(C) estimated proved crude oil and natural gas reserves of us and our subsidiaries reflected in such year-end reserve report (as adjusted for pricing and costs as set forth above) produced or disposed of since the date of such year-end reserve report, and

(D) reductions in the estimated proved crude oil and natural gas reserves of us and our subsidiaries reflected in such year-end reserve report (as adjusted for pricing and costs as set forth above)



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since the date of such year-end reserve report attributable to downward determinations of estimates of proved crude oil and natural gas reserves due to exploration, development or exploitation, production or other activities conducted or otherwise occurring since the date of such year-end reserve report, in each case calculated in accordance with SEC guidelines (except utilizing the commodities prices and costs as set forth above) before any state or federal income taxes;

*provided, however*, that, in the case of each of the determinations made pursuant to clauses (A) through (D) above, such increases and decreases shall be as estimated in good faith by us;

- (ii) the capitalized costs that are attributable to crude oil and natural gas properties of us and our subsidiaries to which no proved crude oil and natural gas reserves are attributed, based on our books and records as of a date no earlier than the date of our latest annual or quarterly financial statements;
- (iii) the net working capital, excluding unrealized gains and losses related to unsettled derivatives, on a date no earlier than the date of our latest annual or quarterly financial statements; and
- (iv) the greater of (I) the net book value on a date no earlier than the date of our latest annual or quarterly financial statements and (II) the appraised value, as estimated by independent appraisers within the immediately preceding 12 months, of other tangible assets of us and our subsidiaries (provided that we shall not be required to obtain such an appraisal of such assets if no such appraisal has been performed);

*minus*

(b) to the extent not otherwise taken into account in the immediately preceding clause (a), the sum of:

- (i) minority interests;
- (ii) any net gas or other balancing liabilities of us and our subsidiaries reflected in the our latest audited consolidated financial statements;
- (iii) the discounted future net revenue, calculated in accordance with SEC guidelines (except utilizing the commodities prices and costs set forth above) before any state or federal income taxes, attributable to reserves that are required to be delivered to third parties to fully satisfy the obligations of us and our subsidiaries with respect to volumetric production payments on the schedules specified with respect thereto; and
- (iv) the discounted future net revenue, calculated in accordance with SEC guidelines before any state or federal income taxes, attributable to reserves subject to dollar denominated production payments that, based on the estimates of production included in determining the discounted future net revenue specified in the immediately preceding clause (a)(i) (except utilizing the commodities prices and costs set forth above), would be necessary to satisfy fully the obligations of us and our subsidiaries with respect to dollar denominated production payments on the schedules specified with respect thereto.

For the avoidance of doubt, references in this definition to oil and natural gas reserves shall include any reserves attributable to natural gas liquids and other hydrocarbons.

**attributable debt** means, in respect of a sale and leaseback transaction, as at the time of determination, the present value (discounted at the interest rate borne by the notes, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining

term of the lease included in such

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sale and leaseback transaction (including any period for which such lease has been extended); provided, however, that if such sale and leaseback transaction results in a capital lease obligation, the amount of indebtedness represented thereby will be determined in accordance with the definition of capital lease obligation.

**capital lease obligation** means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

**credit facilities** means one or more debt facilities (including, without limitation, our senior credit facility), indentures or commercial paper facilities, in each case with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders or investors providing for debt financing, revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from (or sell receivables to) such lenders against such receivables) or letters of credit, in each case, as amended, extended, restated, renewed, refunded, replaced or refinanced (in each case with credit facilities), supplemented or otherwise modified (in whole or in part and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

**dollar-denominated production payments** mean production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

**GAAP** means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are in effect on the date of the indenture.

**net working capital** means:

- (a) all current assets of us and our subsidiaries, minus
- (b) all current liabilities of us and our subsidiaries, except current liabilities included in Indebtedness; in each case determined in accordance with GAAP.

**NYMEX prices** means, as of any date of determination, the forward month prices for the most comparable hydrocarbon commodity applicable to such future production month for a five year period (or such shorter period if forward month prices are not quoted for a reasonably comparable hydrocarbon commodity for the full five year period), with such prices held constant thereafter based on the last quoted forward month price of such period, as such prices are (i) quoted on the New York Mercantile Exchange (or its successor) as of a date within 30 days of the date of determination and (ii) adjusted for energy content, quality and basis differentials; provided that with respect to estimated future production for which prices are defined, within the meaning of SEC guidelines, by contractual arrangements excluding escalations based upon future conditions, then such contract prices shall be applied to future production subject to such arrangements.

**ordinary course lien** means any:

- (i) lien incurred in the ordinary course of business to secure the obtaining of advances or the payment of the deferred purchase price of property;



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- (ii) lien created by any interest or title of a lessor under any lease entered into by us or any subsidiary in the ordinary course of business and covering only the assets so leased;
- (iii) liens arising from precautionary UCC financing statements or similar filings made in respect of operating leases;
- (iv) lien that is a contractual right of set-off (a) relating to the establishment of depository relations with banks not given in connection with the issuance of indebtedness, (b) relating to pooled deposits or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business or (c) relating to purchase orders and other agreements entered in the ordinary course of business;
- (v) oil, gas or mineral leases arising in the ordinary course of business where the liens arise from the rights of lessors;
- (vi) customary initial deposits and margin deposits and similar liens attaching to commodity trading accounts or other brokerage accounts that are not for speculative purposes and arise in the ordinary course of business;
- (vii) liens on cash and cash equivalents in favor of, and letters of credit issued for the benefit of, counterparties to swap agreements securing obligations under such swap agreements;
- (viii) lien arising from the sale or other transfer in the ordinary course of business of (A) crude oil, natural gas, other petroleum hydrocarbons or other minerals in place for a period of time until, or in an amount such that, the purchaser or other transferee will realize therefrom a specified amount of money (however determined) or a specified amount of such minerals, or (B) any other interest in property of the character commonly referred to as a production payment, overriding royalty, forward sale or similar interest;
- (ix) liens which may be attached to undeveloped real estate not containing oil or gas reserves presently owned by us in the ordinary course of our real estate, sales development and rental activities;
- (x) liens in favor of the United States of America, any State, any foreign country or any department, agency, instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of constructing, refurbishing, developing or improving any property subject thereto, including without limitation, liens to secure indebtedness of pollution control or industrial revenue bond type; and
- (xi) lien arising from any right which any municipal or governmental body or agency may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of or order the sale of, any property of us or any subsidiary upon payment of reasonable compensation therefor or to terminate any franchise, license or other rights or to regulate the property and business of us or any subsidiary.

**principal transmission facility** means any transportation or distribution facility, including pipelines, of us or any subsidiary located in the United States of America other than (i) any such facility which in the opinion of our Board of Directors is not of material importance to the business conducted by us and its subsidiaries, taken as a whole, or (ii) any such facility in which interests are held by us or by one or more subsidiaries or by us and one or more subsidiaries and by others and the aggregate interest held by the Borrower and all Subsidiaries does not exceed 50%.





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**productive property** means any property interest owned by us or any subsidiary in land (including submerged land and rights in and to oil, gas and mineral leases) located in the United States of America classified by us or such subsidiary, as the case may be, as productive of crude oil, natural gas or other petroleum hydrocarbons in paying quantities; provided that such term shall not include any exploration or production facilities on said land, including any drilling or producing platform.

**sale and leaseback transaction** means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to us or our subsidiary of any property, whether owned at the date of the indenture or thereafter acquired, which has been or is to be sold or transferred by us or such subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property, in each case provided that the completion of construction or the commencement of commercial operation of the property subject to such transaction shall have occurred more than 180 days prior thereto.

**secured debt** means any indebtedness for borrowed money incurred, assumed or guaranteed by us or one of our subsidiaries that is secured by a lien.

**swap agreement** means (a) any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, whether or not any such transaction is governed by or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any master agreement; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of us or any of our subsidiaries shall be a swap agreement.

**volumetric production payments** mean production payment obligations recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

**Limitation on sale and leaseback transactions.** Neither we nor any of our subsidiaries may enter into, assume, guarantee or otherwise become liable with respect to any sale and leaseback transaction involving any principal property, unless after giving effect thereto the sum of all attributable debt in respect of such sale and leaseback transactions (other than those referred to in the following paragraph) does not exceed \$250.0 million.

This restriction shall not apply to any sale and leaseback transaction (A) between us and any of our subsidiaries or between any of our subsidiaries or (B) for which, at the time the transaction is entered into, the term of the related lease to us or our subsidiary of the property sold pursuant to such transaction is three years or less.

**Consolidation, merger and sale of assets.** The indenture will provide that we may not consolidate with or merge into any other Person or sell, lease or transfer all or substantially all of our assets (determined on a consolidated basis) unless:

in the case of a merger or consolidation, either we shall be the continuing or surviving Person or the Person formed by such consolidation or into which we are merged or the Person which acquires our assets is organized in the United States of America (including any state or the District of Columbia) and expressly assumes by supplemental indenture the due and punctual payment of the principal of and interest on the notes and the performance of every covenant of the indenture on our part;

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immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have happened and be continuing; and

we have delivered to the trustee an officers' certificate and an opinion of counsel each stating that such consolidation, merger or transfer and a supplemental indenture, if applicable, comply with the indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon such consolidation, merger or sale, the successor entity formed by such consolidation or into which we are merged or to which such sale is made will succeed to, and be substituted for, us under the indenture, and the predecessor corporation shall be released from all obligations and covenants under the indenture and the notes.

## **Events of default, notice and waiver**

The indenture will provide that if an event of default shall have occurred and be continuing with respect to a series of notes, then either the trustee or the holders of not less than 25% in outstanding principal amount of the notes of such series may declare to be due and payable immediately the outstanding principal amount of such notes, together with interest, if any, accrued thereon; provided, however, that if the event of default is any of certain events of bankruptcy, insolvency or reorganization, all the notes, together with interest, if any, accrued thereon, will become immediately due and payable without further action or notice on the part of the trustee or the holders.

Under the indenture, an event of default with respect to the notes of each series is any one of the following events:

- (1) default for 30 days in payment of any interest payable with respect to such notes when due;
- (2) default in payment of principal, or premium, if any, at maturity or on redemption or otherwise of such notes when and as due;
- (3) default for 90 days after notice to us by the trustee, or by the holders of 25% in aggregate principal amount of the notes of such series then outstanding, in the performance of any other agreement in the indenture;
- (4) principal of or interest on indebtedness for borrowed money of us or any significant subsidiary (within the meaning of Regulation S-X under the Securities Act) is not paid within any applicable grace period after payment is due, or the principal thereof is accelerated by the holders thereof because of a default, and the total principal amount of such indebtedness in either case exceeds \$100.0 million and such acceleration is not rescinded or annulled within 30 days; provided that such event of default will be cured or waived if (i) the default that resulted in the acceleration of such other indebtedness is cured or waived and (ii) the acceleration is rescinded or annulled;
- (5) certain events of bankruptcy, insolvency and reorganization of us or our significant subsidiaries; and
- (6) except as otherwise provided in the indenture, any subsidiary guarantee ceases to be in full force and effect.

The indenture will provide that the trustee will, within 90 days after obtaining knowledge of a default with respect to a series of notes, give to the holders of such series of notes notice of such default known to it, unless cured or waived; provided that except in the case of default in the payment of principal, or interest or premium, if any, on any notes the trustee will be protected in withholding such notice if and so long as the trustee in good faith determines that the withholding of such notice is in the interests of the holders of the notes. The term

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default for the purpose of this provision means any event that is, or after notice or lapse of time, or both, would become, an event of default.

The indenture contains a provision entitling the trustee, subject to the duty of the trustee during the continuance of an event of default to act with the required standard of care, to be indemnified by the holders before proceeding to exercise any right or power under the indenture at the request of such holders. The indenture will provide that the holders of a majority in outstanding principal amount of the notes of a series may, subject to certain exceptions, on behalf of the holders of notes of such series direct the time, method and place of conducting proceedings for remedies available to the trustee, or exercising any trust or power conferred on the trustee.

The indenture will include a covenant that we will file annually with the trustee a certificate of no default, or specifying any default that exists.

In certain cases, the holders of a majority in outstanding principal amount of the notes of each series may on behalf of the holders of the notes such series rescind a declaration of acceleration or waive any past default or event of default with respect to such notes except a default not theretofore cured in payment of the principal of, or interest or premium, if any, on any such note or in respect of a provision which under the indenture cannot be modified or amended without the consent of the holder of each such note.

No holder of a note will have any right to institute any proceeding with respect to the indenture or the notes of either series of notes or for any remedy thereunder unless:

such holder shall have previously given to the trustee written notice of a continuing event of default;

the holders of at least 25% in aggregate principal amount of the outstanding notes of such series have also made such a written request;

such holder or holders have provided indemnity satisfactory to the trustee to institute such proceeding as trustee;

the trustee has not received from the holders of a majority in outstanding principal amount of the notes of such series a direction inconsistent with such request; and

the trustee has failed to institute such proceeding within 90 calendar days of such notice.

However, such limitations do not apply to a suit instituted by a holder of notes for enforcement of payment of the principal of, or premium or interest, if any, on such notes on or after the respective due dates expressed in such notes after any applicable grace periods have expired.

## **Modification and waiver**

The trustee and we may amend or supplement the indenture or the notes of each series without the consent of any holder, in order to:

cure any ambiguity, defect or inconsistency;

provide for the assumption of our obligations to the holders in the case of a merger or consolidation of us as permitted by the indenture;

provide for uncertificated notes in addition to or in place of certificated notes;

to add guarantees with respect to the notes or to secure the notes;

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to add to the covenants of Southwestern Energy Company for the benefit of holders of the notes or to surrender any right or power conferred on us in the indenture;

to add any additional events of default with respect to the notes;

comply with SEC requirements in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;

make any change that would provide any additional rights or benefits to the holders of notes and that does not adversely affect any such holder in any material respect;

evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the indenture as are necessary to provide for or facilitate the administration of the trusts by more than one trustee; or

to correct or supplement any provision of the indenture that may be inconsistent with any other provision of the indenture or to make any other provisions with respect to matters or questions arising under the indenture, so long as such actions shall not adversely affect the interests of any holder.

In addition, except as described below, modifications and amendments of the indenture or the notes of each series may be made by the trustee and us with the consent of the holders of a majority in outstanding principal amount of the notes of each series affected by such modification or amendment. However, no such modification or amendment may, without the consent of each holder affected thereby:

reduce the principal amount of such notes whose holders must consent to an amendment, supplement or waiver;

reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any such notes;

reduce the principal amount of or change or have the effect of changing the stated maturity of the principal of, or any installment of principal of, any such notes, or change the date on which any such notes may be subject to redemption, or reduce any premium payable upon the redemption thereof or the redemption price therefor;

change the currency in which such notes are payable from that stated in the notes;

make any change to the provisions of the indenture entitling each holder to receive payment of principal of, premium and interest on such notes on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date) or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of such outstanding notes to waive defaults or events of default; or

change any obligation of us to maintain an office or agency in the place and for the purposes specified in the indenture.

## **Defeasance**

The indenture will provide that we will be discharged from any and all obligations in respect of the notes of a series (except for certain obligations to register the transfer or exchange of such notes, to replace stolen, lost or mutilated notes, to maintain paying agencies and hold monies for payment in trust and to pay the principal of and interest, if any, on such notes), upon the irrevocable deposit with the trustee, in trust, of money and/or U.S. government securities, which through the payment of interest and principal thereof in accordance with their terms provides

money in an amount sufficient to pay the principal of (and premium, if any) and interest, if

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any, in respect of the notes of such series on the stated maturity date of such principal and any installment of principal, or interest or premium, if any. Also, the establishment of such a trust will be conditioned on the delivery by us to the trustee of (x) an opinion of counsel who is reasonably satisfactory to the trustee to the effect that, based upon applicable U.S. federal income tax law or a ruling published by the United States Internal Revenue Service, such a defeasance and discharge will not be deemed, or result in, a taxable event with respect to the beneficial owners of such notes and (y) an officer's certificate meeting the requirements set forth in the indenture. For the avoidance of doubt, such an opinion would require a change in current U.S. tax law.

We may also omit to comply with the restrictive covenants, if any, of the notes of each series, other than our covenant to pay the amounts due and owing with respect to the notes. Thereafter, any such omission shall not be an event of default with respect to such notes, upon the deposit with the trustee, in trust, of money and/or U.S. government securities which through the payment of interest and principal in respect thereof in accordance with their terms provides money in an amount sufficient to pay any installment of principal of (and premium, if any) and interest, if any, in respect of the notes of such series on the stated maturity date of such principal or installment of principal, or interest or premium, if any. Our obligations under the indenture and the notes other than with respect to such covenants shall remain in full force and effect. Also, the establishment of such a trust will be conditioned on the delivery by us to the trustee of an opinion of counsel to the effect that such a defeasance and discharge will not be deemed, or result in, a taxable event with respect to the beneficial owners of the notes.

In the event we exercise our option to omit compliance with certain covenants as described in the preceding paragraph and the notes are declared due and payable because of the occurrence of any event of default, then the amount of monies and U.S. government securities on deposit with the trustee will be sufficient to pay amounts due on the notes at the time of the acceleration resulting from such event of default. We shall in any event remain liable for such payments as provided in the notes.

## **Satisfaction and discharge**

At our option, we may satisfy and discharge the indenture with respect to the notes of each series (except for specified obligations of the trustee and ours, including, among others, the obligations to apply money held in trust) when:

either (a) all notes of such series previously authenticated and delivered under the indenture have been delivered to the trustee for cancellation or (b) all such notes not theretofore delivered to the trustee for cancellation have become due and payable, will become due and payable at their stated maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee, and we have deposited or caused to be deposited with the trustee as trust funds in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on the notes of such series;

we have paid or caused to be paid all other sums payable under the indenture; and

we have delivered to the trustee an officer's certificate and an opinion of counsel, each to the effect that all conditions precedent relating to the satisfaction and discharge of the indenture have been satisfied.

## **Regarding the trustee**

U.S. Bank National Association will be the trustee under the indenture. We maintain banking and other commercial relationships with the trustee and its affiliates in the ordinary course of business.

The indenture contains certain limitations on the right of the trustee, should it become a creditor of ours within three months of, or subsequent to, a default by us to make payment in full of principal of or interest on the

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notes when and as the same becomes due and payable; however the trustee's rights as a creditor of ours will not be limited if the creditor relationship arises from, among other things:

the ownership or acquisition of securities issued under any indenture or having a maturity of one year or more at the time of acquisition by the trustee;

certain advances authorized by a receivership or bankruptcy court of competent jurisdiction or by the indenture;

disbursements made in the ordinary course of business in its capacity as indenture trustee, transfer agent, registrar, custodian or paying agent or in any other similar capacity;

indebtedness created as a result of goods or securities sold in a cash transaction or services rendered or premises rented; or

the acquisition, ownership, acceptance or negotiation of certain drafts, bills of exchange, acceptances or other obligations. The indenture will not prohibit the trustee from serving as trustee under any other indenture to which we may be a party from time to time or from engaging in other transactions with us. If the trustee acquires any conflicting interest within the meaning of the Trust Indenture Act and any notes are in default, it must eliminate such conflict or resign.



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## **Form, book-entry procedures and transfer**

### **General**

The notes of each series will be issued initially only in the form of one or more global notes (collectively, the global notes). The global notes will be deposited upon issuance with the trustee as custodian for DTC and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the global notes may be held only through the Euroclear System (Euroclear) and Clearstream Banking, S.A. (Clearstream) (as indirect participants in DTC), unless transferred to a Person that takes delivery through a global note in accordance with the certification requirements described below.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for definitive notes in registered certificated form (certificated notes) except in the limited circumstances described below. See Exchange of book-entry notes for certificated notes. Except in the limited circumstances described below, owners of beneficial interests in the global notes will not be entitled to receive physical delivery of notes in certificated form.

In addition, transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

### **Depository procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the participants) and to facilitate the clearance and settlement of transactions in those securities between the participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers (including the underwriters, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the indirect participants). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

- (1) upon deposit of the global notes, DTC will credit the accounts of the participants designated by the underwriters with portions of the principal amount of the global notes; and
- (2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interest in the global notes).

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Investors in the global notes who are participants may hold their interests therein directly through DTC. Investors in the global notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants. Euroclear and Clearstream will hold interests in the global notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some jurisdictions may require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such Persons will be limited to that extent. Because DTC can act only on behalf of the participants, which in turn act on behalf of the indirect participants, the ability of a Person having beneficial interests in a global note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.

Payments in respect of the principal of, premium, if any, on, and interest, if any, on, a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee will treat the Persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the trustee will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of us, DTC or the trustee. Neither we nor the trustee will be liable for any delay by DTC or any of the participants or the indirect participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

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Cross-market transfers between the participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

## **Exchange of book-entry notes for certificated notes**

Notes in physical, certificated form will be issued and delivered to, and registered in the name of, each Person that DTC identifies as a beneficial owner of the related notes only if:

DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;

DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;

we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or

certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default under the indenture followed by a request from holders of the notes as provided in the indenture.

The indenture permits us to determine at any time and in our sole discretion that notes shall no longer be represented by global securities. DTC has advised us that, under its current practices, it would notify its participants of our request, but will only withdraw beneficial interests from the global security at the request of each DTC participant. We would issue definitive certificates in exchange for any beneficial interests withdrawn.

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## **Material United States federal income tax considerations**

The following discussion is a summary of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws, are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the IRS), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a beneficial owner of the notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to those discussed below regarding the tax consequences of the purchase, ownership and disposition of the notes.

This discussion is limited to beneficial owners who hold the notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the notes for cash at original issue and at their original issue price within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a beneficial owner's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to beneficial owners subject to special rules, including, without limitation:

persons exchanging Target Notes in the Tender Offers;

U.S. expatriates and former citizens or long-term residents of the United States;

persons subject to the alternative minimum tax;

U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;

persons holding the notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;

banks, insurance companies, and other financial institutions;

real estate investment trusts or regulated investment companies;

brokers, dealers or traders in securities;

controlled foreign corporations, passive foreign investment companies, and corporations that accumulate earnings to avoid U.S. federal income tax;

S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);

tax-exempt organizations or governmental organizations; and

persons deemed to sell the notes under the constructive sale provisions of the Code.

If an entity treated as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

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**THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

### **Tax consequences applicable to U.S. Holders**

#### ***Definition of a U.S. Holder***

For purposes of this discussion, a U.S. Holder is a beneficial owner of a note that, for U.S. federal income tax purposes, is or is treated as:

an individual who is a citizen or resident of the United States;

a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

#### ***Payments of interest***

Interest on a note generally will be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. Holder's method of tax accounting for U.S. federal income tax purposes.

#### ***Sale or other taxable disposition***

A U.S. Holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note. The amount of such gain or loss will generally equal the difference between the amount received for the note in cash or other property valued at fair market value (less amounts attributable to any accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will be equal to the amount the U.S. Holder paid for the note. Any gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of sale or other taxable disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, generally will be taxable at a reduced rate. The deductibility of capital losses is subject to limitations.

#### ***Information reporting and backup withholding***

A U.S. Holder may be subject to information reporting and backup withholding when such U.S. Holder receives payments on a note or receives proceeds from the sale or other taxable disposition of a note (including a redemption or retirement of a note). Certain U.S. Holders are exempt from backup withholding, including

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corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such U.S. Holder is not otherwise exempt and such U.S. Holder:

fails to furnish the U.S. Holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;

furnishes an incorrect taxpayer identification number;

is notified by the IRS that the U.S. Holder previously failed to properly report payments of interest or dividends; or

fails to certify under penalties of perjury that the U.S. Holder has furnished a correct taxpayer identification number and that the IRS has not notified the U.S. Holder that the U.S. Holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

## **Tax consequences applicable to Non-U.S. Holders**

### ***Definition of a Non-U.S. Holder***

For purposes of this discussion, a Non-U.S. Holder is a beneficial owner of a note that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

### ***Payments of interest***

Subject to the discussion of backup withholding and FATCA withholding below, interest paid on a note to a Non-U.S. Holder that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S. federal income tax, or withholding tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), provided that:

the Non-U.S. Holder does not, actually or constructively, own 10% or more of the total combined voting power of all classes of our voting stock;

the Non-U.S. Holder is not a bank that received a note on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

the Non-U.S. Holder is not a controlled foreign corporation related to us through actual or constructive stock ownership; and

either (1) the Non-U.S. Holder certifies in a statement provided to the applicable withholding agent under penalties of perjury that it is not a United States person and provides its name and address; (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the note on behalf of the Non-U.S. Holder certifies to the applicable withholding agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a statement under penalties of perjury that such Non-U.S. Holder is not a United States person and provides a copy of such statement to the applicable withholding agent; or (3) the Non-U.S. Holder holds its note directly through a qualified intermediary

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(within the meaning of applicable Treasury Regulations) and certain conditions are satisfied.

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If a Non-U.S. Holder does not satisfy the requirements above, such Non-U.S. Holder may be entitled to a reduction in or an exemption from withholding on such interest as a result of an applicable tax treaty. To claim such entitlement, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) claiming a reduction in or exemption from withholding tax under the benefit of an income tax treaty between the United States and the country in which the Non-U.S. Holder resides or is established.

If interest paid to a Non-U.S. Holder is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such interest is attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that interest paid on a note is not subject to withholding tax because it is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States.

Any such effectively connected interest generally will be subject to U.S. federal income tax at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected interest, as adjusted for certain items.

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

***Sale or other taxable disposition***

Subject to the discussion of backup withholding and FATCA withholding below, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange, redemption, retirement or other taxable disposition of a note (such amount excludes any amount allocable to accrued and unpaid interest, which generally will be treated as interest and may be subject to the rules discussed above in Payments of interest ) unless:

the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable); or

the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

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Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

***Information reporting and backup withholding***

Payments of interest generally will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the Non-U.S. Holder is a United States person and the Non-U.S. Holder certifies its non-U.S. status as described above under Payments of interest. However, information returns are required to be filed with the IRS in connection with any interest paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of a note (including a retirement or redemption of the note) within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the statement described above and does not have actual knowledge or reason to know that such Non-U.S. Holder is a United States person or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of a note paid outside the United States and conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

**Additional withholding tax on payments made to foreign accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on payments of interest on, or gross proceeds from the sale or other disposition of, a note paid to a foreign financial institution or a non-financial foreign entity (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any substantial United States owners (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain specified United States persons or United States-owned foreign entities (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of interest on a note, and will apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in the notes.

**Table of Contents****Underwriting**

J.P. Morgan Securities LLC is acting as the representative of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below.

<b>Underwriter</b>	<b>Principal Amount of 2026 Notes</b>	<b>Principal Amount of 2027 Notes</b>
J.P. Morgan Securities LLC	\$	
Citigroup Global Markets Inc.		
MUFG Securities Americas Inc.		
Merrill Lynch, Pierce, Fenner & Smith		
Incorporated		
Credit Agricole Securities (USA) Inc.		
Mizuho Securities USA LLC		
RBC Capital Markets, LLC		
Wells Fargo Securities, LLC		
BMO Capital Markets Corp.		
Capital One Securities, Inc.		
CIBC World Markets Corp.		
HSBC Securities (USA) Inc.		
PNC Capital Markets LLC		
SMBC Nikko Securities America, Inc.		
BB&T Capital Markets, a division of BB&T Securities, LLC		
BBVA Securities Inc.		
BNP Paribas Securities Corp.		
Citizens Capital Markets, Inc.		
Comerica Securities, Inc.		
Credit Suisse Securities (USA) LLC		
Fifth Third Securities, Inc.		
KeyBanc Capital Markets Inc.		
SG Americas Securities, LLC		
U.S. Bancorp Investments, Inc.		

Total	\$	
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Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the notes sold under the underwriting agreement if any of these notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions

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contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

## **Commissions and discounts**

The representative has advised us that the underwriters propose initially to offer the notes to the public at the public offering prices set forth on the cover page of this prospectus supplement. In addition, the underwriters may offer the notes to certain dealers at prices that represent a concession not in excess of % of the principal amount of the 2026 notes and % of the principal amount of the 2027 notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of % of the principal amount of the 2026 notes and % of the principal amount of the 2027 notes to certain other dealers. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The expenses of the offering, not including the underwriting discounts, are estimated at \$2.6 million and are payable by us.

## **New issue of notes**

Each series of notes is a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by certain of the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

## **Short positions**

In connection with the offering of the notes, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may have the effect of preventing or retarding a decline in the market price of the notes or cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

## **Extended settlement**

Delivery of the notes is expected to be made against payment therefor on or about , 2017, such settlement being referred to as T+10. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing of the notes or the seven succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+10, to

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specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisers.

### **Other relationships**

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking, commercial banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. J.P. Morgan Securities LLC is acting as the dealer manager on the Tender Offer. In connection therewith, it will receive a fee and we will reimburse its expenses. Additionally, certain of the underwriters and their affiliates are lenders under our 2015 Term Facility and each of the underwriters or an affiliate thereof is a lender under our 2016 Credit Agreement. For example, Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is the administrative agent under the 2015 Term Facility. As such, certain of the underwriters and their affiliates will receive a portion of the net proceeds of the offering that are used to repay the 2015 Term Facility. In addition, certain of the underwriters or their affiliates are holders of the Target Notes and may receive a portion of the net proceeds of the offering to the extent such underwriters or their affiliates tender their Target Notes and such notes are accepted for purchase. Furthermore, U.S. Bancorp Investments, Inc., one of the underwriters in this offering, is an affiliate of the trustee.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates, including the Target Notes in the Tender Offers. If the underwriters or their affiliates have a lending relationship with us, certain of the underwriters or their affiliates routinely hedge, and certain other of the underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Selling restrictions**

#### ***Notice to prospective investors in the European Economic Area***

In relation to each Member State of the European Economic Area (each, a **Relevant Member State** ), no offer of notes may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require us or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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This prospectus supplement has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

### ***Notice to prospective investors in the United Kingdom***

In addition, in the United Kingdom, this prospectus supplement is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This prospectus supplement must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this prospectus supplement relates is only available to, and will be engaged in with, relevant persons.

### ***Notice to prospective investors in Canada***

The notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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### ***Notice to prospective investors in Switzerland***

This prospectus supplement does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this prospectus supplement may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the underwriters from time to time.

### ***Notice to prospective investors in the Dubai international financial centre***

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ( DFSA ). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this prospectus supplement. The notes to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

### ***Notice to prospective investors in Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ( ASIC ), in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act ), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the notes may only be made to persons (the Exempt Investors ) who are sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the notes without disclosure to investors under Chapter 6D of the Corporations Act.

The notes applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring notes must observe such Australian on-sale restrictions.

This prospectus supplement contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus supplement is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

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### ***Notice to prospective investors in Hong Kong***

The notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### ***Notice to prospective investors in Japan***

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### ***Notice to prospective investors in Singapore***

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.



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## **Legal matters**

The validity of the issuance of the notes covered by this prospectus supplement will be passed upon for Southwestern Energy Company by Latham & Watkins LLP, Houston, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Vinson & Elkins L.L.P., Houston, Texas.

## **Experts**

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control Over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Certain information with respect to the oil and gas reserves associated with our oil and gas prospects is derived from the reports of Netherland, Sewell & Associates, Inc., an independent petroleum consulting firm, and has been included in this prospectus supplement, and incorporated by reference herein, upon the authority of said firm as experts with respect to the matters covered by such reports and in giving such reports.

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## **Glossary of oil and gas terms**

We are in the business of exploring for and producing oil and natural gas. Oil and natural gas exploration is a specialized industry. Many of the terms used to describe our business are unique to the oil and natural gas industry. The following is a description of the meanings of some of the oil and natural gas industry terms used in this document.

*Analogous reservoir.* Analogous reservoirs, as used in resource assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, analogous reservoir refers to a reservoir that shares all of the following characteristics with the reservoir of interest: (i) the same geological formation (but not necessarily in pressure communication with the reservoir of interest; (ii) the same environment of deposition; (iii) similar geologic structure; and (iv) the same drive mechanism.

*Bcf.* One billion cubic feet of natural gas.

*Bcfe.* One billion cubic feet of natural gas equivalent, determined using the ratio of six Mcf of natural gas to one barrel of oil, condensate or NGLs.

*Completion.* The installation of permanent equipment for the production of oil, NGLs or natural gas.

*Developed oil, NGL and natural gas reserves.* Developed oil, NGL and natural gas reserves are reserves of any category that can be expected to be recovered: (i) through existing wells with existing equipment and operating methods or in which the cost of the related equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

*Development project.* A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

*Economically producible.* The term economically producible, as it relates to a resource, means a resource that generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and natural gas producing activities.

*Estimated ultimate recovery.* Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

*Gas.* Natural gas.

*Gross acres.* The total acres in which a working interest is owned.

*Mcf.* Thousand cubic feet of natural gas.

*MMBbls.* One million barrels of crude oil.

*Natural gas liquids or NGLs.* Hydrocarbons found in natural gas which may be extracted as liquefied petroleum gas and natural gasoline.

*Net acres.* The sum of the fractional working interests owned in gross acres or wells, as the case may be.

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*Permeability.* The ability, or measurement of a rock's ability, to transmit fluids, typically measured in darcies or millidarcies. Formations that transmit fluids readily are described as permeable and tend to have many large, well-connected pores.

*PV-10 or present value of estimated future net revenues.* An estimate of the present value of the estimated future net revenues from proved oil, NGL and natural gas reserves at a date indicated after deducting estimated production and ad valorem taxes, future capital costs and operating expenses, but before deducting any estimates of federal income taxes. The estimated future net revenues are discounted at an annual rate of 10%, in accordance with the Securities and Exchange Commission's practice, to determine their present value. The present value is shown to indicate the effect of time on the value of the revenue stream and should not be construed as being the fair market value of the properties. Estimates of future net revenues are made using oil and natural gas prices and operating costs at the date indicated and held constant for the life of the reserves.

*Proved oil, NGL and natural gas reserves or Proved reserves.* Proved oil, NGL and natural gas reserves are those quantities of oil, NGL and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for estimation. The project to extract the hydrocarbons must have commenced, or the operator must be reasonably certain that it will commence the project, within a reasonable time.

The area of the reservoir considered as proved includes all of the following: (i) the area identified by drilling and limited by fluid contacts, if any; and (ii) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil, NGL and natural gas on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering or performance data and reliable technology establish a lower contact with reasonable certainty. Where direct observation from well penetrations has defined a highest known oil elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering or performance data and reliable technology establish the higher contact with reasonable certainty.

Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (i) successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (ii) the project has been approved for development by all necessary parties and entities, including governmental entities.

Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the twelve-month first day of the month historical average price during the twelve-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

*Proved undeveloped reserves.* Proved undeveloped oil, NGL and natural gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major

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expenditure is required for recompletion. Reserves on undrilled acreage are limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units are claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Estimates for proved undeveloped reserves will not be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

*Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical and geochemical), engineering and economic data are made to estimated ultimate recovery with time, reasonably certain estimated ultimate recovery is much more likely to increase or remain constant than to decrease.

*Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that have been field tested and have been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

*Reserves.* Reserves are estimated remaining quantities of oil, NGLs and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil, NGLs and natural gas or related substances to market and all permits and financing required to implement the project.

*Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

*Resources.* Resources are quantities of oil, NGLs and natural gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable and another portion may be considered unrecoverable. Resources include both discovered and undiscovered accumulations.

*Unconventional resource.* A term used in the oil and natural gas industry to refer to a play in which the targeted reservoirs generally fall into one of four categories: (1) tight sands, (2) coal beds, (3) gas shales, or (4) oil shales. These reservoirs tend to cover large areas and lack the readily apparent traps, seals and discrete hydrocarbon-water boundaries that typically define conventional reservoirs. These reservoirs generally require fracture stimulation treatments or other special recovery processes in order to produce economic flow rates.

*Undeveloped acreage.* Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil or natural gas regardless of whether or not such acreage contains proved reserves.

*Undeveloped oil, NGL and natural gas reserves or Undeveloped reserves.* Undeveloped oil, NGL and natural gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within

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five years, unless the specific circumstances justify a longer time. Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

*Working interest.* The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and receive a share of production.

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**PROSPECTUS**

**Southwestern Energy Company**

**Common Stock**

**Preferred Stock**

**Debt Securities**

**Depository Shares**

**Warrants**

**Purchase Contracts**

**Units**

We may offer and sell the securities identified above from time to time in one or more offerings. This prospectus provides you with a general description of the securities.

Each time we offer and sell securities, we will provide a supplement to this prospectus that contains specific information about the offering and the amounts, prices and terms of the securities. The supplement may also add, update or change information contained in this prospectus with respect to that offering. You should carefully read this prospectus and the applicable prospectus supplement before you invest in any of our securities.

We may offer and sell the securities described in this prospectus and any prospectus supplement to or through one or more underwriters, dealers and agents, or directly to purchasers, or through a combination of these methods. If any underwriters, dealers or agents are involved in the sale of any of the securities, their names and any applicable purchase price, fee, commission or discount arrangement between or among them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See the sections of this prospectus entitled **About this Prospectus** and **Plan of Distribution** for more information. No securities may be sold without delivery of this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such securities.

**INVESTING IN OUR SECURITIES INVOLVES RISKS. SEE THE RISK FACTORS ON PAGE 5 OF THIS PROSPECTUS AND ANY SIMILAR SECTION CONTAINED IN THE APPLICABLE PROSPECTUS**

**SUPPLEMENT CONCERNING FACTORS YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES.**

Our common stock is listed on the New York Stock Exchange under the symbol SWN. On November 12, 2015, the last reported sale price of our common stock on the New York Stock Exchange was \$10.30 per share.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is November 17, 2015.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, using a shelf registration process. By using a shelf registration statement, we may sell securities from time to time and in one or more offerings as described in this prospectus. Each time that we offer and sell securities, we will provide a prospectus supplement to this prospectus that contains specific information about the securities being offered and sold and the specific terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus with respect to that offering. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you should rely on the prospectus supplement. Before purchasing any securities, you should carefully read both this prospectus and the applicable prospectus supplement, together with the additional information described under the heading **Where You Can Find More Information; Incorporation by Reference**.

We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the applicable prospectus supplement to this prospectus is accurate as of the date on its respective cover, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

When we refer to **Southwestern**, **we**, **our**, **us** and the **Company** in this prospectus, we mean Southwestern Energy Company and its consolidated subsidiaries, unless otherwise specified. When we refer to **you**, we mean the holders of the applicable series of securities.

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**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

We file reports, proxy statements and other information with the SEC. Information filed with the SEC by us can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the Public Reference Room of the SEC at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site that contains reports, proxy and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that web site is <http://www.sec.gov>.

Our web site address is [www.swn.com](http://www.swn.com). The information on our web site, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus and any prospectus supplement are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Forms of the indenture and other documents establishing the terms of the offered securities are or may be filed as exhibits to the registration statement. Statements in this prospectus or any prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement at the SEC's Public Reference Room in Washington, D.C. or through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

We incorporate by reference our documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this prospectus, between the date of this prospectus and the termination of the offering of the securities described in this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including our Compensation Committee report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or related exhibits furnished pursuant to Item 9.01 of Form 8-K.

This prospectus and any accompanying prospectus supplement incorporate by reference the documents set forth below that have previously been filed with the SEC:

Our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 26, 2015.

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015, filed with the SEC on April 23, 2015, July 27, 2015 and October 22, 2015, respectively.

Our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 6, 2015.

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Our Current Reports on Form 8-K and Amended Current Reports on Form 8-K/A filed with the SEC on January 7, 2015, January 21, 2015, January 23, 2015, April 15, 2015, May 21, 2015, August 25, 2015 and November 13, 2015.

The description of our Common Stock contained in our Registration Statement on Form 8-A, dated October 23, 1981, as amended by Amendment No. 1 filed with our 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.

All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering but excluding any information furnished to, rather than filed with, the SEC, will also be incorporated by reference into this prospectus and deemed to be part of this prospectus from the date of the filing of such reports and documents.

You may request a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents) by writing or telephoning us at the following address:

Southwestern Energy Company

10000 Energy Drive

Spring, Texas 77389-4954

Attn. Investor Relations

(832) 796-1000

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus and any accompanying prospectus supplement.

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**THE COMPANY**

Southwestern is an independent energy company engaged in natural gas and oil exploration, development and production, or 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 operate principally in two segments: E&P and Midstream Services.

Our primary business is the exploration for and production of natural gas and oil, with our current operations principally focused within the United States on development of unconventional reservoirs located in Arkansas, Pennsylvania and West Virginia. Our operations in Arkansas are primarily focused on an unconventional natural gas reservoir known as the Fayetteville Shale, and our operations in northeast Pennsylvania are focused on an unconventional natural gas reservoir known as the Marcellus Shale. We also have a significant stake in properties located in West Virginia and adjacent areas in southwest Pennsylvania. These operations, primarily in West Virginia, are focused on the Marcellus, the Utica and the Upper Devonian unconventional natural gas and oil reservoirs. To a lesser extent, we have exploration and production activities ongoing in Colorado, Louisiana and elsewhere in the United States. We also actively seek to find and develop new natural gas and oil plays with significant exploration and exploitation potential, which we refer to as New Ventures, and to obtain additional reserves through acquisitions. We also operate drilling rigs in Arkansas, Pennsylvania and West Virginia, and provide oilfield products and services, principally serving our exploration and production operations. Our natural gas gathering and marketing activities primarily support our E&P activities in Arkansas, Pennsylvania, Louisiana, and West Virginia.

We filed our certificate of incorporation with the Secretary of State of Delaware on February 24, 2006.

Our principal executive offices are located at 10000 Energy Drive, Spring, Texas 77389-4954 and our telephone number is (832) 796-1000.

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**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus and the applicable prospectus supplement involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K we file after the date of this prospectus, and all other information contained or incorporated by reference into this prospectus, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Investors are cautioned that certain statements contained in this prospectus are forward-looking statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words expect, intend, plan, anticipate, estimate, believe, will be, will continue, will likely result, and similar expressions, or future conditional verbs such as may, should, would, and could. In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us or our subsidiaries, are also forward-looking statements. These forward-looking statements involve external risks and uncertainties, including, but not limited to, those described under the heading Risk Factors and in the documents incorporated by reference herein.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this prospectus and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements in this paragraph. These risks and uncertainties include, among others:

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

our ability to fund our planned capital investments;

our ability to transport 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 acreage positions in the Fayetteville Shale, Northeast Appalachia and Southwest Appalachia overall as well as relative to other productive shale gas plays;

our ability to realize the expected benefits from recent acquisitions;

the impact of title and environmental defects and other matters on the value of the properties acquired in our recent acquisitions and any other future acquisitions;

difficulties in integrating our operations as a result of any significant acquisitions;

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;

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 proposed activities in Canada;



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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.

Developments in any of these areas could cause our actual results to differ materially from those anticipated or projected. You should not put undue reliance on any forward-looking statements. When considering forward-looking statements, please review the section titled **Risk Factors** in this prospectus and the risk factors described in any applicable prospectus supplement, together with those in our latest Annual Report on Form 10-K, and any updates to those risk factors included in our subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. Except as required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changes in assumptions or otherwise.

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**USE OF PROCEEDS**

We intend to use the net proceeds from the sale of the securities as set forth in the applicable prospectus supplement.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED SHARE DIVIDENDS**

The following table sets forth the historical ratios of earnings to fixed charges and preferred share dividends for Southwestern and its consolidated subsidiaries for the periods indicated.

	Year Ended December 31,					Nine Months Ended
	2010	2011	2012	2013	2014	September 30, 2015
Ratio of earnings (loss) to fixed charges (1)	10.08	9.40		8.28	10.00	
Ratio of earnings (loss) to combined fixed charges and preferred share dividends (2)	10.08	9.40		8.28	10.00	

- (1) During the nine months ended September 30, 2015 and the year-ended December 31, 2012, the Company recorded a non-cash full cost ceiling impairment of \$4,373.7 and \$1,939.7 million, respectively. Excluding the impairment, the ratio of earnings to fixed charges would be 2.27 and 6.05 for the nine months ended September 30, 2015 and the year-ended December 31, 2012, respectively.
- (2) During the nine months ended September 30, 2015, the Company recorded a non-cash full cost ceiling impairment of \$4,373.7 million. Excluding the impairment, the ratio of earnings to fixed charges and preferred share dividends would be 1.39 for the nine months ended September 30, 2015. We had no outstanding shares of preferred stock with required dividend payments for years ended December 31, 2010, 2011, 2012, 2013, and 2014. Therefore, the ratios of earnings to combined fixed charges and preferred share dividends are identical to the ratios of earnings to fixed charges for each such period.

For the purpose of this calculation, earnings consists of (loss) income from continuing operations before income taxes, income on equity method investments, fixed charges (excluding interest capitalized and amortization of interest capitalized). Fixed charges consists of interest expensed and capitalized, amortization of debt discount and related issuance costs and the component of rental expense believed by management to be representative of the interest factor thereon.

Due to the non-cash full cost-ceiling impairments, our earnings were insufficient to cover our fixed charges for the nine months ended September 30, 2015 and the year ended December 31, 2012 by approximately \$4,247 million and \$1,197 million, respectively.

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**DESCRIPTION OF CAPITAL STOCK**

**Common Stock**

As of the date of this prospectus, we are authorized to issue up to 1,250,000,000 shares of common stock, par value \$0.01 per share.

We may issue additional shares of our common stock at times and under circumstances so as to have a dilutive effect on our earnings per share, our net tangible book value per share and on the equity ownership of the holders of our common stock. If we issue shares of our common stock, the prospectus supplement relating to an offering will set forth the information regarding any dilutive effect of that offering.

The following description is a summary of the material provisions of our common stock but does not purport to be complete and is subject to, and qualified in its entirety by reference to, our certificate of incorporation and our bylaws, which are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part. You should refer to our certificate of incorporation and bylaws for additional information.

*Listing*

Our common stock is listed on the New York Stock Exchange under the symbol SWN. Any additional common stock that we issue will also be listed on the New York Stock Exchange, unless otherwise indicated in a prospectus supplement.

*Dividends*

We do not currently pay cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operation, capital requirements and other factors that our board of directors deems to be relevant.

*Fully Paid*

All of our outstanding shares of common stock are fully paid and non-assessable. Any additional shares of common stock will also be fully paid and non-assessable when issued.

*Voting Rights*

Holders of our common stock are entitled to one vote per share on all matters voted on by our stockholders, including the election of directors.

*Other Provisions*

We will notify holders of our common stock of any stockholders' meetings in accordance with applicable law. If we liquidate, dissolve or wind-up, whether voluntarily or not, our common stockholders will share equally in the assets remaining after we pay our creditors. Our board of directors may make rules and regulations concerning the transfer of shares of our common stock from time to time, in accordance with our bylaws. Holders of our common stock will have no conversion, sinking fund or redemption rights.

*Transfer Agent*

The transfer agent and registrar of our common stock is Computershare Trust Company N.A.

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### **Preferred Stock**

Our board of directors has the authority, without further action by our stockholders, to issue up to 10,000,000 shares of preferred stock, par value \$0.01 per share, in one or more series. Our board of directors may designate the number of shares constituting any series and the rights, preferences, privileges and restrictions of such preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference and sinking fund terms, but no shares of any series of preferred stock may be issued without the approval of shareholders if (i) the voting rights of the shares of such series would be materially disproportionate to the voting rights of the shares of common stock or (ii) the shares of such series would be convertible into a materially disproportionate number of shares of common stock, in each case taking into account the issue price of the shares of such series and the fair market value of the shares of common stock at the time of such issuance. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood that holders of common stock will receive dividend payments and payments upon liquidation.

### ***Undesignated Preferred Stock***

This summary of the undesignated preferred stock discusses terms and conditions that may apply to preferred stock offered under this prospectus. The applicable prospectus supplement will describe the particular terms of each series of preferred stock actually offered. If indicated in the prospectus supplement, the terms of any series may differ from the terms described below.

The following description, together with any applicable prospectus supplement, summarizes all the material terms and provisions of any preferred stock being offered by this prospectus. It does not restate the terms and provisions in their entirety. We urge you to read our charter and the applicable certificate of designation (each, as filed with the SEC) because they, and not this description, define the rights of any holders of preferred stock. We have filed our charter as an exhibit to the registration statement which includes this prospectus. We will incorporate by reference as an exhibit to the registration statement the form of any certificate of designation before the issuance of any series of preferred stock.

The prospectus supplement for any preferred stock that we actually offer pursuant to this prospectus may include some or all of the following terms:

the designation of the series of preferred stock;

the number of shares of preferred stock offered, the liquidation preference per share and the offering price of the preferred stock;

the dividend rate or rates of the shares, the method or methods of calculating the dividend rate or rates, the dates on which dividends, if declared, will be payable, and whether or not the dividends are to be cumulative and, if cumulative, the date or dates from which dividends will be cumulative;

the amounts payable on shares of the preferred stock in the event of our voluntary or involuntary liquidation, dissolution or winding up;

the redemption rights and price or prices, if any, for the shares of preferred stock;

any terms, and the amount, of any sinking fund or analogous fund providing for the purchase or redemption of the shares of preferred stock;

any restrictions on our ability to make payments on any of our capital stock if dividend or other payments are not made on the preferred stock;

any voting rights granted to the holders of the shares of preferred stock in addition to those required by Delaware law or our certificate of incorporation;

whether the shares of preferred stock will be convertible or exchangeable into shares of our common stock or any other security, and, if convertible or exchangeable, the conversion or exchange price or prices, and any adjustment or other terms and conditions upon which the conversion or exchange shall be made;

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any other rights, preferences, restrictions, limitations or conditions relative to the shares of preferred stock permitted by Delaware law or our certificate of incorporation;

any listing of the preferred stock on any securities exchange; and

the U.S. federal income tax considerations applicable to the preferred stock.

Subject to our certificate of incorporation and to any limitations imposed by any then-outstanding preferred stock, we may issue additional series of preferred stock, at any time or from time to time, with such powers, preferences, rights and qualifications, limitations or restrictions as the board of directors determines, and without further action of the stockholders, including holders of our then outstanding preferred stock, if any.

**Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law**

The following provisions of our certificate of incorporation and bylaws and the following provisions of Delaware law may have the effect of delaying, deterring or preventing a change of control of us.

*Certificate of Incorporation and Bylaws*

Our certificate of incorporation and bylaws include provisions:

authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock;

limiting the liability of, and providing indemnification to, our directors and officers;

requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our board of directors; and

controlling the procedures for the conduct of our board and stockholder meetings and the election, appointment and removal of our directors.

*The Delaware General Corporation Law*

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Section 203 defines a business combination as a merger, asset sale or other transaction resulting in a financial benefit to an interested stockholder. Section 203 defines an interested stockholder as a person who, together with affiliates and associates, owns, or, in some cases, within three years prior, did own, 15% or more of the corporation's voting stock. Under Section 203, a business combination between us and an interested stockholder is prohibited unless:



our board of directors approved either the business combination or the transaction that resulted in the stockholders becoming an interested stockholder prior to the date the person attained that status;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, shares owned by persons who are directors and also officers and shares issued under employee stock plans under which employee participants do not have the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or

the business combination is approved by our board of directors on or subsequent to the date the person became an interested stockholder and authorized at an annual or special meeting of the stockholders by the affirmative vote of the holders of at least  $66\frac{2}{3}\%$  of the outstanding voting stock that is not owned by the interested stockholder.

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This provision has an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our common stock. With approval of our stockholders, we could amend our certificate of incorporation in the future to elect not to be governed by this provision. This election would be effective 12 months after the adoption of the amendment and would not apply to any business combination between us and any person who became an interested stockholder on or before the adoption of the amendment.

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**DESCRIPTION OF DEBT SECURITIES**

The following description, together with the additional information we include in any applicable prospectus supplement, summarizes certain general terms and provisions of the debt securities that we may offer under this prospectus. When we offer to sell a particular series of debt securities, we will describe the specific terms of the series in a supplement to this prospectus. We will also indicate in the supplement to what extent the general terms and provisions described in this prospectus apply to a particular series of debt securities.

We may issue debt securities either separately, or together with, or upon the conversion or exercise of or in exchange for, other securities described in this prospectus. Debt securities may be our senior, senior subordinated or subordinated obligations and, unless otherwise specified in a supplement to this prospectus, the debt securities will be our direct, unsecured obligations and may be issued in one or more series.

The debt securities will be issued under an indenture between us and U.S. Bank National Association, as trustee. We have summarized select portions of the indenture below. The summary is not complete. The form of the indenture has been filed as an exhibit to the registration statement and you should read the indenture for provisions that may be important to you. Capitalized terms used in the summary and not defined herein have the meanings specified in the indenture.

**General**

The debt securities that we may offer under the indenture are not limited in aggregate principal amount. We may issue debt securities at one or more times in one or more series. Each series of debt securities may have different terms. The terms of any series of debt securities will be described in, or determined by action taken pursuant to, a resolution of our board of directors or a committee appointed by our board of directors, in an officer's certificate or in a supplement to the indenture relating to that series.

We are not obligated to issue all debt securities of one series at the same time and, unless otherwise provided in the prospectus supplement, we may reopen a series, without the consent of the holders of the debt securities of that series, for the issuance of additional debt securities of that series. Additional debt securities of a particular series will have the same terms and conditions as outstanding debt securities of such series (except for the issue date, the offering price and certain other terms that may be specified in any prospectus supplement relating to such issuance), and will be consolidated with, and form a single series with, such outstanding debt securities.

The debt securities issued by us will be unsecured obligations and will rank equally with all of our other unsecured senior indebtedness.

The prospectus supplement relating to any series of debt securities that we may offer will state the price or prices at which the debt securities will be offered and will contain the specific terms of that series. These terms may include the following:

the title of the series;

the purchase price, denomination and any limit upon the aggregate principal amount of the series;

the date or dates on which each of the principal of and premium, if any, on the securities of the series is payable and the method of determination thereof;

the rate or rates at which the securities of the series shall bear interest, if any, or the method of calculating such rate or rates of interest;

the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the interest payment dates on which any such interest shall be payable and the record date, if any;

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the place or places where the principal of (and premium, if any) and interest, if any, on securities of the series shall be payable;

the place or places where the securities may be exchanged or transferred;

the period or periods within which, the price or prices at which, the currency or currencies (including currency unit or units) in which, and the other terms and conditions upon which, securities of the series may be redeemed, in whole or in part, at our option, if we are to have that option with respect to the applicable series;

our obligation, if any, to redeem or purchase securities of the series in whole or in part pursuant to any sinking fund or upon the happening of a specified event or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the other terms and conditions upon which securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which securities of the series are issuable;

if the payments of principal of, or interest or premium, if any, on the securities of the series are to be made, at our or a holder's election, in a currency or currencies (including currency unit or units) other than that in which such securities are denominated or designated to be payable, the currency or currencies (including currency unit or units) in which such payments are to be made, the terms and conditions of such payments and the manner in which the exchange rate with respect to such payments shall be determined, and the particular provisions applicable thereto;

if the amount of payments of principal of (and premium, if any) and interest, if any, on the securities of the series shall be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on a currency or currencies (including currency unit or units) other than that in which the securities of the series are denominated or designated to be payable), the index, formula or other method by which such amounts shall be determined;

if, other than the principal amount thereof, any portion of the principal amount of securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to an event of default or the method by which such portion shall be determined;

any modifications of or additions to the events of default or our covenants with respect to securities of the series;

under what circumstances, if any, we will pay additional amounts on the securities of the series to persons who are not U.S. persons in respect of taxes or similar charges withheld or deducted and, if so, whether we will have the option to redeem the securities rather than pay those additional amounts (and the term of any such option);

whether the securities of the series will be subject to legal defeasance or covenant defeasance;

if other than the trustee, the identity of the registrar and any paying agent;

if the securities of the series shall be issued in whole or in part in global form, (i) the depository for such global securities, (ii) the form of any legend which shall be borne by such global security, (iii) whether beneficial owners of interests in any securities of the series in global form may exchange such interests for certificated securities of such series and of like tenor of any authorized form and denomination, and (iv) the circumstances under which any such exchange may occur; and

any other terms of the series.

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**Change of Control Event**

Unless specified to the contrary in the prospectus supplement with respect to any series of debt securities, if a change of control event occurs, each holder will have the right, pursuant to the terms set forth in the indenture, to require us to repurchase all or any part (in an amount equal to at least the minimum denomination of such series of Securities as specified in the terms thereof or an integral multiple as specified in excess thereof) of such holder's debt securities at a purchase price in cash equal to 101% of the principal amount of such debt securities plus accrued and unpaid interest, if any, and premium or liquidated damages, if any, up to but excluding the date of purchase (subject to the right of holders of record on any relevant record date to receive interest due on the related relevant interest payment date).

Within 30 days following a change of control event, if we have not (prior to the change of control event) sent a redemption notice for all such securities in connection with any optional redemption that may be permitted pursuant to the terms of each outstanding series of debt securities, we will mail a notice (the "change of control offer") to each holder of such debt securities to which this provision applies, with a copy to the trustee, stating among other matters:

- (1) that a change of control event has occurred and that such holder has the right to require us to purchase such holder's debt securities at a purchase price in cash equal to 101% of the principal amount of such debt securities plus accrued and unpaid interest, if any, and premium or liquidated damages, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the "change of control payment");
- (2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "change of control payment date");
- (3) that any debt securities not properly tendered will remain outstanding and continue to accrue interest;
- (4) that unless we default in the payment of the change of control payment, all debt securities accepted for payment pursuant to the change of control offer will cease to accrue interest on the change of control payment date;
- (5) that holders electing to have any debt securities purchased pursuant to a change of control offer will be required to surrender such debt securities (in accordance with the applicable rules and procedures of the relevant security settlement and clearance organization, if any, if in global form), with appropriate documentation, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the business day preceding the change of control payment date;
- (6) that holders will be entitled to withdraw their tendered debt securities and their election to require us to purchase such debt securities, provided that the paying agent receives, not later than the close of business on the business day preceding the change of control payment date, a telegram, telex, facsimile transmission or letter setting forth the name of the holder of the debt securities, the principal amount of debt securities tendered for purchase, and a statement that such holder is withdrawing its tendered debt securities and its

election to have such debt securities purchased pursuant to the change of control offer;

- (7) that if we are repurchasing less than all of the debt securities surrendered, the holders of the remaining debt securities will be issued new debt securities, and such new debt securities will be equal in principal amount to the unpurchased portion of the debt securities surrendered, provided that the unpurchased portion of the debt securities must be equal to at least the minimum denomination of such series of debt securities as specified in the relevant prospectus supplement, and in integral multiples of any specified minimum denomination in excess thereof; and
- (8) the procedures determined by us, consistent with the indenture, that a holder must follow in order to have its debt securities repurchased.



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On the change of control payment date, we will, to the extent lawful:

- (1) accept for payment all debt securities or portions of debt securities (of at least the minimum denomination of such series of debt securities as specified in the relevant prospectus supplement, and in integral multiples of any specified minimum denomination in excess thereof) properly tendered pursuant to the change of control offer;
- (2) deposit with the paying agent an amount equal to the change of control payment in respect of all debt securities or portions of debt securities properly tendered and not properly withdrawn; and
- (3) deliver or cause to be delivered to the trustee the debt securities so accepted together with an officer's certificate stating the aggregate principal amount of debt securities or portions of such debt securities being purchased by us.

The paying agent will promptly mail to each holder of the debt securities of a particular series properly tendered and not properly withdrawn the change of control payment for such debt securities, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder new debt securities equal in principal amount to any unpurchased portion of the debt securities surrendered, if any; *provided* that each such new debt security will be in a principal amount of at least the minimum denomination of such series of debt securities as specified in the relevant prospectus supplement, and in integral multiples of any specified minimum denomination in excess thereof.

If the change of control payment date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, and additional interest, if any, will be paid to the person in whose name debt securities are registered at the close of business on such record date, and no further interest will be payable to holders who tender pursuant to the change of control offer.

Unless specified to the contrary in the prospectus supplement with respect to any series of debt securities, the provisions described above will be applicable to any change of control event whether or not any other provisions of the indenture are applicable. Except as described above with respect to a change of control event or as otherwise specified in the prospectus supplement with respect to any series of debt securities, the indenture does not contain provisions that permit the holders to require us to repurchase or redeem our debt securities in the event of a takeover, recapitalization or similar transaction. In addition, we will not be required to make a change of control offer with respect to any series of debt securities upon a change of control event if a third party makes the change of control offer with respect to such series of debt securities in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a change of control offer made by us and purchases all debt securities to which such offer applies that are validly tendered and not withdrawn under such change of control offer.

We will comply, to the extent applicable, with the requirements of Rule 14e-1 of the Exchange Act and any other securities laws or regulations in connection with any required repurchase of debt securities as a result of a change of control event. To the extent that the provisions of any securities laws or regulations conflict with provisions of the indenture, or compliance with the change of control event provisions of the indenture would constitute a violation of any such laws or regulations, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations described in the indenture by virtue of our compliance with such securities laws or regulations.

Our ability to repurchase debt securities pursuant to a change of control offer may be limited by a number of factors. The occurrence of certain of the events that constitute a change of control would constitute a default under our senior credit facility. In addition, certain events that may constitute a change of control under our senior credit facility and cause a default under that agreement will not constitute a change of control or a change of control event under the indenture. Our future indebtedness or that of our subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such indebtedness to be

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repurchased upon a change of control or a change of control event. Moreover, the exercise by the holders of their right to require us to repurchase debt securities following a change of control in connection with a change in control event could cause a default under such indebtedness, even if the change of control itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders upon a repurchase may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. Even if sufficient funds were otherwise available, the terms of our senior credit facility and other and/or future indebtedness may, prohibit our prepayment or repurchase of debt securities before their scheduled maturity. Consequently, if we are not able to prepay any such other indebtedness containing similar restrictions or obtain requisite consents, we will be unable to fulfill any repurchase obligations we may have if holders of debt securities exercise their repurchase rights following a change of control, which would result in a default under the indenture. A default under the indenture may result in a cross-default under our senior credit facility. The provisions described above may deter certain mergers, tender offers and other takeover attempts involving us.

We have no present intention to engage in a transaction involving a change of control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a change of control or a change of control event under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional indebtedness are contained in the covenants described under Covenants Limitation on Liens and Covenants Limitation on Sale and Leaseback Transactions. Such restrictions in the indenture can be waived only with the consent of the holders of a majority in principal amount of the debt securities of a particular series then outstanding with respect to such series of debt securities. Except for the limitations contained in such covenants, however, the indenture will not contain any covenants or provisions that may afford holders of the debt securities protection in the event of a highly leveraged transaction.

The definition of change of control includes a disposition of all or substantially all of the assets of Southwestern Energy Company (determined on a consolidated basis). Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a person. As a result, it may be unclear as to whether a change of control has occurred and whether a holder of debt securities may require us to make an offer to repurchase such debt securities as described above.

The provisions under the indenture relative to our obligation to make an offer to repurchase debt securities as a result of a change of control event may be waived or modified or terminated with respect to each series of debt securities with the written consent of the holders of a majority in principal amount of the debt securities of such series then outstanding (including consents obtained in connection with a tender offer or exchange offer for such debt securities ) prior to the occurrence of such change of control event.

Under the indenture:

*capital stock* means, as to any person, any and all shares, units of beneficial interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, but excluding any debt securities or other indebtedness convertible into such equity.

*change of control* means the occurrence of any of the following:

- (1) any person, as such term is used in Section 13(d)(3) of the Exchange Act, becoming the beneficial owner, directly or indirectly, of more than 50% of the voting power of the voting stock of Southwestern Energy Company; *provided* that a transaction in which Southwestern Energy Company becomes a subsidiary of another person shall not constitute a change of control if,

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immediately following such transaction, (a) the persons who were stockholders of Southwestern Energy Company immediately prior to such transaction continue to beneficially own, directly or indirectly through one or more intermediaries, 50% or more of the voting power of the outstanding voting stock of such other person of whom Southwestern Energy Company has become a subsidiary and (b) no person other than such other person of whom Southwestern Energy Company has become a subsidiary beneficially owns, directly or indirectly, more than 50% of the voting power of the voting stock of Southwestern Energy Company;

- (2) the merger or consolidation of Southwestern Energy Company with or into another person or the merger of another person with or into Southwestern Energy Company, or the sale, lease or other disposition of all or substantially all the assets of Southwestern Energy Company (determined on a consolidated basis) to another person, other than (i) (A) a transaction following which in the case of a merger or consolidation transaction, holders of securities that represented 100% of the voting stock of Southwestern Energy Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the voting stock of the surviving person (or any parent thereof) in such merger or consolidation transaction immediately after such transaction or (B) a transaction that would be permitted under the proviso to clause (1) of this definition of "change of control" or (ii) in the case of a sale, lease or other disposition of all or substantially all assets transaction, a transaction in which each transferee becomes an obligor in respect of the debt securities of the relevant series and a subsidiary of the transferor of such assets; or
- (3) the adoption of a plan relating to the liquidation or dissolution of Southwestern Energy Company.

*change of control event* means the occurrence of either of the following: (1) if the debt securities of a particular series do not have an investment grade rating from both of the rating agencies on the first day of the trigger period, such debt securities of such series are downgraded by at least one rating category (e.g., from BB+ to BB or Ba1 to Ba2) from the applicable rating thereof on the first day of the trigger period by both of the rating agencies on any date during the trigger period, or (2) if the debt securities of a particular series have an investment grade rating from both of the rating agencies on the first day of the trigger period, such debt securities cease to have an investment grade rating from both of the ratings agencies on any date during the trigger period; *provided, however*, that for so long as any of our existing senior notes are outstanding, if we are required to offer to purchase any such existing senior notes as a result of the occurrence of a change of control (as defined in such existing senior notes), then the occurrence of such change of control shall constitute a change of control event. For purposes of the foregoing, "existing senior notes" means shall mean (i) such series of such senior notes may be specified in the prospectus supplement relating to such debt securities or (ii) if no such series as specified in such prospectus supplement as described in clause (i), each series of senior notes issued by Southwestern Energy Company that is outstanding on the original issue date of the relevant series of debt securities (excluding any issuance of additional securities of such series).

If a rating agency is not providing a rating for the debt securities of a particular series at the commencement of the trigger period, a change of control event shall be deemed to have occurred with respect to such rating agency as a result of the related change of control. Notwithstanding the foregoing, no change of control

event will be deemed to have occurred in connection with any particular change of control unless and until such change of control has actually occurred.

*investment grade rating* means a rating by any rating agency equal to or greater than (i) BBB- by S&P, (ii) Baa3 by Moody's, (iii) the equivalent thereof under any new ratings system if the ratings system of either such agency shall be modified after the date hereof, or (iv) the equivalent rating or any other Ratings Agency selected by Southwestern Energy Company as provided by the definition of Ratings Agency.

*Moody's* means Moody's Investors Services, Inc. or any successor to the rating agency business thereof.

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*Ratings Agency* means any of (1) Moody's, (2) S&P, or (3) if S&P or Moody's ceases to rate the debt securities of a particular series or ceases to make a rating on debt securities of a particular series publicly available, an entity registered as a nationally recognized statistical rating organization (registered as such pursuant to Rule 17g-1 of the Exchange Act) then making a rating on such debt securities publicly available selected by Southwestern Energy Company (as certified by an officer's certificate), which shall be substituted for S&P or Moody's, as the case may be.

*S&P* means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

*trigger period* means the period commencing on the day of the first public announcement by us of any change of control (or pending change of control) and ending 60 days following consummation of such change of control (which trigger period will be extended following consummation of a change of control for so long as either of the rating agencies has publicly announced that it is considering a possible ratings downgrade related to such change of control).

*voting stock* of a person means all classes of capital stock of such person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

## **Covenants**

Except as described below or in the prospectus supplement with respect to any series of debt securities, we are not restricted by the indenture from incurring, assuming or becoming liable for any type of debt or other obligations, from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital stock. The indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, with certain exceptions, the indenture does not contain any covenants or other provisions that would limit our right to incur additional indebtedness. The indenture does not contain any provisions that would require us to repurchase or redeem or otherwise modify the terms of any of the debt securities upon a change in control or other events that may adversely affect the creditworthiness of the debt securities, for example, a highly leveraged transaction.

Unless otherwise indicated in the prospectus supplement, covenants contained in the indenture, which are summarized below, will apply to the series of debt securities to which the prospectus supplement relates so long as any of the debt securities of that series are outstanding.

*Limitation on Liens.* We will not, and will not permit any of our subsidiaries to, incur, assume or guarantee any indebtedness for borrowed money secured by a lien on any (a) productive property, (b) any principal transmission facility or (c) any shares of stock of any subsidiary (collectively, (a), (b) and (c), *principal property*), if the sum, without duplication, of:

the aggregate principal amount of all secured debt (other than secured debt referred to in clauses (i) (viii) below); and

all attributable debt in respect of sale and leaseback transactions involving any principal property (other than sale and leaseback provisions permitted pursuant to the second paragraph of the covenant Limitation on Sale and Leaseback Transactions below), exceeds 15% of our consolidated assets, unless we provide that the debt securities will be secured equally and ratably with (or, at our option, prior to) such secured debt.



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The provisions described in the foregoing paragraph do not apply to liens incurred, assumed or guaranteed that do not arise from indebtedness for borrowed money and, without limiting the foregoing, also do not apply to liens on principal property:

- (i) with respect to any series of debt securities, any lien (A) existing as of the date of the issue date of such series of debt securities (excluding any subsequent issuance of additional securities of such series) or (B) relating to a contract or arrangement that was entered into by us or any of our subsidiaries prior to the issue date of such series of debt securities (excluding any subsequent issuance of additional securities of such series);
- (ii) upon any principal property (including any related contract rights) existing at the time of acquisition thereof by us or any of our subsidiaries (whether such acquisition is direct or by acquisition of stock, assets or otherwise, provided any such lien is not incurred in contemplation of such acquisition);
- (iii) securing indebtedness under credit facilities of any subsidiary that is not a guarantor of debt securities, *provided* that the aggregate principal amount of any indebtedness under such credit facilities shall not exceed \$250.0 million at any time outstanding;
- (iv) upon or with respect to any property (including any related contract rights) acquired, constructed, refurbished or improved by us or any of our subsidiaries (including, but not limited to, liens to secure all or any part of the cost of construction, alteration or repair of any building, equipment, facility or other improvement on, all or any part of such property, including any pipeline financing) after the issue date of such series of debt securities (excluding any subsequent issuance of additional securities of such series) which are created, incurred or assumed contemporaneously with, or within 360 days after, the latest to occur of the acquisition (whether by acquisition of stock, assets or otherwise), completion of construction, refurbishment or improvement, or the commencement of commercial operation, of such property (or, in the case of liens on contract rights, the completion of construction or the commencement of commercial operation of the facility to which such contract rights relate, regardless of the date when the contract was entered into) to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction, refurbishment or improvement; *provided, however*, that in the case of any such construction, refurbishment or improvement, the lien shall relate only to indebtedness reasonably incurred to finance such construction, refurbishment or improvement;
- (v) securing indebtedness owing by any of our subsidiaries to us or to other subsidiaries;
- (vi) arising from the deposit of funds or securities in trust for the purpose of decreasing or defeasing indebtedness;
- (vii)

for the sole purpose of extending, renewing or replacing (or successive extensions, renewals or replacements), in whole or in part, any lien referred to in the foregoing subsections (i), (ii), (iv) or (vi) above or this subsection (vii), or of any indebtedness secured thereby; *provided, however*, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the property subject to the lien so extended, renewed or replaced (plus refurbishment of or improvements on or to such property); and

(viii) any ordinary course lien arising, but only so long as continuing, in the ordinary course of our business or the business of our subsidiaries.

In all of the cases set forth above, notwithstanding any stated limitation on the assets that may be subject to such lien, a lien on a specified asset or group or type of assets may include liens on all improvements, additions and accessions thereto and all products and proceeds thereof (including, without limitation, dividends, distributions and increases in respect thereof).

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Under the indenture:

*attributable debt* means, in respect of a sale and leaseback transaction, as at the time of determination, the present value (discounted from the respective due dates thereof to such date at the rate per annum equal to the interest rate implicit in such lease) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended); *provided, however*, that if such sale and leaseback transaction results in a capital lease obligation, the amount of indebtedness represented thereby will be determined in accordance with the definition of capital lease obligation.

*capital lease obligation* means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

*consolidated assets* means, with respect to us as at any date, our total assets as they appear on our most recently prepared consolidated balance sheet as of the end of a fiscal quarter.

*credit facilities* means one or more debt facilities (including, without limitation, our senior credit facility), in each case with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from (or sell receivables to) such lenders against such receivables) or letters of credit, in each case, as amended, extended, restated, renewed, refunded, replaced or refinanced (in each case with credit facilities), supplemented or otherwise modified (in whole or in part and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

*GAAP* means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, consistently applied.

*ordinary course lien* means any:

- i) lien incurred in the ordinary course of business to secure the obtaining of advances or the payment of the deferred purchase price of property;

- ii) lien created by any interest or title of a lessor under any lease entered into by us or any subsidiary in the ordinary course of business and covering only the assets so leased;
  
- iii) lien that is a contractual right of set-off (a) relating to the establishment of depository relations with banks not given in connection with the issuance of indebtedness, (b) relating to pooled deposits or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business or (c) relating to purchase orders and other agreements entered in the ordinary course of business;
  
- iv) oil, gas or mineral leases arising in the ordinary course of business where the liens arise from the rights of lessors;
  
- v) customary initial deposits and margin deposits and similar liens attaching to commodity trading accounts or other brokerage accounts that are not for speculative purposes and arise in the ordinary course of business, including swap agreements, but only to the extent the liens encumber cash, cash equivalents, securities, certificates of deposits or similar investments or accounts only containing such items;

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- vi) lien arising from the sale or other transfer in the ordinary course of business of (A) crude oil, natural gas, other petroleum hydrocarbons or other minerals in place for a period of time until, or in an amount such that, the purchaser or other transferee will realize therefrom a specified amount of money (however determined) or a specified amount of such minerals, or (B) any other interest in property of the character commonly referred to as a production payment, overriding royalty, forward sale or similar interest;
  
- vii) lien in favor of the United States of America, any State, any foreign country or any department, agency, instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of constructing, refurbishing, developing or improving any property subject thereto, including without limitation, liens to secure indebtedness of pollution control or industrial revenue bond type; and
  
- viii) lien arising from any right which any municipal or governmental body or agency may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of or order the sale of, any property of us or any subsidiary upon payment of reasonable compensation therefor or to terminate any franchise.

*principal transmission facility* means any transportation or distribution facility, including pipelines, of us or any subsidiary of ours located in the United States of America other than (i) any such facility which in the opinion of our Board of Directors is not of material importance to the business conducted by us and our subsidiaries, taken as a whole, or (ii) any such facility in which interests are held by us or by one or more of our subsidiaries or by us and one or more of our subsidiaries and by others and the aggregate interest held by us and all of our subsidiaries does not exceed 50%.

*productive property* means any property interest owned by us or any subsidiary of ours in land (including submerged land and rights in and to oil, gas and mineral leases) located in the United States of America classified by us or such subsidiary, as the case may be, as productive of crude oil, natural gas or other petroleum hydrocarbons in paying quantities; provided that such term shall not include any exploration or production facilities on said land, including any drilling or producing platform.

*sale and leaseback transaction* means any direct or indirect arrangement with any person or to which any such person is a party, providing for the leasing to us or our subsidiary of any property, whether owned at the date of the indenture or thereafter acquired, which has been or is to be sold or transferred by us or such subsidiary to such person or to any other person to whom funds have been or are to be advanced by such person on the security of such property, in each case provided that the completion of construction or the commencement of commercial operation of the property subject to such transaction shall have occurred more than 180 days prior thereto.

*secured debt* means any indebtedness for borrowed money incurred, assumed or guaranteed by us or one of our subsidiaries that is secured by a lien.

*swap agreement* means (a) any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, whether or not any such transaction is governed by or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any master agreement; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of us or any of our subsidiaries shall be a swap agreement.

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*Limitation on Sale and Leaseback Transactions.* Neither we nor any of our subsidiaries may enter into, assume, guarantee or otherwise become liable with respect to any sale and leaseback transaction involving any principal property, unless after giving effect thereto the sum, without duplication, of

the aggregate principal amount of all secured debt (other than secured debt permitted by clauses (i) (viii) in the second paragraph of the covenant *Limitation on Liens* above); and

all attributable debt in respect of sale and leaseback transactions (other than those referred to in the following paragraph) does not exceed 15% of our consolidated assets.

This restriction shall not apply to any sale and leaseback transaction if, within 180 days from the effective date of such sale and leaseback transaction, we apply or our subsidiary applies an amount not less than the greater of:

the net proceeds of the sale of the property leased pursuant to such arrangement; or

the fair value of the property;  
to retire its funded debt, including, for this purpose, any currently maturing portion of such funded debt, or to purchase other property having a fair value at least equal to the fair value of the property leased in such sale and leaseback transaction. This restriction also does not apply to any sale and leaseback transaction (A) between us and any of our subsidiaries or between any of our subsidiaries or (B) for which, at the time the transaction is entered into, the term of the related lease to us or our subsidiary of the property sold pursuant to such transaction is three years or less.

*Funded debt* means all indebtedness for borrowed money owed or guaranteed by us or any of our subsidiaries and any other indebtedness which, under GAAP, would appear as indebtedness on our most recent consolidated balance sheet, which matures by its terms more than 12 months from the date of such consolidated balance sheet or which matures by its terms in less than 12 months but by its terms is renewable or extendible beyond 12 months from the date of such consolidated balance sheet at the option of the borrower.

*Consolidation, Merger and Sale of Assets.* The indenture provides that we may not consolidate with or merge into any other person or sell, convey or transfer all or substantially all of our assets (determined on a consolidated basis) to any person, unless:

either (i) in the case of a consolidation or merger, the Company is the continuing or surviving person or (ii) the person formed by such consolidation or into which we are merged or the person which acquires our assets is organized in the United States of America (including any state or the District of Columbia) and expressly assumes by supplemental indenture the due and punctual payment of the principal of and interest on the debt securities and the performance of every covenant of the indenture on our part;

immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have happened and be continuing; and

we have delivered to the trustee an officer's certificate and an opinion of counsel each stating that such consolidation, merger, sale, conveyance or transfer and a supplemental indenture, if applicable, comply with the indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon such consolidation, merger, sale, conveyance or transfer, the successor corporation formed by such consolidation or into which we are merged or to which such sale, conveyance or transfer is made will succeed to, and be substituted for, us under the indenture, and the predecessor corporation shall be released from all obligations and covenants under the indenture and the debt securities.



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**Events of Default, Notice and Waiver**

The indenture provides that if an event of default shall have occurred and be continuing and is known to the trustee with respect to any series of debt securities, then either the trustee or the holders of not less than 25% in outstanding principal amount of the debt securities of that series may declare to be due and payable immediately the outstanding principal amount of the debt securities of the affected series, together with interest, if any, accrued thereon; *provided, however*, that if the event of default is any of certain events of bankruptcy, insolvency or reorganization, all the debt securities, together with interest, if any, accrued thereon, will become immediately due and payable without further action or notice on the part of the trustee or the holders.

Under the indenture, an event of default with respect to the debt securities of any series is any one of the following events:

- (1) default for 30 days or more in payment of any interest on any debt security of that series or any coupon appertaining thereto or any additional amount payable with respect to debt securities of such series as specified in the applicable prospectus supplement when due;
- (2) default in payment of principal of, or premium, if any, on any debt security of that series when and as due at maturity or on redemption or otherwise, or in the making of a mandatory sinking fund payment of any debt securities of that series when and as due;
- (3) default for 90 days or more after written notice to us by the trustee for such series or by the holders of 25% in aggregate principal amount of the debt securities of such series then outstanding, in any material respect in the performance of any other agreement in the debt securities of that series or in the indenture (or in any supplemental indenture or board resolution referred to therein) under which the debt securities of that series have been issued;
- (4) the failure to pay the principal of or interest on indebtedness for borrowed money of us or any significant subsidiary (within the meaning of Regulation S-X under the Securities Act) within any applicable grace period after payment is due or the principal thereof is accelerated by holders thereof because of a default and the total principal amount of such indebtedness in either case exceeds \$100.0 million and such acceleration is not rescinded or annulled within 30 days or such indebtedness is not repaid in full within 30 days; *provided* that such event of default will be cured or waived, without further action upon the part of either the trustee or any holder, if (i) the default that resulted in the acceleration of such other indebtedness is cured or waived and (ii) the acceleration is rescinded or annulled;
- (5) certain events of bankruptcy, insolvency and reorganization of us or our significant subsidiaries; and
- (6) any other event of default provided with respect to debt securities of that series.

The indenture provides that the trustee will, within 90 days after the trustee's knowledge of a default with respect to the debt securities of any series, give to the holders of debt securities of such series notice of such default known to it,

unless cured or waived; *provided* that except in the case of default in the payment of principal, or interest or premium, if any, on any debt security of such series or in the payment of any sinking fund installment with respect to debt securities of such series, the trustee will be protected in withholding such notice if and so long as the trustee in good faith determines that the withholding of such notice is in the interests of the holders of debt securities of such series. The term "default" for the purpose of this provision means any event that is, or after notice or lapse of time, or both, would become, an event of default.

The indenture contains a provision entitling the trustee, subject to the duty of the trustee during the continuance of an event of default to act with the required standard of care, to be indemnified by the holders before proceeding to exercise any right or power under the indenture at the request of such holders. The indenture provides that the holders of a majority in outstanding principal amount of the debt securities of any series may, subject to certain exceptions, on behalf of the holders of debt securities of such series direct the time, method and place of conducting proceedings for remedies available to the trustee, or exercising any trust or power conferred on the trustee.

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The indenture includes a covenant that we will file annually with the trustee a certificate of no default, or specifying any default that exists.

In certain cases, the holders of a majority in outstanding principal amount of the debt securities of any series may on behalf of the holders of debt securities of such series rescind a declaration of acceleration or waive any past default or event of default with respect to the debt securities of that series except a default not theretofore cured in payment of the principal of, or interest or premium, if any, on any debt security of such series or in respect of a provision which under the indenture cannot be modified or amended without the consent of the holder of each such debt security.

No holder of a debt security of any series will have any right to institute any proceeding with respect to the indenture or the debt securities of any series or for any remedy thereunder unless:

such holder shall have previously given to the trustee written notice of a continuing event of default;

the holders of at least 25% in aggregate principal amount of the outstanding debt securities of such series have also made such a written request;

such holder or holders have provided indemnity satisfactory to the trustee to institute such proceeding as trustee;

the trustee has failed to institute such proceeding within 90 calendar days of such notice; and

during or prior to such 90-day period, the trustee has not received from the holders of a majority in outstanding principal amount of the debt securities of such series a direction inconsistent with such request.

However, such limitations do not apply to a suit instituted by a holder of debt securities for enforcement of payment of the principal of, or premium or interest, if any, on such debt securities on or after the respective due dates expressed in such debt securities after any applicable grace periods have expired.

Notwithstanding the foregoing, the sole remedy for an event of default resulting from:

any breach of any obligation of Southwestern Energy Company to file or furnish any documents or reports required to be filed or furnished, as the case may be, with the SEC pursuant to Section 13 or 15(d) of the Exchange Act; or

any failure to comply with the requirements of Section 314(a)(1) of the Trust Indenture Act of 1939, as amended (the Trust Indenture Act ), or the reporting obligations under the indenture; will be liquidated damages, and holders will not have any right under the indenture to accelerate the maturity of the securities of any series as a result of any such breach except as described below. If an event of default relating to any such obligation continues for 90 days after notice thereof is given in accordance with the indenture, we will pay

liquidated damages at an annual rate equal to:

0.25% per annum of the outstanding principal amount of the securities from the 90<sup>th</sup> day following such notice to but not including the 180<sup>th</sup> day following such notice (or such shorter period until such event of default has been cured or waived); and

0.50% per annum of the outstanding principal amount of the securities from the 180<sup>th</sup> day following such notice to but not including the 365<sup>th</sup> day following such notice (or such shorter period until such event of default has been cured or waived).

On such 365<sup>th</sup> day (or earlier, if such event of default is cured or waived prior to such 365<sup>th</sup> day), liquidated damages will cease to accrue, and the securities will be subject to acceleration as provided above if the event of default is continuing. Any such liquidated damages shall be paid to holders in the manner and at the times set forth in the indenture.

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**Modification and Waiver**

The trustee and we may amend or supplement the indenture or the debt securities of any series without the consent of any holder, in order to:

cure any ambiguity, defect or inconsistency;

provide for the assumption of our obligations to the holders in the case of a merger or consolidation of us as permitted by the indenture;

provide for uncertificated debt securities in addition to or in place of certificated debt securities;

to add guarantees with respect to the securities or to secure the securities;

to add to the covenants of Southwestern Energy Company for the benefit of holders of all or any series of securities or to surrender any right or power conferred on us in the indenture;

to add any additional events of default with respect to all or any series of securities;

comply with SEC requirements in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;

make any change that would provide any additional rights or benefits to the holders of all or any series of debt securities and that does not adversely affect any such holder in any material respect;

evidence and provide for the acceptance of appointment by a successor trustee and to add to or change any of the provisions of the indenture as are necessary to provide for or facilitate the administration of the trusts by more than one trustee;

to establish the form or terms of securities of any series;

to make any change necessary to make the indenture or the debt securities of any series consistent with the description of such securities in this prospectus or any related prospectus supplement relating to such debt securities;

to correct or supplement any provision of the indenture that may be inconsistent with any other provision of the indenture or to make any other provisions with respect to matters or questions arising under the indenture, so long as such actions shall not adversely affect the interests of any holder; or

to change or eliminate any of the provisions of the indenture; *provided* that any such change or elimination shall become effective only when there is no security outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of that provision.

In addition, except as described below, modifications and amendments of the indenture or the debt securities of any series may be made by the trustee and us with the consent of the holders of a majority in outstanding principal amount of the debt securities affected by such modification or amendment. However, no such modification or amendment may, without the consent of each holder affected thereby:

reduce the principal amount of securities of any series whose holders must consent to an amendment, supplement or waiver;

reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any securities;

reduce the principal amount of or change or have the effect of changing the stated maturity of the principal of, or any installment of principal of, any securities, or change the date on which any securities may be subject to redemption, or reduce any premium payable upon the redemption thereof or the redemption price therefor;

change the currency in which the debt securities are payable from that stated in the securities;

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make any change to the provisions of the indenture entitling each holder to receive payment of principal of, premium and interest on such securities on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date) or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of outstanding securities to waive defaults or events of default;

amend, change or modify in any material respect any obligation we have to make and consummate a change of control offer in respect of a change of control event that has occurred, to the extent required under the terms of any series of debt securities; or

change any obligation of us to maintain an office or agency in the place and for the purposes specified in the indenture.

**Defeasance**

The indenture provides that we will be discharged from any and all obligations in respect of the debt securities of any series (except for certain obligations to register the transfer or exchange of the debt securities, to replace stolen, lost or mutilated debt securities, to maintain paying agencies and hold monies for payment in trust and to pay the principal of and interest, if any, on such debt securities), upon the irrevocable deposit with the trustee, in trust, of money and/or U.S. government securities, which through the payment of interest and principal thereof in accordance with their terms provides money in an amount sufficient to pay the principal of (and premium, if any) and interest, if any, in respect of the debt securities of such series on the stated maturity date of such principal and any installment of principal, or interest or premium, if any. Also, the establishment of such a trust will be conditioned on the delivery by us to the trustee of an opinion of counsel reasonably satisfactory to the trustee to the effect that, based upon applicable U.S. federal income tax law or a ruling published by the United States Internal Revenue Service, such a defeasance and discharge will not be deemed, or result in, a taxable event with respect to the holders. For the avoidance of doubt, such an opinion would require a change in current U.S. tax law.

We may also omit to comply with the restrictive covenants, if any, of any particular series of debt securities, other than our covenant to pay the amounts due and owing with respect to such series of debt securities. Thereafter, any such omission shall not be an event of default with respect to the debt securities of such series, upon the deposit with the trustee, in trust, of money and/or U.S. government securities which through the payment of interest and principal in respect thereof in accordance with their terms provides money in an amount sufficient to pay any installment of principal of (and premium, if any) and interest, if any, in respect of debt securities of such series on the stated maturity date of such principal or installment of principal, or interest or premium, if any. Our obligations under the indenture and the debt securities of such series other than with respect to such covenants shall remain in full force and effect. Also, the establishment of such a trust will be conditioned on the delivery by us to the trustee of an opinion of counsel to the effect that such a defeasance and discharge will not be deemed, or result in a taxable event with respect to the holders.

In the event we exercise our option to omit compliance with certain covenants as described in the preceding paragraph and the debt securities of such series are declared due and payable because of the occurrence of any event of default, then the amount of monies and U.S. government securities on deposit with the trustee will be sufficient to pay amounts due on the debt securities of such series at the time of the acceleration resulting from such event of default. We shall in any event remain liable for such payments as provided in the debt securities of such series.





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**Satisfaction and Discharge**

At our option, we may satisfy and discharge the indenture with respect to the debt securities of any series (except for specified obligations of the trustee and ours, including, among others, the obligations to apply money held in trust) when:

either (a) all debt securities of such series previously authenticated and delivered under the indenture have been delivered to the trustee for cancellation or (b) all debt securities of such series not theretofore delivered to the trustee for cancellation have become due and payable, will become due and payable at their stated maturity within one year, or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee, and we have deposited or caused to be deposited with the trustee as trust funds in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on debt securities of such series;

we have paid or caused to be paid all other sums payable under the indenture with respect to the debt securities of such series by us; and

we have delivered to the trustee an officer's certificate and an opinion of counsel, each to the effect that all conditions precedent relating to the satisfaction and discharge of the indenture as to such series have been satisfied.

**Regarding the Trustee**

U.S. Bank National Association is the trustee under the indenture. We maintain banking and other commercial relationships with the trustee and its affiliates in the ordinary course of business.

The indenture contains certain limitations on the right of the trustee, should it become a creditor of ours within three months of, or subsequent to, a default by us to make payment in full of principal of, or interest on, any series of debt securities issued pursuant to the indenture when and as the same becomes due and payable, to obtain payment of claims, or to realize for its own account on property received in respect of any such claim as security or otherwise, unless and until such default is cured. However, the trustee's rights as a creditor of ours will not be limited if the creditor relationship arises from, among other things:

the ownership or acquisition of securities issued under any indenture or having a maturity of one year or more at the time of acquisition by the trustee;

certain advances authorized by a receivership or bankruptcy court of competent jurisdiction or by the indenture;

disbursements made in the ordinary course of business in its capacity as indenture trustee, transfer agent, registrar, custodian or paying agent or in any other similar capacity;

indebtedness created as a result of goods or securities sold in a cash transaction or services rendered or premises rented; or

the acquisition, ownership, acceptance or negotiation of certain drafts, bills of exchange, acceptances or other obligations.

The indenture does not prohibit the trustee from serving as trustee under any other indenture to which we may be a party from time to time or from engaging in other transactions with us. If the trustee acquires any conflicting interest within the meaning of the Trust Indenture Act and any debt securities issued pursuant to any indenture are in default, it must eliminate such conflict or resign.

### **Conversion or Exchange Rights**

The prospectus supplement will describe the terms, if any, on which a series of debt securities may be convertible into or exchangeable for our common stock. These terms will include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at our option. These provisions may allow or require the number of shares of common stock to be received by holders of such series of debt securities to be adjusted.

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**DESCRIPTION OF OTHER SECURITIES**

We will set forth in the applicable prospectus supplement a description of any depositary shares, warrants, purchase contracts or units issued by us that may be offered and sold pursuant to this prospectus.

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**GLOBAL SECURITIES**

**Book-Entry, Delivery and Form**

Unless we indicate differently in a prospectus supplement, the securities initially will be issued in book-entry form and represented by one or more global notes or global securities, or, collectively, global securities. The global securities will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, as depository, or DTC, and registered in the name of Cede & Co., the nominee of DTC. Unless and until it is exchanged for individual certificates evidencing securities under the limited circumstances described below, a global security may not be transferred except as a whole by the depository to its nominee or by the nominee to the depository, or by the depository or its nominee to a successor depository or to a nominee of the successor depository.

DTC has advised us that it is:

- a limited-purpose trust company organized under the New York Banking Law;
- a banking organization within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the New York Uniform Commercial Code; and
- a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants in DTC include securities brokers and dealers, including underwriters, banks, trust companies, clearing corporations and other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, which we sometimes refer to as indirect participants, that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of the actual purchaser of a security, which we sometimes refer to as a beneficial owner, is in turn recorded on the direct and indirect participants' records. Beneficial owners of securities will not receive written confirmation from DTC of their purchases. However, beneficial owners are expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the direct or indirect participants through which they purchased securities. Transfers of ownership interests in global securities are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the global

securities, except under the limited circumstances described below.

To facilitate subsequent transfers, all global securities deposited by direct participants with DTC will be registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee will not change the beneficial ownership of the securities. DTC has no knowledge of the actual beneficial owners of the securities. DTC's records reflect only the identity of the direct participants to whose accounts the securities are credited, which may or may not be the beneficial owners. The participants are responsible for keeping account of their holdings on behalf of their customers.

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So long as the securities are in book-entry form, you will receive payments and may transfer securities only through the facilities of the depository and its direct and indirect participants. We will maintain an office or agency in the location specified in the prospectus supplement for the applicable securities, where notices and demands in respect of the securities and the indenture may be delivered to us and where certificated securities may be surrendered for payment, registration of transfer or exchange.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any legal requirements in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the securities of a particular series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the securities of such series to be redeemed.

Neither DTC nor Cede & Co. (or such other DTC nominee) will consent or vote with respect to the securities. Under its usual procedures, DTC will mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns the consenting or voting rights of Cede & Co. to those direct participants to whose accounts the securities of such series are credited on the record date, identified in a listing attached to the omnibus proxy.

So long as securities are in book-entry form, we will make payments on those securities to the depository or its nominee, as the registered owner of such securities, by wire transfer of immediately available funds. If securities are issued in definitive certificated form under the limited circumstances described below, we will have the option of making payments by check mailed to the addresses of the persons entitled to payment or by wire transfer to bank accounts in the United States designated in writing to the applicable trustee or other designated party at least 15 days before the applicable payment date by the persons entitled to payment, unless a shorter period is satisfactory to the applicable trustee or other designated party.

Redemption proceeds, distributions and dividend payments on the securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us on the payment date in accordance with their respective holdings shown on DTC records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name. Those payments will be the responsibility of participants and not of DTC or us, subject to any statutory or regulatory requirements in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is our responsibility, disbursement of payments to direct participants is the responsibility of DTC, and disbursement of payments to the beneficial owners is the responsibility of direct and indirect participants.

Except under the limited circumstances described below, purchasers of securities will not be entitled to have securities registered in their names and will not receive physical delivery of securities. Accordingly, each beneficial owner must rely on the procedures of DTC and its participants to exercise any rights under the securities and the indenture.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. Those laws may impair the ability to transfer or pledge beneficial interests in securities.

DTC may discontinue providing its services as securities depository with respect to the securities at any time by giving reasonable notice to us. Under such circumstances, in the event that a successor depository is not obtained,

securities certificates are required to be printed and delivered.

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As noted above, beneficial owners of a particular series of securities generally will not receive certificates representing their ownership interests in those securities. However, if:

DTC notifies us that it is unwilling or unable to continue as a depository for the global security or securities representing such series of securities or if DTC ceases to be a clearing agency registered under the Exchange Act at a time when it is required to be registered and a successor depository is not appointed within 90 days of the notification to us or of our becoming aware of DTC's ceasing to be so registered, as the case may be;

we determine, in our sole discretion, not to have such securities represented by one or more global securities; or

an Event of Default has occurred and is continuing with respect to such series of securities, we will prepare and deliver certificates for such securities in exchange for beneficial interests in the global securities. Any beneficial interest in a global security that is exchangeable under the circumstances described in the preceding sentence will be exchangeable for securities in definitive certificated form registered in the names that the depository directs. It is expected that these directions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global securities.

We have obtained the information in this section and elsewhere in this prospectus concerning DTC and DTC's book-entry system from sources that are believed to be reliable, but we take no responsibility for the accuracy of this information.



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**PLAN OF DISTRIBUTION**

We may sell the offered securities from time to time:

through underwriters or dealers;

through agents;

directly to one or more purchasers; or

through a combination of any of these methods of sale.

We will identify the specific plan of distribution, including any underwriters, dealers, agents or direct purchasers and their compensation in the applicable prospectus supplement.

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**LEGAL MATTERS**

Latham & Watkins LLP, Houston, Texas, will pass upon certain legal matters relating to the issuance and sale of the securities offered hereby on behalf of Southwestern Energy Company. Additional legal matters may be passed upon for us or any underwriters, dealers or agents, by counsel that we will name in the applicable prospectus supplement.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The statement of revenues and direct operating expenses of the Acquired West Virginia and Southwest Pennsylvania Properties included in our Current Reports on Form 8-K/A filed on January 7, 2015 and August 25, 2015 have been so incorporated by reference in reliance on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Estimates of our oil and gas reserves and related future net cash flows and the present value thereof were based on a reserve audit prepared by Netherland, Sewell & Associates, Inc., Houston, Texas, an independent petroleum engineering firm. We have included or incorporated those estimates in this prospectus in reliance upon the authority of such firm as an expert in such matters.

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***\$1,150,000,000***

**Southwestern Energy Company**

***\$ % Senior notes due 2026***

***\$ % Senior notes due 2027***

**Prospectus supplement**

*Joint book-running managers:*

**J.P. Morgan**  
BofA Merrill Lynch

**Credit Agricole CIB**

**Citigroup**  
Mizuho Securities

**RBC Capital Markets**

**MUFG**  
Wells Fargo

**Securities**

*Senior co-managers:*

**BMO Capital Markets**

**Capital One Securities**

**CIBC Capital Markets**

**HSBC**

**PNC Capital Markets LLC**

**SMBC Nikko**

*Co-managers:*

**BB&T Capital Markets**  
BBVA  
BNP PARIBAS

**Citizens Capital Markets**  
Comerica Securities  
Credit Suisse  
US Bancorp

**Fifth Third Securities**  
KeyBanc Capital Markets  
SOCIETE GENERALE

, 2017