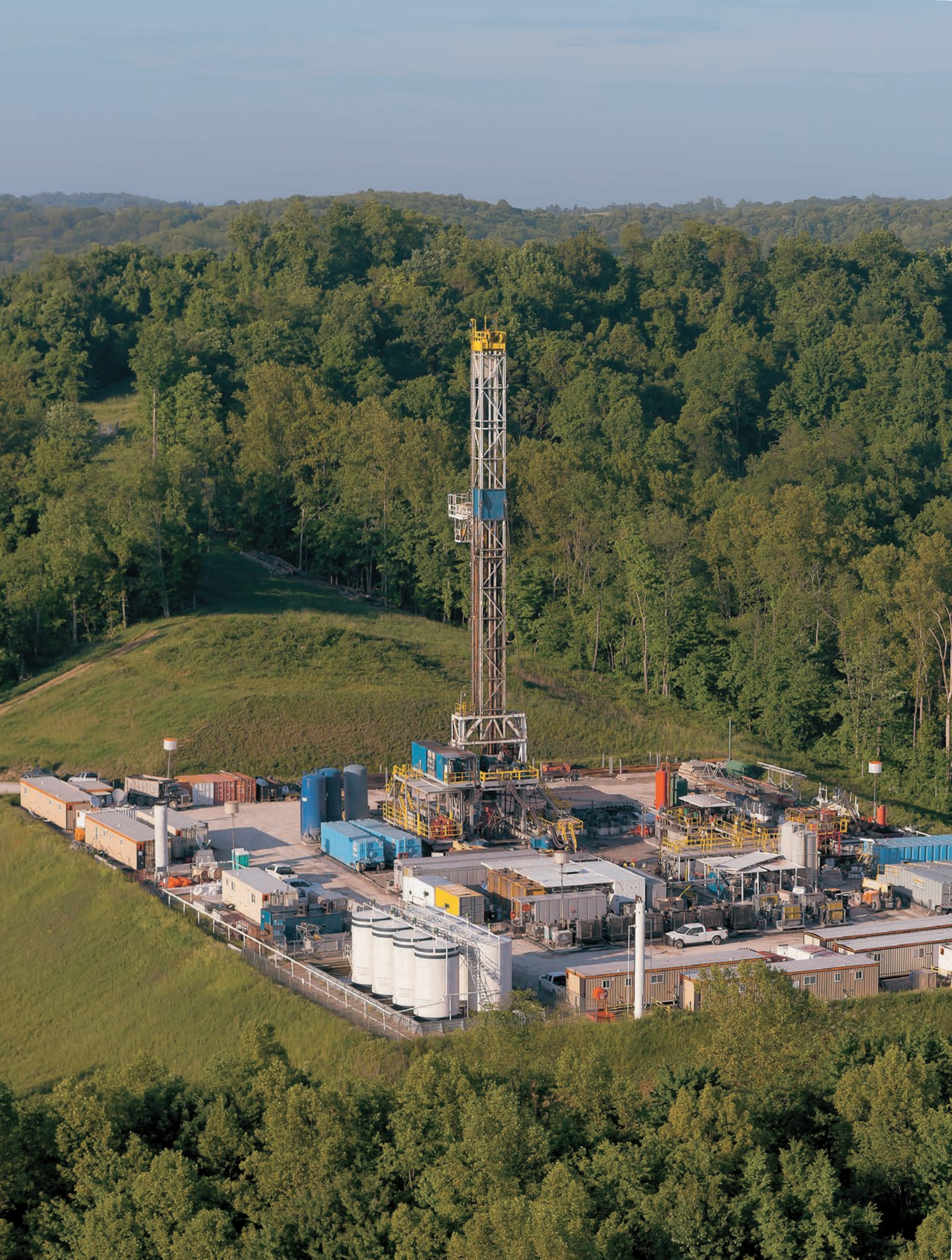

A Strong Bridge Forward
Southwestern Energy Company
2015 ANNUAL REPORT



2015

INTEGRATED NEW SOUTHWEST APPALACHIA ASSETS

The Company successfully integrated its new acreage in West Virginia and southwest Pennsylvania into the portfolio and built a strong operational team to deliver results quickly. Well results have been encouraging, materially outperforming other wells in the area.

FINALIZED PERMANENT FINANCING FOR ACQUISITION

In early 2015, the Company successfully completed permanent financing of its Southwest Appalachia acquisition with $2.3 billion in equity issuances, $2.2 billion in debt issuances and over $700 million in asset divestitures.

SIGNIFICANTLY REDUCED DRILLING AND COMPLETION COSTS

Through negotiations with third-party vendors and a focus on optimizations associated with drilling and completion techniques, the Company was able to once again drive down costs, delivering on its commitment to remain one of the lowest cost operators.

ACHIEVED RECORD ANNUAL PRODUCTION VOLUMES, 27% HIGHER THAN 2014

The Company experienced significant production growth driven by its Appalachia acreage, where Northeast Appalachia production volumes grew by 42% and the newly acquired acreage in Southwest Appalachia produced 143 Bcfe in its first year in the portfolio.

ENHANCED LIQUIDITY IN 2015

Additionally, the Company completed a $750 million term loan in November, improving its year-end liquidity to $1.9 billion with no significant near-term debt maturities.

The Right People doing the Right Things, wisely investing the cash flow from the underlying Assets will create Value+®

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Northeast Appalachia
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Fayetteville Shale

"I believe in the opportunities we have in front of us, and most of all, I believe in Southwestern Energy."

Dear Fellow Shareholders:

A Strong Bridge Forward

The dramatic drop in commodity prices has significantly impacted our industry and has once again forced many organizations to re-think their strategies and plans for creating value. *At Southwestern Energy, our strategy is built on a solid foundation of strong core values and is inspired by our Formula that has stood the test of many difficult times. $\frac{R^2}{A} \rightarrow V^+$ – The Right People doing the Right Things, wisely investing the cash flow from the underlying Assets will create Value$^+$.*

For us, Value$^+$ means an unwavering discipline to only invest in projects that deliver $1.30 discounted at 10% for every dollar we invest. We call this ratio "Present Value Index" or PVI of 1.3. What remains true today, no matter the challenges, is that we have premier assets, are a low cost operator amongst our peers, have a relentless pursuit for innovation and have the best people in the industry working safely on our behalf. Inspired by an impressive list of significant accomplishments in 2015, we are sharply concentrated on 2016 and beyond. We approach each day with a bold determination to manage through volatile times and strengthen our bridge to the future with an intense focus on creating significant long-term value for our shareholders.

I believe that credibility with our investors and stakeholders is only derived through delivering on our commitments. Further, I believe in our people and their ability to persevere, innovate, find efficiencies and safely deliver results. I believe in the opportunities we have in front of us, and most of all, I believe in Southwestern Energy.

With our strong foundation firmly in place, throughout 2016, we are focused on driving through the current commodity market and on further strengthening our bridge to the future. Specifically, we will shore up our balance sheet, enhance margins and optimize our portfolio of premier assets.

Build on Strong Liquidity to Further Strengthen the Balance Sheet

Our substantial liquidity position differentiates Southwestern from others, and when combined with our high quality portfolio of assets, Southwestern is positioned well for a strong future. Due to our low cost structure, significant production base and diverse transportation portfolio, the Company continues to generate positive cash flow from our operations in this challenging price environment.

In 2016, we are committed to strengthening our balance sheet by actively pursuing opportunities to reduce our debt and to preserve our liquidity by executing on an operating plan that aligns our capital investment program with cash flows generated from operations. Our priority is to generate solid returns over low-value growth. Reducing our liquidity to invest in wells that have marginal economics in today's price environment does not make sense to us.

Operating Efficiently and Enhancing Margins

We will continue to operate efficiently and strive to find more ways to drive costs out of our operations to enhance our margins. We are critically looking at everything we do, every day. As a result, we have already taken steps to lower costs through a number of organizational and operational activities.

In my experience, challenging times like the ones we are experiencing, are

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+ **Midstream Services** +

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V+ Development Solutions = V+

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often when companies deliver the brightest ideas that take our industry to the next level. And I can tell you, we plan to be a big part of that future and a big part of unlocking ideas and value from our curiosity and learning.

Optimize the Portfolio

Our current production base and our entire resource base sets us up to benefit in a tremendous way as pricing improves. Today, we are focused on how to maximize the production from our existing wells through innovation, new technologies and efficiencies.

With the Company's differentiating focus on project returns, the Northeast and Southwest Appalachia areas are positioned to be the growth drivers for years to come, with the Fayetteville Shale E&P and Midstream businesses providing a base of cash flows that will fund this growth activity.

We are prepared for a prolonged low-price environment, but we remain equipped with the flexibility and liquidity to ramp activity quickly when prices improve. We have the core DNA in each area of our operations that will allow us to pivot from our current activity level to value-adding growth when commodity prices and cash flow support an increase in activity.

During 2015, we demonstrated our ability to maneuver through these challenging market conditions. We delivered record drilling results, record well performance, material well cost savings and terrific results from our base production enhancement efforts.

We remained flexible throughout the year, and accordingly, we reduced activity to align with market realities and focused on maintaining a strong liquidity position. We efficiently integrated the Southwest Appalachia asset into SWN during 2015 and it has exceeded our expectations in every operational aspect as compared to our acquisition model.

I am confident that we will deliver on our priorities in 2016 and beyond. Our company will prosper in any environment when we focus on optimizing our superior assets and combine that focus with disciplined investing and a relentless pursuit of innovation. Importantly, underlying all of our efforts, we are grateful for the continued support and hard work of our dedicated employees, who are truly the Right People and the drivers of our success.

We look forward to a future when the natural gas market begins to improve because we have the core assets and skills to cross the bridge and deliver rock-solid results and value to you, our shareholders.

In conclusion, I want to thank you, our shareholders, for your support of our strategy. I also want to thank our devoted and innovative employees whom I am honored and privileged to lead and who work diligently to strengthen the bridge which will bring value-added growth to you.

Sincerely,

WILLIAM J. WAY
PRESIDENT &
CHIEF EXECUTIVE OFFICER

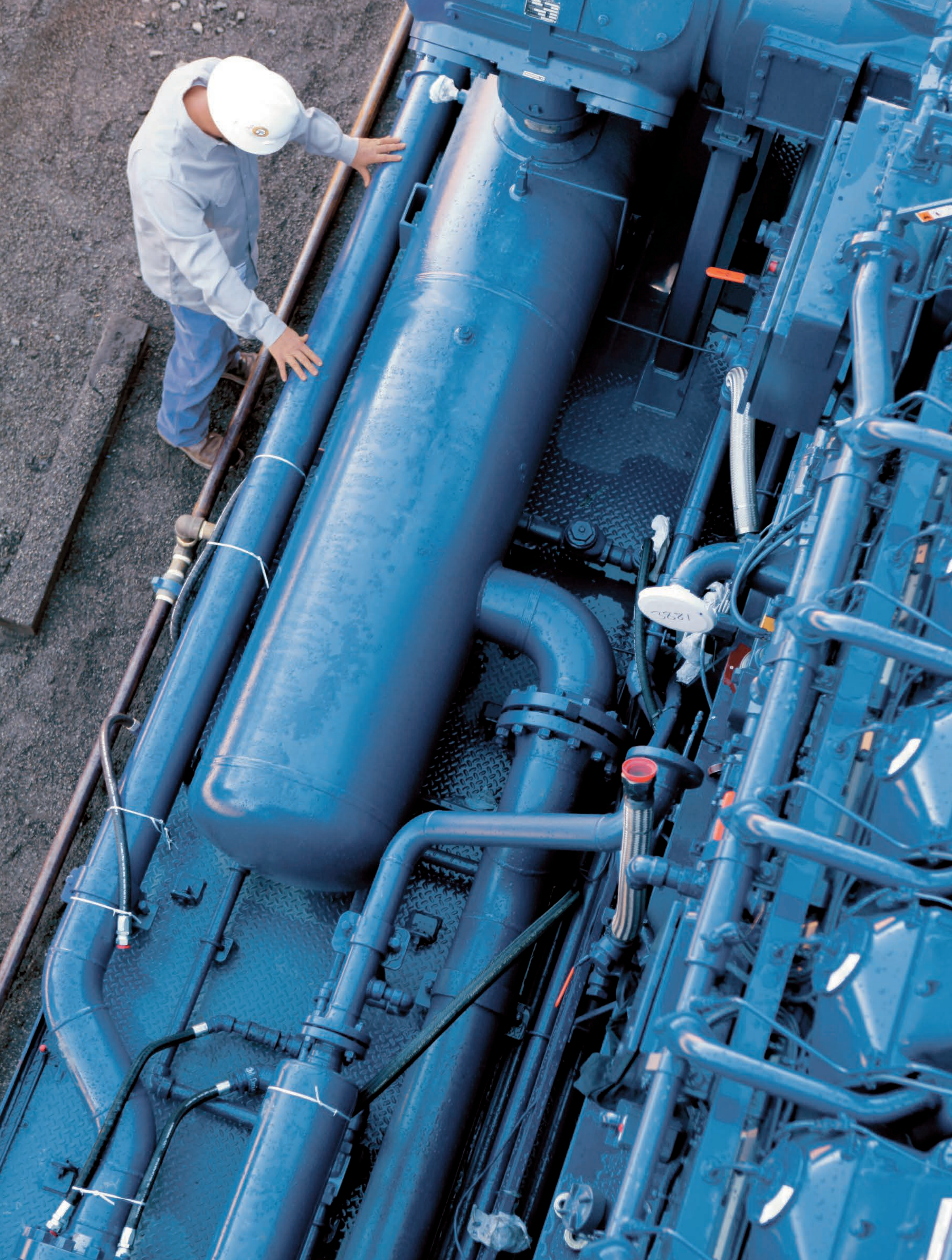
Financial Highlights

	Average Realized Gas Price ($/Mcf)	Adjusted Net Income (in Millions)[1]	Adjusted EBITDA (in Millions)[1]	Adjusted Diluted Earnings Per Share[1]
'15	$2.37	$71	$1,440	$0.19
'14	$3.72	$801	$2,320	$2.27
'13	$3.65	$704	$1,998	$2.00
'12	$3.44	$487	$1,638	$1.39
'11	$4.18	$634	$1,774	$1.81

	Capital Investments (in Millions)[2]	Production (Bcfe)	Reserves (Bcfe)	Production Costs ($/Mcfe)[3]
'15	$1,828	976	6,215	$1.02
'14	$2,440	768	10,747	$1.02
'13	$2,235	657	6,976	$0.96
'12	$2,081	565	4,018	$0.89
'11	$2,207	500	5,893	$0.94

3-Year Finding & Development Cost is $0.62/Mcfe[4]

Footnotes **(1)** For the Company's reconciliation of adjusted net income, adjusted diluted earnings per share and adjusted EBITDA to Generally Accepted Accounting Principles, see "Non-GAAP Reconciliations" on the inside back cover **(2)** Excludes acquisition costs and post-closing adjustments for the Appalachia transactions that closed in December 2014 and January 2015 **(3)** Production cost per Mcfe includes lease operating expenses and production taxes **(4)** Finding and development cost is a non-GAAP measure and excludes price revisions, acquisitions and the impact of capitalizing interest and portions of G&A in accordance with full cost accounting



Northeast Appalachia

The Company's Northeast Appalachia division drove its overall production growth in 2015, with gross operated production reaching 1.3 Bcf per day at year-end 2015 compared to 1.0 Bcf per day at year-end 2014. Production was 360 Bcf in 2015, up 42% from 254 Bcf in 2014. Total proved reserves were approximately 2,319 Bcf, compared to 3,192 Bcf in 2014. The net decrease in reserves included downward price revisions of 2,315 Bcf and production of 360 Bcf, partially offset by upward reserve revisions due to well performance of 1,383 Bcf, reserve additions of 340 Bcf and acquisitions of 79 Bcf. / In 2015, the division's operated horizontal wells had an average completed well cost of $5.4 million per well, average horizontal lateral length of 5,403 feet and an average of 11 fracture stimulation stages. This compares to an average completed operated well cost of $6.1 million per well, average horizontal lateral length of 4,752 feet and an average of 15 fracture stimulation stages in 2014. / The 2.3 Tcf of total proved reserves at year-end 2015 attributable to Northeast Appalachia were from 826 locations, of which 767 were proved developed producing, 23 were proved developed non-producing and 36 were proved undeveloped. The average gross proved reserves for the undeveloped wells included in year-end reserves for 2015 was approximately 10.4 Bcf per well.

$\frac{R^2}{A} \rightarrow V^+$®

Northeast Appalachia achieved significant production growth in 2015, surpassing cumulative gross operated production of 1 Tcf

Southwest Appalachia

In late 2014 and early 2015, *the Company closed two transactions to acquire oil and natural gas 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. As of December 31, 2015, the Company had approximately 425,098 net acres in Southwest Appalachia. / In 2015, SWN invested $857 million in Southwest Appalachia, which included $337 million in acquisition costs and post-closing adjustments for the Appalachia transactions that closed in December 2014 and January 2015. Net production from Southwest Appalachia was 143 Bcfe in 2015 and total proved reserves were approximately 611 Bcfe. / Southwest Appalachia had a total of 318 horizontal and 676 vertical wells that the Company operated and were on production as of December 31, 2015. Additionally, there were 43 horizontal wells in progress at the end of 2015, of which 21 were waiting on pipeline or production facilities. / In 2015, Southwest Appalachia drilled 48 wells with an average lateral length of 6,544 feet and placed 47 wells on production. Compared to historical offsets, the Company is achieving better results by drilling in a tighter target interval, enhancing the completion design and utilizing pressure drawdown management. The Southwest Appalachia Division set company records including longest completed lateral, most proppant in a single well, most pounds of sand per foot and most stages per well.*

In its first year in the portfolio, Southwest Appalachia achieved multiple milestones, setting a number of operational records

Fayetteville Shale

As of December 31, 2015, the Fayetteville Shale division had spud 4,737 wells since commencement of activities in 2004, of which 4,157 were operated by the Company and 580 were outside operated wells. / Approximately 3.3 Tcf or 53% of total reserves were attributable to the Fayetteville Shale, while 2015 production was 465 Bcf, compared to 494 Bcf in 2014. Gross operated gas production in the Fayetteville Shale was approximately 1.8 Bcf per day at the end of 2015 compared to approximately 2.1 Bcf per day at the end of 2014. / In 2015, SWN invested approximately $565 million in the Fayetteville Shale, which included approximately $481 million to spud 155 wells, all of which the Company operates. The Company placed 261 operated wells on production during 2015 with average initial production rates of 4,280 Mcf per day, compared to 4,430 Mcf per day in 2014. During 2015, SWN placed 74 operated wells on production with initial production rates that exceeded 5.0 MMcf per day.

$\frac{R^2}{A} \rightarrow V^+$®

The Fayetteville Shale is economically advantaged due to its proximity to the nation's growing demand centers

Midstream Services

The Company's Midstream business continues to provide a stable source of cash flow from the gathering and marketing of its gas volumes and third-party gas volumes. SWN's operating income from this segment was $306 million in 2015, excluding a $277 million net gain related to the sale of its northeast Pennsylvania and East Texas gathering assets, compared to $361 million in 2014. Adjusted EBITDA generated by the Company's Midstream Services segment was $368 million in 2015, compared to $418 million in 2014. / During 2015, Southwestern gathered approximately 750 Bcf of natural gas in the Fayetteville Shale area, including 55 Bcf of natural gas from third-party operated wells. At the end of 2015, the Company had approximately 2,044 miles of pipe from the individual wellheads to the transmission lines and compression equipment representing in aggregate approximately 502,555 horsepower had been installed at 58 central point gathering facilities in the field. / SWN's marketing activities allow the Company to capture downstream opportunities related to the marketing and transportation of natural gas, oil and NGLs. Additionally, the Company also manages portfolio and basis risk, acquires transportation rights on third-party pipelines and in limited circumstances, purchases third-party natural gas. During 2015, Southwestern marketed 1,127 Bcfe of natural gas, oil and NGLs, compared to 904 Bcf in 2014.

$\frac{R^2}{A} \rightarrow V^+$®

The Midstream business enhances cash flow through its rate based revenues and flexible transportation portfolio

V^+ Development Solutions

V^+ Development Solutions helps lead SWN's culture of Corporate Responsibility. *While SWN maintains focus on creating Value$^+$ for its shareholders through operational efficiency, innovation, and continuous improvement, the Company also works to provide a safe and healthy workplace for its people, act with integrity, maintain its reputation as a respected member of the communities in which SWN operates, and protect the environment by helping to solve challenges such as water quality and availability and minimizing the Company's impacts on water resources, air quality and climate. / Southwestern's strong focus on safety led to a breakthrough year of improvement in 2015. SWN recorded a new low total recordable injury rate (TRIR) of 0.65 for the year, an improvement of 43% over 2014. / Also in 2015, the Company achieved "freshwater neutral" in the Fayetteville Shale–meaning that for each gallon of fresh water used, the Company offset an equivalent amount through water conservation projects. SWN achieved this by first reducing the water used per well by more than 30% between 2012 and 2015 and reducing overall fresh water used by more than 65% in the same time period, and also by implementing conservation projects with The Nature Conservancy, Ducks Unlimited and Arkansas Game and Fish Commission. In Northeast Appalachia, the Company completed work on the Fall Brook acid mine drainage remediation project, in cooperation with the Tioga County Conservation District and Pennsylvania Department of Environmental Protection, which will improve water quality in the Tioga River and Susquehanna River Basin. SWN is on track to achieve fresh water neutral across the entire company before the end of 2016. / Southwestern's commitment to the voluntary reduction of methane emissions continued to advance in 2015 not only within its own operating divisions but also in cooperation with other companies in the broader natural gas value chain. The ONE Future coalition, which the Company co-founded in 2014 was recognized by both the US Environmental Protection Agency and the Pennsylvania DEP as a viable approach to achieving meaningful methane emission reductions.*

See our 2014-2015 Corporate Responsibility Report (www.swn.com/cr) for more detail on these and other initiatives

DIRECTORS

As shown from left to right: ***William J. Way (*),*** President and Chief Executive Officer / ***Catherine A. Kehr (4),*** Retired–The Capital Group Companies / ***Steven L. Mueller (6),*** Chairman of the Board–Southwestern Energy Company / ***Kenneth R. Mourton (21),*** Managing Partner–Ball and Mourton, Ltd., PLLC / ***John D. Gass (3),*** Retired–Chevron Corporation / ***Alan H. Stevens (5),*** Retired–Southwestern Energy Company / ***Vello A. Kuuskraa (13),*** President–Advanced Resources / ***Greg D. Kerley (5),*** Retired–Southwestern Energy Company / ***Elliott Pew (3),*** Retired–Common Resources / ***Terry W. Rathert (1),*** Retired–Newfield Exploration Company

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Jennifer E. Stewart (5)
Senior Vice President–Tax and Treasury

CORPORATE OFFICERS

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Vice President–Marketing and Transportation

For Executive Officers, years with the Company are shown on this page in parentheses.
For Directors, years served on the Board of Directors are shown on this page in parentheses, and an asterisk (*) indicates less than one year of service.