

$$\frac{R^2}{A} \rightarrow V^+ \text{®}$$

MOMENTUM

SOUTHWESTERN ENERGY COMPANY
2017 ANNUAL REPORT


$$\frac{R^2}{A} \rightarrow V^+$$

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



$$p = mv$$

momentum
mass velocity

MOMENTUM

At Southwestern Energy, we are further building our momentum in growing long-term shareholder value.

We accelerate value through operational, technical, commercial, marketing and financial excellence, applying these skills to our vast asset base to compete and win in a volatile commodity environment.



Dear Fellow Shareholders

In 2017, we made significant progress in repositioning Southwestern Energy as we continued to execute our three-phase strategy to generate the highest returns for our shareholders. The Company's operating and financial results for 2017 demonstrate the quality and depth of our asset base, our technical and operational excellence, our drive to increase margins and our strict returns-focused financial discipline. Southwestern Energy's core tenets of a strong balance sheet, competitive margins, high-return inventory and delivering top quartile performance defines our mission, while valuing all people, operating safely and environmentally responsibly defines our culture. The steps we are taking will enable us to better compete and win in today's lower and more volatile commodity price environment.

"We have met the challenge to re-invent ourselves

to prosper even in an extended period of lower prices, and we have taken dramatic steps to strengthen our balance sheet and expand margins."

Delivering Results

In 2017, we achieved every objective identified in our guidance, confirming the capabilities of our people, our ability to capture opportunities across the company and our discipline and consistency in delivering on our commitments. We recorded \$1.1 billion in cash flow, production levels of 897 Bcfe and a record level of proved reserves of 14.8 Tcfe, all above our 2016 results.

We improved financial flexibility and proactively reduced commodity risk through our multi-year hedging program in order to protect the cash flow that funded our capital program. We preserved liquidity and replaced near-term debt with new longer-dated maturity bonds, leaving no significant bond maturities prior to 2022. At year-end, SWN's Net Debt/EBITDA ratio was 2.8, a 38% improvement from 2016, and another step toward our planned goal of 2.0 or under.

Operating Efficiently

Our strong 2017 results indicate our ability to drive significant operating efficiencies. During the year, we reduced cycle time, optimized drilling performance and drilled longer laterals. These actions demonstrate our strength as a leading shale operator and resulted in a material uplift in well performance. We continue to identify opportunities to expand margins and increase efficiency across the portfolio, further enhancing the value of our inventory. In 2017, we did this in part by reducing costs through renegotiating long-term transportation contracts and processing agreements, and increasing production of high-value natural gas liquids.

Driving Returns-Focused Growth

We once again improved capital efficiency by allocating capital to our highest return and continuously improving projects in Appalachia. As a result, we drove production growth by 16% in 2017 and increased reserves to 11.1 Tcfe in Appalachia. To put this in perspective, 11.1 Tcfe of Appalachia reserves at an SEC price of \$2.98 per MMBtu compares to only 5.5 Tcfe just over three years ago when natural gas prices were much higher at \$4.35 SEC price per MMBtu. In other words, we doubled our reserve base in the Appalachia Basin despite a \$1.37 per MMBtu decrease in price, further reinforcing the basin's economic resiliency and our team's ability to transform the portfolio to compete in a lower commodity price environment. Success of this magnitude proved the

differentiating value of our vertically-integrated drilling and completion teams, and the application of recommendations from our team of technology experts within SWN Advance. Importantly, our teams operated safely, marking 2017 as the lowest incident rate in our company's history, our safest year yet.

Decisive actions and next steps

Building on our momentum from 2017, our leadership team and exceptional workforce are successfully navigating the future.

Our rigorous and disciplined approach to capital investment, fully funded by cash flow, continues to drive growth across our high-quality assets, primarily in Appalachia. The strong depth and breadth in our Appalachia portfolio, along with our significant growth opportunities in this leading high-value gas and liquid rich basin, have positioned the Company to confidently take the next step forward. To that end, we recently announced several strategic actions to reposition the Company and deliver sustainable, value-driven growth and greater returns for our shareholders, all while reinforcing our commitment to disciplined returns-focused capital investing. We are actively:

- Pursuing strategic alternatives for the Fayetteville Shale E&P and related midstream gathering assets;
- Identifying and implementing structural, process and organizational changes to further reduce costs; and
- Developing plans to use the funds realized from the foregoing to reduce debt, supplement Appalachia development capital, potentially return capital to shareholders and for general corporate purposes.

Looking Ahead

We enter 2018 with a clear plan to position SWN to deliver long-term value for all shareholders. We made significant progress in 2017 through decades of experience, underpinned by the power of our culture. We remain focused on executing our strategy, including delivering on all commitments, and are confident in further strengthening our role as a leader in the US energy industry.

I want to personally thank all of our valued employees, all of whom are contributing to our core mission. Their efforts prove that our Formula, our "One Team" safety culture, and the work we do together is the foundation for our progress and the key to our future success.

On behalf of SWN, our board of directors and all of our employees, we sincerely thank you for your continued investment and support.

Sincerely,



Bill Way,
President and Chief Executive Officer



Financial Highlights

Average Realized Gas Price (\$/Mcf)

'13 **\$3.65** | '14 **\$3.72** | '15 **\$2.37** | '16 **\$1.64** | '17 **\$2.19**

Net Cash Provided by Operating Activities (in Millions)

'13 **\$1,909** | '14 **\$2,335** | '15 **\$1,580** | '16 **\$498** | '17 **\$1,097**

Capital Investments (in Millions)⁽¹⁾

'13 **\$2,235** | '14 **\$7,447** | '15 **\$2,437** | '16 **\$648** | '17 **\$1,293**

Diluted (Loss) Earnings Per Share

'13 **\$2.00** | '14 **\$2.62** | '15 **\$(12.25)** | '16 **\$(6.32)** | '17 **\$1.63**

Adjusted Diluted (Loss) Earnings Per Share⁽²⁾

'13 **\$2.00** | '14 **\$2.27** | '15 **\$0.19** | '16 **\$(0.01)** | '17 **\$0.44**

Adjusted EBITDA (in Millions)⁽²⁾

'13 **\$2,014** | '14 **\$2,343** | '15 **\$1,471** | '16 **\$721** | '17 **\$1,247**

2017 Proved Developed Finding & Development Cost – \$0.72/Mcfe⁽⁴⁾

Production (Bcfe)

'13 **657** | '14 **768** | '15 **976** | '16 **875** | '17 **897**

Reserves (Bcfe)

'13 **6,976** | '14 **10,747** | '15 **6,215** | '16 **5,253** | '17 **14,775**

Production Costs (\$/Mcfe)⁽³⁾

'13 **0.96** | '14 **1.02** | '15 **1.02** | '16 **0.97** | '17 **1.00**

Footnotes (1) Includes acquisition costs and post-closing adjustments for the Appalachia transactions that closed in December 2014 and January 2015 of \$609 million in 2015 and \$5,007 million in 2014. (2) For the Company's reconciliation of adjusted diluted (loss) earnings per share and adjusted EBITDA to Generally Accepted Accounting Principles, see "Non-GAAP Reconciliations" on the inside back cover. (3) Production cost per Mcfe includes lease operating expenses and production taxes. (4) Proved developed finding and development cost are computed by dividing exploration and development capital costs incurred, excluding capitalized interest and expenses by PD reserve additions and proved undeveloped conversions.

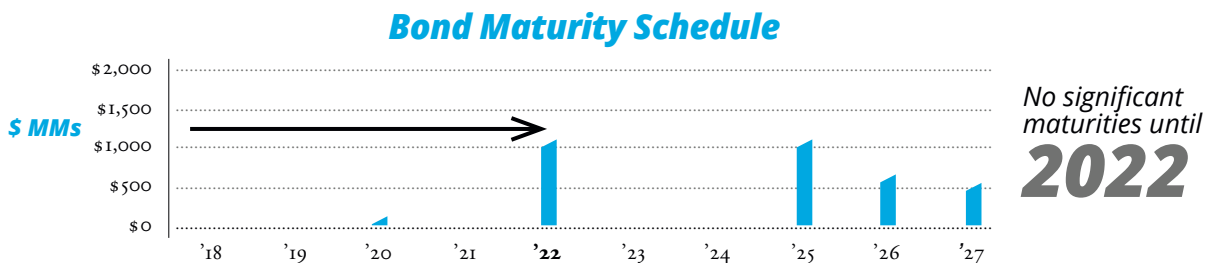
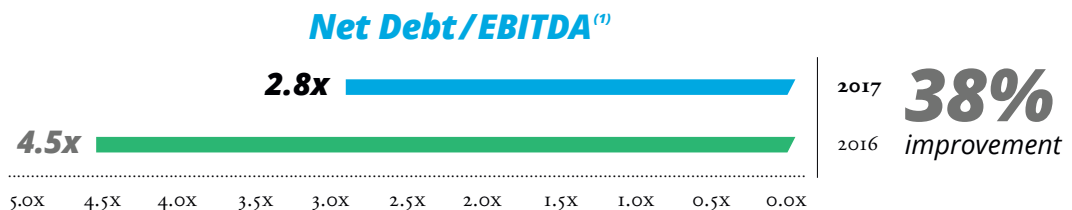


FINANCIAL Strength & Discipline

We are committed to proactively managing our balance sheet and financial risks.

We budget to invest only in projects that are estimated to generate returns in excess of our rigorous economic hurdles based on strip pricing. We budget our capital investments utilizing only funds from our net cash flow and protect our projected cash flows and returns through our rolling hedging program.

We remain focused on demonstrating continued financial discipline while ensuring strong liquidity and opportunistically reducing debt. During 2017, we improved our debt maturity schedule with a successful \$1.15 billion debt issuance, leaving only \$92 million in bonds maturing prior to 2022. We also improved our net debt to EBITDA ratio from 4.5x to 2.8x, with additional improvement anticipated in 2018.



Footnote (1) For the Company's reconciliation of net debt and adjusted EBITDA to Generally Accepted Accounting Principles, see "Non-GAAP Reconciliation" on the inside back cover at the bottom of the page.



SWN
SOUTHWESTERN ENERGY

Brad

SWN
SOUTHWESTERN ENERGY

CE 0344
Model: T5474
Max. PSI: 100
Pressure: 0-100 PSI
Crystal Engineering, Inc.
405.395.5477 800.844.0993
San Jose, CA, U.S.A.
crystalengineering.net
Made in U.S.A.

MODEL: T5474PT, PWT5474
Pressure: 0-100 PSI
Crystal Engineering, Inc.
San Jose, CA, U.S.A.

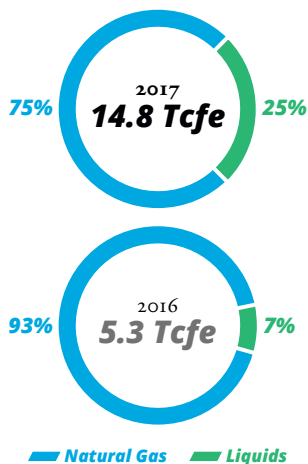
RESERVES

We continue to expand the inventory of properties that we can develop profitably by converting our extensive resources into proved reserves, targeting production additions that have been demonstrated and improving production efficiencies.

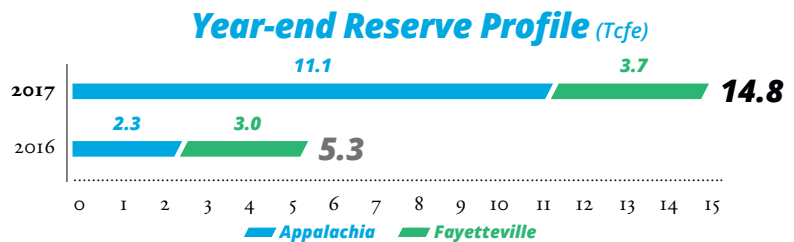
We recorded record total proved reserves of approximately 14.8 Tcfe, including 11.1 Tcfe from the Appalachian Basin, up 181% and 393%, respectively, compared to 2016. The significant increase in proved reserves was driven by gas and liquids pricing improvement and substantial performance revisions across the portfolio. Our proved reserves were comprised of 75% natural gas and 25% liquids compared to 93% natural gas and 7% liquids in 2016, driven by a significant increase in Southwest Appalachia proved reserves.

The pre-tax PV-10 value of our reserves increased by 247% to \$5.8 billion, including \$3.8 billion from the Appalachian Basin. The increase was a result of margin improvements and greater well performance, in addition to higher realized prices in 2017 than 2016. Additionally, our proved undeveloped reserves increased to 46% of total proved reserves and our reserve life index increased to 16.5 years.

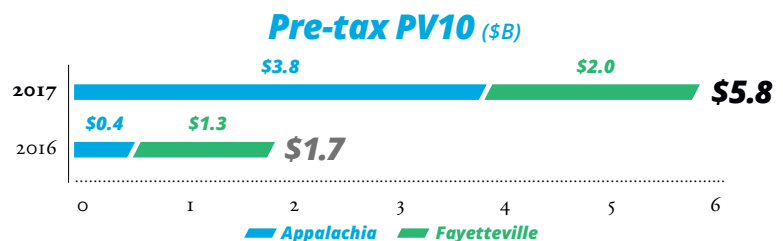
Reserve Growth by Commodity



181%
increase over one year



247%
increase over one year





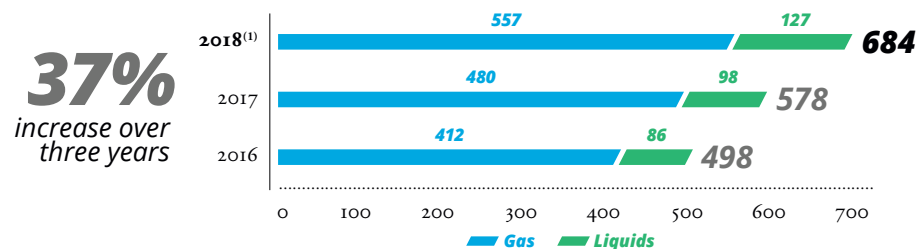
APPALACHIA Basin Growth Story

Significant value expansion continues.

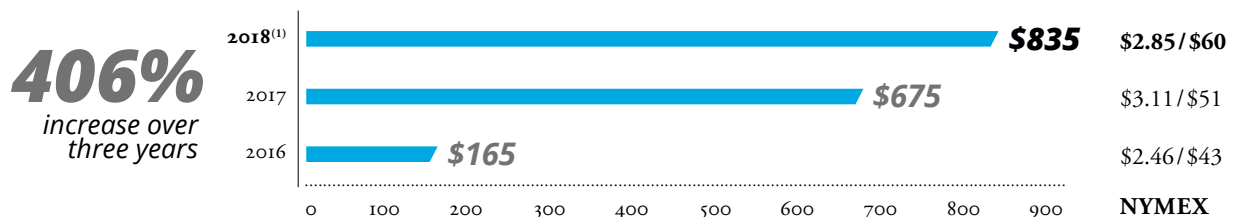
We are maximizing returns with a deliberate portfolio investment shift to the Appalachia Basin, where we have approximately 481,000 acres in Pennsylvania and West Virginia. In 2017, we had record gross operated exit rate production from our Appalachian Basin assets of 2.35 Bcfe per day, a 40% increase compared to December 2016 and expect these assets to continue to deliver robust value growth in 2018.

Our Appalachia assets provide natural gas liquids exposure and are set up to capture materially improving pricing. Based on a \$2.85 gas NYMEX price and \$60.00 oil price, EBITDA is expected to grow significantly again in 2018, up approximately 24% compared to 2017 and up over 400% compared to 2016. With this significant growth, our Appalachia Basin assets are capable of self-funding continued future growth.

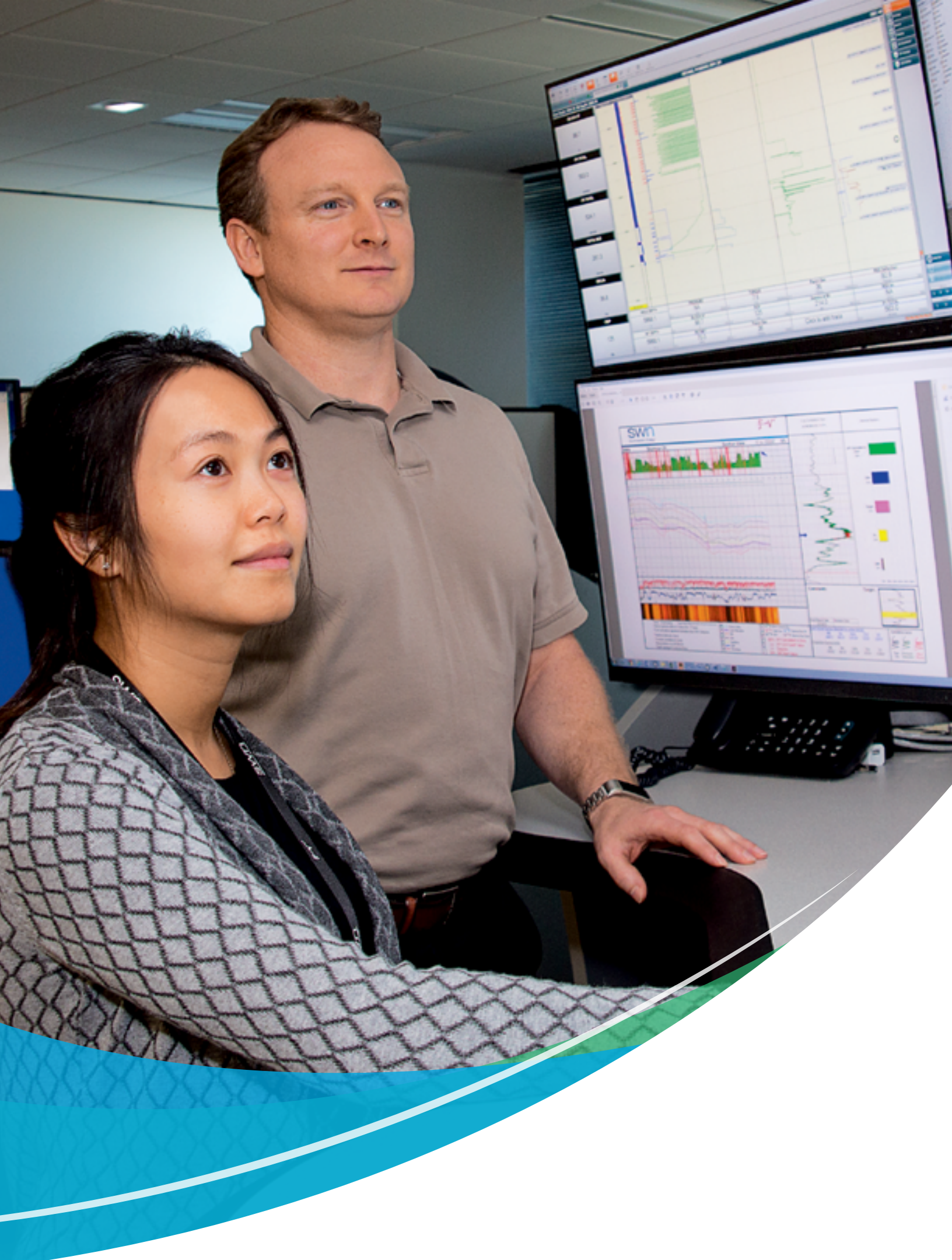
Appalachia Production Growth (Bcfe)



Appalachia EBITDA Growth (in Millions)



Footnote (1) Based on midpoint of guidance issued in February 2018.



OPERATIONAL Excellence

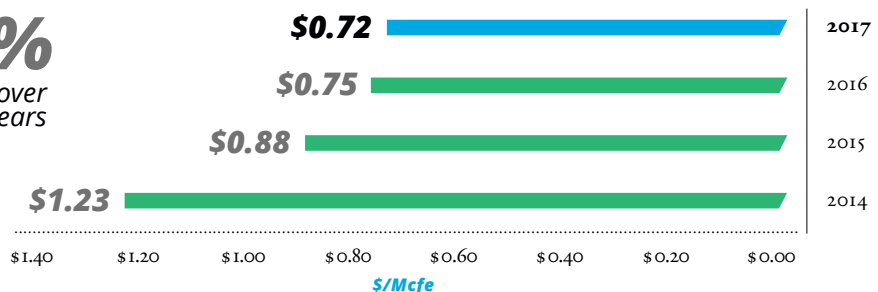
We apply leading technical, operational, commercial and marketing skills to reduce costs, improve the productivity of our wells and pursue commercial arrangements that extract greater value from them.

We once again delivered operational excellence in each of our operating areas throughout 2017. Across the portfolio, innovation resulted in improved well productivity and economics from enhanced completion techniques and increased precision drilling, further expanding the depth of our inventory. Capital efficiency was also improved, demonstrated by the continued reduction in PD F&D (shown below). Additional capital efficiency enhancements are expected in 2018 as the water infrastructure project is placed into service, saving approximately \$500 thousand per well for new wells in West Virginia. In addition to the impact from the improved capital efficiency, returns generated are also anticipated to realize the benefits of improving liquids pricing, contract renegotiations and additional structural, process and organizational savings in 2018.

Our industry leading database of over 5,000 horizontal unconventional wells fuels advanced data analytics linking rock properties with current well performance unlocking value from our captured resources. Our on-site lab and proprietary techniques guide our drilling and completions designs and are demonstrating the opportunity to recover more hydrocarbons from our unconventional assets than ever before. Combining this with our proven excellence in lateral targeting and placement is leading to dramatic improvement in our well recoveries. Our recoveries in our liquids-rich Southwest Appalachia wells and our dry gas Northeast Appalachia wells have improved over 30% in the last 2 years based on these efforts. Both of these are material contributors to our outstanding reserve growth in 2017 and we believe additional enhancements remain.

PD Finding and Development Cost

41%
improvement over
four years





ENVIRONMENTAL Responsibility

Our environmental efforts have yielded industry awards and we are in our second year as a water neutral company.

While delivering improved well productivity and economics, we also deliver on our commitments to proactively pursue environmentally responsible practices throughout our operations, and thus assure their sustainability.

In 2017, we again achieved our goal of fresh water neutrality—i.e., for every gallon of fresh water we use in our operations, we return at least that much to the environment through treatment and conservation projects in the same area. Efficient stewardship of our fresh water resources is key to accomplishing our goals. We are driven to reduce, reuse and recycle the water used in our operations, and we go significantly beyond industry norms by working with local communities to develop projects that improve the quality of the natural water resources in the areas where we operate. These projects, such as improving wetlands and repairing decades-old acid mine drainage impacts, improve the quality of regional water resources for decades to come.

SWN is a leader in implementing technologies to reduce methane emissions in its operations. By 2016, we already had beaten our goals for the decade as indicated in our Corporate Responsibility Report, www.swncr.com. Our assets will continue to be produced even in scenarios that consider the impact of climate-change regulations and practices, such as the measures in the 2015 Paris agreements to limit the increase in global temperatures to 2° Celsius over the century due to our large base of low-cost assets, especially in Appalachia, coupled with our industry-leading strategies to reduce methane in our operations.

Underlying our success as a Company has been, and will continue to be, a strong Health, Safety and Environmental culture. These are critical components in our daily work and the foundation for everything we do. We have high health, safety and environmental standards and a long track record of performance in these areas.

Directors



As shown from left to right: **William J. Way (2)**, President and Chief Executive Officer / **John D. Gass (5)**, Retired—Chevron Corporation / **Greg D. Kerley (7)**, Retired—Southwestern Energy / **Terry W. Rathert (3)**, Retired—Newfield Exploration Company / **Catherine A. Kehr (6)**, Retired—The Capital Group Companies / **Patrick M. Prevost (*)**, Retired—Cabot Corporation / **Jon A. Marshall (*)**, Retired—GlobalSantaFe Corporation / **Elliott Pew (5)**, Retired—Common Resources / **Gary P. Luquette (*)**, Retired—Frank’s International N.V. / **Alan H. Stevens (7)**, Retired—Southwestern Energy

Executive Officers



William J. Way (6)
President and
Chief Executive Officer



Clayton A. Carrell (*)
Executive Vice President and
Chief Operating Officer



J. David Cecil (*)
Executive Vice President—
Corporate Development



Julian M. Bott (*)
Executive Vice President and
Chief Financial Officer



Jennifer E. Stewart (7)
Senior Vice President—
Government and Regulatory Affairs



Jennifer N. McCauley (8)
Senior Vice President—
Administration



John C. Ale (4)
Senior Vice President—
General Counsel and Secretary



R. Jason Kurtz (20)
Vice President—
Marketing and Transportation

Corporate Officers

William J. Way (6)
President and Chief
Executive Officer

Clayton A. Carrell (*)
Executive Vice President
and Chief
Operating Officer

J. David Cecil (*)
Executive Vice President—
Corporate Development

Julian M. Bott (*)
Executive Vice President
and Chief
Financial Officer

**Jennifer N.
McCauley (8)**
Senior Vice President—
Administration

John C. Ale (4)
Senior Vice President—
General Counsel
and Secretary

James W. Vick (6)
Senior Vice President—
Business Information
Services

Mark L. Colassaco (5)
Vice President—Business
Information Services

**Jennifer E.
Stewart (7)**
Senior Vice President—
Government and
Regulatory Affairs

Colin P. O’Beirne (7)
Vice President
and Controller

Randall L. Barron (15)
Vice President—Treasury

Michael E. Hancock (7)
Vice President—Financial
Planning and Analysis

C. Paige Penchas (*)
Vice President—
Investor Relations

Sarah E. Battisti (3)
Vice President—
Government and
Community Relations

Roy D. Hartstein (10)
Vice President—
Strategic Solutions

Operating Subsidiary Officers

C. Greg Stoute (12)
Vice President—Health,
Safety and Environmental

R. Jason Kurtz (20)
Vice President—
Marketing
and Transportation

Paul W. Geiger (3)
Senior Vice President—
SWN Advance

**John E. “Jack”
Bergeron (10)**
Senior Vice President—
E&P Operations

Ron E. Hyden (4)
Vice President—
Technology

John P. Kelly (*)
Senior Vice President—
Fayetteville
Shale Division

**David A.
Dell’Osso (12)**
Senior Vice President—
Northeast
Appalachia Division

**Derek W.
Cutright (9)**
Senior Vice President—
Southwest
Appalachia Division

**Harry H. “Sonny”
Bryan (17)**
Vice President—
Technical and
Operational Excellence

Stephen M. Guidry (10)
Vice President—Land

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.

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