

A Clear Vision

SWN Corporate Responsibility Summary 2014–15

MESSAGE FROM OUR CEO

Southwestern Energy has grown rapidly in recent years by applying innovative approaches to the exploration and development of unconventional natural gas resources. In 2008, we were barely among the top 30 largest producers of natural gas in the lower 48 states; today we're the third largest. In December 2014 and January 2015, we completed acquisitions of additional assets in West Virginia and Pennsylvania.



Some were surprised that we made these investments at a time of low and falling product prices, but we understand that the quality of the assets provides the crucial first step to success. My perspective is that quality, combined with our expertise, creates the ability to consistently provide great returns for our shareholders, even in a price environment that many consider low.

Our commitment to the environment can be seen in how we conduct our core business. Through dialogue with external stakeholders, we have identified two ambitious goals: becoming freshwater neutral and helping our industry to achieve a methane leakage and loss rate of less than 1 percent of production for the entire natural gas supply chain.

Safety is also an essential part of who we are. We are continually reviewing how we work, with the target of achieving zero injuries and accidents. But the real goal is to make safety like breathing – to make it a natural, everyday part of each person in every situation.

We are also committed to engaging with the communities in which we operate. With the technological changes in our industry, we're now developing vast gas reservoirs that will produce for years to come. We aim to build relationships that last, operating responsibly and creating value for our shareholders, our people and our communities.

SWN has been a key industry leader in the development of unconventional resources, and innovation has been a key driver behind the execution and success of our operations. We apply that same innovation to solving challenges in our industry. Our V+ Development Solutions group was formed to do just that. It's not just about competitive advantage; it's about finding long-term solutions for the entire industry.

Steven L. Mueller
CEO and Chairman

2,781 employees

768 billion
cubic feet equivalent in net
gas production

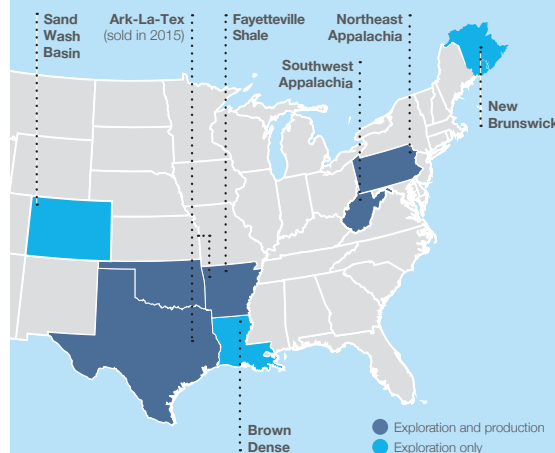
36% increase
in net gas production
compared to 2012

\$4.0 billion
in operating revenues

ABOUT SWN

Southwestern Energy (SWN) is an independent energy company that conducts natural gas and crude oil exploration, development, production, gathering and marketing. In 2014, our production was almost all natural gas, primarily from two unconventional natural gas reservoirs in the United States: the Fayetteville Shale in Arkansas and the Marcellus Shale in northeast Pennsylvania.

WHERE WE OPERATE AND EXPLORE



STRATEGY

SWN creates Value+ by providing energy to our world. Since 1999, we have been guided by our Formula, which represents the essence of our corporate philosophy and how we operate.

This Formula guides our business strategy, the key elements of which are as follows:

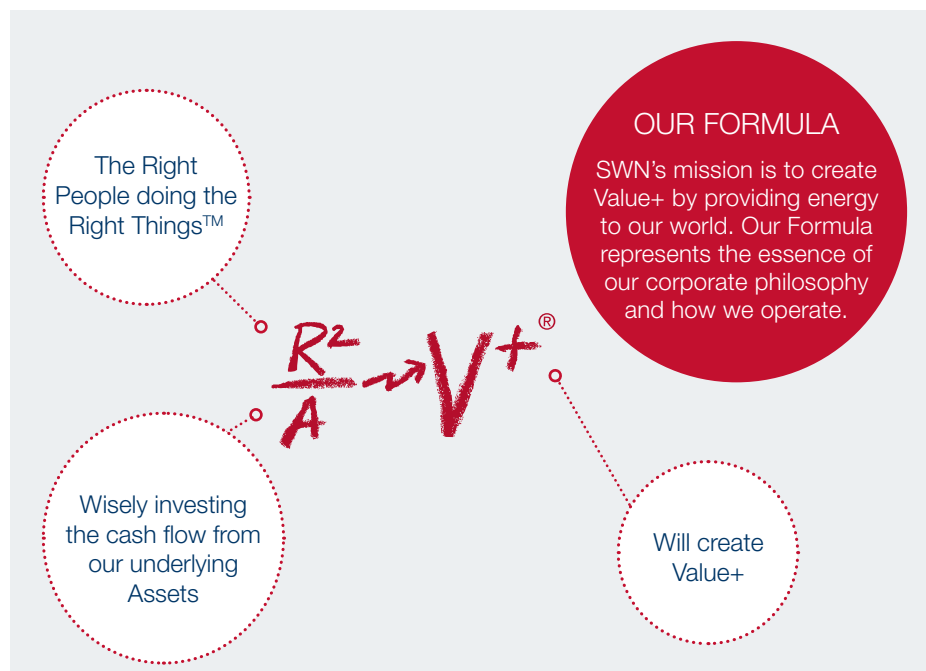
- Exploit and develop our positions in the Fayetteville Shale and the Appalachian Basin
- Grow through new exploration, acquisition and development activities focusing on emerging unconventional plays
- Maximize efficiency through economies of scale
- Enhance value through vertical integration including drilling and gathering operations

We are focused on providing long-term growth in the net asset value per share of our business by developing projects that target a value creation of at least \$1.30 discounted at 10 percent for every dollar we invest.

By implementing this business strategy, our production in 2014 grew by 17 percent compared to 2013, and our total proved reserves increased to the highest level in our company's history, growing by 54 percent to approximately 10.7 trillion cubic feet equivalent.

Our corporate responsibility (CR) strategy is linked to our business strategy, as both are based on our Formula. We believe that energy exploration, production and use can be done in a safe and environmentally sound manner while benefiting local, state and national communities and economies. In addition, integral to this strategy is the health and safety of our employees and the contractors who work for us. Our CR approach is based on seeking shared value; implementing innovative solutions to challenges; and engaging with a wide range of stakeholders, from those most affected by our operations at the local level to thought leaders and policymakers at the national and global levels.

Our V+ Development Solutions division embodies this approach. V+ Development Solutions is committed to finding and building solutions for achieving the proper balance among the economic, environmental and social impacts of our activities. It focuses in particular on advancing the development of America's abundant supply of natural gas as an essential part of achieving a secure, low-carbon energy future.



Two Key Programs and Goals

Our Energy Conserving Water (ECH₂O®) initiative addresses all aspects of water use and protection and includes a goal for SWN to become freshwater neutral by the end of 2016. Our work on methane includes launching and leading an industry coalition – Our Nation's Energy Future (ONE Future) – to voluntarily reduce methane emissions across the full value chain to less than 1 percent of production.



Our industry has done a great job of being innovative below the ground. We need to continue applying that same innovative spirit to challenges above ground level. Our goal is to find solutions to the challenges of unconventional resource development that strike the right balance among the economic, environmental and social impacts of our activities.

Mark Boling
President of V+ Development Solutions, SWN

15%

reduction
achieved in freshwater
withdrawals compared
to 2012

Recycled 99%

of the flowback water and
produced water from our
operations in Arkansas and
northeast Pennsylvania

ENVIRONMENT

SWN is committed to protecting natural resources in all areas where we operate. We seek to use water efficiently, protect underground and surface water resources, reduce our emission of greenhouse gases (GHGs) and non-GHG criteria air pollutants, and minimize surface impacts.

WATER

We use water for formulating fracturing fluid, as well as for construction activities, well cement, drilling mud, dust control, line pressure testing, compressor station cooling and other minor operational functions.

Our ECH₂O® initiative – short for Energy Conserving Water – provides a framework for our efforts to protect, reduce, recycle and replenish the fresh water we use. Through ECH₂O we have committed to being “freshwater neutral” by the end of 2016. For each gallon of fresh water we use in our operations, we will offset an equivalent amount through water conservation projects, such as the \$1.8 million project we funded to restore a stretch of the Upper Little Red River in Arkansas. In order to reach our freshwater neutral goal, we are working to minimize our freshwater use – both by reducing our overall water usage and by using alternatives to fresh water, such as recycled flowback and produced water.

Establishing and maintaining wellbore integrity is also critical as it helps to protect underground water resources. We employ industry best management practices (BMPs) for well construction, drilling, completion and maintenance to ensure this integrity. These BMPs meet and often exceed applicable regulations and are updated regularly as new technologies, operating practices and information become available.



Recycled water made up 40%

of the total water we sourced for hydraulic fracturing in the Fayetteville Shale and the Marcellus Shale, up from 27% in 2012

We support the full disclosure of fracturing fluid ingredients, and we report fracturing fluid composition for 100 percent of our hydraulically fractured wells to the voluntary FracFocus Chemical Disclosure Registry (www.fracfocus.com). We do not use fracturing additives that include benzene, toluene, ethylbenzene or xylene (BTEX) or diesel.

Our Right Products program, launched in 2013, is helping us continue to reduce risks related to fracturing fluids. The program employs a hazard assessment scoring tool through which each chemical used in fracturing fluid is assessed against a range of environmental and health hazards. By the end of 2014, more than 90 percent of the chemicals we use had been evaluated through this program. Also, the process has enabled us to identify more environmentally friendly alternatives for several chemicals.

AIR

SWN is committed to minimizing our company's GHG emissions and non-GHG criteria air emissions during the drilling, completion, production and midstream phases of our operations. In 2014, our GHG emissions intensity was down 14 percent compared to 2013 and down 21 percent compared to 2012.

We achieved these reductions in a number of ways. In 2014, we implemented a leak detection and repair program across our company's operations. We conducted infrared camera surveys on 65 percent of SWN-operated wells and 100 percent of SWN Midstream-operated compressor stations. The program identified and fixed more than 1,000 leaking components (0.09 percent of our total component count). In addition, we have been implementing reduced-emission, or "green," completions for several years.

LAND

We seek to minimize site impacts in our operations, including preventing erosion and spills, minimizing waste and protecting biodiversity. Our Streamsmart™ program, for example – developed and delivered jointly with The Nature Conservancy – has trained more than 400 SWN employees and contractors in effective erosion and sedimentation control.

We minimize waste by operating a closed-loop system for used drilling mud. That means we catch all rock cuttings and associated drilling fluids in containers, and then separate the drilling mud from the cuttings so we can reuse it. The cuttings are then transported to landfill.

In terms of biodiversity, about half of our leases in Colorado coincide with habitat for the greater sage-grouse, a species of concern. We have joined the Colorado Habitat Exchange program – a consortium of representatives from the oil and gas industry, agriculture, environmental groups and the state of Colorado – to help develop market-based strategies to protect the bird.



Our New LEED-Certified Headquarters

In late 2014, we moved our headquarters staff to a new, 550,000-square-foot building in Spring, Texas, built to LEED Gold specifications.¹ A generator powered by natural gas provides 24-hour power for the data center, and overall the building uses 25 to 30 percent less energy than a standard building of its size.

¹ LEED stands for Leadership in Energy & Environmental Design and is the premier "green" building standards system.

The ONE Future Coalition

We created and launched the ONE Future coalition in 2014. ONE Future is currently a group of eight companies from across the natural gas supply chain dedicated to reducing methane emissions from the entire value chain to below an aggregate leak/loss rate of 1 percent – the point at which the use of natural gas for any purpose provides clear GHG reduction benefits as compared to all other fossil fuels. ONE Future has been endorsed by the White House and the U.S. Environmental Protection Agency.

21% reduction
in greenhouse gas emissions
intensity from 2012 to 2014

0.16%
methane leak/loss rate from our
production operations in 2014

19% reduction
in our Total Recordable Incident Rate (TRIR) for employees from 2012 to 2014

23% reduction
in our TRIR for contractors from 2012 to 2014

39% reduction
in our Preventable Vehicle Incident Rate from 2012 to 2014

HEALTH AND SAFETY

Safe behavior is a condition of employment for anyone who works for SWN, including contracted vendors working on SWN's behalf. We are also committed to promoting and protecting the health of our employees, their families, and communities.

OUR HSE PROGRAMS AND INITIATIVES

Our health, safety and environment (HSE) training and evaluation programs help our employees and contractors to understand SWN's expectations and promote safety and health. We offer more than 50 HSE courses for employees, including regular refresher and update courses to encourage continued learning and reinforce key information. To increase the efficacy of our HSE training programs, we focus on making them interactive, incorporating multiple learning styles and using scenario-based learning. In 2014, SWN employees completed 42,124 hours of HSE training, or nearly 16 hours per employee.²



More than 42,000 hours
of HSE training completed by SWN employees in 2014

In 2014, we launched a behavior-based safety program predicated on the belief that the vast majority of incidents are caused by human behaviors rather than work conditions (such as equipment malfunctions or site hazards). As part of this program, every SWN employee's training will be reinforced to better identify safe and unsafe behaviors among their co-workers and on strategies for engaging in critical conversations about the behaviors they observe, based on mutual respect and care for one another's safety.

We are also expanding and improving our other successful HSE initiatives, including our award-winning driver training programs for employees and contractors and our crisis drills and safety stand downs, in which we work with local emergency responders and contractors on safety issues.

PROMOTING EMPLOYEE HEALTH

We have a range of programs to promote employee health. In addition to our employee health insurance programs, we offer free biometric screenings, mammograms and wellness programs, and we have an on-site health clinic in our new Houston office.

We focus on specific and important health and safety issues in our operations. For example, we are committed to the prevention of silicosis – a respiratory disease related to silica dust exposure, which can be present in sands used in hydraulic fracturing. We have established a field monitoring program, and we are educating employees, developing controls and partnering with government and industry organizations to find solutions to prevent silica exposure.

² This includes facilitator-led and online compliance training. Safety training that is not compliance related is not included.

WORKFORCE

At SWN, we believe success begins with the Right People doing the Right Things™.

In the past six years, we've grown rapidly from approximately 1,700 employees to more than 2,700. We are creating a rewarding work environment for all our employees by attracting and retaining the Right People; offering competitive pay and benefits; building a diverse and inclusive workforce; and providing individually tailored training and advancement opportunities. We hire locally as much as possible, and we back up this commitment by working to develop a pipeline of local talent in all of our operating regions.

In our industry, contracting with specialized companies to provide specific services is standard practice. The employees of those companies carry out operations at our sites and work side by side with our own employees. Our contractors' work has a direct impact on our performance and reputation. As a result, we have processes in place to select, manage, train and evaluate contractors, and we hold them to the same standards we hold ourselves.

We require all of our contractors to participate in our Training Assurance Program, which communicates SWN's expectations and culture. We also include contractors in our TEAMWorks training, a joint employee and contractor program that uses scenario-based learning to address key health, safety and environment topics.

COMMUNITIES

Every community where we work is unique, which is why we use a tailored approach to community engagement – proactively engaging local residents and organizations and conducting our business responsibly.

Throughout the lifecycle of our operations, we invite community members to contact us directly and reach out to establish two-way dialogues with local residents, officials and organizations. This helps us address local needs and allows communities to better understand our operations and our industry.

We also take action to anticipate and respond to concerns before they become major issues and empower local employees to make decisions so community interests are addressed directly by people who understand the situation and have personal relationships with those affected. For issues ranging from road safety to noise control to environmental stewardship, we conduct ourselves as good neighbors and develop solutions that benefit both SWN and local communities.

When SWN establishes operations in a new region, it creates both direct and indirect economic benefits. Our presence supports the local economies where we operate through new job creation, royalty payments, income tax revenue and fees to help improve roads.

\$3,350,000

in charitable giving in 2014



Making a positive impact through giving and volunteering is an important part of our culture. Our primary focus areas are education, community vitality, environment, health and nutrition and emergency response. In addition to corporate giving, we reward employees who give back to their communities by providing additional funds to nonprofits based on our employees' giving and volunteer efforts.

5 years in a row SWN has been named among the best employers in Houston by the *Houston Chronicle*

63% growth in the number of employees over the past six years

7,800 hours of volunteer service contributed by employees in their communities in 2014

\$1+ billion cumulative royalty payments in the Fayetteville Shale area of Arkansas



KEY DATA SUMMARY

	2012	2013	2014
Operating Revenues (millions of U.S. dollars)	\$2,730	\$3,371	\$4,038
Net Gas Production (billion cubic feet equivalent (Bcfe))	565	657	768
Number of Gross Producing Wells	4,717	5,213	6,887
Estimated Proved Oil and Gas Reserves (Bcfe)	4,018	6,976	10,747
Net Undeveloped Acres	4.4 million	4.6 million	4.9 million
Number of Employees	2,427	2,621	2,781
Flowback and Produced Water Recycled in the Fayetteville Shale and the Marcellus Shale (%)	81%	99%	99%
Greenhouse Gas Emissions Intensity (kilograms of carbon dioxide equivalents per million BTUs of gas produced)	3.45	3.18	2.73
Methane Leak/Loss Rate (%)	0.21%	0.18%	0.16%
Volume of Tier 1 Unplanned Discharges (barrels)	2,368	152	192
Charitable Giving (millions of U.S. dollars)	\$2.02	\$1.80	\$3.35
Total Recordable Incident Rate for Employees (per 100 employees)	1.40	1.18	1.14
Total Recordable Incident Rate for Contractors (per 100 contractors)	1.52	1.25	1.17

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