



## **Southwestern Energy Announces Cash Tender Offers and Consent Solicitations for Senior Notes**

September 04, 2018 06:55 AM Eastern Daylight Time

SPRING, Texas--(BUSINESS WIRE)--Southwestern Energy Company (NYSE: SWN) (the "Company") today announced that it has commenced offers to purchase for cash (collectively, the "Tender Offers" and each a "Tender Offer") its outstanding senior notes listed in the table below and Consent Solicitations (as defined below), upon the terms and conditions described in the Company's Offer to Purchase dated September 4, 2018 (the "Offer to Purchase").

Series of Notes	CUSIP Number	Aggregate Principal Amount Outstanding (\$)	Sub-Cap (\$)	Acceptance Priority Level	Dollars per \$1,000 Principal Amount of Notes		
					Tender Offer Consideration (\$)	Early Tender Premium (\$)	Total Consideration <sup>(1)</sup> (\$)
4.10% Senior Notes due 2022	845467AF6; 845467AH2/ U84517AB4	\$1,000,000,000	N/A	1	\$950.00	\$50.00	\$1,000.00
4.05% Senior Notes due 2020 <sup>(3)</sup>	845467AK5	\$91,557,000	N/A	2	\$975.00	\$50.00	\$1,025.00
4.95% Senior Notes due 2025 <sup>(3)</sup>	845467AL3	\$1,000,000,000	N/A	3	\$960.00	\$50.00	\$1,010.00
7.50% Senior Notes due 2026	845467AM1	\$650,000,000	\$50,000,000	4	\$1,002.50	\$50.00	\$1,052.50
7.75% Senior Notes due 2027	845467AN9	\$500,000,000	\$50,000,000	5	\$1,010.00	\$50.00	\$1,060.00

(1) Does not include accrued interest, which will also be payable to but not including the applicable settlement date.

(2) Includes the applicable Early Tender Premium.

(3) In February and June 2016, Moody's and S&P downgraded certain senior notes of the Company, increasing the interest rates by 175 basis points effective July 2016. As a result of these downgrades, the interest rate increased to 5.80% for the 2020 Notes and to 6.70% for the 2025 Notes. In April and May 2018, S&P and Moody's upgraded certain senior notes, decreasing the interest rates by 50 basis points effective July 2018. The first coupon payment to the bondholders at the lower interest rate will be paid in January 2019. As a result of these upgrades, the interest rate decreased to 5.30% for the 2020 Notes and to 6.20% for the 2025 Notes. The first coupon payment to the bondholders at the lower interest rate will be paid in January 2019.

The Company is offering to purchase up to a maximum aggregate purchase price subject to the respective Sub-Caps (as defined below) and priorities (as described below), excluding accrued interest, equal to \$900 million (subject to increase by the Company, the "Maximum Aggregate Purchase Price") of the Company's 4.10% senior notes due 2022 (the "2022 Notes"), 4.05% senior notes due 2020 (the "2020 Notes"), 4.95% senior notes due 2025 (the "2025 Notes"), 7.50% senior notes due 2026 (the "2026 Notes") and 7.75% senior notes due 2027 (the "2027 Notes" and, together with the 2022 Notes, the 2020 Notes, the 2025 Notes and the 2026 Notes, the "Notes").

Subject to the Maximum Aggregate Purchase Price and the respective Sub-Caps (subject to increase by the Company), the amount of a series of Notes that is purchased in the Tender Offers on the settlement date will be based on the order of priority (the "Acceptance Priority Level") for such series of Notes as set forth in the table above, subject to the proration arrangements applicable to the Tender Offers. Subject to the Maximum Aggregate Purchase Price, the maximum aggregate purchase price (subject to increase by the Company, the "2026 Notes Sub-Cap") to be paid by the Company for the 2026 Notes, excluding accrued interest, will be limited to \$50 million and the maximum aggregate purchase price (subject to increase by the Company, the "2027 Notes Sub-Cap" and together with the 2026 Notes Sub-Cap, the "Sub-Caps") to be paid by the Company for the 2027 Notes, excluding accrued interest, will also be limited to \$50 million.

The Tender Offers will expire at 11:59 p.m., New York City time, on October 1, 2018, unless extended or terminated by the Company (the "expiration date"). No tenders submitted after the expiration date will be valid. Subject to the terms and conditions of the Tender Offers and Consent Solicitations, the consideration for each \$1,000 principal amount of Notes validly tendered and accepted for purchase pursuant to the Tender Offers will be the applicable tender offer consideration for such series of Notes set forth in the above table (with respect to each series of Notes, the "Tender Offer Consideration"). Holders of Notes that are validly tendered prior to 5:00 p.m., New York City time, on September 17, 2018 (subject to extension, the "early tender time") and accepted for purchase pursuant to the applicable Tender Offer will receive the applicable Tender Offer Consideration and the applicable early tender premium for such series of Notes as set forth in the table above (the "Early Tender Premium" and, together with the applicable Tender Offer Consideration, the "Total Consideration"). Holders of Notes tendering their Notes after the early tender time will receive the applicable Tender Offer Consideration but will not be eligible to receive the Early Tender Premium. All holders of Notes validly tendered and accepted for purchase pursuant to the Tender Offers will also receive accrued and unpaid interest on such Notes from the last interest payment date with respect to those Notes to, but not including, the settlement date.

Notes that have been tendered may be withdrawn from the applicable Tender Offer prior to 5:00 p.m., New York City time, on September 17, 2018 (subject to extension, the "withdrawal deadline"). Holders of Notes tendered after the withdrawal deadline cannot withdraw their Notes or revoke their consents under the Consent Solicitation unless the Company is required to extend withdrawal rights under applicable law. The Company reserves the right, but is under no obligation, to increase the Maximum Aggregate Purchase Price or the Sub-Caps at any time, subject to applicable law. If the Company increases the Maximum Aggregate Purchase Price or the Sub-Caps, it does not expect to extend the applicable withdrawal deadline, subject to applicable law.

Subject to the Maximum Aggregate Purchase Price, the Sub-Caps and proration, the Company will purchase any Notes that have been validly tendered and accepted in the applicable Tender Offer prior to the expiration date promptly following the expiration date. The settlement date is expected to occur on the second business day following the expiration date.

If an aggregate principal amount of Notes validly tendered prior to the early tender time is such that the aggregate purchase price for such Notes equals or exceeds the Maximum Aggregate Purchase Price, excluding accrued interest, the Company will not accept for purchase any Notes tendered after the applicable early tender time and will, subject to the applicable Sub-Caps, accept for purchase only the Notes tendered before the early tender time pursuant to the Acceptance Priority Levels. Acceptance for tenders of Notes of a series may be subject to proration if the aggregate principal amount of such series of Notes validly tendered would result in an aggregate purchase price that exceeds the Maximum Aggregate Purchase Price or the applicable Sub-Cap.

As part of the Tender Offers, prior to the early tender time, the Company is also soliciting consents (the "Consent Solicitations") from the holders of the Notes for certain proposed amendments described in the Offer to Purchase that would, among other things, remove certain covenants and events of default contained in the indentures governing the Notes (the "Proposed Amendments"). Adoption of the Proposed Amendments with respect to each series of Notes requires the consent of the holders of at least a majority of the outstanding principal amount of such series of Notes (the "Requisite Consents"). Each holder tendering Notes pursuant to the Tender Offers must also deliver a consent to the Proposed Amendments pursuant to the related Consent Solicitation and will be deemed to have delivered their consents by virtue of such tender. Holders may not deliver consents without also tendering their Notes prior to the expiration date. The Proposed Amendments will not become operative until (i) Notes of the relevant series satisfying the Requisite Consent for such series have been validly tendered, and (ii) the Company consummates the Tender Offer with respect to such series of Notes in accordance with its terms and in a manner resulting in the purchase of all Notes of such series validly tendered before the Early Tender Time, if the aggregate purchase price, excluding Accrued Interest, of Notes validly tendered before the Early Tender Time exceeds the Maximum Aggregate Purchase Price, or before the Expiration Date. If the Proposed Amendments become operative with respect to the Notes, holders of the Notes that do not tender their Notes prior to the expiration date, or at all, will be bound by the Proposed Amendments, meaning that the Notes will no longer have the benefit of the existing terms of certain covenants contained in the applicable Indenture. In addition, such holders will not receive either the Tender Offer Consideration or the Early Tender Premium.

The Tender Offers are not conditioned upon the tender of any minimum principal amount of Notes of any series nor on the delivery of a number of consents required to amend the indenture with respect to each series of Notes. However, the Tender Offers and Consent Solicitations are subject to, and conditioned upon, the satisfaction or waiver of certain conditions described in the Offer to Purchase, including the Company's consummation of the sale under the Membership Interest Purchase Agreement dated as of August 30, 2018, by and between the Company and Flywheel Energy Operating, LLC of the Company's subsidiaries that own and operate its Fayetteville Shale exploration and production and related midstream gathering assets (the "Fayetteville Sale").

The Company intends to fund the Tender Offers, including accrued and unpaid interest and fees and expenses payable in connection with the Tender Offers, with proceeds from the Fayetteville Sale.

The purpose of the Tender Offers is to retire debt. If the Tender Offers are not consummated, or if the amount of Notes accepted for purchase in the Tender Offers results in the payment of less than the Maximum Aggregate Purchase Price, the Company may use the remaining amount of proceeds from the Fayetteville Sale originally dedicated to the Tender Offers to repay or retire other outstanding debt. The purpose of the Consent Solicitations is to obtain Requisite Consents to adopt the Proposed Amendments with respect to the applicable indentures governing the notes.

Citigroup Global Markets Inc. is the lead Dealer Manager and lead Solicitation Agent in the Tender Offers and Consent Solicitations and MUFG Securities Americas Inc., RBC Capital Markets, LLC, SG Americas Securities, LLC and Wells Fargo Securities, LLC are Co-Dealer Managers and Co-Solicitation Agents in the Tender Offers and Consent Solicitations. Global Bondholder Services Corporation has been retained to serve as the Tender Agent and Information Agent for

the Tender Offers and Consent Solicitations. Persons with questions regarding the Tender Offers and Consent Solicitations should contact Citigroup Global Markets Inc. at (toll free) (800) 558-3745 or (collect) (212) 723-6106. Requests for the Offer to Purchase should be directed to Global Bondholder Services Corporation at (toll free) (866) 807-2200 or by email to [contact@gbsc-usa.com](mailto:contact@gbsc-usa.com).

None of the Company, the Dealer Managers and Solicitations Agents, the Tender Agent and Information Agent, the trustees under the indentures governing the Notes or any of their respective affiliates is making any recommendation as to whether holders should tender any Notes in response to the Tender Offers and Consent Solicitations. Holders must make their own decision as to whether to participate in the Tender Offers and Consent Solicitations, and, if so, the principal amount of Notes as to which action is to be taken.

This news release shall not constitute an offer to sell, a solicitation to buy or an offer to purchase or sell any securities. The Tender Offers and Consent Solicitations are being made only pursuant to the Offer to Purchase and only in such jurisdictions as is permitted under applicable law. In any jurisdiction in which the Tender Offers are required to be made by a licensed broker or dealer, the Tender Offers will be deemed to be made on behalf of the Company by the Dealer Managers, or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

#### **About Southwestern Energy Company**

Southwestern Energy Company (NYSE: SWN) is an independent energy company whose wholly-owned subsidiaries are engaged in natural gas, natural gas liquids and oil exploration, development, production, gathering and marketing. Additional information about the Company is available at [www.swn.com](http://www.swn.com).

#### **Forward-Looking Statement**

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as “anticipate,” “intend,” “plan,” “project,” “estimate,” “continue,” “potential,” “should,” “could,” “may,” “will,” “objective,” “guidance,” “outlook,” “effort,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “forecast,” “target” or similar words. Statements may be forward looking even in the absence of these particular words. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices; changes in expected levels of natural gas and oil reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; international monetary conditions; unexpected cost increases; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; and general domestic and international economic and political conditions; as well as changes in tax, environmental and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, Southwestern Energy Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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