swn
Southwestern Energy®

Investor Presentation

February 2022

NYSE: SWN
www.swn.com

Cautionary Statements

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Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements are based on current expectations. The words "anticipate," "intend," "plan," "project," "estimate," "continue," "potential," "should," "could," "may," "will," "objective," "guidance," "outlook," "effort," "expect," "believe," "predict," "budget," "projection," "goal," "forecast," "model," "target", "seek", "strive," "would," "approximate," and similar words are intended to identify forward-looking statements. Statements may be forward looking even in the absence of these particular words.

Examples of forward-looking statements include, but are not limited to, the expectations of plans, business strategies, objectives and growth and anticipated financial and operational performance, including guidance regarding our strategy to develop reserves, drilling plans and programs, estimated reserves and inventory duration, projected production and sales volume and growth rates, commodity prices, projected average well costs, ESG initiatives, generation of free cash flow, expected benefits from acquisitions, potential acquisitions and strategic transactions, the timing thereof and our ability to achieve the intended operational, financial and strategic benefits of any such transactions or other initiatives. These forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events. All forward-looking statements speak only as of the date of this presentation. The estimates and assumptions upon which forward-looking statements are based are inherently uncertain and involve a number of risks that are beyond our control. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements 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. Therefore, you should not place undue reliance on any of the forward-looking statements contained herein.

Factors that could cause our actual results to differ materially from those indicated in any forward-looking statement are subject to all of the risks and uncertainties incident to the exploration for and the development, production, gathering and sale of natural gas, NGLs and oil, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, legislative and regulatory changes, the uncertainty inherent in estimating natural gas and oil reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, a change in our credit rating, an increase in interest rates and any adverse impacts from the discontinuation of the London Interbank Offered Rate, our ability to maintain leases that may expire if production is not established or profitably maintained, our ability to transport our production to the most favorable markets or at all, any increase in severance or similar taxes, the impact of the adverse outcome of any material litigation against us or judicial decisions that affect us or our industry generally, the effects of weather, increased competition, 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, impacts of world health events, including the COVID-19 pandemic, cybersecurity risks, our ability to realize the expected benefits from acquisitions, including our mergers with GEP Haynesville, LLC, Montage Resources Corporation and Indigo Natural Resources LLC, and any other factors discussed under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and under Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021.

We have no obligation and make no undertaking to publicly update or revise any forward-looking statements, except as required by applicable law. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

Additional Information

Cautionary Note to U.S. Investors

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the terms "resource" and “EUR” in this presentation that the SEC’s guidelines prohibit us from including in filings with the SEC. The quarterly reserves data included in this release are estimates we prepared that have not been audited by our independent reserve engineers. All such estimates are inherently more speculative than estimates of proved reserves and are subject to substantially greater risk of actually being realized. U.S. investors are urged to consider closely the oil and gas disclosures and associated risk factors in our Annual Report on Form 10-K and other reports and filings with the SEC.

Use of Non-GAAP Information

This presentation contains non-GAAP financial measures, such as PV-10, net PV-10 value per share, adjusted net income, adjusted EPS, adjusted EBITDA, free cash flow, net cash flow and net debt, including certain key statistics and estimates. We report our financial results in accordance with accounting principles generally accepted in the United States of America (“GAAP”). However, management believes certain non-GAAP performance measures may provide users of this financial information additional meaningful comparisons between current results and the results of our peers and of prior periods. These non-GAAP financial measures are not alternatives to GAAP measures and should not be considered in isolation or as an alternative to the Company’s GAAP measures. Please see the Appendix for definitions and reconciliations of the non-GAAP financial measures that are based on reconcilable historical information.

Use of Projections

The financial, operational, industry and market projections, estimates and targets in this presentation are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond SWN's and Indigo's control. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial, operational, industry and market projections, estimates and targets, including assumptions, risks and uncertainties described in "Forward-looking Statements" above.

Why Invest in SWN

- **Compelling valuation** both relative to cash flow and underlying reserves value
- **Economic returns and inventory depth** from complementary Haynesville and Appalachia assets
- **Resilient and growing free cash flow** underpinned by deep, high-quality inventory and reserves
- **Financial strength** supported by commitment to responsible debt and leverage, liquidity and disciplined enterprise risk management
- **ESG** demonstrated by responsibly sourced gas, emissions initiatives and fresh water neutral
- **Improving trading liquidity** as shares used for acquisition consideration reach broader market

Clear line of sight to tangible value realization drivers provides near-term catalysts

Our Strategy

CREATE
SUSTAINABLE VALUE

- Enhance corporate and shareholder economic returns
- Deliver sustainable free cash flow
- Deepen and upgrade the quality and capital efficiency of asset base and inventory
- Convert resources to reserves

PROTECT
FINANCIAL STRENGTH

- Target sustainable leverage of 1.5x – 1.0x and total debt of $3.5 billion – $3.0 billion
- Hedge to protect capital investments, cover costs and meet other financial commitments
- Extend debt maturity, lower debt cost and expand liquidity
- Improve financial profile to achieve investment grade

PROGRESS
LEADING EXECUTION

- Operate with HSE / ESG as core values
- Build on data analytics, emerging technology, strategic sourcing, stringent cost management, vertical integration and large-scale asset development expertise
- Further enhance well performance, optimize well costs and reduce base decline
- Grow margins and secure flow assurance with commercial and marketing arrangements

CAPTURE TANGIBLE
BENEFITS OF SCALE

- Building a competitive advantage through scale
- Large-scale asset integration; Haynesville integration
- Capture synergies, deepen economic inventory, cost efficiencies through the cycle, expand opportunity set, lower enterprise risk, and increase the optionality of the business

Resilient free cash flow generation through responsible development of our core positions in the two premier US natural gas basins

Strategy Execution in 2021

Southwestern Energy

CREATE **SUSTAINABLE VALUE**

Generated $547 MM free cash flow

Company-record 21.1 Tcfe Proved Reserves with $22.4B SEC Pre-tax PV-10

PROTECT **FINANCIAL STRENGTH**

Achieved 2.0x leverage, line of sight to 1.5x by YE 2022

Extended weighted-average maturity to >7 years while lowering cost of debt by >1%

PROGRESS **LEADING EXECUTION**

Company-wide Responsibly Sourced Gas certification and monitoring

Early commercial wins in Hayneville through LEAP pipeline capacity addition

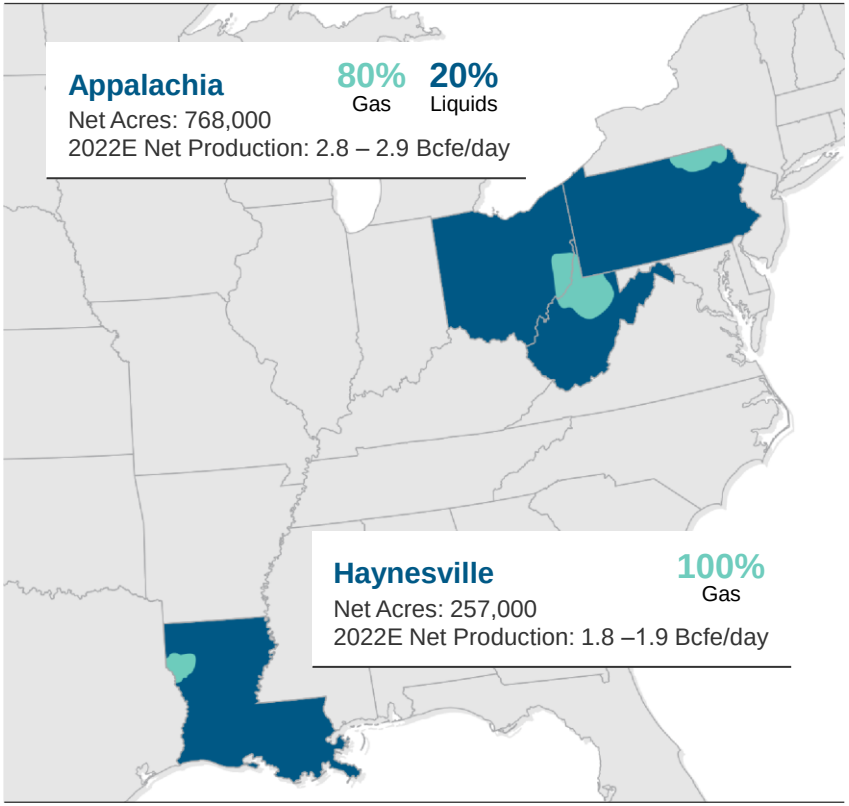
CAPTURE TANGIBLE **BENEFITS OF SCALE**

Closed Haynesville acquisitions; integration substantially complete

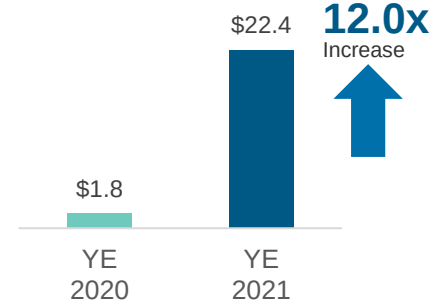
Implementing leading full-field development on Haynesville assets

Note: Free cash flow, pre-tax PV-10 and leverage are non-GAAP measures. See explanations and reconciliations in the Appendix.

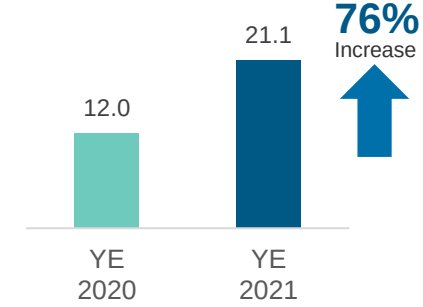
Complementary Assets in Premier US Natural Gas Basins



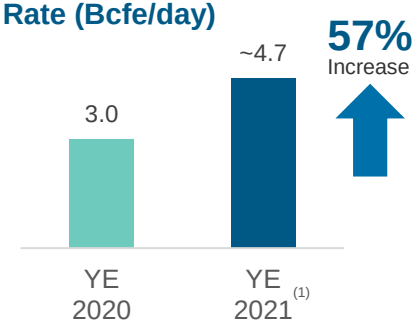
SEC Pre-tax PV-10 ($B)



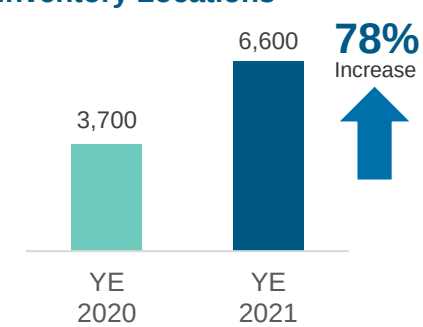
Proved Reserves (Tcfe)



Period-End Net Production Rate (Bcfe/day)



Inventory Locations



Converting scaled and strengthened portfolio into long-term shareholder value

Note: YE 2021 metrics and net acres presented inclusive of properties acquired from GEP Haynesville on December 31, 2021. Pre-tax PV-10 is a non-GAAP financial measure.
See explanation and reconciliation in the Appendix.
1) SWN reported production for Q4 2021 was ~4.2 Bcfe/day.

Capturing Tangible Benefits of Scale

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Expanded opportunity set

- >15 years of core inventory underpinning long-term development program
- Basin, hydrocarbon and premium end-market optionality including ~65% of gas to Gulf Coast markets

Optimized cost structure

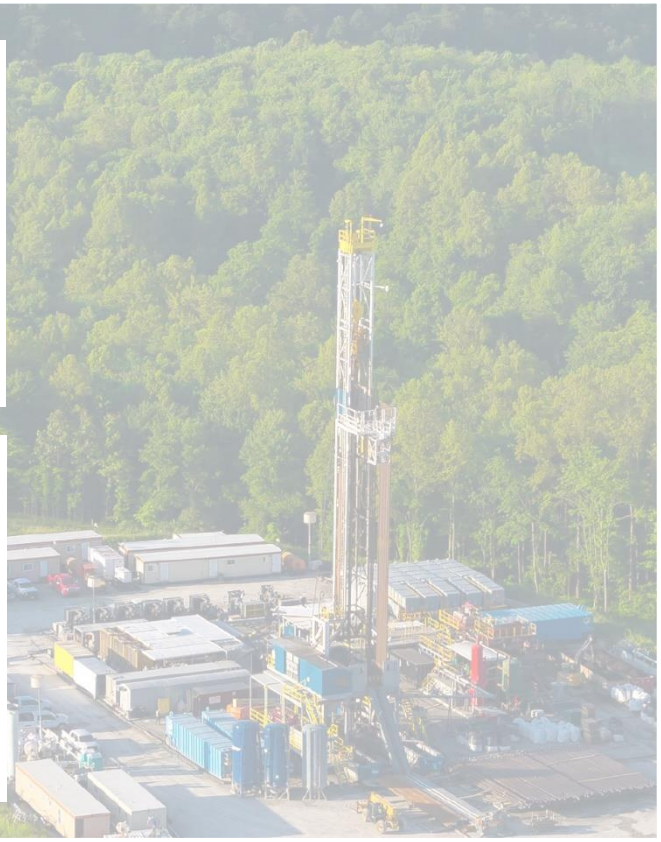
- Improved margins through cost economies; delivering ~$75MM of tangible acquisition synergies
- Leverage operational efficiency gains across entire portfolio
- Strategic commercial and vertical integration advantage

Lowered risk profile

- Lowered basis volatility
- Increased marketing optionality
- Capital allocation flexibility in two basins with gas and liquids exposure
- Larger reserve and inventory base

Increased market relevance

- Highly liquid stock with >$80MM average daily trading volume, >$10B enterprise value and >$5B market cap[1]
- Largest dual-basin gas producer supplying growing global demand



Increased opportunity set and market relevance, with lowered risk profile and cost structure create valuation realization catalysts

1) Based on market data as of February 18, 2022.

Delivering on Our Plan

4Q 2021 RESULTS

$341MM Free Cash Flow

$633MM net cash flow	$292MM capital investment
$671MM Adj EBITDA	4.2 Bcfe/day
2.0x leverage	$0.31 Adj EPS

Strong operational performance set the stage for delivering in 2022

Note: Free cash flow, net cash flow, adjusted EBITDA, adjusted EPS and leverage are non-GAAP measures. See explanations and reconciliations in the Appendix.

Improving Financial Strength

Key Financial Objectives

Target ranges of 1.5x – 1.0x leverage and $3.5 – $3.0B total debt

Capital structure that allows for efficient debt reduction

Clear pathway to achieving investment grade

Supplement financial strength through disciplined enterprise risk management

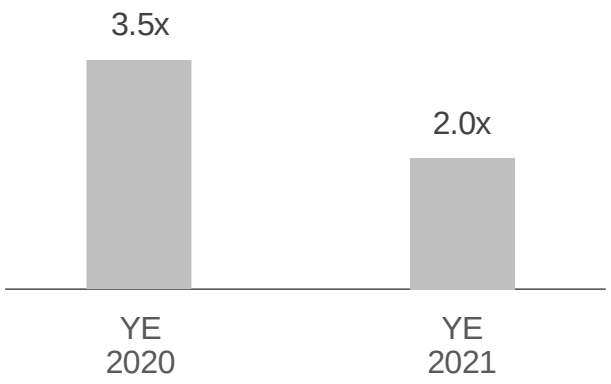
Approaching Investment Grade Ratings

Agency	Current Rating	Outlook	Notches to IG	Ratings Date
S&P	BB+	Stable	1	Jan '22
Moody's	Ba2	Stable	2	Nov '21
Fitch	BB	Stable	2	Nov '21

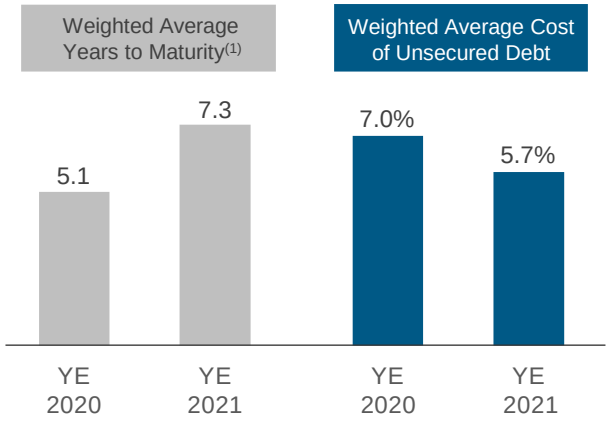
Upgraded to BB+ from S&P in conjunction with closing of GEP transaction

No upgrade actions by Moody's and Fitch to date to reflect materially enhanced and diversified business profile

Leverage Improved by 1.5x in 2021



Proactive Liability Management



Note: Leverage is a non-GAAP measure. See explanations and reconciliations in the Appendix.
1) Weighted average years to maturity for unsecured debt.

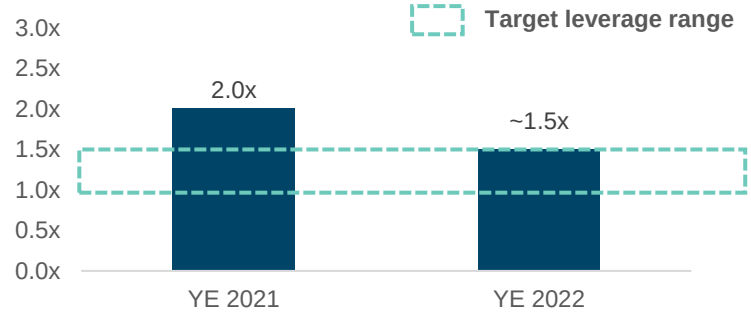
Disciplined Capital Allocation Framework

1. Resilient free cash flow generation from enterprise maintenance capital investment

2. Progress towards target ranges of 1.5x – 1.0x leverage and $3.5B – $3.0B total debt

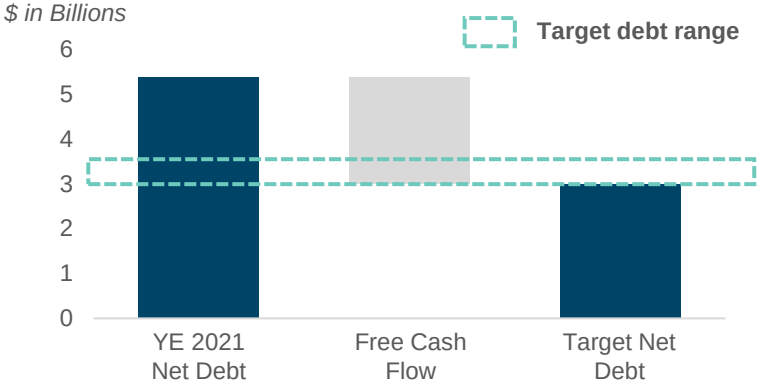
3. As SWN approaches balance sheet targets, well positioned for sustainable return of capital

Expect to Achieve Target Leverage Range in 2022



Clear Path to $3.5B – $3.0B Target Debt Levels

$ in Billions

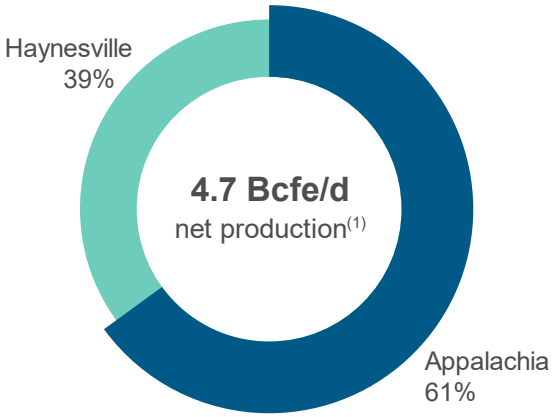


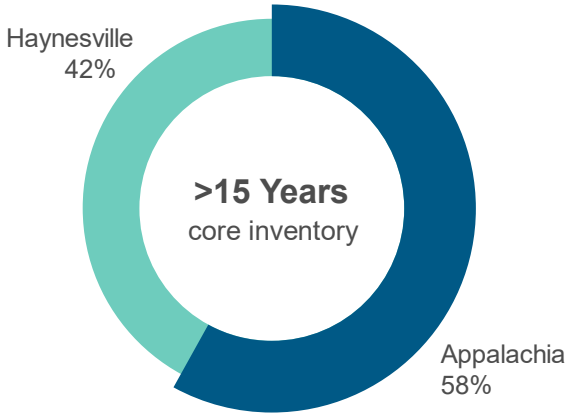
Clear near-term priorities reflect capital allocation discipline

Note: Leverage is a non-GAAP measure. See explanations and reconciliations in the Appendix.

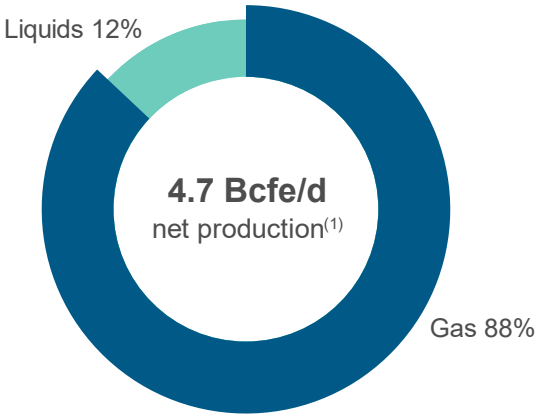
Portfolio Optionality Across Deep High Return Inventory

Basin

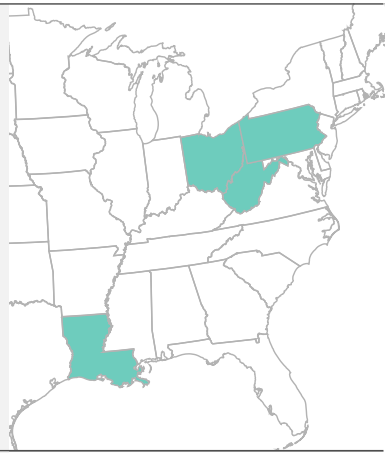




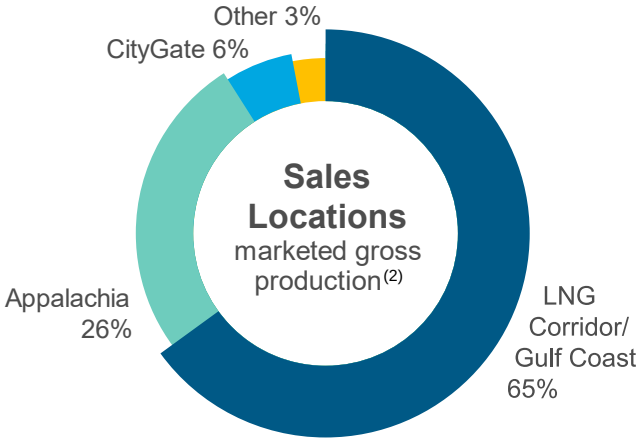
Commodity



Basin, commodity and end market diversification reduce risk and strengthen the sustainability of free cash flow generation



Premium Sales Locations



1) Estimated based on midpoint of 2022 guidance.
2) Estimated based on 2022 guidance, contracted firm transportation and firm sales agreements.

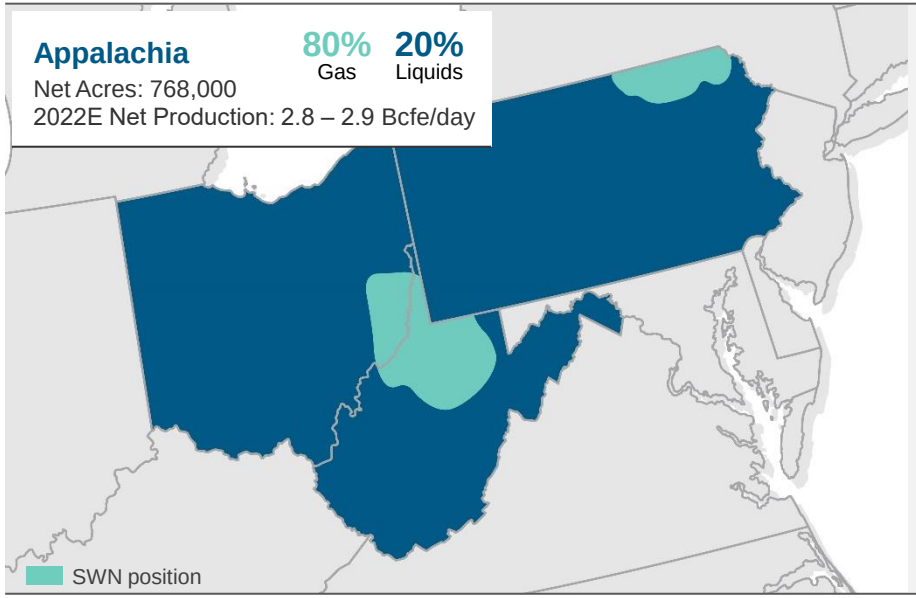
Appalachia – Core Dry Gas and Liquids Position

Optionality across low-cost high-margin dry gas and liquids inventory

>15
years of core inventory[1]

~90
MBbls of daily liquids production from NGLs and condensate enhancing margins[2]

~25%
Estimated PDP decline supports increasing cash flow generation as decline continues to shallow



Exposure to multiple commodity windows from dry gas to natural gas condensate providing capital allocation flexibility with competitive economics

Currently developing dry gas inventory in PA and OH and rich and super-rich opportunities in WV and OH

~4,900 economic inventory locations across Appalachia

1) At anticipated 2022 activity levels.
2) Based on 2022 guidance.

Haynesville – Core Stacked Pay Position

Deep high-margin dry gas inventory enhancing returns

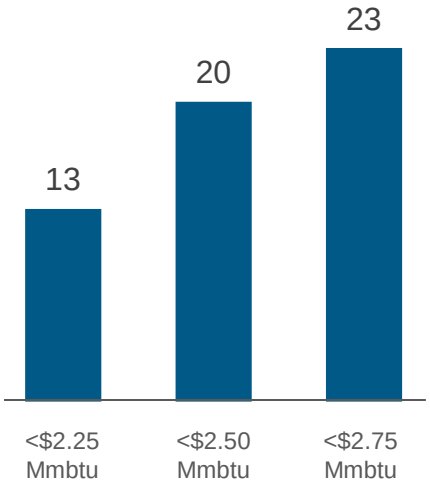
~13
years of core inventory[1]

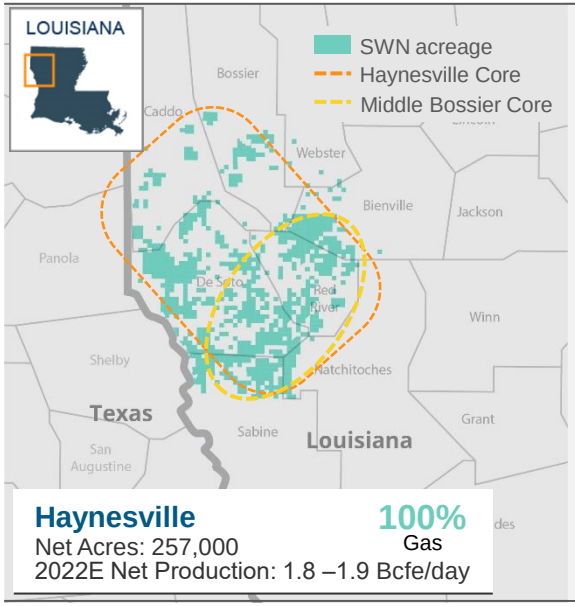
>100%
average IRR for wells in 2022 program[1,2]

~45%
of EUR recovered in first year supporting <15 month payback of capital investment[1,2]

>23
years of total inventory[1]

Inventory Life by PV-10 Breakeven (years)





Haynesville
Net Acres: 257,000
2022E Net Production: 1.8 –1.9 Bcfe/day
100% Gas

Acreage located in geologic "sweet spot" of Haynesville and Middle Bossier overlap

High resource in place and reservoir pressure underpinning well performance

>1,700 economic inventory locations across Haynesville

1) At anticipated 2022 activity levels and company inventory assessment.
2) Strip pricing as of February 18, 2022.

Responsibly Sourced Gas to Premium Markets

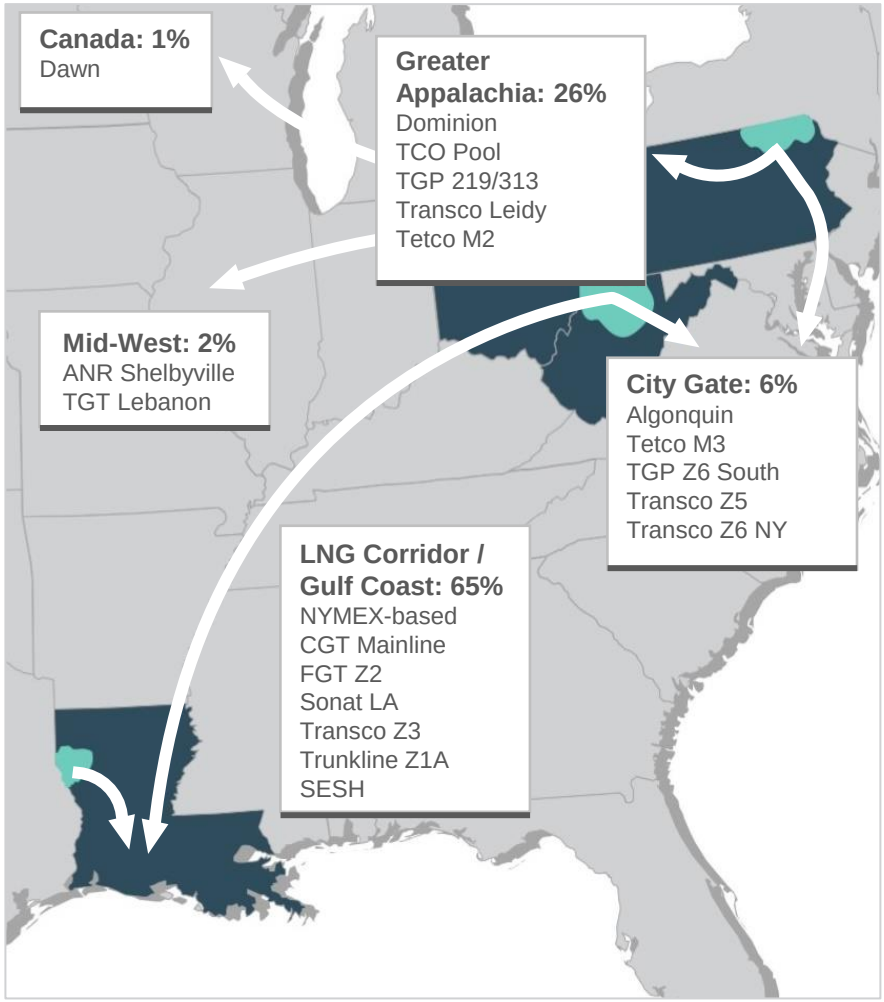
- Balanced portfolio provides marketing diversification, sales location optionality and basis protection, supplemented by City Gate and Greater Appalachia sales locations with premium winter pricing
- Direct access to LNG corridor and growing demand Gulf Coast markets
  - Secured 300 MMcf/day of future additional LEAP pipeline capacity to enhance long-term access to LNG markets

Differential to NYMEX

	Transportation (1)	Location (2)
Year	Average Rate per MMBtu	Average Basis per MMBtu
2022E	($0.24)	($0.45)

1) Rate per MMBtu based on estimated 2022 production and February 2022 contracted takeaway and firm sales. Estimates for natural gas differentials include all commitment costs.

2) Basis as of February 2022. Includes basis differentials, transportation variable cost, physical basis sales, third-party transportation charges and fuel charges, and excludes financial basis derivatives.



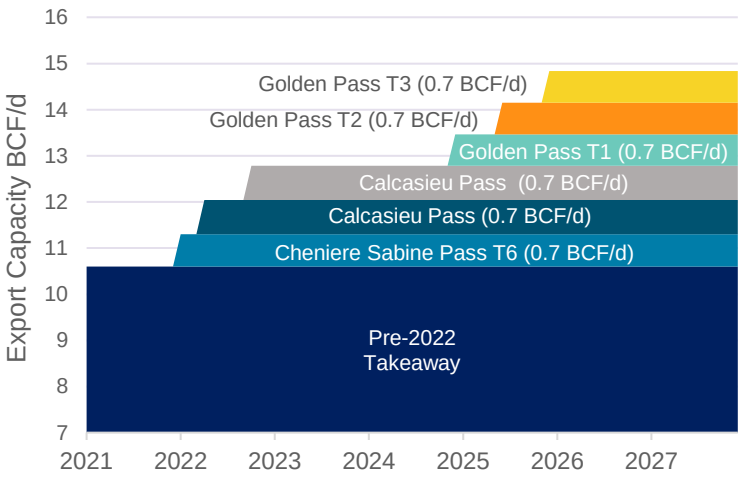
NOTE: Percentages on map approximate 2022 sales by location based on estimated production, firm transportation and firm sales.

Well Positioned to Supply Growing Natural Gas Demand

LNG exports projected to further increase demand

- Current ~12 Bcf/d of capacity is fully utilized
- Projected increase of ~3 Bcf/d for projects at FID; over 20 Bcf/day of possible next wave projects
- LNG provides US producers the opportunity to deliver gas to undersupplied, premium markets across the world

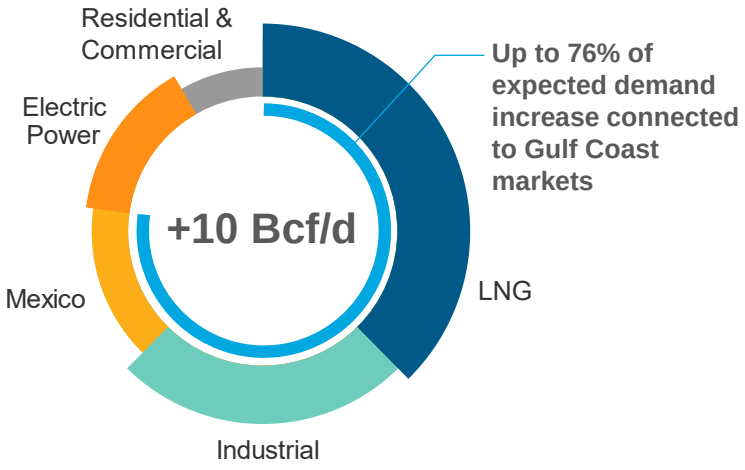
LNG Cargo Schedule[2]



US natural gas demand is expected to increase by over 10 Bcf per day by 2025

- Largest increases from LNG, Mexico exports and industrial demand growth
- Direct access to growing demand centers; 65% of total gas production reaches Gulf Coast markets

Expected Increase in US Natural Gas Demand from 2021 to 2025[1]



Increasing demand and muted supply growth from maintenance capital investment support current market fundamentals

1) *Source: EIA, public materials.*
2) *Based on company announcements.*

ESG is a Core Value

Environmental

Responsible energy development

Leverage and improve historical environmental leadership

Pursue emissions reductions

Continuously monitor and certify wells for responsibly sourced gas

Social

Investing in human capital and our communities

Aim for zero incidents for our workforce and contractors with our ONE Team health and safety culture

Enrich our diverse and inclusive culture and work environment

Return total fresh water used back to the environment

Governance

Leadership through accountability and transparency

Maintain governance best practices and transparency

Execute disciplined enterprise risk management

Provide framework to deliver sustainable economic returns

Building upon a legacy of being an early mover of responsibly developing clean, low carbon energy through the "right people doing the right things"

ESG Strategy – Reducing Emissions

SWN Responsibly Sourced Gas

Announced company-wide **responsibly sourced gas** of 5 Bcf per day gross production

Continuously monitoring for potential emissions with an average 3 devices per pad

Well certification evaluates all aspects of development and production

Emissions Reductions

~20 percent reduction in methane intensity in 2021, including a 24% reduction in assets we acquired in 2020

Investing in ESG

$15 to $20 million expected investment in ESG programs in 2022 including emissions reductions and fresh water neutral

No Flaring

Zero percent flaring in operations

ESG Strategy – Replace all Water Consumed

How does SWN achieve fresh water neutral?

15 billion gallons of fresh water returned to local aquifers and watersheds through

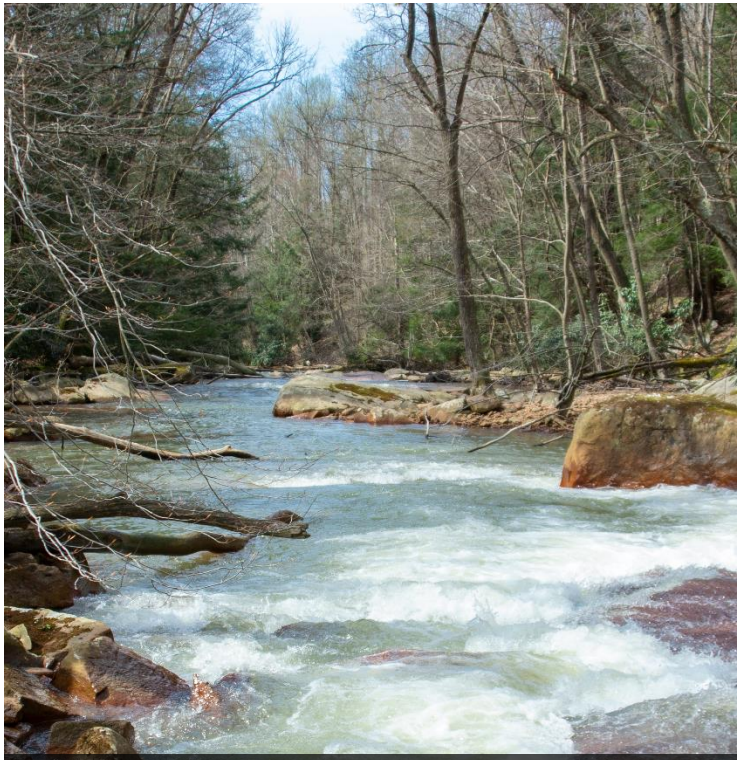
11 conservation projects in the communities where we work and live

Combined with operational reuse and recycling efforts resulted in

6 consecutive years of "Fresh Water Neutral"

Positively Impacting Our Communities

- Restoration of natural habitats
- Reviving community parks
- Return of commerce
- Enhancement of communities



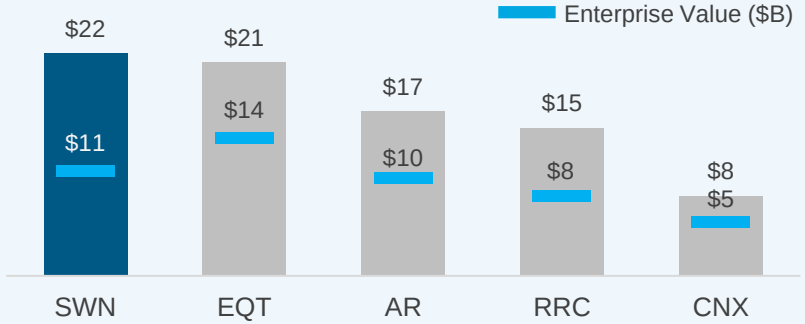
Continued Investment In Our Communities

In 2022, in cooperation with the West Virginia DEP, SWN will invest to refurbish an abandoned mining water treatment facility to benefit residents along the Tygart Valley River

Fresh water neutral is defined as when the total water used is equal to the sum of alternative and reuse water, operational offsets and conservation offsets in our operating areas.

Attractive Investment Opportunity Today

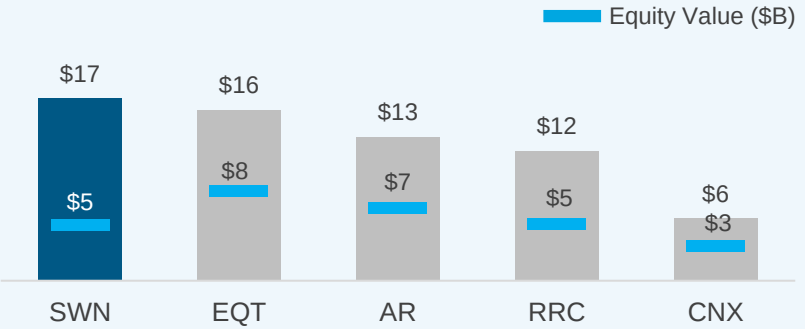
YE 2021 Pre-tax PV-10 ($B)



Pre-tax PV-10 / Enterprise Value				
2.1x	1.5x	1.7x	1.8x	1.5x

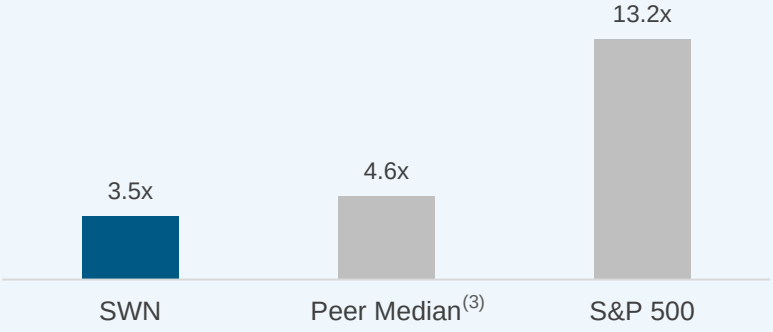
- Market recognition of deepened and upgraded inventory and more durable free cash flow generation capacity should drive valuation
- Pre-tax PV-10 >2x current enterprise value
- Pre-tax PV-10 less net debt >3x of current equity value
  - Net PV-10 value of >$15 per share[1,2]
- Improving balance sheet and path to returning capital

YE 2021 Pre-tax PV-10 Less Net Debt ($B)[1]



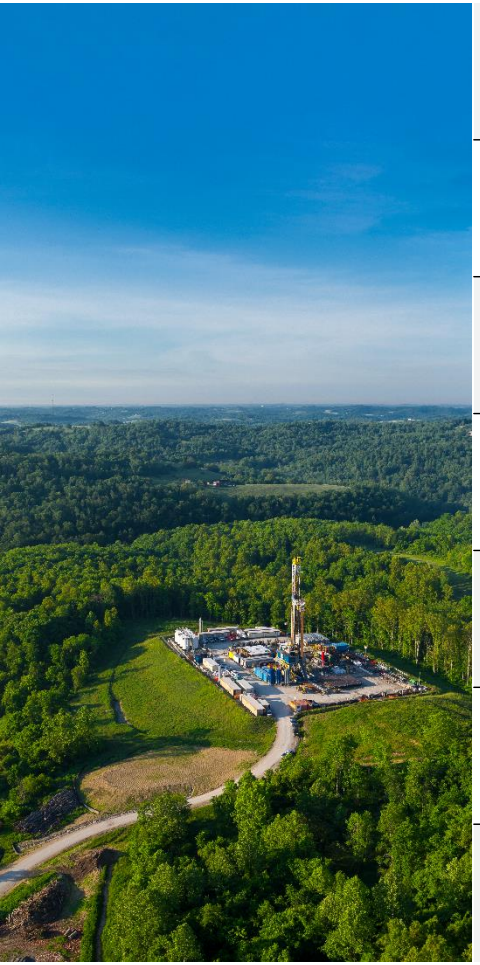
Net Pre-tax PV-10 / Equity Value				
3.3x	1.9x	2.0x	2.3x	1.8x

2022E EV/EBITDA



Source: Factset, public filings, market data as of February 18, 2022.
1) Net PV-10 value calculated as reported 2021 reserves Pre-tax PV-10 at SEC prices less net debt as of December 31, 2021. Pre-tax PV-10 is a non-GAAP financial measure. See explanation and reconciliation in the Appendix.
2) Assumes 1,114MM shares.
3) Peer consensus median includes AR, CNX, EQT, and RRC.

Shareholder Value from Free Cash Flow



Transformed the Company through strategic execution

Capturing tangible benefits of **scale**

Financial strength through the cycle

Portfolio **optionality** with deep high-return inventory

Enhanced **market access** to growing demand centers

Responsible natural gas development defines SWN

Compelling valuation providing attractive **investment opportunity**

Appendix

2022 Guidance

As of February 24, 2022

PRODUCTION	Q1	TOTAL YEAR
Gas Production *(Bcf)*	365 – 377	1,487 – 1,517
Liquids *(% of production)*	11.0% – 11.5%	11.5% – 12.0%
Total *(Bcfe)*	**411 – 426**	**1,683 – 1,723**
Total *(Bcfe/day)*	**~4.6**	**~4.7**
CAPITAL *(in millions)*		
Appalachia		~45%
Haynesville		~55%
Total D&C capital (includes land)		**$1,665 – $1,740**
Other		$20 – $30
Capitalized interest and expense		$215 – $230
Total capital investments		**$1,900 – $2,000**
PRICING		
Natural gas discount to NYMEX including transportation (1)	$0.40 – $0.50 per Mcf	$0.55 – $0.70 per Mcf
Oil discount to West Texas Intermediate (WTI) including transportation	$8.00 – $10.00 per Bbl	$8.00 – $10.00 per Bbl
Natural gas liquids realization as a % of WTI including transportation (2)	38% – 43%	32% – 40%
EXPENSES		
Lease operating expenses		$0.92 – $0.96 per Mcfe
General & administrative expense		$0.08 – $0.12 per Mcfe
Taxes, other than income taxes		$0.11 – $0.15 per Mcfe
Income tax rate (~100% deferred)		24.1%

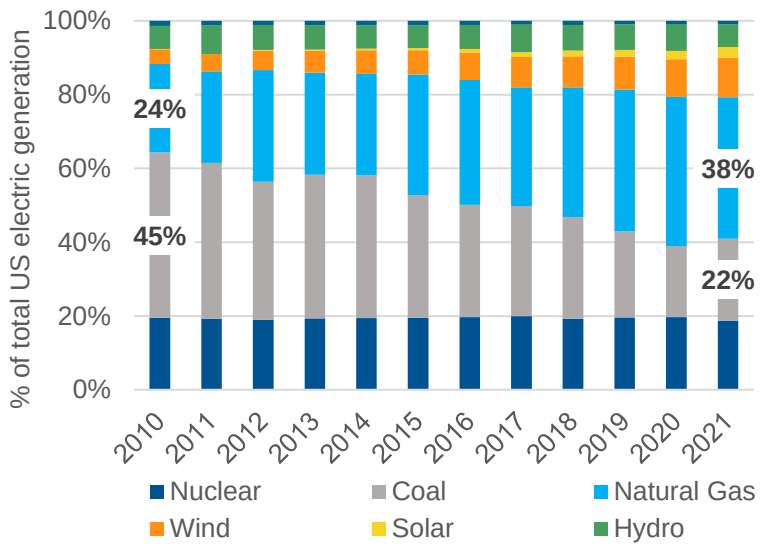
GROSS OPERATED WELL COUNT	Drilled	Completed	Wells To Sales	Ending DUC Inventory
Appalachia	70 – 75	70 – 75	60 – 65	25 – 30
Haynesville	60 – 65	65 – 70	70 – 75	18 – 23
Total Well Count	**130 – 140**	**135 – 145**	**130 – 140**	**43 – 53**

1) Annual guidance based on $4.15 per Mcf NYMEX Henry Hub. Includes impact of transportation costs and expected $0.05 — $0.08 per Mcf gain from financial basis hedges for the full year of 2022. Do not expect a material impact from basis hedges in the first quarter of 2022.

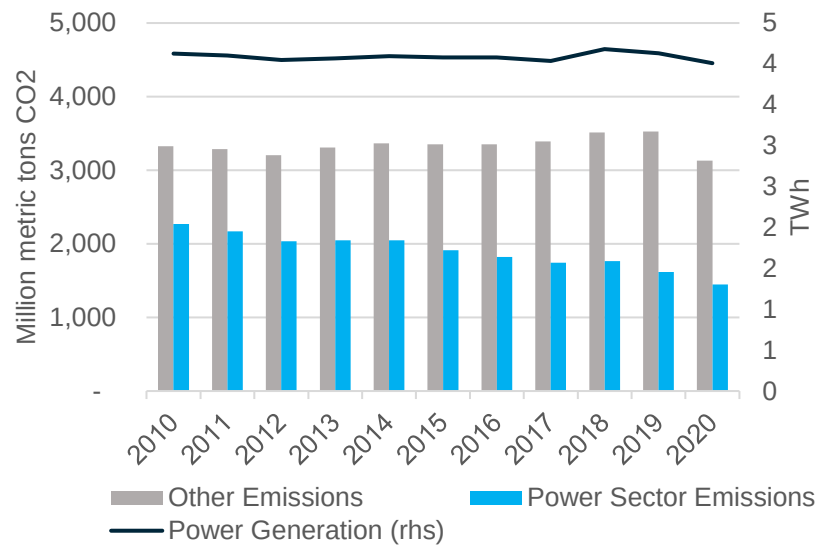
2) Annual guidance based on $75 per Bbl WTI.

Natural Gas is Foundational to a Lower Carbon Future

US Power Generation by Fuel Source



US Emissions and Power Generation



- Together, natural gas and renewables have displaced coal over the past 10+ years
- Natural gas provides a clean burning fuel source to balance the intermittency of renewables

- Power sector demand has remained strong over past decade
- Emissions in the power sector have steadily declined as US power generation switches from coal to cleaner burning natural gas

Source: EIA.

Hedge Position

Natural Gas *Bcf, $/MMBtu*

	Total	Swaps	2-Way Collars	3-Way Collars
2022 Q1	315	179	66	70
2022 Q2	333	210	31	92
2022 Q3	332	210	29	93
2022 Q4	317	207	18	92
2023 FY	937	503	219	215

	Swaps	2-Way Collars	3-Way Collars
2022 Q1	$3.26	$2.91 x $3.40	$2.19 x $2.66 x $3.18
2022 Q2	$3.03	$2.55 x $2.93	$2.03 x $2.48 x $2.88
2022 Q3	$3.03	$2.55 x $2.93	$2.03 x $2.48 x $2.88
2022 Q4	$3.04	$2.47 x $2.89	$2.03 x $2.48 x $2.88
2023 FY	$3.04	$3.03 x $3.55	$2.09 x $2.54 x $3.00

Swaps 2-Way Collars 3-Way Collars

Crude *MBbls, $/Bbl*

	Total	Swaps	2-Way Collars	3-Way Collars
2022 Q1	1,170	827	343	
2022 Q2	1,101	754	347	
2022 Q3	1,122	776	346	
2022 Q4	1,190	846	344	
2023 FY	2,114	846		1,268

	Swaps	2-Way Collars	3-Way Collars
2022 Q1	$54.18		$40.07 x $50.42 x $57.15
2022 Q2	$53.77		$39.90 x $50.24 x $57.05
2022 Q3	$53.58		$39.84 x $50.18 x $57.02
2022 Q4	$52.68		$39.76 x $50.08 x $56.97
2023 FY	$55.98		$33.97 x $45.51 x $56.12

Swaps 2-Way Collars 3-Way Collars

Note: Hedge position as of February 22, 2022. Natural gas hedge position also includes call options, put options, and certain hedges related to the Company's marketing business. Oil hedge position also includes call options. For additional detail on the Company's hedge position, including its basis hedges, refer to its most recent quarterly or annual report on Form 10-Q or 10-K.

Hedge Position

Ethane *MBbls, $/Bbl ($/gal)*

	Total	Swaps	2-Way Collars	
2022 Q1	1,790	1,655	135	$11.62 ($0.28) $7.56 x $9.66 ($0.18 x $0.23)
2022 Q2	1,360	1,360		$11.10 ($0.26)
2022 Q3	1,319	1,319		$11.25 ($0.26)
2022 Q4	1,463	1,463		$11.44 ($0.27)
2023 FY	998	998		$11.61 ($0.28)

Swaps 2-Way Collars

Propane *MBbls, $/Bbl ($/gal)*

	Total	Swaps	3-Way Collars	
2022 Q1	1,801	1,726	75	$31.26 ($0.74) $16.80 x $21.00 x $31.92 ($0.40 x $0.50 x $0.76)
2022 Q2	1,647	1,571	76	$30.83 ($0.73) $16.80 x $21.00 x $31.92 ($0.40 x $0.50 x $0.76)
2022 Q3	1,613	1,536	77	$31.22 ($0.74) $16.80 x $21.00 x $31.92 ($0.40 x $0.50 x $0.76)
2022 Q4	1,613	1,536	77	$31.22 ($0.74) $16.80 x $21.00 x $31.92 ($0.40 x $0.50 x $0.76)
2023 FY	883	883		$35.95 ($0.86)

Swaps 3-Way Collars

Note: Hedge position as of February 22, 2022.

Hedge Position

Butane *MBbls, $/Bbl ($/gal)*

	Total	Swaps	
2022 Q1	418	418	$33.78 ($0.80)
2022 Q2	459	459	$36.22 ($0.86)
2022 Q3	464	464	$36.22 ($0.86)
2022 Q4	464	464	$36.22 ($0.86)
2023 FY	329	329	$40.64 ($0.97)

Natural Gasoline *MBbls, $/Bbl ($/gal)*

	Total	Swaps	
2022 Q1	481	481	$53.45 ($1.27)
2022 Q2	449	449	$52.64 ($1.25)
2022 Q3	455	455	$52.64 ($1.25)
2022 Q4	455	455	$52.64 ($1.25)
2023 FY	314	314	$63.01 ($1.50)

Note: Hedge position as of February 22, 2022.

Explanation and Reconciliation of Non-GAAP

Financial Measures: Net Cash Flow and Free Cash Flow

Net cash flow is defined as cash flow from operating activities adjusted for changes in operating assets and liabilities, merger-related expenses and restructuring charges. The Company presents this measure because (i) management uses it as an indicator of an oil and gas exploration and production Company's ability to internally fund exploration and development activities and to service or incur additional debt, (ii) changes in operating assets and liabilities relate to the timing of cash receipts and disbursements which the Company may not control and (iii) changes in operating assets and liabilities may not relate to the period in which the operating activities occurred. Net cash flow is not a measure of financial performance under GAAP.

Free cash flow is defined as net cash flow less total capital investments. The Company presents this measure because it is accepted as an indicator of excess cash flow available to a company for the repayment of debt or for other general corporate purposes. Free cash flow is not a measure of financial performance under GAAP.

	3 Months Ended December 31, 2021	Year Ended December 31, 2021
	($ in millions)	
Net cash flow:		
Net cash provided by operating activities	$ 533	$ 1,363
Add back (deduct):		
Changes in operating assets and liabilities	63	209
Merger-related expenses	37	76
Restructuring charges	—	7
Net cash flow	**$ 633**	**$ 1,655**
Free cash flow:		
Net cash flow	$ 633	$ 1,655
Subtract:		
Total capital investments	(292)	(1,108)
Free cash flow	**$ 341**	**$ 547**

Explanation and Reconciliation of Non-GAAP

Financial Measures: Adjusted Net Income

Additional non-GAAP financial measures we may present from time to time are adjusted net income and adjusted diluted earnings per share attributable to Southwestern Energy stockholders, both of which exclude certain charges or amounts shown in the tables below. The Company presents these measures because (i) they are consistent with the manner in which the Company's performance is measured relative to the performance of its peers, (ii) these measures are more comparable to earnings estimates provided by securities analysts, and (iii) charges or amounts excluded cannot be reasonably estimated, and guidance provided by the Company excludes information regarding these types of items. These adjusted amounts are not a measure of financial performance under GAAP.

	3 Months Ended December 30, 2021		Year Ended December 31, 2021	
	($ in millions)	(per share)	($ in millions)	(per share)
Net income (loss)	$ 2,361	$ 2.31	$ (25)	$ (0.03)
Add back (deduct):				
Merger-related expenses	37	0.04	76	0.10
Impairments	—	—	7	0.01
Restructuring charges	—	—	6	0.01
(Gain) loss on unsettled derivatives [1]	(2,008)	(1.97)	944	1.19
(Gain) loss on early debt extinguishment	34	0.03	93	0.12
Other (gain) loss	(6)	(0)	(6)	(0.01)
Adjustments due to discrete tax items [2]	(568)	(0.55)	2	0.00
Tax impact on adjustments	468	0.46	(266)	(0.34)
Adjusted net income	$ 318	$ 0.31	$ 831	$ 1.05

1) Includes $1 million of non-performance risk adjustment for the three and twelve months ended December 31, 2021.
2) The Company's 2021 income tax rate is 24.1% before the impacts of any valuation allowance.

Explanation and Reconciliation of Non-GAAP

Financial Measures: Adjusted EBITDA

EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization. Adjusted EBITDA is defined as EBITDA less gains (losses) on sale of assets, gain on early extinguishment of debt and gains (losses) on unsettled derivatives plus non-cash stock-based compensation, restructuring charges, impairments, merger-related expenses and legal settlements. Southwestern has included information concerning EBITDA and Adjusted EBITDA because they are 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 the energy industry. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP or as a measure of the Company's profitability or liquidity. EBITDA and Adjusted EBITDA, as defined above, may not be comparable to similarly titled measures of other companies. Net income (loss) is a financial measure calculated and presented in accordance with GAAP. The table below reconciles historical net income (loss) with historical Adjusted EBITDA.

	3 Months Ended December 31, 2021	Year Ended December 31, 2021
	($ in millions)	
Net income (loss)	$ 2,361	$ (25)
Add back (deduct):		
Interest expense	41	136
Income tax expense	—	—
Depreciation, depletion and amortization	212	546
Merger-related expenses	37	76
Impairments	—	7
Restructuring charges	—	6
(Gain) loss on unsettled derivatives	(2,008)	944
(Gain) loss on early extinguishment of debt	34	93
Other (gain) loss	(6)	(6)
Stock based compensation expense	—	2
Adjusted EBITDA	**$ 671**	**$ 1,779**

Note: Represents SWN standalone financials, before the impact of the acquisitions.

Explanation and Reconciliation of Non-GAAP

Financial Measures: Net debt / Adj. EBITDA

Net debt is defined as short-term debt plus long-term debt, less cash and cash equivalents. Adjusted EBITDA is defined as net income (loss) plus interest, income tax expense, depreciation, depletion and amortization, expenses associated with restructuring charges, impairments, legal settlements, merger-related expenses, less gains (losses) on unsettled derivatives, gains (losses) on sale of assets and gains on early extinguishment of debt over the prior 12 month period. Southwestern has included information concerning Net debt / Adjusted EBITDA 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 the energy industry. Net debt / Adjusted EBITDA should not be considered in isolation or as a substitute for net income, net cash provided by operating activities or other income or cash flow data prepared in accordance with GAAP or as a measure of the Company's profitability or liquidity. Net debt / Adjusted EBITDA, as defined above, may not be comparable to similarly titled measures of other companies. The table below reconciles historical Adjusted EBITDA with historical net income (loss).

	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 30, 2021
	($ in millions)			
Total debt [1]	$ 3,038	$ 3,039	$ 4,245	$ 5,440
Subtract:				
Cash and cash equivalents	(4)	(2)	(12)	(28)
Net debt	$ 3,034	$ 3,037	$ 4,233	$ 5,412

	Adjusted EBITDA[2]			
	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	($ in millions)			
Net income (loss)	$ 80	$ (609)	$ (1,857)	$ 2,361
Add back (deduct):				
Interest expense	31	30	34	41
Income tax expense	—	—	—	—
Depreciation, depletion and amortization	96	100	138	212
Merger-related expenses	1	3	35	37
Impairments	—	—	6	—
Restructuring charges	6	1	—	—
(Gain) loss on unsettled derivatives	169	772	2,011	(2,008)
(Gain) loss on early extinguishment of debt	—	—	59	34
Other (gain) loss	(1)	1	—	(6)
Stock-based compensation	—	2	—	—
Adjusted EBITDA	**$ 382**	**$ 300**	**$ 426**	**$ 671**

	Net Debt/LTM Adjusted EBITDA[3]			
	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	($ in millions)			
Net debt	$ 3,034	$ 3,037	$ 4,233	$ 5,412
Adjusted EBITDA	$ 581	$ 739	$ 1,621	$ 2,644
Net debt/LTM Adjusted EBITDA	**5.2x**	**4.1x**	**2.6x**	**2.0x**

Note: Represents SWN standalone financials, before the impact of the acquisitions.

1) Total debt does not include unamortized debt discount and issuance expense.

2) Total year amounts may not add due to rounding.

3) Adjusted EBITDA for the twelve months ended December 31, 2021 includes $369 million of Adjusted EBITDA generated by Indigo Natural Resources prior to the September 2021 acquisition and $496 million of Adjusted EBITDA generated by GEP Haynesville prior to the December 2021 acquisition.

Explanation and Reconciliation of Non-GAAP

Financial Measures: Pre-tax PV-10

Another such non-GAAP financial measure is pre-tax PV-10. Management believes that the presentation of PV-10 is relevant and useful to our investors as supplemental disclosure to the standardized measure of discounted future cash flows ("standardized measure"), or after-tax PV-10 amount, because it presents the discounted future net cash flows attributable to our proved reserves prior to taking into account future corporate income taxes and our current tax structure. While the standardized measure is dependent on the unique tax situation of each company, PV-10 is based on a pricing methodology and discount factors that are consistent for all companies. Because of this, PV-10 can be used within the industry and by creditors and securities analysts to evaluate estimated net cash flows from proved reserves on a more comparable basis. The difference between the standardized measure and the PV-10 amount is the discounted amount of estimated future income taxes.

	Year Ended December 31, 2021 ($ in millions)
PV-10	$ 18,731
Add back:	
Present value of taxes	3,689
Pre-tax PV-10	**$ 22,420**