

# 2018 Guidance

As of February 8, 2018<sup>(1)</sup>

2018 Production by Quarter					
	Q1	Q2	Q3	Q4	Total Year
Gas (Bcf)	196 – 200	197 – 202	204 – 211	207 – 218	804 – 831
NGLs (MBbls)	3,950 – 4,200	4,050 – 4,400	4,750 – 5,000	5,250 – 5,400	18,000 – 19,000
Oil (MBbls)	560 – 635	665 – 730	900 – 965	900 – 970	3,025 – 3,300
<b>Total (Bcfe)</b>	<b>223 – 229</b>	<b>225 – 233</b>	<b>238 – 247</b>	<b>244 – 256</b>	<b>930 – 965</b>
<b>Total (Mmcf/d)</b>	<b>2,478 – 2,544</b>	<b>2,473 – 2,560</b>	<b>2,587 – 2,685</b>	<b>2,652 – 2,783</b>	<b>2,548 – 2,644</b>

2018 Guidance	
	\$2.85/\$60.00
Capital investments	\$1,150 - \$1,250 MM
Net cash flow <sup>(2)</sup>	\$1,150 - \$1,250 MM
Adjusted EBITDA <sup>(3)</sup>	\$1,250 - \$1,350 MM
Net income attributable to common stock	\$350 - \$450 MM
Earnings per share	\$0.59 – 0.76
Share count	585 – 595

## E&P Metrics

Lease operating expense	\$0.89 - \$0.94 per Mcfe
General & administrative	\$0.19 - \$0.23 per Mcfe
Taxes, other than income	\$0.09 - \$0.11 per Mcfe
Full cost pool amortization	\$0.55 - \$0.60 per Mcfe
Natural gas differentials	\$0.70 - \$0.85 per Mcf
Oil differentials	\$8.00 - \$10.00 per Bbl
NGL realizations	23 - 28% of WTI
Midstream EBITDA <sup>(2)</sup>	\$170 - \$200 MM
Midstream depreciation	\$60 - \$70 MM
Interest expense – net of capitalization	\$150 - \$160 MM

Production/Capital Guidance by Division		
	Production (Bcfe)	Capital (\$MMs)
Northeast Appalachia	440 – 454	\$340 – 360
Southwest Appalachia	231 – 244	490 – 510
Fayetteville	258 – 265	15 – 25
Southwest Appalachia water project		65 – 75
Other E&P	1 – 2	10 – 15
Midstream		5 – 10
Corporate		10 – 20
Capitalized interest		115 – 125
Capitalized expense		100 – 110
<b>Total</b>	<b>930 – 965</b>	<b>\$1,150 – 1,250</b>

2018 Well Count Summary				
	NE App	SW App	Fay	Total
Drill	36 – 44	63 – 71	1 – 5	100 – 120
Complete	50 – 58	54 – 62	1 – 5	105 – 125
Wells to Sales	56 – 64	68 – 76	1 – 5	125 – 145
Ending DUC	8 – 13	27 – 32	–	35 – 45

(1) Excludes any impact from the strategic actions announced on February 8, 2018.

(2) Net cash flow is net cash flow before changes in operating assets and a non-GAAP financial measure. See explanation and reconciliation on page 1.

(3) EBITDA is a non-GAAP financial measure. See explanation and reconciliation on page 2.

# Explanation and Reconciliation of Non-GAAP Financial Measures: Net Cash Flow

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. One such non-GAAP financial measure is net cash flow. Management presents this measure because (i) it is accepted 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. These adjusted amounts are not a measure of financial performance under GAAP.

	<b>2018 Guidance</b>
	<b>NYMEX - \$2.85 Gas/ \$60.00 Oil</b>
	(\$ in millions)
<b>Cash flow from operating activities:</b>	
Net cash provided by operating activities	\$1,150 - \$1,250
Add back (deduct):	
Change in operating assets and liabilities	-
Net cash flow	<b><u>\$1,150 - \$1,250</u></b>

# Explanation and Reconciliation of Non-GAAP Financial Measures: EBITDA

EBITDA is defined as net income plus interest, income tax expense, depreciation, depletion and amortization, gains (losses) on sale of assets, write-down of inventory, restructuring charges and loss on debt extinguishment. Adjusted EBITDA is defined as EBITDA less gains and/or losses on derivatives (net of settlement). 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 generally accepted accounting principles 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 is a financial measure calculated and presented in accordance with generally accepted accounting principles. The table below reconciles historical Adjusted EBITDA with historical net income.

	2018 Guidance	
	Total Company	Midstream
	(\$ in millions)	
Adjusted net income attributable to common stock	\$350 - \$450	\$75 - \$100
Add back:		
Provision for income taxes	114 - 146	24 - 32
Net interest expense	150 - 160	-
Non-cash stock based compensation	20 - 30	2 - 5
Depreciation, depletion and amortization	590 - 610	60 - 70
Adjusted EBITDA	<b>\$1,250 - \$1,350</b>	<b>\$170 - \$200</b>