

SOUTHWESTERN ENERGY CO

Form 8-K

February 05, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 5, 2019

SOUTHWESTERN ENERGY COMPANY

(Exact name of registrant as specified in its charter)

Delaware	001-08246	71-0205415
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

10000 Energy Drive

Spring, Texas 77389

(Address of principal executive office) (Zip Code)

(832) 796-1000

(Registrants' telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 5, 2019, Southwestern Energy Company (the "Company") issued a press release announcing its guidance for 2019 along with certain information its 2018 production and capital investments, a copy of which is attached herewith as Exhibit 99.1. The information in this Item 2.02 and Exhibit 99.1 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of Section 18, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as set forth by specific reference in such filing.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

No.	Description
99.1	<u>2019 Guidance press release dated February 5, 2019.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHWESTERN ENERGY COMPANY

Dated: February 5, 2019    By:            /s/    JULIAN M. BOTT  
   Name:    Julian M. Bott  
   Title:    Executive Vice President and  
   Chief Financial Officer

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EXHIBIT INDEX

Exhibit

No.	Description
99.1	<u>2018 Guidance press release dated February 5, 2019.</u>

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Net gain or loss on financial instruments at FVTPL (fair value through profit or loss) K-IFRS1039

(96,983) 97,225

Net gain or loss on financial assets at FVTOCI

1,333

Net gain or loss on available for sale financial assets

135,003 35,525

Net gain or loss arising on financial assets at amortized cost\*

44,166

Impairment losses due to credit loss

(58,823) (553,204) (640,443)

General and administrative expenses

(3,189,336) (3,128,725) (3,115,371)

Other net non-operating income (expenses)

(392,649) (12,756) (391,780)

**Non-operating income**

**69,940 (170,336) 40,144**

**Net income before income tax expense**

**2,485,631 1,620,222 1,310,645**

**Income tax expense**

**674,727 344,110 245,043**

**Net income**

**1,810,904 1,276,112 1,065,602**

**Other comprehensive income (loss), net of tax**

**(64,682) (65,666) 32,526**

Items that will not be reclassified to profit or loss

(108,829) 16,566 33,191

Items that may be reclassified to profit or loss

43,967 (82,232) (665)

**Total comprehensive income**

**1,746,042 1,210,446 1,098,128**

**NET INCOME PER SHARE:**

Basic earnings per common share

2,466 1,648 1,277

Diluted earnings per common share

2,466 1,648 1,277

**Table of Contents****IV. Independent Auditor's Opinion****1. Independent Auditor's Opinion**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Auditor	Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC
Auditor's Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

**2. Compensation to the Independent Auditor for the Past Three Years****a. Audit Services**

<b>Term</b>	<b>Auditor</b>	<b>Description</b>	<b>Fee</b>	<b>Total Time</b>
2018	Deloitte Anjin LLC	Closing audit		13,491 hours
		Interim audit (including internal accounting management system)	KRW	4,165 hours
		3Q review	1,727 million	8,821 hours
		1H review		8,169 hours
		1Q review		4,010 hours
2017	Deloitte Anjin LLC	Closing audit		15,883 hours
		Interim audit (including internal accounting management system)	KRW	5,827 hours
		3Q review	1,786 million	4,880 hours
		1H review		4,061 hours
		1Q review		4,020 hours
2016	Deloitte Anjin LLC	Closing audit		7,515 hours
		Interim audit (including internal accounting management system)	KRW 1,561 million	4,210 hours
		3Q review		4,991 hours
		1H review		3,526 hours
		1Q review		3,920 hours

**b. Non-Audit Services**

<b>Term</b>	<b>Date of Execution of Agreement</b>	<b>Description of Service</b>	<b>Service Term</b>	<b>Fees</b>
2018	April 16, 2018	Tax adjustment	Each quarter and end of term	KRW 130 million
	April 16, 2018	PCAOB and SOX Auditing Issuance of GMTN-related	May 1, 2018 ~ April 30, 2019	KRW 1,463 million
	May 11, 2018	comfort letter	May 2018	USD 100,000
	July 30, 2018		July 2018 ~ August 2018	USD 44,000

	December 28, 2018	Issuance of GMTN-related comfort letter Review financial statement for the establishment of holding company	January 2019	KRW 53 million
2017	March 15, 2017	Tax adjustment	Each quarter and end of term	KRW 120 million
	March 15, 2017	PCAOB and SOX Auditing	May 1, 2017 ~ April 30, 2018	KRW 1,288 million
	April 28, 2017	Issuance of GMTN-related comfort letter	April 2018	USD 100,000
	May 8, 2017	Issuance of GMTN-related comfort letter	May 2018	USD 10,000
2016	March 28, 2016	Tax adjustment	Each quarter and end of term	KRW 115 million
	March 28, 2016	PCAOB and SOX Auditing	May 1, 2016 ~ April 30, 2017	KRW 1,127 million
	May 13, 2016	Issuance of GMTN-related comfort letter	May 2016	USD 100,000
	September 20, 2016	Issuance of GMTN-related comfort letter	September 2016	USD 40,000
	September 21, 2016	Auditor's certificate of financial ratios related to submission of documents for approval of internet only bank	September 2016	KRW 4 million

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**V. Corporate Governance and Affiliated Companies**

**1. About the Board of Directors**

a. Composition of the Board of Directors

The board of directors consists of standing directors, outside directors and non-standing directors.

b. Committees under the Board of Directors

We currently have the following management committees serving under the board of directors:

- (a) Board of Directors Management Committee
- (b) Risk Management Committee
- (c) Compensation Committee
- (d) Audit Committee
- (e) Committee for Recommending Officer Candidates

<b>Name of Committee</b>	<b>Composition</b>	<b>Names of Members</b>
Audit Committee	Two outside directors,  One standing auditor	Chan-Hyong Chung (outside director)  Joon-Ho Kim (outside director)  Jung-Sik Oh (standing director)
Board of directors	One standing director,	Tae-Seung Sohn (standing director)
management committee	Five outside directors  One non-standing director	Sang-Yong Park (outside director)  Sung-Tae Ro (outside director)  Chan-Hyong Chung (outside director)  Soo-Man Park (outside director)

		Joon-Ho Kim (outside director)
		Jae-Kyung Lee (non-standing director)
Risk management committee	Three outside directors	Sung-Tae Ro (outside director)
	One non-standing director	Sang-Yong Park (outside director)
		Soo-Man Park (outside director)
		Jae-Kyung Lee (non-standing director)
Compensation committee	Five outside directors	Joon-Ho Kim (outside director)
	One non-standing director	Sung-Tae Ro (outside director)
		Sang-Yong Park (outside director)
		Chan-Hyong Chung (outside director)
		Soo-Man Park (outside director)
		Jae-Kyung Lee (non-standing director)
Committee for recommending officer candidates	One standing director,	Tae-Seung Sohn (standing director)
	Five outside directors	Soo-Man Park (outside director)
		Sung-Tae Ro (outside director)
		Sang-Yong Park (outside director)
		Chan-Hyong Chung (outside director)
		Joon-Ho Kim (outside director)

\* Non-standing director Kwang-Woo Choi's term expired and Chang-Sik Bae was newly appointed as a non-standing director at the Annual General Meeting of shareholders held on March 23, 2018.

\*\* Non-standing director, Chang-Sik Bae resigned and Jae-Kyung Lee was newly appointed as a non-standing director. Joon-Ho Kim, Soo-Man Park and Chan-Hyong Chung were newly appointed as outside directors at the Extraordinary General Meeting of shareholders on December 28, 2018.

\*\*\* Sang-Hoon Shin, Zhiping Tian and Dong-Woo Chang's term expired as an outside director on December 30, 2018.

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**2. Affiliated Companies (As of December 31, 2018)**

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**Table of Contents****VI. Shareholder Information****1. Share Distribution****a. Share Information of the Largest Shareholder and Specially Related Parties**

As of December 31, 2018

(units: shares, %)

Name	Relation	Type	Shares Held		Notes
			Beginning balance Stock	Ending balance Stock	
Korea Deposit Insurance Corporation (KDIC)	Largest Shareholder	Common	124,604,797	18.43	124,604,797 18.43 Note 1)
Total		Common	124,604,797	18.43	124,604,797 18.43
		Others			

Note 1) Refer to b. Changes in the largest shareholder for changes in the number and percentage of shares held by the KDIC

**Table of Contents****b. Changes in the largest shareholder**

As of December 31, 2018

(units: shares, %)

<b>Change of Date</b>	<b>Largest Shareholder</b>	<b>Stock Held</b>	<b>Share</b>	<b>Notes</b>
October 2, 2015	Korea Deposit Insurance Corporation	345,142,556	51.06	Change in the share ownership ratio due to the retirement of shares
December 1, 2016	Korea Deposit Insurance Corporation	239,097,161	35.37	Sale of stake  (Tongyang Life Insurance, Eugene Asset Management, Mirae Asset Global Investments, Korea Investment & Securities)
December 8, 2016	Korea Deposit Insurance Corporation	185,017,161	27.37	Sale of stake  (Kiwoom Securities, Hanwha Life Insurance)
December 14, 2016	Korea Deposit Insurance Corporation	157,977,161	23.37	Sale of stake  (IMM PE)
January 31, 2017	Korea Deposit Insurance Corporation	144,457,161	21.37	Sale of stake  (IMM PE)
May 11, 2017	Korea Deposit Insurance Corporation	143,857,161	21.28	Exercise of Shinhan Investment Corp.'s call option (0.09%)
June 16, 2017	Korea Deposit Insurance Corporation	132,897,007	19.66	Exercise of call option of Employee Stock Ownership Association of Woori Bank (1.62%)
June 22, 2017	Korea Deposit Insurance Corporation	131,697,007	19.48	Exercise of NH Investment & Securities call option (0.18%)
June 27, 2017	Korea Deposit Insurance Corporation	130,697,007	19.33	Exercise of NH Investment & Securities call option (0.15%)
June 28, 2017	Korea Deposit Insurance Corporation	128,185,796	18.96	Exercise of NH Investment & Securities call option (0.37%)
July 3, 2017	Korea Deposit Insurance Corporation	126,935,796	18.78	Exercise of Hyosung Capital's call option (0.18%)
September 28, 2017	Korea Deposit Insurance Corporation	125,205,147	18.52	Exercise of call option of Employee Stock Ownership Association of Woori Bank (0.26%)
December 7, 2017	Korea Deposit Insurance Corporation	124,604,797	18.43	Exercise of call option of Employee Stock Ownership Association of Woori Bank (0.09%)

\* Upon the consummation of the merger of Woori Finance Holdings with and into Woori Bank on November 1, 2014, 596,690,380 shares of the Bank were cancelled and 676,278,371 new shares were issued.

Note 1) As of December 31, 2018, KDIC owned 18.43% of our outstanding common stock, which became 0% pursuant to a comprehensive stock transfer in connection with the newly established financial holding company, Woori Financial Group Inc., on January 11, 2019.

**Table of Contents****c. Share Ownership of More Than 5%**

As of December 31, 2018

(units: shares, %)

	Name	No. of shares	Shares	
			Percentage of shareholding	Notes
Share ownership of more than 5%	Korea Deposit Insurance Corporation	124,604,797	18.43	
	National Pension Service	59,191,199	8.76	
	Nobis1, Inc. (IMM PE)	40,560,000	6.00	
Employee Stock Ownership Association		40,911,986	6.05	

**d. Minority Shareholders**

As of December 31, 2018

Items	Number of shareholders	Ratio(%)	Number of shares	Ratio(%)
Minority Shareholders	41,991	99.97	327,988,293	48.52

**Table of Contents****2. Stock Price and Stock Market Performance****a. Domestic Stock Market**

(units: Won, shares)

Period		July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
Common Stock	High	17,000	17,150	16,900	17,000	16,050	16,500
	Low	16,250	16,100	15,750	15,400	15,650	15,550
	Average	16,614	16,455	16,250	16,360	15,880	15,879
Monthly Trade Volume	High	8,960,634	2,241,052	2,025,893	3,013,301	1,752,554	2,547,965
	Low	878,523	735,656	645,286	719,280	422,748	889,993
	Monthly Total	42,161,055	28,052,979	19,022,067	26,848,229	20,698,451	26,667,871

\* Source: KRX KOSPI Market

\* Share prices are based on closing prices.

**b. Foreign Stock Market (NYSE)**

(units: US Dollars, ADRs)

Period		July 2018	August 2018	September 2018	October 2018	November 2018	December 2018
ADR	High	46.37	46.30	45.33	45.75	43.77	44.56
	Low	43.51	42.47	42.44	40.74	42.00	41.19
	Average	44.84	44.11	43.79	43.37	42.70	42.58
Won Conversion	High	51,832	51,759	50,439	50,803	49,062	50,157
	Low	49,118	47,834	47,664	46,387	47,405	46,059
	Average	50,346	49,455	49,068	49,048	48,189	47,814
Monthly Trade Volume	High	60,600	41,900	31,000	26,000	36,200	111,000
	Low	3,900	3,900	2,500	4,300	5,700	5,100
	Monthly Total	418,000	290,100	184,900	295,400	289,300	414,100

\* Source: standard trading rate (daily and monthly average) (Seoul Money Brokerage, [www.smbs.biz](http://www.smbs.biz))

\* One ADR represents three common shares.

\* Share prices are based on closing prices.

**Table of Contents****VII. Directors and Employee Information****1. Directors and Executives**

As of December 31, 2018

<b>Position</b>		<b>Name</b>	<b>Common Stock Owned</b>	<b>Term Commencement Date</b>	<b>Expiration of Term</b>
President and CEO	Registered	Tae-Seung Sohn	15,296	December 22, 2017 ~	December 21, 2020
Standing Member of					
Audit Committee	Registered	Jung-Sik Oh	5,000	March 24, 2017 ~	Note 1)
Outside Director	Registered	Sang-Yong Park	1,000	December 30, 2016 ~	December 30, 2019
Outside Director	Registered	Sung-Tae Ro	5,000	December 30, 2016 ~	December 30, 2019
Outside Director	Registered	Chan-Hyong Jung		December 28, 2018 ~	Note 2)
Outside Director	Registered	Soo-Man Park		December 28, 2018 ~	Note 2)
Outside Director	Registered	Joon-Ho Kim		December 28, 2018 ~	Note 2)
Non-standing Director	Registered	Jae-Kyung Lee		December 28, 2018 ~	Note 2)
Executive Vice					
President	Non-Registered	Chai-Pong Cheong		November 30, 2018 ~	November 29, 2019
Executive Vice					
President	Non-Registered	Jeong-Ki Kim		November 30, 2018 ~	November 29, 2019
Executive Vice					
President	Non-Registered	Tae-Joong Ha		November 30, 2018 ~	November 29, 2019
Executive Vice					
President	Non-Registered	Jong-In Lee		November 30, 2018 ~	November 29, 2019
Executive Vice					
President	Non-Registered	Won-Duk Lee	2,000	November 30, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Hong-Sik Choi		December 7, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Su-Hyeong Cho		December 7, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Hwa-Jae Park		December 7, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Myung-Hyuk Shin	1,000	December 7, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Jong-Suk Jeong	5,005	December 7, 2018 ~	November 29, 2019
Deputy Executive					
Vice President	Non-Registered	Jong-Deuk Kim		December 7, 2018 ~	November 29, 2019
		Dong-Su Choi		December 22, 2017 ~	
Managing Director	Non-Registered				
		Note3)		January 10, 2019	January 10, 2019
Managing Director	Non-Registered	Kyong-Hoon Park		December 22, 2017 ~	
		Note3)		January 10, 2019	January 10, 2019

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Managing Director	Non-Registered	Young-Ho Suh		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Han-Young Song		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Jeong-Rok Kim		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Jong-Rae Weon		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Choong-Ho Lee		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Young-Bae Ko		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Jeung-Hyeun Go		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Sung-Jong Kim		November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Ho-Jung Kim	1,155	November 30, 2018 ~	November 29, 2019
Managing Director	Non-Registered	Byung-Kyu Cho		December 7, 2018 ~	December 6, 2020
Managing Director	Non-Registered	Weon-Cheol Hwang		November 30, 2018 ~	November 29, 2019

Note 1) Date of the 2020 annual general meeting of shareholders

Note 2) Date of the 2021 annual general meeting of shareholders

Note 3) Managing directors Dong-Su Choi and Kyong-Hoon Park were transferred to Woori Financial Group Inc. on January 11, 2019.

Note 4) Term Commencement Date: The date of inauguration for registered directors, the date of appointment for non-registered directors

**Table of Contents****2. Employee Status**

As of December 31, 2018

(units: persons, millions of Won)

	Number of Employees				Total	Average Tenure Years	Total Compensation	Average Compensation Per Person	Note
	Regular		Contract						
	(Short time worker)	(Short time worker)	Total	Total					
<b>Total</b>	14,291	280	1,098	465	15,389	16.7	1,417,503	92	

\* Average years of continuous service excludes contract employees and locally hired employees overseas.

\* Excludes management salaries (sales center head or higher) and overseas salaries.

**3. Directors Compensation**

As of December 31, 2018

(units: persons, millions of Won)

Items	Number of Persons	Total Compensation	Average Compensation Per Director	Note
Registered Directors (excludes outside directors and audit committee members)	4	844	281	
Outside Directors (excludes audit committee members)	4	186	62	
Audit Committee Members	5	497	166	

\* Number of persons : includes outside directors and audit committee members that resigned in 2018  
(As of December 31, 2018, there were two registered directors, three outside directors and three Audit Committee members)

\* Total compensation : cumulative amount paid from January 2018 to December 2018

\* Average compensation per person : Total compensation / Total number of persons (excludes one standing director, one outside director and two audit committee members appointed on December 28, 2018)

\* Registered Directors include one non-standing director (There is no compensation paid to the non-standing director from the KDIC)

**VIII. Related Party Transactions**  
**Extensions of Credit to Major Shareholders, Etc.**

As of December 31, 2018

(unit: millions of Won)

<b>Name</b>	<b>Item</b>	<b>Current Balance</b>	<b>Origination Date</b>	<b>Maturity Date</b>
Korea Deposit	Loans	250,000	August 29, 2016	August 28, 2018
	Loans	500,000	August 29, 2016	August 28, 2019
Insurance Corporation	Bonds	29,999	January 22, 2013, etc.	January 22, 2018, etc.
Woori Investment Bank	Loans	25,000	March 10, 2016	March 4, 2019
	CMA	100,000	July 1, 2018	June 30, 2019
Woori Card	Loans	100,000	March 2, 2018	March 4, 2019
Woori P&S	Loans	12,000	May 25, 2016	May 25, 2026

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Woori Financial Group Inc.  
(Registrant)

Date: April 1, 2019

By: /s/ Kyong-Hoon Park  
(Signature)

Name: Kyong-Hoon Park  
Title: Deputy President