

SOUTHWESTERN ENERGY CO

Form 8-K

December 17, 2008

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): December 11, 2008**

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**SOUTHWESTERN ENERGY COMPANY**

**(Exact name of registrant as specified in its charter)**

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**Delaware**

**(State or other jurisdiction of incorporation)**

**1-08246**  
**(Commission File Number)**

**71-0205415**  
**(IRS Employer Identification No.)**

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2350 N. Sam Houston Pkwy. E., Suite 125,

Houston, Texas

(Address of principal executive offices)

77032

(Zip Code)

(281) 618-4700

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

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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))

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## Section 5 - Corporate Governance and Management

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) On December 11, 2008, the Compensation Committee of the Board of Directors of Southwestern Energy Company (the "Company") approved the annual base salaries, cash incentive compensation award levels and long-term incentive compensation awards for fiscal year 2009 of the Company's executive officers after consideration and a review of a number of factors, including but not limited to performance, competitive market data and the recommendations of the Company's outside compensation consultants. The annual base salaries of the Company's Named Executive Officers as of January 1, 2008 and 2009 are set forth in the table below. The restricted stock and stock option awards under the 2004 Stock Incentive Plan were granted to the Named Executive Officers on December 11, 2008. Each of the restricted stock awards included a tax gross-up which was calculated based on \$30.68, the closing price of the Company's common stock on December 10, 2008 and each of the restricted stock awards vests ratably over a period of four years. The exercise price of the stock options is \$30.68, the closing price of the Company's common stock on December 10, 2008, and each of the option awards vests ratably over a period of three years. The table also sets forth the grants of performance units under the Company's 2002 Performance Unit Plan to the Named Executive Officers. Each performance unit vests in three years and has a target value of \$1,000. The table also sets forth the target annual incentive award and the maximum total annual cash incentive award (i.e., assuming attainment of the maximum performance objectives and the maximum discretionary amount) as a percentage of base salary for 2009 for each Named Executive Officer under the Company's Incentive Compensation Plan:

	Salary		2009 Long-Term Incentives			Incentive Compensation Plan	
	2008	2009	Options	Restricted Stock <sup>1</sup>	Performance Units	2009 Target	2009 Max
Harold M. Korell Chief Executive Officer and Chairman	\$675,000	\$725,000	93,790	28,290	1,335	175%	262.5%
Steven L. Mueller President & Chief Operating Officer	\$450,000	\$480,000	47,460	11,300	533	150%	225%
Greg D. Kerley Executive Vice President & Chief Financial Officer	\$420,000	\$440,000	31,610	9,530	450	130%	195%
Mark K. Boling Executive Vice President & General Counsel	\$350,000	\$370,000	23,410	7,060	333	125%	187.5%
John D. Thaeler Senior Vice President - E&P	\$280,000	\$300,000	14,050	4,240	200	100%	150%

<sup>1</sup> Any executive officer who elects to currently recognize income for federal tax purposes with respect to such shares will also receive a cash tax bonus, calculated using such officer's estimated tax rate, with appropriate adjustments to reflect the additional taxable income resulting from the tax bonus.

2 Includes a special award of 10,000 options granted at the discretion of the Compensation Committee of the Board of Directors.

On December 11, 2008, based upon the recommendation of the Nominating and Governance Committee, and with the approval of the Compensation Committee, the Board of Directors granted each of the Company's non-employee directors (i) 5,270 non-qualified stock options, in accordance with the 2004 Stock Incentive Plan, and (ii) 1,600 shares of restricted stock in accordance with the 2004 Stock Incentive Plan, accompanied by a grant of a cash tax bonus.

**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: December 17, 2008

By: /s/ GREG D. KERLEY

Name: Greg D. Kerley  
Title: Executive Vice President and  
Chief Financial Officer

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