

SOUTHWESTERN ENERGY CO

Form 11-K

June 28, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8246

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

Southwestern Energy Company 401(k) Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

Southwestern Energy Company
2350 N. Sam Houston Parkway E.
Suite 300
Houston, Texas 77032

SOUTHWESTERN ENERGY COMPANY

401(k) SAVINGS PLAN

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000 AND 1999
TOGETHER WITH REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

SOUTHWESTERN ENERGY COMPANY

401(k) SAVINGS PLAN

INDEX TO FINANCIAL STATEMENTS AND SUPPORTING SCHEDULE

DECEMBER 31, 2000 AND 1999

FINANCIAL STATEMENTS

| | Page |
|--|------|
| Report of Independent Public Accountants | 1 |
| Statements of Net Assets Available for Plan Benefits as of December 31, 2000 and 1999 | 2 |
| Statement of Changes in Net Assets Available for Plan Benefits for the year ended December 31, 2000 | 3 |
| Notes to Financial Statements | 4 |

SCHEDULE SUPPORTING FINANCIAL STATEMENTS

| | |
|--|---|
| Schedule of Assets Held for Investment Purposes, Form 5500, Schedule H, Item 4i - December 31, 2000 | 8 |
|--|---|

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Retirement Committee of
Southwestern Energy Company:

We have audited the accompanying statements of net assets available for benefits of the Southwestern Energy Company 401(k) Savings Plan (the Plan) as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2000 and 1999, and the changes in its net assets available for benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Authur Andersen LLP

Tulsa, Oklahoma
May 11, 2001

1

SOUTHWESTERN ENERGY COMPANY

401(k) SAVINGS PLAN

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 2000 AND 1999

| | 2000 | 1999 |
|---|----------------------|----------------------|
| | ----- | ----- |
| ASSETS: | | |
| Investments (Notes 1 and 4): | | |
| Mutual funds | \$ 10,614,180 | \$ 12,351,416 |
| Common collective trusts | 7,057,979 | 8,203,248 |
| Common stock | 697,907 | 602,225 |
| Participant loans | 440,428 | 420,255 |
| | ----- | ----- |
| | 18,810,494 | 21,577,144 |
| | ----- | ----- |
| Other assets: | | |
| Contributions receivable | 102,193 | 136,342 |
| LIABILITIES: | | |
| Payable to plan participants | - | 3,364 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | \$ 18,912,687 | \$ 21,710,122 |
| | ===== | ===== |

The accompanying notes are an integral
part of these statements.

2

SOUTHWESTERN ENERGY COMPANY

401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2000

| | |
|--|---------------|
| NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year | \$ 21,710,122 |
| | ----- |
| CHANGES DURING THE YEAR (Note 1): | |
| Contributions: | |

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

| | |
|--|------------------------|
| Employee | 2,184,767 |
| Employer | 694,173 |
| Interest and dividend income | 1,200,353 |
| Net depreciation in fair value of investments | (1,301,938) |
| Withdrawals by participants | (2,081,496) |
| Other | (4,437) |
| | ----- |
| Net change during the year | 691,422 |
| | ----- |
| Distribution to acquiring company (Note 7) | (3,488,857) |
| | ----- |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year | \$ 18,912,687 ===== |

The accompanying notes are an integral part of this statement.

3

SOUTHWESTERN ENERGY COMPANY
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. DESCRIPTION OF THE PLAN AND ACCOUNTING POLICIES:

Scope of the Plan

The Southwestern Energy Company 401(k) Savings Plan (the Plan) is a defined contribution plan that covers all employees of Southwestern Energy Company (the Company) and its subsidiaries except for:

- (a) Employees who have not yet completed thirty (30) days of service.
- (b) Employees under the age of twenty-one (21).

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

(c) Seasonal employees who have one thousand (1,000) or less hours of service for the applicable computation period.

Participation by eligible employees in the Plan is voluntary.

Administration

The trust under the Plan is operated under a trust agreement with Scudder Trust Company.

Plan Assets

Mutual funds, common collective trusts, and common stock are valued at year-end market prices. Interest earned and dividends declared but not yet received are accrued and included in earnings of the Plan for the respective periods.

Plan Expenses

Expenses incurred in connection with the Plan are paid by the Company. During 2000, the Company paid \$21,779 in expenses on behalf of the Plan. Brokerage commissions and transfer taxes incurred in connection with securities transactions are treated as a part of the purchase cost or a reduction of sale proceeds.

Contributions and Funding Policy

Participants may contribute from one percent to sixteen percent of their compensation in Salary Reduction Contributions, as defined. The Company matches fifty percent of the first six percent of employee contributions. All contributions to the Plan are invested under the direction of the participant in nine separate funds.

4

Vesting

Contributions made by participants are fully vested. Participants vest in the Company's contributions to the Plan as set forth in the following schedule:

| Years of Vesting Service | Percent Vested |
|-----------------------------|----------------|
| 1 | 0% |
| 2 | 50% |
| 3 | 100% |

Forfeitures

Forfeited nonvested amounts will be applied to restore matching contributions of any Plan participants because of a valid repayment. Remaining forfeitures will be used to reduce Plan expenses. Any forfeiture amounts which remain following payment of Plan expenses will be used to reduce employer matching contributions. At December 31, 2000, there was \$89

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

in forfeitures available to be used for the purposes stated above.

Participants' Accounts

Each participant's account is credited with the participant's contribution and an allocation of:

- (a) The Company's contribution.
- (b) The Plan's investment earnings.

The allocation of the Plan's investment earnings is performed at the end of each calendar quarter.

The Plan permits current participants to apply for and receive loans that represent borrowings from a participant's account. The maximum amount of any loan available under the Plan is limited to the lesser of \$50,000 or 50 percent of a participant's vested account balance.

Although withdrawals from active participants' accounts are restricted by the Plan, various options are available to participants which are based on the type of contributions made, age of the participant and other factors.

On termination of service due to death or disability, a participant or a participant's estate may receive the full value of his or her account in a lump sum. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump sum distribution.

Participants may change their contribution percentages, investment elections, transfer balances between funds, and apply for distributions 24-hours a day either through telephone access on the Pilot System or internet access on the Scudder InterActive Account.

Basis of Accounting

The Plan's financial statements are presented on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires the Plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

5

Plan Amendments

Effective during the year, the Board of Directors approved the Vice President - Human Resources as the Plan Administrator for administrative duties associated with the Savings Plan.

2. TERMINATION OF THE PLAN:

The Plan gives the Company the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). In the event of Plan termination, participants will become 100 percent vested in the contributions made by the Company.

3. TAX STATUS:

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

The Internal Revenue Service issued a determination letter dated November 7, 1994, stating that the Plan was designed in accordance with applicable requirements of the Internal Revenue Code. On January 1, 1999, the Plan adopted the Scudder Non-Standardized Plan Document which received a favorable Internal Revenue Service determination letter on May 9, 1996. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

4. INVESTMENTS:

The following investments represent five percent or more of the net assets available for benefits at December 31, 2000 and 1999:

| Description of Asset | Market Value at December 31, | |
|--|------------------------------|--------------|
| | 2000 | 1999 |
| Scudder Trust Company Growth and Income Fund | \$ 5,323,676 | \$ 7,324,630 |
| Scudder Trust Company Collective Investment | | |
| Trust Stable Value Fund | 3,441,662 | 4,642,777 |
| Scudder Trust Company Collective Investment | | |
| Trust Stock Index Fund | 3,616,317 | 3,560,471 |
| Scudder Trust Company Pathway Series - | | |
| Balanced Fund | 1,780,476 | 2,118,333 |
| INVESCO Funds Group, Inc. Selected Income Fund | 1,551,501 | 1,523,300 |
| Baron Asset Fund | 1,146,322 | 733,199 |

5. BENEFITS PAYABLE:

Amounts allocated for benefits requested by participants before year end but not paid until after year end were \$66,837 and \$92,514 at December 31, 2000 and 1999, respectively.

6. NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS:

Net appreciation (depreciation) by investment type for the year ended December 31, 2000 was as follows:

| | |
|--------------------------|----------------|
| Mutual funds | \$ (348,498) |
| Common collective trusts | (1,229,944) |
| Common stock | 276,504 |
| | \$ (1,301,938) |
| | \$ (1,301,938) |

7. SALE OF SUBSIDIARY ASSETS:

On May 31, 2000, the Missouri assets of one of the Company's subsidiaries were sold to another company. As a result, 87 employees and their related Plan accounts were transferred to a defined contribution plan of the acquiring company.

SOUTHWESTERN ENERGY COMPANY

401(k) SAVINGS PLAN

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES--FORM 5500, SCHEDULE H, ITEM 4i

EIN 71-0205415

DECEMBER 31, 2000

| IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY | DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE | CURRENT VALUE |
|--|--|--------------------------------|
| Entergy Corporation | 4,435.16 Common Shares | \$ 187,663 |
| Southwestern Energy Company* | 50,731.50 Common Shares | 510,244 |
| Scudder Trust Company Collective Investment Trust* | Stable Value Fund | 3,441,662 |
| Scudder Trust Company Collective Investment Trust* | Stock Index Fund | 3,616,317 |
| Scudder Trust Company* | Pathway Series-Balanced Fund | 1,780,476 |
| Scudder Trust Company* | Growth and Income Fund | 5,323,676 |
| Scudder Trust Company* | International Fund | 563,414 |
| Scudder Trust Company* | 21st Century Growth Fund | 248,791 |
| Baron Capital Inc. | Asset Fund | 1,146,322 |
| INVESCO Funds Group, Inc. | Select Income Fund | 1,551,501 |
| Various plan participants* | Participant loans with interest rates from 8.75% to 10.50% and various maturities | 440,428 |
| | | ----- \$18,810,494 ===== |

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

* Parties-in-interest

8

SIGNATURES

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

SOUTHWESTERN ENERGY COMPANY
401(k) SAVINGS PLAN

Date: June 28, 2001

BY: /s/ GREG D. KERLEY

Greg D. Kerley
Executive Vice President
And Chief Financial Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated May 11, 2001, included in this 11-K, into the Company's previously filed Registration Statements on Form S-8 (File Nos. 333-03787, 333-03789, 333-64961, 333-96161, and 333-42494).

Arthur Andersen LLP

Tulsa, Oklahoma
June 27, 2001

Southwestern Energy Company
P.O. Box 1408
Fayetteville, AR 72702-1408

June 28, 2001

Securities and Exchange Commission
ATTN: Filing Desk, Stop 1-4
450 Fifth Street, N.W.
Washington, DC 20549-1004

Edgar Filing: SOUTHWESTERN ENERGY CO - Form 11-K

Gentlemen:

Pursuant to regulations of the Securities and Exchange Commission, submitted herewith for filing on behalf of Southwestern Energy Company is the Annual Report on Form 11-k, dated June 28, 2001.

This filing is being effected by direct transmission to the Commission's EDGAR System.

Very truly yours,

Stan Wilson
Controller