August 12, 2016

SM Energy Announces Closing of Senior Convertible Notes Offering and Exercise of Option

DENVER--(BUSINESS WIRE)-- SM Energy Company (“SM Energy”) (NYSE: SM) announced today the closing of its previously announced public offering of $172,500,000 aggregate principal amount of its 1.50% senior unsecured convertible notes due 2021 (the “Notes”), which includes the full exercise by the underwriters of their option to purchase an additional $22,500,000 principal amount of Notes. Net proceeds from the sale of the Notes, including as a result of the option exercise, after deducting fees and estimated expenses were approximately $166.4 million. SM Energy intends to use the net proceeds from the offering of the Notes to pay the cost of the capped call transactions entered into in connection with the offering and to pay a portion of the purchase price for its recently announced acquisition of all of the outstanding membership interests of an entity holding undeveloped leasehold interests, producing wells and associated infrastructure assets in the Midland Basin of west Texas from Rock Oil Holdings LLC. If this acquisition does not close, SM Energy intends to use the remainder of the net proceeds for general corporate purposes.

Wells Fargo Securities, BofA Merrill Lynch and J.P. Morgan acted as joint book-running managers for the offering.

INFORMATION ON FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements as defined under the federal securities laws, including statements regarding the intended use of offering proceeds. Although management believes that expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. In addition, these statements are subject to certain risks, uncertainties and other assumptions that are difficult to predict and may be beyond our control, including market conditions, customary offering closing conditions and other factors described in the prospectus and accompanying prospectus supplement for the offering. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Company’s actual results may vary materially from what management anticipated, estimated, projected or expected.

Investors are encouraged to closely consider the disclosures and risk factors contained in the Company’s annual and quarterly reports filed from time to time with the Securities and Exchange Commission and in the prospectus and related prospectus supplement. The statements herein speak only as of the date of this press release. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ABOUT THE COMPANY

SM Energy Company is an independent energy company engaged in the acquisition, exploration, development, and production of crude oil, natural gas, and natural gas liquids in onshore North America. SM Energy routinely posts important information about the Company on its website.

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