# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

**▸ Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2012**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ▸ [ ]

**D** Check box if filing under:
- [ ] Form 5558;
- [ ] automatic extension;
- [X] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
SM ENERGY COMPANY 401(K) PROFIT SHARING PLAN

**1b** Three-digit plan number (PN) ▸ 003

**1c** Effective date of plan
01/01/1982

**2a** Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

SM ENERGY COMPANY

1775 SHERMAN STREET SUITE 1200
DENVER, CO 80203

1775 SHERMAN STREET SUITE 1200
DENVER, CO 80203

**2b** Employer Identification Number (EIN)
41-0518430

**2c** Sponsor's telephone number
303-861-8140

**2d** Business code (see instructions)
211110

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| SIGN HERE | Filed with authorized/valid electronic signature. | 04/01/2014 | MARIA GORDON |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| SIGN HERE | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| SIGN HERE | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

**For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.**

**3a** Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

SM ENERGY COMPANY

1775 SHERMAN STREET SUITE 1200
DENVER, CO 80203

**3b** Administrator's EIN
41-0518430

**3c** Administrator's telephone number
303-861-8140

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | |
|---|---|---|
| **5** Total number of participants at the beginning of the plan year | **5** | 743 |
| **6** Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** Active participants | **6a** | 708 |
| **b** Retired or separated participants receiving benefits | **6b** | 1 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 120 |
| **d** Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 829 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 2 |
| **f** Total. Add lines **6d** and **6e** | **6f** | 831 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 768 |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 39 |
| **7** Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3D

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)
- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

**9b** Plan benefit arrangement (check all that apply)
- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**
- **(1)** ☒ **R** (Retirement Plan Information)
- **(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**
- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ ____ **A** (Insurance Information)
- **(4)** ☒ **C** (Service Provider Information)
- **(5)** ☐ **D** (DFE/Participating Plan Information)
- **(6)** ☐ **G** (Financial Transaction Schedules)

| **SCHEDULE C (Form 5500)**<br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | **Service Provider Information**<br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | OMB No. 1210-0110<br>**2012**<br>**This Form is Open to Public Inspection.** |
|---|---|---|

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

| | |
|---|---|
| **A** Name of plan<br>SM ENERGY COMPANY 401(K) PROFIT SHARING PLAN | **B** Three-digit plan number (PN) ▶ 003 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500<br>SM ENERGY COMPANY | **D** Employer Identification Number (EIN)<br>41-0518430 |

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . . . . . . . . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.

04-2647786

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 64 37 65 60 | RECORDKEEPER | 4344 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| ABF SM CAP VAL INV - STATE STREET B 225 FRANKLIN STREET BOSTON, MA 02111 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| BARON GROWTH - DST SYSTEMS, INC. 43-1581814 | 0.40% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| BARON GROWTH INST - DST SYSTEMS, IN 43-1581814 | 0.15% |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COL MID CP VAL OP K - COLUMBIA MGT<br>04-3156901 | 0.35% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COL MID CP VAL OP R5 - COLUMBIA MGT<br>04-3156901 | 0.10% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| PIM TOTAL RT INST - BOSTON FINANCIA P.O. BOX 8480 BOSTON, MA 02266 | 0.02% |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| PIMCO TOTAL RETURN P - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266 | 0.10% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| SENTINEL COM STK I - SENTINEL ADMIN 03-0316212 | 0.10% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| FIDELITY INVESTMENTS INSTITUTIONAL | 60 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| THORNBURG INT VAL R5 - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266 | 0.25% |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| **SCHEDULE H (Form 5500)** Department of the Treasury Internal Revenue Service / Department of Labor Employee Benefits Security Administration / Pension Benefit Guaranty Corporation | **Financial Information** This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.** | OMB No. 1210-0110 **2012** **This Form is Open to Public Inspection** |
|---|---|---|

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

| | |
|---|---|
| **A** Name of plan SM ENERGY COMPANY 401(K) PROFIT SHARING PLAN | **B** Three-digit plan number (PN) ▶ 003 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500 SM ENERGY COMPANY | **D** Employer Identification Number (EIN) 41-0518430 |

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| **Assets** | | **(a)** Beginning of Year | **(b)** End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | **1a** | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | **1b(1)** | 78162 | 109240 |
| **(2)** Participant contributions | **1b(2)** | | |
| **(3)** Other | **1b(3)** | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | **1c(1)** | 3951006 | 4344699 |
| **(2)** U.S. Government securities | **1c(2)** | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | **1c(3)(A)** | | |
| **(B)** All other | **1c(3)(B)** | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | **1c(4)(A)** | | |
| **(B)** Common | **1c(4)(B)** | | |
| **(5)** Partnership/joint venture interests | **1c(5)** | | |
| **(6)** Real estate (other than employer real property) | **1c(6)** | | |
| **(7)** Loans (other than to participants) | **1c(7)** | | |
| **(8)** Participant loans | **1c(8)** | 386184 | 603366 |
| **(9)** Value of interest in common/collective trusts | **1c(9)** | | |
| **(10)** Value of interest in pooled separate accounts | **1c(10)** | | |
| **(11)** Value of interest in master trust investment accounts | **1c(11)** | | |
| **(12)** Value of interest in 103-12 investment entities | **1c(12)** | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | **1c(13)** | 37646221 | 49467750 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | **1c(14)** | | |
| **(15)** Other | **1c(15)** | | |

| | Line | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **1d** Employer-related investments: | | | |
| **(1)** Employer securities | 1d(1) | | |
| **(2)** Employer real property | 1d(2) | | |
| **e** Buildings and other property used in plan operation | 1e | | |
| **f** Total assets (add all amounts in lines 1a through 1e) | 1f | 42061573 | 54525055 |

**Liabilities**

| | Line | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **g** Benefit claims payable | 1g | | |
| **h** Operating payables | 1h | | |
| **i** Acquisition indebtedness | 1i | | |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |

**Net Assets**

| | Line | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **l** Net assets (subtract line 1k from line 1f) | 1l | 42061573 | 54525055 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income**

| | Line | (a) Amount | (b) Total |
|---|---|---|---|
| **a Contributions:** | | | |
| **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 3524148 | |
| **(B)** Participants | 2a(1)(B) | 5628713 | |
| **(C)** Others (including rollovers) | 2a(1)(C) | 735853 | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 9888714 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 506 | |
| **(B)** U.S. Government securities | 2b(1)(B) | | |
| **(C)** Corporate debt instruments | 2b(1)(C) | | |
| **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| **(E)** Participant loans | 2b(1)(E) | 20573 | |
| **(F)** Other | 2b(1)(F) | | |
| **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 21079 |
| **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| **(B)** Common stock | 2b(2)(B) | | |
| **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 1729634 | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 1729634 |
| **(3)** Rents | 2b(3) | | |
| **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | |
| **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | |

| | | **(a)** Amount | **(b)** Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 4156023 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 15795450 |

**Expenses**

| | | **(a)** Amount | **(b)** Total |
|---|---|---|---|
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 3327508 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | | |
| **(3)** Other | 2e(3) | | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 3327508 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | | |
| **(4)** Other | 2i(4) | 4460 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 4460 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 3331968 |

**Net Income and Reconciliation**

| | | **(a)** Amount | **(b)** Total |
|---|---|---|---|
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 12463482 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | |
| **(2)** From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: ANTON COLLINS MITCHELL LLP **(2)** EIN: 01-0724563

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | X | | 702 |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | X | | 6000000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | X | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |

## Part V Trust Information (optional)

| **6a** Name of trust | **6b** Trust's EIN |
|---|---|
| | |

| **SCHEDULE R (Form 5500)**<br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | **Retirement Plan Information**<br>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br>▶ **File as an attachment to Form 5500.** | OMB No. 1210-0110<br>**2012**<br>**This Form is Open to Public Inspection.** |
|---|---|---|

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** Name of plan
SM ENERGY COMPANY 401(K) PROFIT SHARING PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
SM ENERGY COMPANY

**D** Employer Identification Number (EIN)
41-0518430

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions............ **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107 ____________

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year............ **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?............ ☐ Yes ☐ No ☐ N/A

**If the plan is a defined benefit plan, go to line 8.**

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month ________ Day ________ Year ________

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)............ **6a**

b Enter the amount contributed by the employer to the plan for this plan year............ **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)............ **6c**

**If you completed line 6c, skip lines 8 and 9.**

7 Will the minimum funding amount reported on line 6c be met by the funding deadline?............ ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?............ ☐ Yes ☐ No ☐ N/A

## Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box............ ☐ Increase ☐ Decrease ☐ Both ☐ No

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?............ ☐ Yes ☐ No

11 a Does the ESOP hold any preferred stock?............ ☐ Yes ☐ No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)............ ☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market?............ ☐ Yes ☐ No

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _______% Investment-Grade Debt: _______% High-Yield Debt: _______% Real Estate: _______% Other: _______%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

# SM Energy Company 401(k) Profit Sharing Plan

## Financial Statements and Supplemental Schedules

**December 31, 2012 and 2011**
**and Year Ended December 31, 2012**

Anton Collins Mitchell LLP
Accountants & Consultants

An Independent Member of BDO Seidman Alliance

# SM Energy Company
# 401(k) Profit Sharing Plan

## Financial Statements
## and Supplemental Schedules

**December 31, 2012 and 2011**
**and Year Ended December 31, 2012**

# SM Energy Company
# 401(k) Profit Sharing Plan

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ACM
Anton Collins Mitchell LLP
Accountants & Consultants

# Independent Auditor's Report

To the Plan Administrator
SM Energy Company 401(k) Profit Sharing Plan
Denver, Colorado

**Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of SM Energy Company 401(k) Profit Sharing Plan (the Plan), which comprise the statements of net assets available for plan benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2012, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the plan administrator by the trustee is complete and accurate.

***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

***Other Matter***

The supplemental schedules of assets (held at end of year) as of December 31, 2012 and delinquent participant contributions for the year ended December 31, 2012 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on these supplemental schedules.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Anton Collins Mitchell LLP

July 22, 2013
Denver, Colorado

# SM Energy Company
# 401(k) Profit Sharing Plan

## Statements of Net Assets Available for Plan Benefits

| *December 31,* | **2012** | 2011 |
|---|---|---|
| **Assets:** | | |
| **Investments**, at fair value: | | |
| Mutual funds | **$ 49,467,750** | $ 37,646,221 |
| Money market fund | **4,344,699** | 3,951,006 |
| Total investments | **53,812,449** | 41,597,227 |
| **Receivables:** | | |
| Notes receivable from participants | **603,366** | 386,184 |
| Employer contributions, net of forfeitures utilized | **109,240** | 78,162 |
| Total receivables | **712,606** | 464,346 |
| **Net assets available for plan benefits** | **$ 54,525,055** | $ 42,061,573 |

*See accompanying independent auditor's report and notes to financial statements.*

# SM Energy Company
# 401(k) Profit Sharing Plan

## Statement of Changes in Net Assets Available for Plan Benefits

| *Year Ended December 31,* | **2012** |
|---|---|
| **Additions to (deductions from) net assets attributed to:** | |
| Contributions: | |
| Participant | **$ 5,628,713** |
| Participant rollover | **735,853** |
| Employer, net of forfeitures utilized | **3,524,148** |
| Total contributions | **9,888,714** |
| Investment income: | |
| Interest and dividend income | **1,730,140** |
| Net appreciation in fair value of investments in mutual funds | **4,156,023** |
| Interest earned on notes receivable from participants | **20,573** |
| Net investment income and interest earned on notes receivable from participants | **5,906,736** |
| Plan benefits paid to participants and loans deemed distributed | **(3,327,508)** |
| Administrative fees | **(4,460)** |
| **Net increase in net assets available for plan benefits** | **12,463,482** |
| **Net assets available for plan benefits,** beginning of year | **42,061,573** |
| **Net assets available for plan benefits,** end of year | **$ 54,525,055** |

*See accompanying independent auditor's report and notes to financial statements.*

## 1. PLAN DESCRIPTION

The following description of the SM Energy Company 401(k) Profit Sharing Plan as amended (the "Plan"), provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

### *General*

The Plan was adopted by SM Energy Company (formerly St. Mary Land & Exploration Company) and its wholly-owned subsidiaries (the "Company") effective January 1, 1982. The Plan was most recently amended and restated effective January 1, 2010 and is a defined contribution plan covering employees of the Company. The Plan was established under the provisions of Section 401(a) of the Internal Revenue Code ("IRC"), which includes a qualified deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Benefits under the Plan are not guaranteed by the Pension Benefit Guaranty Corporation.

### *Trustee and Administration of the Plan*

The trustee of the Plan is Fidelity Management Trust Company ("Trustee" or "Fidelity"). Fidelity Employer Services Corporation provides recordkeeping services. The administrator of the Plan is the Company. The Trustee holds all assets of the Plan in accordance with the Service Agreement with the Company. All assets of the Plan are in investment plan accounts at Fidelity. The 401(k) Administrative Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

### *Eligibility*

Each employee is eligible to become a participant in the Plan on the first day of the month following attainment of age 21. Employees who are residents of Puerto Rico or leased employees are not eligible to participate in the Plan.

### *Contributions*

Eligible participants may contribute, on a pre-tax basis or after-tax Roth basis, up to 60% of their qualifying annual compensation as elected in their salary deferral agreements. Participant contributions are subject to certain IRC limitations ($17,000 for 2012). Salary deferral agreements shall be made, terminated or changed according to procedures and limitations set up by the plan administrator and the Plan Document. The Plan also allows catch-up contributions for participants over the age of 50 subject to certain IRC limitations ($5,500 for 2012).

## 1. PLAN DESCRIPTION (CONTINUED)

Participants may change their contribution percentage on the first day of every quarter. A participant may cease making pre-tax and Roth contributions at any time.

The Company makes a matching contribution in an amount not to exceed 100% of the first 6% of the participant's elective contribution. The Company does not match any portion of eligible participant catch-up contributions. In addition to the matching contribution, the Company may also make annual discretionary contributions to the Plan. No discretionary contributions were made for the plan year ended December 31, 2012. The Company has the right to amend the plan and to discontinue its contributions at any time.

Rollover contributions transferred from other qualified retirement plans are accepted as permitted by the Plan Document.

### *Participants' Accounts*

Participants' accounts are credited with employee pre-tax deferral and Roth contributions, rollover contributions, Company matching and discretionary contributions, as well as an allocation of plan earnings or losses. Participants are charged with certain administrative fees that are paid by the Plan. Earnings or losses from investment funds are allocated to each participant's account in the proportion that the balance of each participant's account bears to the total balance of all participants in each investment option. Participants may direct the investment of their account balances into various investment options in mutual funds and a money market fund offered by the Plan. The benefit to which participants are entitled is the vested portion of their accounts.

### *Vesting*

Participants are 100% vested in their pre-tax deferral and Roth contributions, and the allocated earnings thereon. A participant's vested interest in Company matching contributions and discretionary contributions is based upon the participant's completed years of service, as follows:

**1. PLAN DESCRIPTION (CONTINUED)**

| Years of Service | Vesting |
|---|---|
| Less than 2 | 0% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 or more | 100% |

For purposes of vesting, years of service are computed based on employment date anniversaries. However, a participant's vesting percentage in Company matching and discretionary contributions shall be 100% vested upon the participant's death, disability, or reaching normal retirement age (65).

***Forfeitures***

At December 31, 2012 and 2011, forfeited non-vested accounts were $59,851 and $74,355, respectively. The amount of any non-vested forfeiture attributed to a participant's break in service, as specified by the Plan Document, will be used to reduce future Company matching contributions and pay plan expenses. For the 2012 plan year, Company contributions were reduced by $223,809 from forfeitures utilized and none were used to pay plan expenses. As of December 31, 2012, remaining unused forfeiture amounts are currently unallocated to participant accounts and are included in plan assets as of year end.

***Payment of Benefits***

A participant's vested interest in the Plan is payable upon death, attainment of normal retirement age, disability, as defined, or termination of service. A participant may elect to receive his/her benefit payment in the form of a lump-sum amount or installment payments equal to the vested portion of the participant's account, or remain in the Plan if his/her vested account balance has a minimum of $1,000. Hardship withdrawals and certain other in-service withdrawals are also allowed by the Plan if certain criteria are met.

## 1. PLAN DESCRIPTION (CONTINUED)

***Notes Receivable from Participants***

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. A note is secured by the participant's account and bears an interest rate based upon prevailing commercial lending rates. Interest rates are fixed for the term of the note and range from 4.25% to 5.00% for notes outstanding at December 31, 2012. The notes are subject to certain restrictions, as defined by the Plan Document, and applicable restrictions under the IRC. Only one note may be outstanding at a time, and no more than one note may be taken out during a plan year. Principal and interest are paid ratably through payroll deductions.

***Plan Termination***

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. Upon termination of the Plan, amounts credited to the individual participants' accounts would become 100% vested.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting***

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Investment Valuation and Income Recognition***

The Plan's investments, as detailed in the accompanying supplemental schedule of assets (held at end of year), are stated at fair value as further discussed in Note 5 – *Fair Value Measurements and Disclosures.* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisors and trustee.

Interest income is recorded as earned on the accrual basis. Dividend income (and capital gains) is recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis. The net appreciation (depreciation) in the fair value of investments represents the realized and unrealized gains and losses on the investments and capital gains reinvested.

***Notes Receivable from Participants***

Notes receivable from participants are measured at their unpaid principal balance. Any accrued but unpaid interest was de minimus. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance reduced and a benefit payment is recorded.

***Contributions***

Participant contributions and related Company matching contributions are recognized in the period during which the Company makes the respective payroll deduction from the participant's compensation.

***Payment of Benefits***

Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid as of year-end.

***Expenses of the Plan***

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees (primarily loan origination) are charged directly to the participant's account and are included in administrative fees. These costs amounted to $4,460 for the year ended December 31, 2012. Investment related expenses are included in net appreciation of fair value of investments. All other expenses of the Plan for the year ended December 31, 2012 were paid by the Company.

## 3. INVESTMENTS

The fair values of individual investments that represent 5% or more of the Plan's net assets available for plan benefits as of December 31, 2012 and 2011 are as follows:

| | **2012** | 2011 |
|---|---|---|
| Fidelity Contrafund | **$ 7,288,975** | $ 6,075,139 |
| Fidelity Retirement Money Market Portfolio | **4,344,699** | 3,951,006 |
| Fidelity Balanced Fund | **4,141,052** | 3,402,195 |
| Fidelity Diversified International Fund | **3,497,920** | 2,828,833 |
| Fidelity Spartan U.S. Equity Index Fund | **3,389,758** | 2,575,039 |
| PIMCO Total Return Fund Admin Class | **3,259,962** | 2,277,400 |
| Fidelity Freedom K 2020 | **3,169,793** | 2,417,186 |
| Baron Growth Fund | **2,913,051** | 2,156,252 |
| Fidelity Low-Priced Stock Fund | **2,724,277*** | 2,256,007 |
| Sentinel Common Stock Fund I | **2,637,620*** | 2,377,698 |

*Was less than 5% of net assets and is shown for comparative purposes.

During the year ended December 31, 2012, the Plan's investments in mutual funds, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $4,156,023.

## 4. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity has certified that the following information included in the accompanying financial statements and supplemental schedules as complete and accurate.

- Investments and notes receivable from participants as reported in the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011
- Investment income as reported and interest earned on notes receivable from participants on the Statement of Changes in Net Assets Available for Plan Benefits for the year ended December 31, 2012
- Investment information included in the Notes to Financial Statements
- Investment information included in the Supplemental Schedule, Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) – as of December 31, 2012

**4. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE (CONTINUED)**

The Plan's independent auditors did not perform any auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedules.

**5. FAIR VALUE MEASUREMENTS AND DISCLOSURES**

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs are the highest priority and consist of unadjusted quoted prices in active markets the Plan has the ability to access for identical assets and liabilities. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable). Level 3 inputs are the lowest priority and are unobservable and significant to the fair value measurement of an asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

> *Mutual and Money Market Funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation which may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## 5. FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following tables sets forth by level, within the fair value hierarchy, the Plan's investments measured on a recurring basis as of December 31, 2012 and 2011:

| *December 31, 2012* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds: | | | | |
| Domestic equity | **$ 22,903,826** | $ - | $ - | **$ 22,903,826** |
| International equity | **4,113,230** | - | - | **4,113,230** |
| Bond and income | **5,232,044** | - | - | **5,232,044** |
| Balanced | **4,368,869** | - | - | **4,368,869** |
| Target date | **12,849,781** | - | - | **12,849,781** |
| Money market funds (short-term) | **4,344,699** | - | - | **4,344,699** |
| Totals | **$ 53,812,449** | $ - | $ - | **$ 53,812,449** |

| *December 31, 2011* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds: | | | | |
| Domestic equity | $ 18,344,042 | $ - | $ - | $ 18,344,042 |
| International equity | 3,177,915 | - | - | 3,177,915 |
| Bond and income | 3,498,955 | - | - | 3,498,955 |
| Balanced | 3,656,976 | - | - | 3,656,976 |
| Target date | 8,968,333 | - | - | 8,968,333 |
| Money market funds (short-term) | 3,951,006 | - | - | 3,951,006 |
| Totals | $ 41,597,227 | $ - | $ - | $ 41,597,227 |

## 6. PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments are shares of mutual funds and a money market fund managed by Fidelity. Fidelity is the Trustee and recordkeeper, as defined by the Plan. The Plan pays certain Fidelity fees from plan assets. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules. Notes receivable from participants qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Fees paid by the Plan for certain investment management fees were deducted from the net assets value of shares of the mutual funds held by the Plan.

## 7. INCOME TAX STATUS

The Company adopted a Fidelity Volume Submitter Plan Document, which received an opinion letter from the Internal Revenue Service ("IRS") dated March 31, 2008, indicating that the Volume Submitter plan and trust are designed in accordance with the applicable sections of the IRC. The Plan has been amended since adopting the Volume Submitter Plan Document, however, the plan administrator believes that the Plan is currently designed and operated in compliance with applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income tax has been included in the Plan's financial statements.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

## 8. RISKS AND UNCERTAINTIES

The Plan invests through its mutual funds in various investment securities, which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term could materially affect the amounts reported in the accompanying Statements of Net Assets Available for Plan Benefits and participant accounts.

## 9. DELINQUENT PARTICIPANT CONTRIBUTIONS

Title I of ERISA requires that all participant contributions be submitted to the Plan as soon as administratively possible, but no later than the 15$^{th}$ business day of the month following the month being withheld from participant compensation. Failure to remit employee contributions into the Plan on a timely basis is considered a non-exempt transaction with a party-in-interest.

During 2011, the Company erroneously failed to timely remit certain participant contributions totaling $743 to the Plan. The Company calculated lost earnings and has made the required corrections to participants' accounts on June 24, 2013. See accompanying Schedule of Delinquent Participant Contributions for the year ended December 31, 2012.

**10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

Participant loans are reported as notes receivable from participants in the accompanying financial statements as required by current authoritative guidance; however, for Form 5500 purposes and reporting on the supplemental Schedule of Assets (Held at End of Year) they are shown as investments.

**11. SUBSEQUENT EVENTS**

Plan management has evaluated subsequent events through July 22, 2013, which is the date the financial statements were available to be issued. There were no events or transactions discovered during the evaluation that require recognition or disclosure in the financial statements.

# Supplemental Schedules

## Form 5500, Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions – For the Year Ended December 31, 2012

EIN: 41-0518430
Plan Number: 003

| Participant Contributions Transferred Late to Plan (including lost earnings) | | Contributions not Corrected | Contributions Corrected Outside of VFCP | Contributions Pending Correction in VFCP | Total Fully Corrected Under VFCP and PTE 2002-S1 | Total that Constitute Non-exempt Prohibited Transactions |
|---|---|---|---|---|---|---|
| *SM Energy Company 2011 pay dates | $743 | $ - | $ 743 | $ - | $ - | $ 743 |

* A party-in-interest as defined by ERISA

*See accompanying independent auditor's report and notes to financial statements.*

## Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)

*December 31, 2012*

EIN: 41-0518430
Plan number: 003

| (a) | (b) Identity of Issuer, Borrower, Lessor or Similar Party | (c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Fidelity Contrafund | Mutual fund | (1) | $ 7,288,975 |
| * | Fidelity Diversified International Fund | Mutual fund | (1) | 3,497,920 |
| * | Fidelity Balanced Fund | Mutual fund | (1) | 4,141,052 |
| * | Fidelity Low-Priced Stock Fund | Mutual fund | (1) | 2,724,277 |
| * | Fidelity Spartan U.S. Equity Index Fund | Mutual fund | (1) | 3,389,758 |
| | Baron Growth Fund | Mutual fund | (1) | 2,913,051 |
| * | Fidelity Freedom K 2000 | Mutual fund | (1) | 244,259 |
| * | Fidelity Freedom K 2005 | Mutual fund | (1) | 22,396 |
| * | Fidelity Freedom K 2010 | Mutual fund | (1) | 1,020,216 |
| * | Fidelity Freedom K 2015 | Mutual fund | (1) | 738,498 |
| * | Fidelity Freedom K 2020 | Mutual fund | (1) | 3,169,793 |
| * | Fidelity Freedom K 2025 | Mutual fund | (1) | 1,520,949 |
| * | Fidelity Freedom K 2030 | Mutual fund | (1) | 1,971,715 |
| * | Fidelity Freedom K 2035 | Mutual fund | (1) | 1,038,528 |
| * | Fidelity Freedom K 2040 | Mutual fund | (1) | 959,853 |
| * | Fidelity Freedom K 2045 | Mutual fund | (1) | 912,730 |
| * | Fidelity Freedom K 2050 | Mutual fund | (1) | 1,092,903 |
| * | Fidelity Freedom K 2055 | Mutual fund | (1) | 157,941 |
| * | Fidelity Mid-Cap Stock Fund Class K | Mutual fund | (1) | 2,187,181 |
| | PIMCO Total Return Fund Admin Class | Mutual fund | (1) | 3,259,962 |
| | Columbia Mid-Cap Value Op R5 | Mutual fund | (1) | 739,283 |
| | American Beacon Small Cap Value Fund | Mutual fund | (1) | 1,023,681 |
| * | Fidelity Government Income Fund | Mutual fund | (1) | 853,017 |
| * | Fidelity Freedom Income Fund | Mutual fund | (1) | 227,817 |
| * | Fidelity Capital & Income Fund | Mutual fund | (1) | 1,119,065 |
| | Thornberg International Value Fund | Mutual fund | (1) | 615,310 |
| | Sentinel Common Stock Fund I | Mutual Fund | (1) | 2,637,620 |
| * | Fidelity Retirement Money Market Portfolio | Money market fund | (1) | 4,344,699 |
| | Total investments in mutual funds and money market fund | | | 53,812,449 |
| | Notes receivable from participants (loans) | Interest rates ranging from 4.25% to 5.00%, various maturity dates | | 603,366 |
| | Total assets (held at end of year) | | | $ 54,415,815 |

(1) The cost of participant-directed investments is not required to be disclosed.
* A party-in-interest as defined by ERISA.

*See accompanying independent auditor’s report.*

# SM Energy Company
# 401(k) Profit Sharing Plan

## Financial Statements
## and Supplemental Schedules
**December 31, 2012 and 2011**
**and Year Ended December 31, 2012**

# SM Energy Company
# 401(k) Profit Sharing Plan

## Financial Statements
## and Supplemental Schedules
**December 31, 2012 and 2011**
**and Year Ended December 31, 2012**

# SM Energy Company
# 401(k) Profit Sharing Plan

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ACM
Anton Collins Mitchell LLP
Accountants & Consultants

# Independent Auditor's Report

To the Plan Administrator
SM Energy Company 401(k) Profit Sharing Plan
Denver, Colorado

**Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of SM Energy Company 401(k) Profit Sharing Plan (the Plan), which comprise the statements of net assets available for plan benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2012, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

***Basis for Disclaimer of Opinion***

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the plan administrator by the trustee is complete and accurate.

***Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

***Other Matter***

The supplemental schedules of assets (held at end of year) as of December 31, 2012 and delinquent participant contributions for the year ended December 31, 2012 are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on these supplemental schedules.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Anton Collins Mitchell LLP

July 22, 2013
Denver, Colorado

# SM Energy Company
# 401(k) Profit Sharing Plan

## Statements of Net Assets Available for Plan Benefits

| *December 31,* | **2012** | 2011 |
|---|---|---|
| **Assets:** | | |
| **Investments**, at fair value: | | |
| Mutual funds | **$ 49,467,750** | $ 37,646,221 |
| Money market fund | **4,344,699** | 3,951,006 |
| Total investments | **53,812,449** | 41,597,227 |
| **Receivables:** | | |
| Notes receivable from participants | **603,366** | 386,184 |
| Employer contributions, net of forfeitures utilized | **109,240** | 78,162 |
| Total receivables | **712,606** | 464,346 |
| **Net assets available for plan benefits** | **$ 54,525,055** | $ 42,061,573 |

*See accompanying independent auditor's report and notes to financial statements.*

# SM Energy Company
# 401(k) Profit Sharing Plan

## Statement of Changes in Net Assets Available for Plan Benefits

| *Year Ended December 31,* | **2012** |
|---|---|
| **Additions to (deductions from) net assets attributed to:** | |
| Contributions: | |
| Participant | **$ 5,628,713** |
| Participant rollover | **735,853** |
| Employer, net of forfeitures utilized | **3,524,148** |
| Total contributions | **9,888,714** |
| Investment income: | |
| Interest and dividend income | **1,730,140** |
| Net appreciation in fair value of investments in mutual funds | **4,156,023** |
| Interest earned on notes receivable from participants | **20,573** |
| Net investment income and interest earned on notes receivable from participants | **5,906,736** |
| Plan benefits paid to participants and loans deemed distributed | **(3,327,508)** |
| Administrative fees | **(4,460)** |
| **Net increase in net assets available for plan benefits** | **12,463,482** |
| **Net assets available for plan benefits,** beginning of year | **42,061,573** |
| **Net assets available for plan benefits,** end of year | **$ 54,525,055** |

*See accompanying independent auditor's report and notes to financial statements.*

## 1. PLAN DESCRIPTION

The following description of the SM Energy Company 401(k) Profit Sharing Plan as amended (the "Plan"), provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

### *General*

The Plan was adopted by SM Energy Company (formerly St. Mary Land & Exploration Company) and its wholly-owned subsidiaries (the "Company") effective January 1, 1982. The Plan was most recently amended and restated effective January 1, 2010 and is a defined contribution plan covering employees of the Company. The Plan was established under the provisions of Section 401(a) of the Internal Revenue Code ("IRC"), which includes a qualified deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Benefits under the Plan are not guaranteed by the Pension Benefit Guaranty Corporation.

### *Trustee and Administration of the Plan*

The trustee of the Plan is Fidelity Management Trust Company ("Trustee" or "Fidelity"). Fidelity Employer Services Corporation provides recordkeeping services. The administrator of the Plan is the Company. The Trustee holds all assets of the Plan in accordance with the Service Agreement with the Company. All assets of the Plan are in investment plan accounts at Fidelity. The 401(k) Administrative Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance.

### *Eligibility*

Each employee is eligible to become a participant in the Plan on the first day of the month following attainment of age 21. Employees who are residents of Puerto Rico or leased employees are not eligible to participate in the Plan.

### *Contributions*

Eligible participants may contribute, on a pre-tax basis or after-tax Roth basis, up to 60% of their qualifying annual compensation as elected in their salary deferral agreements. Participant contributions are subject to certain IRC limitations ($17,000 for 2012). Salary deferral agreements shall be made, terminated or changed according to procedures and limitations set up by the plan administrator and the Plan Document. The Plan also allows catch-up contributions for participants over the age of 50 subject to certain IRC limitations ($5,500 for 2012).

## 1. PLAN DESCRIPTION (CONTINUED)

Participants may change their contribution percentage on the first day of every quarter. A participant may cease making pre-tax and Roth contributions at any time.

The Company makes a matching contribution in an amount not to exceed 100% of the first 6% of the participant's elective contribution. The Company does not match any portion of eligible participant catch-up contributions. In addition to the matching contribution, the Company may also make annual discretionary contributions to the Plan. No discretionary contributions were made for the plan year ended December 31, 2012. The Company has the right to amend the plan and to discontinue its contributions at any time.

Rollover contributions transferred from other qualified retirement plans are accepted as permitted by the Plan Document.

### *Participants' Accounts*

Participants' accounts are credited with employee pre-tax deferral and Roth contributions, rollover contributions, Company matching and discretionary contributions, as well as an allocation of plan earnings or losses. Participants are charged with certain administrative fees that are paid by the Plan. Earnings or losses from investment funds are allocated to each participant's account in the proportion that the balance of each participant's account bears to the total balance of all participants in each investment option. Participants may direct the investment of their account balances into various investment options in mutual funds and a money market fund offered by the Plan. The benefit to which participants are entitled is the vested portion of their accounts.

### *Vesting*

Participants are 100% vested in their pre-tax deferral and Roth contributions, and the allocated earnings thereon. A participant's vested interest in Company matching contributions and discretionary contributions is based upon the participant's completed years of service, as follows:

**1. PLAN DESCRIPTION (CONTINUED)**

| Years of Service | Vesting |
|---|---|
| Less than 2 | 0% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 or more | 100% |

For purposes of vesting, years of service are computed based on employment date anniversaries. However, a participant's vesting percentage in Company matching and discretionary contributions shall be 100% vested upon the participant's death, disability, or reaching normal retirement age (65).

***Forfeitures***

At December 31, 2012 and 2011, forfeited non-vested accounts were $59,851 and $74,355, respectively. The amount of any non-vested forfeiture attributed to a participant's break in service, as specified by the Plan Document, will be used to reduce future Company matching contributions and pay plan expenses. For the 2012 plan year, Company contributions were reduced by $223,809 from forfeitures utilized and none were used to pay plan expenses. As of December 31, 2012, remaining unused forfeiture amounts are currently unallocated to participant accounts and are included in plan assets as of year end.

***Payment of Benefits***

A participant's vested interest in the Plan is payable upon death, attainment of normal retirement age, disability, as defined, or termination of service. A participant may elect to receive his/her benefit payment in the form of a lump-sum amount or installment payments equal to the vested portion of the participant's account, or remain in the Plan if his/her vested account balance has a minimum of $1,000. Hardship withdrawals and certain other in-service withdrawals are also allowed by the Plan if certain criteria are met.

**1. PLAN DESCRIPTION (CONTINUED)**

***Notes Receivable from Participants***

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. A note is secured by the participant's account and bears an interest rate based upon prevailing commercial lending rates. Interest rates are fixed for the term of the note and range from 4.25% to 5.00% for notes outstanding at December 31, 2012. The notes are subject to certain restrictions, as defined by the Plan Document, and applicable restrictions under the IRC. Only one note may be outstanding at a time, and no more than one note may be taken out during a plan year. Principal and interest are paid ratably through payroll deductions.

***Plan Termination***

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. Upon termination of the Plan, amounts credited to the individual participants' accounts would become 100% vested.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Investment Valuation and Income Recognition***

The Plan's investments, as detailed in the accompanying supplemental schedule of assets (held at end of year), are stated at fair value as further discussed in Note 5 – *Fair Value Measurements and Disclosures.* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisors and trustee.

Interest income is recorded as earned on the accrual basis. Dividend income (and capital gains) is recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis. The net appreciation (depreciation) in the fair value of investments represents the realized and unrealized gains and losses on the investments and capital gains reinvested.

***Notes Receivable from Participants***

Notes receivable from participants are measured at their unpaid principal balance. Any accrued but unpaid interest was de minimus. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012 or 2011. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance reduced and a benefit payment is recorded.

***Contributions***

Participant contributions and related Company matching contributions are recognized in the period during which the Company makes the respective payroll deduction from the participant's compensation.

***Payment of Benefits***

Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid as of year-end.

***Expenses of the Plan***

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees (primarily loan origination) are charged directly to the participant's account and are included in administrative fees. These costs amounted to $4,460 for the year ended December 31, 2012. Investment related expenses are included in net appreciation of fair value of investments. All other expenses of the Plan for the year ended December 31, 2012 were paid by the Company.

**3. INVESTMENTS**

The fair values of individual investments that represent 5% or more of the Plan's net assets available for plan benefits as of December 31, 2012 and 2011 are as follows:

| | **2012** | 2011 |
|---|---|---|
| Fidelity Contrafund | **$ 7,288,975** | $ 6,075,139 |
| Fidelity Retirement Money Market Portfolio | **4,344,699** | 3,951,006 |
| Fidelity Balanced Fund | **4,141,052** | 3,402,195 |
| Fidelity Diversified International Fund | **3,497,920** | 2,828,833 |
| Fidelity Spartan U.S. Equity Index Fund | **3,389,758** | 2,575,039 |
| PIMCO Total Return Fund Admin Class | **3,259,962** | 2,277,400 |
| Fidelity Freedom K 2020 | **3,169,793** | 2,417,186 |
| Baron Growth Fund | **2,913,051** | 2,156,252 |
| Fidelity Low-Priced Stock Fund | **2,724,277*** | 2,256,007 |
| Sentinel Common Stock Fund I | **2,637,620*** | 2,377,698 |

*Was less than 5% of net assets and is shown for comparative purposes.

During the year ended December 31, 2012, the Plan's investments in mutual funds, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value by $4,156,023.

**4. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE**

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity has certified that the following information included in the accompanying financial statements and supplemental schedules as complete and accurate.

- Investments and notes receivable from participants as reported in the Statements of Net Assets Available for Plan Benefits as of December 31, 2012 and 2011
- Investment income as reported and interest earned on notes receivable from participants on the Statement of Changes in Net Assets Available for Plan Benefits for the year ended December 31, 2012
- Investment information included in the Notes to Financial Statements
- Investment information included in the Supplemental Schedule, Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) – as of December 31, 2012

**4. INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE (CONTINUED)**

The Plan's independent auditors did not perform any auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedules.

**5. FAIR VALUE MEASUREMENTS AND DISCLOSURES**

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs are the highest priority and consist of unadjusted quoted prices in active markets the Plan has the ability to access for identical assets and liabilities. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable). Level 3 inputs are the lowest priority and are unobservable and significant to the fair value measurement of an asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

*Mutual and Money Market Funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation which may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**5. FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

The following tables sets forth by level, within the fair value hierarchy, the Plan's investments measured on a recurring basis as of December 31, 2012 and 2011:

| *December 31, 2012* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds: | | | | |
| Domestic equity | **$ 22,903,826** | $ - | $ - | **$ 22,903,826** |
| International equity | **4,113,230** | - | - | **4,113,230** |
| Bond and income | **5,232,044** | - | - | **5,232,044** |
| Balanced | **4,368,869** | - | - | **4,368,869** |
| Target date | **12,849,781** | - | - | **12,849,781** |
| Money market funds (short-term) | **4,344,699** | - | - | **4,344,699** |
| Totals | **$ 53,812,449** | $ - | $ - | **$ 53,812,449** |

| *December 31, 2011* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds: | | | | |
| Domestic equity | $ 18,344,042 | $ - | $ - | $ 18,344,042 |
| International equity | 3,177,915 | - | - | 3,177,915 |
| Bond and income | 3,498,955 | - | - | 3,498,955 |
| Balanced | 3,656,976 | - | - | 3,656,976 |
| Target date | 8,968,333 | - | - | 8,968,333 |
| Money market funds (short-term) | 3,951,006 | - | - | 3,951,006 |
| Totals | $ 41,597,227 | $ - | $ - | $ 41,597,227 |

**6. PARTY-IN-INTEREST TRANSACTIONS**

Certain plan investments are shares of mutual funds and a money market fund managed by Fidelity. Fidelity is the Trustee and recordkeeper, as defined by the Plan. The Plan pays certain Fidelity fees from plan assets. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules. Notes receivable from participants qualify as party-in-interest transactions which are exempt from the prohibited transaction rules. Fees paid by the Plan for certain investment management fees were deducted from the net assets value of shares of the mutual funds held by the Plan.

**7. INCOME TAX STATUS**

The Company adopted a Fidelity Volume Submitter Plan Document, which received an opinion letter from the Internal Revenue Service ("IRS") dated March 31, 2008, indicating that the Volume Submitter plan and trust are designed in accordance with the applicable sections of the IRC. The Plan has been amended since adopting the Volume Submitter Plan Document, however, the plan administrator believes that the Plan is currently designed and operated in compliance with applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income tax has been included in the Plan's financial statements.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

**8. RISKS AND UNCERTAINTIES**

The Plan invests through its mutual funds in various investment securities, which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in value in the near term could materially affect the amounts reported in the accompanying Statements of Net Assets Available for Plan Benefits and participant accounts.

**9. DELINQUENT PARTICIPANT CONTRIBUTIONS**

Title I of ERISA requires that all participant contributions be submitted to the Plan as soon as administratively possible, but no later than the 15$^{th}$ business day of the month following the month being withheld from participant compensation. Failure to remit employee contributions into the Plan on a timely basis is considered a non-exempt transaction with a party-in-interest.

During 2011, the Company erroneously failed to timely remit certain participant contributions totaling $743 to the Plan. The Company calculated lost earnings and has made the required corrections to participants' accounts on June 24, 2013. See accompanying Schedule of Delinquent Participant Contributions for the year ended December 31, 2012.

**10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

Participant loans are reported as notes receivable from participants in the accompanying financial statements as required by current authoritative guidance; however, for Form 5500 purposes and reporting on the supplemental Schedule of Assets (Held at End of Year) they are shown as investments.

**11. SUBSEQUENT EVENTS**

Plan management has evaluated subsequent events through July 22, 2013, which is the date the financial statements were available to be issued. There were no events or transactions discovered during the evaluation that require recognition or disclosure in the financial statements.

# Supplemental Schedules

## Form 5500, Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions – For the Year Ended December 31, 2012

EIN: 41-0518430
Plan Number: 003

| Participant Contributions Transferred Late to Plan (including lost earnings) | | Contributions not Corrected | Contributions Corrected Outside of VFCP | Contributions Pending Correction in VFCP | Total Fully Corrected Under VFCP and PTE 2002-S1 | Total that Constitute Non-exempt Prohibited Transactions |
|---|---|---|---|---|---|---|
| *SM Energy Company 2011 pay dates | $743 | $ - | $ 743 | $ - | $ - | $ 743 |

* A party-in-interest as defined by ERISA

*See accompanying independent auditor's report and notes to financial statements.*

# SM Energy Company
# 401(k) Profit Sharing Plan

## Form 5500, Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)

EIN: 41-0518430
*December 31, 2012* Plan number: 003

| (a) | (b) Identity of Issuer, Borrower, Lessor or Similar Party | (c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Fidelity Contrafund | Mutual fund | (1) | $ 7,288,975 |
| * | Fidelity Diversified International Fund | Mutual fund | (1) | 3,497,920 |
| * | Fidelity Balanced Fund | Mutual fund | (1) | 4,141,052 |
| * | Fidelity Low-Priced Stock Fund | Mutual fund | (1) | 2,724,277 |
| * | Fidelity Spartan U.S. Equity Index Fund | Mutual fund | (1) | 3,389,758 |
| | Baron Growth Fund | Mutual fund | (1) | 2,913,051 |
| * | Fidelity Freedom K 2000 | Mutual fund | (1) | 244,259 |
| * | Fidelity Freedom K 2005 | Mutual fund | (1) | 22,396 |
| * | Fidelity Freedom K 2010 | Mutual fund | (1) | 1,020,216 |
| * | Fidelity Freedom K 2015 | Mutual fund | (1) | 738,498 |
| * | Fidelity Freedom K 2020 | Mutual fund | (1) | 3,169,793 |
| * | Fidelity Freedom K 2025 | Mutual fund | (1) | 1,520,949 |
| * | Fidelity Freedom K 2030 | Mutual fund | (1) | 1,971,715 |
| * | Fidelity Freedom K 2035 | Mutual fund | (1) | 1,038,528 |
| * | Fidelity Freedom K 2040 | Mutual fund | (1) | 959,853 |
| * | Fidelity Freedom K 2045 | Mutual fund | (1) | 912,730 |
| * | Fidelity Freedom K 2050 | Mutual fund | (1) | 1,092,903 |
| * | Fidelity Freedom K 2055 | Mutual fund | (1) | 157,941 |
| * | Fidelity Mid-Cap Stock Fund Class K | Mutual fund | (1) | 2,187,181 |
| | PIMCO Total Return Fund Admin Class | Mutual fund | (1) | 3,259,962 |
| | Columbia Mid-Cap Value Op R5 | Mutual fund | (1) | 739,283 |
| | American Beacon Small Cap Value Fund | Mutual fund | (1) | 1,023,681 |
| * | Fidelity Government Income Fund | Mutual fund | (1) | 853,017 |
| * | Fidelity Freedom Income Fund | Mutual fund | (1) | 227,817 |
| * | Fidelity Capital & Income Fund | Mutual fund | (1) | 1,119,065 |
| | Thornberg International Value Fund | Mutual fund | (1) | 615,310 |
| | Sentinel Common Stock Fund I | Mutual Fund | (1) | 2,637,620 |
| * | Fidelity Retirement Money Market Portfolio | Money market fund | (1) | 4,344,699 |
| | Total investments in mutual funds and money market fund | | | 53,812,449 |
| | Notes receivable from participants (loans) | Interest rates ranging from 4.25% to 5.00%, various maturity dates | | 603,366 |
| | Total assets (held at end of year) | | | $ 54,415,815 |

(1) The cost of participant-directed investments is not required to be disclosed.
* A party-in-interest as defined by ERISA.

*See accompanying independent auditor's report.*