

FORWARD-LOOKING INFORMATION

All statements, other than historical fact or present financial information, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements that address activities, outcomes and other matters that should or may occur in the future, including, without limitation, statements regarding the financial position, business strategy, production and reserve growth and other plans and objectives for our future operations, are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. We have no obligation and make no undertaking to publicly update or revise any forward-looking statements.

Forward-looking statements include the items identified in the preceding paragraph, information concerning possible or assumed future results of operations and other statements in this Form 10-Q identified by words such as "anticipate," "project," "intend," "estimate," "expect," "believe," "predict," "budget," "projection," "goal," "plan," "forecast," "target" or similar expressions.

You should not place undue reliance on forward-looking statements. They are subject to known and unknown risks, uncertainties and other factors that may affect our operations, markets, products, services and prices and cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with forward-looking statements, risks, uncertainties and factors that could cause our actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

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the timing and extent of changes in commodity prices for natural gas and oil;

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the timing and extent of our success in discovering, developing, producing and estimating reserves;

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the extent to which the Fayetteville Shale play can replicate the results of other productive shale gas plays;

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the potential for significant variability in reservoir characteristics of the Fayetteville Shale over such a large acreage position;

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the extent of our success in drilling and completing horizontal wells;

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our ability to determine the most effective and economic fracture stimulation for the Fayetteville Shale formation;

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our lack of experience owning and operating drilling rigs;

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our ability to fund our planned capital expenditures;

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our future property acquisition or divestiture activities;

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the effects of weather and regulation on our Natural Gas Distribution segment;

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increased competition;

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the impact of federal, state and local government regulation;

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the financial impact of accounting regulations and critical accounting policies;

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changing market conditions and prices (including regional basis differentials);

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the comparative cost of alternative fuels;

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conditions in capital markets and changes in interest rates;

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the availability of oil field personnel, services, drilling rigs and other equipment; and

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any other factors listed in the reports we have filed and may file with the Securities and Exchange Commission (SEC).

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of natural gas and oil. These risks include, but are not limited to, commodity price volatility, third-party interruption of sales to market, inflation, lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating proved natural gas and oil reserves and in projecting future rates of production and timing of development expenditures and the other risks described in our Annual Report on Form 10-K for the year ended December 31, 2005 and all quarterly reports on Form 10-Q filed subsequently thereto, including this Form 10-Q/A (Form 10-Qs).

Should one or more of the risks or uncertainties described above or elsewhere in our 2005 Annual Report on Form 10-K or the Form 10-Qs occur, or should underlying assumptions prove incorrect, our actual results and plans could

differ materially from those expressed in any forward-looking statements. We specifically disclaim all responsibility to publicly update any information contained in a forward-looking statement or any forward-looking statement in its entirety and therefore disclaim any resulting liability for potentially related damages.

All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
	(in thousands, except share/per share amounts)			
Operating Revenues:				
Gas sales	\$ 107,570	\$ 93,192	\$ 288,368	\$ 219,463
Gas marketing	34,051	30,203	65,016	54,750
Oil sales	10,409	7,428	20,444	13,539
Gas transportation and other	1,969	1,640	6,873	5,764
	153,999	132,463	380,701	293,516
Operating Costs and Expenses:				
Gas purchases - gas distribution	3,464	5,078	48,820	38,901
Gas purchases - midstream services	31,733	28,932	60,160	52,130
Operating expenses	16,077	12,413	30,468	24,346
General and administrative expenses	15,238	10,308	29,791	20,611
Depreciation, depletion and amortization	31,950	23,009	60,053	43,256
Taxes, other than income taxes	7,243	5,542	13,311	10,865
	105,705	85,282	242,603	190,109

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Operating Income	48,294	47,181	138,098	103,407
Interest Expense:				
Interest on long-term debt	2,642	5,241	4,819	10,164
Other interest charges	317	358	643	668
Interest capitalized	(2,823)	(944)	(5,181)	(1,639)
	136	4,655	281	9,193
Other Income	13,281	15	16,457	199
Income Before Income Taxes and Minority Interest				
	61,439	42,541	154,274	94,413
Minority Interest in Partnership	(114)	(315)	(405)	(408)
Income Before Income Taxes				
	61,325	42,226	153,869	94,005
Provision for Income Taxes - Deferred	24,321	15,412	58,470	34,570
Net Income				
	\$ 37,004	\$ 26,814	\$ 95,399	\$ 59,435
Earnings Per Share:				
Basic	\$0.22	\$0.18 ⁽¹⁾	\$0.57	\$0.41 ⁽¹⁾
Diluted	\$0.22	\$0.18 ⁽¹⁾	\$0.56	\$0.40 ⁽¹⁾
Weighted Average Common Shares Outstanding:				
Basic	167,044,589	144,949,974 ⁽¹⁾	166,911,812	144,727,942 ⁽¹⁾
Diluted	170,888,839	150,404,066 ⁽¹⁾	170,918,407	150,115,522 ⁽¹⁾

(1) 2005 restated to reflect a two-for-one stock split effected in November 17, 2005.

The accompanying notes are an integral part of the financial statements.

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
BALANCE SHEETS
(Unaudited)

ASSETS

	June 30, 2006	December 31, 2005
(in thousands)		
Current Assets		
Cash and cash equivalents	\$ 175,992	\$ 223,705
Accounts receivable	80,990	128,948

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Inventories, at average cost	47,248	49,513
Deferred income tax benefit	3,000	29,700
Hedging asset - FAS 133	21,280	17,467
Other	8,360	11,731
Total current assets	336,870	461,064
Investments	-	17,100
Property, Plant and Equipment, at cost		
Gas and oil properties, using the full cost method, including		
\$152,351,146 in 2006 and \$115,195,700 in 2005 excluded	2,194,167	1,897,613
from amortization		
Gas distribution systems	222,445	216,644
Drilling rigs and equipment - in service	43,386	-
Construction-in-progress - drilling rigs and equipment	38,026	35,128
Gathering systems	31,496	15,742
Gas in underground storage	32,254	32,254
Other	55,777	45,234
	2,617,551	2,242,615
Less: Accumulated depreciation, depletion and amortization	933,556	872,218
	1,683,995	1,370,397
Other Assets	23,552	19,963
Total Assets	\$ 2,044,417	\$ 1,868,524

The accompanying notes are an integral part of the financial statements.

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SOUTHWESTERN ENERGY COMPANY AND SUBSIDIARIES
BALANCE SHEETS
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2006	December 31, 2005
	(in thousands)	
Current Liabilities		

