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At the Swift Energy worldwide web site (http://www.swiftenergy.com), you can view Swift Energy's quarterly reports, press releases, and a number of other Company documents as soon as they are released for publication. If you prefer not to receive printed copies of these documents and to be notified when they are posted on the web site, please send your full name, e-mail address, and a request to be added to our e-mail updates list to: updates@swiftenergy.com.

Letter to Stockholders

Swift Energy had a very eventful and overall a very positive second quarter. Our oil and gas production was 12.7 billion cubic feet equivalent (Bcfe), up 13% from the same quarter in 2001 and up 3% from the first quarter of this year. While commodity prices were still well below those we enjoyed during the first half of last year, the average price received for our combined oil and gas sales during the second quarter of this year was 39% higher than it was in the first quarter. Our second-quarter expenditures were within our cash flow, and with net proceeds of $224.95 million from the debt and equity offerings we closed during the quarter, our balance sheet was strengthened and our Company liquidity was significantly improved. We also had no short-term bank debt at the end of the quarter.

With the persistently low commodity prices within our industry, our net income for the second quarter of 2002 declined significantly from the second quarter of 2001—by 76% to $3.6 million ($0.13 per diluted share). Cash flow from operating activities before working capital changes declined 47% to $20.3 million ($0.76 per share). The corresponding numbers for the six-months period ending June 30 were an 82% decrease in net income to $6.6 million ($0.25 per diluted share) and a 63% decrease in cash flow to $31.7 million ($1.23 per share).

To continue operating within our cash flow, we have taken numerous steps to cut operational costs. Nevertheless, we made excellent progress during the second quarter in adding long-lived stable production to our production base. Domestically, the additions were made in our newest core area, the Lake Washington Field, which surrounds a deep salt dome in Plaquemines Parish, Louisiana. Largely targeting relatively shallow sands (typically the A through E sands at depths of 1,500 to 4,000 feet), we drilled one exploratory well and seven development wells in the field during the second quarter, all with 100% Swift working interests. Of these, four are in production, and two, including the exploratory well, are awaiting a completion rig. In the third quarter, we have already drilled five additional development wells, three of which have good hydrocarbon shows and one of which will be redrilled because of mechanical problems. Our average daily net production from the Lake Washington Area has increased from 652 barrels of oil equivalent (BOEs) in March 2001 to 1,817 BOEs in June 2002.

Like our wells in the AWP Olmos Field in South Texas, the Lake Washington wells should be long-term producers with relatively flat decline rates and thus will help stabilize our production base. Initially, we had planned to drill 22 wells in the Lake Washington Area during 2002, but now we have decided to increase that number by five to ten wells using funds generated through cost savings, the deferral of other projects, and the marketing of some of our non-core assets. This decision follows the encouraging drilling results in the field plus an upside surprise. In one of our second-quarter wells (the Cockrell-Moran #187), we were targeting the deep H and K sands, and to reach them, we angled the initially straight bore hole away from the salt dome face. At a depth of 4,278 feet we entered a highly productive 179-foot thickness of the F sand, not previously known to be productive. Positive results for this sand have since been found in two additional wells, and we now predict that it has risked potential reserves of 10 to 20 million barrels of oil. As a result, we will include the F sand as a regular target for at least one-half of our remaining Lake Washington wells this year. In the meantime, we are mapping the deeper horizons in the area—at depths of 6,000 feet and greater—for future drilling.

As we concentrate on the Lake Washington Area, we are also performing additional technical reviews of the Garcia Ranch area in the southern tip of Texas and plan to spud the first of several prospects there in September. In the AWP Olmos Field, we are continuing to perform refractures and, having recently been granted an Entity for Density permit from the state of Texas, we will be in a position to increase and upgrade our inventory of proved undeveloped locations for in-fill drilling. As announced earlier, further drilling in the Masters Creek Area in Louisiana and the Brookeland Area in Texas has been deferred while we focus on lower cost, lower risk, and longer-lived properties in the current low-price environment.

In New Zealand, our combined oil and gas production during the second quarter was 45% higher than in the first quarter, both because the Rimu Production Station (RPS) in the Rimu/Kauri Area became operational in April and because we had increased production from our new TAWN Area. The RPS production averaged 1,011 BOEs per day, and we expect the station to be operating above 50% of its capacity (now rated at 5,000 BOEs per day) by year end. Current production is from two wells from the Rimu A pad, but a third well, recently fractured, will be added soon, and another well will be drilled from the pad before year end. The Rimu B pad wells have pressures below the RPS inlet pressure and will not be added to the production stream until later.

The second-quarter production from the TAWN properties averaged 40 million cubic feet of gas equivalent (MMcfe) per day. In the third quarter, however, demand for the TAWN production is expected to fall to about 35 MMcfe per day, as more hydroelectric power becomes available from recent rainfall. Like the AWP and Lake Washington fields, the TAWN fields have added long-lived stable production to our production base and also have considerable enhancement potential.

Our current drilling in New Zealand is focused on the Kauri-A4 well, a deep exploratory well that was spudded in June and will be drilling for about 100 days. We will do extensive testing of any potentially productive zones encountered in the well, including the expected Kauri, Tariki, and Kapuni sands, after which we will resume production testing of the shallow Kauri-A2 and -A3 wells and the deep Kauri-A1 well. During the second quarter, we also participated (with a 15% working interest) in the drilling of a deep well located between our TAWN and Rimu/Kauri properties. This well, the Huinga-1B, is currently undergoing testing.

It has, indeed, been an eventful second quarter—and not only in the field. We recently appointed Ernst & Young LLP as our new independent public accountants and have made a number of other business decisions to optimally navigate the current industry environment. In these and other actions, our Board of Directors has provided us with excellent advice. We will continue benefiting from that advice as the Board welcomes its newest member, Mr. Raymond E. Galvin, formerly president of Chevron U.S.A. Production Company. With these leaders and the superb managers and staff we have throughout the Company, I am extremely optimistic about the future of Swift Energy Company.

Terry E. Swift
Chief Executive Officer,
President, and Director

Summary Balance Sheet Information

Swift Energy Company and Subsidiaries

(in Thousands)

	June 30, 2002 (Unaudited)	December 31, 2001
Assets		
Current assets	$ 42,740	$ 36,753
Property and equipment, net	690,713	631,209
Other	13,104	3,723
	$ 746,557	$ 671,685
Liabilities and Stockholders' Equity		
Current liabilities	$ 36,873	$ 73,245
Long-term debt	324,234	258,197
Deferred income taxes	29,793	27,590
Stockholders' equity	355,657	312,653
	$ 746,557	$ 671,685

Second-Quarter Volumes and Prices

Swift Energy Company and Subsidiaries

(Unaudited)

	2nd Qtr. 2002	2ndQtr. 2001	% Change
Natural gas production (Mcf)	6,660,719	7,111,811	–6%
Oil & condensate production (barrels)	1,002,342	690,599	+45%
Average gas price per Mcf	$ 2.60	$ 4.66	–44%
Average oil price per barrel	$ 20.97	$ 26.05	–19%

Mcf = 1,000 cubic feet

Consolidated Statements of Income

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands Except Income per Share)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Revenues:				
Oil and gas sales	$ 38,331	$ 51,113	$ 64,944	$ 113,808
Fees from limited partnerships and joint ventures	49	130	54	193
Interest income	27	12	32	24
Gain on asset disposition	—	—	7,333	—
Price-risk management and other, net	163	1,048	561	670
	38,570	52,303	72,924	114,695
Costs and Expenses:				
Oil and gas production	10,032	8,979	19,598	17,937
General and administrative, net	2,598	2,008	4,871	3,892
Depreciation, depletion, and amortization	14,341	14,719	28,302	28,106
Interest expense, net	6,080	3,188	9,960	5,838
	33,051	28,894	62,731	55,773
Income Before Income Taxes and Cumulative Effect of Change in Accounting Principle	5,519	23,409	10,193	58,922
Provision for Income Taxes	1,935	8,436	3,589	21,229
Income Before Cumulative Effect of Change in Accounting Principle	3,584	14,973	6,604	37,693
Cumulative Effect of Change in Accounting Principle (net of taxes)	—	—	—	393
Net Income	$ 3,584	$ 14,973	$ 6,604	$ 37,300
Per Share Amounts—				
Basic: Income Before Cumulative Effect of Change in Accounting Principle	$ 0.13	$ 0.61	$ 0.26	$ 1.53
Cumulative Effect of Change in Accounting Principle	—	—	—	(0.02)
Net Income	$ 0.13	$ 0.61	$ 0.26	$ 1.51
Diluted: Income Before Cumulative Effect of Change in Accounting Principle	$ 0.13	$ 0.59	$ 0.25	$ 1.48
Cumulative Effect of Change in Accounting Principle	—	—	—	(0.02)
Net Income	$ 0.13	$ 0.59	$ 0.25	$ 1.46
Weighted Average Shares Outstanding	26,566	24,723	25,724	24,694

Consolidated Statements of Cash Flows

Swift Energy Company and Subsidiaries

(Unaudited)
(in Thousands)

	Period Ended June 30, 2002	Period Ended June 30, 2001
Cash Flows from Operating Activities:		
Net income	$ 6,604	$ 37,300
Non-cash revenue and expense items	25,132	48,736
Net change in operating assets and liabilities	3,850	9,993
Net Cash Provided by Operating Activities	35,586	96,029
Cash Flows from Investing Activities:		
Additions to property and equipment	(102,632)	(161,624)
Proceeds from the sale of property and equipment	9,594	2,940
Net cash distributed as operator of oil and gas properties	(6,750)	(16,671)
Net cash received (distributed) as operator of partnerships and joint ventures	(17,419)	2,087
Other	195	(72)
Net Cash Used in Investing Activities	(117,012)	(173,340)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	200,000	—
Net proceeds from (payments of) bank borrowings	(134,000)	76,100
Net proceeds from issuances of common stock	31,249	1,321
Payments of debt issuance costs	(6,166)	—
Net Cash Provided by Financing Activities	91,083	77,421
Net Increase in Cash and Cash Equivalents	9,657	110
Cash and Cash Equivalents at Beginning of Period	2,149	1,987
Cash and Cash Equivalents at End of Period	$ 11,806	$ 2,097

Investor Information

BOARD OF DIRECTORS

A. Earl Swift
Chairman of the Board
Swift Energy Company

Virgil N. Swift
Vice Chairman, Swift Energy Company
Chairman, Swift Energy International

Terry E. Swift
President & CEO, Swift Energy Company
President, Swift Energy International

G. Robert Evans
Retired Chairman & CEO
Material Sciences Corporation

Raymond E. Galvin
Retired President
Chevron U.S.A. Production Company

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Chairman & Founder
Montgomery Financial Services Corp.

Clyde W. Smith, Jr.
President
Ascentron, Inc.

Harold J. Withrow
Consultant

Raymond O. Loen
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Executive Vice President
Chief Operating Officer

Bruce H. Vincent
Executive Vice President–Corporate Development, Secretary

Alton D. Heckaman, Jr.
Senior Vice President–Finance,
Chief Financial Officer

James M. Kitterman
Senior Vice President–Operations

Victor R. Moran
Senior Vice President–Energy Marketing & Business Development

Gerald B. Long
Vice President–Production Operations

James P. Mitchell
Vice President–Land & Property Transactions

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Vice President–Exploration & Development

Tara L. Seaman
Vice President–Acquisitions, Dispositions, & Reserves

Adrian D. Shelley
Treasurer

David W. Wesson
Controller

D. Wynn Ibach
General Counsel

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Pacific Exchange, Inc.
Symbol "SFY"

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