



Financial Highlights and Operating Statistics
(UNAUDITED)

March 31, 2004

Reconciliation of Income (Loss) from Continuing Operations to Recurring Earnings

(UNAUDITED)

	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<i>(Dollars in millions, except for per-share amounts)</i>						
Income (loss) from continuing operations⁽¹⁾	(\$39.3)	\$116.2	\$22.8	(\$84.5)	\$15.2	\$5.4
Preferred stock dividends	6.8	22.7	-	-	29.5	-
Income (loss) from continuing operations available to common stockholders	(\$46.1)	\$93.5	\$22.8	(\$84.5)	(\$14.3)	\$5.4
Income (loss) from continuing operations - diluted earnings per share	(\$0.09)	\$0.18	\$0.04	(\$0.16)	(\$0.03)	\$0.01
Nonrecurring items:						
<i>Power</i>						
Accelerated compensation expense associated with workforce reductions	11.8	-	-	-	11.8	-
Severance accrual	-	0.6	-	-	0.6	-
Loss accrual for regulatory issues ⁽²⁾	-	20.0	-	-	20.0	-
Prior period item correction ⁽³⁾	-	(105.0)	-	(12.0)	(117.0)	-
Gain on sale of Jackson EMC power contracts	-	(175.0)	(13.0)	-	(188.0)	-
Gain on sale of crude contracts and pipeline	-	(7.1)	-	-	(7.1)	-
Gain on sale of eSpeed stock	-	-	(13.5)	-	(13.5)	-
Impairment of goodwill ⁽²⁾	-	-	-	45.0	45.0	-
Hazleton impairment	-	-	-	44.1	44.1	-
California rate refund and other accrual adjustments ⁽⁴⁾	-	-	-	33.3	33.3	-
Total Power nonrecurring items	11.8	(266.5)	(26.5)	110.4	(170.8)	-
<i>Gas Pipeline</i>						
Write-off of Oneline information system project	-	25.5	-	0.1	25.6	-
Severance accrual	-	0.9	-	-	0.9	-
Total Gas Pipeline nonrecurring items	-	26.4	-	0.1	26.5	-
<i>Exploration & Production</i>						
Gain on sale of certain E&P properties	-	(91.5)	-	-	(91.5)	-
Total Exploration & Production nonrecurring items	-	(91.5)	-	-	(91.5)	-
<i>Midstream Gas & Liquids</i>						
Impairment of investment in Aux Sable	-	8.5	5.6	-	14.1	-
La Maquina depreciable life adjustment	-	-	4.2	-	4.2	-
Gain on sale of West Texas LPG Pipeline, L.P.	-	-	(11.0)	-	(11.0)	-
Impairment of Canadian assets	-	-	-	41.7	41.7	-
Gain on sale of wholesale propane	-	-	-	(16.2)	(16.2)	-
Total Midstream Gas & Liquids nonrecurring items	-	8.5	(1.2)	25.5	32.8	-
<i>Other</i>						
Impairment of Longhorn and Aspen project ⁽⁵⁾	-	49.6	-	-	49.6	-
Gain on sale of butane blending inventory	-	-	(9.2)	-	(9.2)	-
Longhorn recapitalization fee	-	-	-	-	-	6.5
Total Other nonrecurring items	-	49.6	(9.2)	-	40.4	6.5
Nonrecurring items included in segment profit (loss)	11.8	(273.5)	(36.9)	136.0	(162.6)	6.5
Nonrecurring items below segment profit (loss)						
Convertible preferred stock dividends ⁽²⁾ (Preferred stock dividends - Corporate)	-	13.8	-	-	13.8	-
Impairment of cost-based investments ⁽²⁾ (Investing income (loss) - Various)	-	19.1	2.3	-	21.4	-
Severance accrual (General corporate expenses)	-	3.0	-	-	3.0	-
Impairment of Algar Telecom investment (Investing income (loss) - International)	12.0	-	1.2	-	13.2	-
Write-off of capitalized debt expense (Interest accrued - Corporate)	-	14.5	-	-	14.5	-
Debt tender offer premiums and adjustments (Other income (expense) - net - Corporate)	-	-	-	66.8	66.8	-
	12.0	50.4	3.5	66.8	132.7	-
Total nonrecurring items	23.8	(223.1)	(33.4)	202.8	(29.9)	6.5
Tax effect for above items	9.1	(113.3)	(13.7)	56.7	(61.2)	2.5
Recurring income (loss) from continuing operations	(\$31.4)	(\$16.3)	\$3.1	\$61.6	\$17.0	\$9.4
Recurring diluted earnings per common share	(\$0.06)	\$ (0.03)	\$0.01	\$0.12	\$0.03	\$0.02
Weighted-average shares - diluted (thousands)	517,652	534,839	524,711	518,502	518,137	525,752

⁽¹⁾Includes \$126.8 million positive valuation adjustment associated with agreement to terminate contract with Allegheny in second quarter 2003.

⁽²⁾No tax benefit

⁽³⁾Power recognized \$80.7 million of revenue in the second quarter of 2003 from a correction of the accounting treatment previously applied to certain third party derivative contracts during 2002 and 2001. Results for 2003 include \$117 million of revenue related to these prior period items, of which \$24 million was recorded prior to the second quarter correction, and \$12 million was subsequently reported in the fourth quarter.

⁽⁴⁾For \$5.6 million, no tax benefit

⁽⁵⁾For \$20.2 million, no tax benefit

Consolidated Statement of Operations

(UNAUDITED)

(Dollars in millions, except per-share amounts)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues	\$ 4,832.6	\$ 3,657.0	\$ 4,795.3	\$ 3,549.2	\$ 16,834.1	\$ 3,114.2
Segment costs and expenses:						
Costs and operating expenses	4,473.5	3,064.9	4,434.7	3,183.7	15,156.8	2,727.2
Selling, general and administrative expenses	107.4	116.9	97.3	90.6	412.2	85.4
Other (income) expense - net	0.6	(225.1)	(24.8)	160.6	(88.7)	8.3
Total segment costs and expenses	<u>4,581.5</u>	<u>2,956.7</u>	<u>4,507.2</u>	<u>3,434.9</u>	<u>15,480.3</u>	<u>2,820.9</u>
Equity earnings	4.4	1.0	6.8	8.1	20.3	11.6
Income (loss) from investments	-	(46.1)	17.6	3.2	(25.3)	(7.0)
Intercompany interest rate swaps	(5.9)	(16.7)	10.0	9.7	(2.9)	(21.6)
Total segment profit	<u>249.6</u>	<u>638.5</u>	<u>322.5</u>	<u>135.3</u>	<u>1,345.9</u>	<u>276.3</u>
Reclass equity earnings	(4.4)	(1.0)	(6.8)	(8.1)	(20.3)	(11.6)
Reclass (income) loss from investments	-	46.1	(17.6)	(3.2)	25.3	7.0
Reclass intercompany interest rate swaps	5.9	16.7	(10.0)	(9.7)	2.9	21.6
General corporate expenses	(22.9)	(21.8)	(17.8)	(24.5)	(87.0)	(32.0)
Operating income	228.2	678.5	270.3	89.8	1,266.8	261.3
Interest accrued	(352.8)	(406.0)	(276.3)	(251.3)	(1,286.4)	(243.3)
Interest capitalized	11.9	11.3	11.4	10.9	45.5	4.0
Interest rate swap income (loss)	(2.8)	(6.1)	2.5	4.2	(2.2)	(8.1)
Investing income (loss)	46.3	(43.1)	40.6	29.6	73.4	10.5
Minority interest in income of consolidated subsidiaries	(3.5)	(6.0)	(5.6)	(4.3)	(19.4)	(4.8)
Other income (expense) - net	22.1	13.9	3.7	(65.8)	(26.1)	0.8
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principles	(50.6)	242.5	46.6	(186.9)	51.6	20.4
Provision (benefit) for income taxes	(11.3)	126.3	23.8	(102.4)	36.4	15.0
Income (loss) from continuing operations	(39.3)	116.2	22.8	(84.5)	15.2	5.4
Income (loss) from discontinued operations	(13.9)	153.5	83.5	30.8	253.9	4.5
Income (loss) before cumulative effect of change in accounting principles	(53.2)	269.7	106.3	(53.7)	269.1	9.9
Cumulative effect of change in accounting principles	(761.3)	-	-	-	(761.3)	-
Net income (loss)	(814.5)	269.7	106.3	(53.7)	(492.2)	9.9
Preferred stock dividends	6.8	22.7	-	-	29.5	-
Income (loss) applicable to common stock	\$ (821.3)	\$ 247.0	\$ 106.3	\$ (53.7)	\$ (521.7)	\$ 9.9
Diluted earnings (loss) per common share:						
Income (loss) from continuing operations	\$ (0.09)	\$ 0.17	\$ 0.04	\$ (0.16)	\$ (0.03)	\$ 0.01
Income (loss) from discontinued operations	(0.03)	0.29	0.16	0.06	0.49	0.01
Income (loss) before cumulative effect of change in accounting principles	(0.12)	0.46	0.20	(0.10)	0.46	0.02
Cumulative effect of change in accounting principles	(1.47)	-	-	-	(1.47)	-
Net income (loss)	\$ (1.59)	\$ 0.46	\$ 0.20	\$ (0.10)	\$ (1.01)	\$ 0.02
Weighted-average number of shares used in computation (thousands)	517,652	534,839	524,711	518,502	518,137	525,752
Common shares outstanding at end of period (thousands)	517,538	517,677	517,961	518,232	518,232	519,824
Market price per common share (end of period)	\$ 4.58	\$ 7.90	\$ 9.42	\$ 9.82	\$ 9.82	\$ 9.57
Common dividends per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.01

Note: The sum of earnings (loss) per share for the four quarters may not equal the total earnings (loss) per share for the year due to changes in the weighted-average number of common shares outstanding.

Reconciliation of Segment Profit (Loss) to Recurring Segment Profit (Loss)

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Segment profit (loss):						
Power *	\$ (136.4)	\$ 348.0	\$ 43.9	\$ (101.4)	\$ 154.1	\$ (32.7)
Gas Pipeline	151.2	113.9	141.4	148.4	554.9	148.5
Exploration & Production	113.8	178.7	58.8	50.1	401.4	51.5
Midstream Gas & Liquids	116.2	49.6	74.3	45.9	286.0	117.7
Other	4.8	(51.7)	4.1	(7.7)	(50.5)	(8.7)
Total segment profit	\$ 249.6	\$ 638.5	\$ 322.5	\$ 135.3	\$ 1,345.9	\$ 276.3
Nonrecurring adjustments:						
Power	\$ 11.8	\$ (266.5)	\$ (26.5)	\$ 110.4	\$ (170.8)	\$ -
Gas Pipeline	-	26.4	-	0.1	26.5	-
Exploration & Production	-	(91.5)	-	-	(91.5)	-
Midstream Gas & Liquids	-	8.5	(1.2)	25.5	32.8	-
Other	-	49.6	(9.2)	-	40.4	6.5
Total segment nonrecurring adjustments	\$ 11.8	\$ (273.5)	\$ (36.9)	\$ 136.0	\$ (162.6)	\$ 6.5
Recurring segment profit (loss):						
Power *	\$ (124.6)	\$ 81.5	\$ 17.4	\$ 9.0	\$ (16.7)	\$ (32.7)
Gas Pipeline	151.2	140.3	141.4	148.5	581.4	148.5
Exploration & Production	113.8	87.2	58.8	50.1	309.9	51.5
Midstream Gas & Liquids	116.2	58.1	73.1	71.4	318.8	117.7
Other	4.8	(2.1)	(5.1)	(7.7)	(10.1)	(2.2)
Total recurring segment profit	\$ 261.4	\$ 365.0	\$ 285.6	\$ 271.3	\$ 1,183.3	\$ 282.8

Note: Segment profit (loss) includes equity earnings (losses) and certain income (loss) from investments reported in investing income (loss) in the Consolidated Statement of Operations. Equity earnings (losses) are from investments accounted for under the equity method. Income (loss) from investments results from the management of investments in certain equity instruments.

* Power's segment profit includes the effect of intercompany interest rate swaps entered into with the corporate parent.

Power

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:*						
Natural gas & power	\$ 3,330.5	\$ 2,879.8	\$ 3,848.5	\$ 2,485.1	\$ 12,543.9	\$ 2,380.6
Crude & refined products	751.6	225.9	242.8	198.9	1,419.2	106.9
Other	(306.5)	(182.2)	(192.9)	(88.9)	(770.5)	(212.7)
Total revenues	3,775.6	2,923.5	3,898.4	2,595.1	13,192.60	2,274.8
Segment costs and expenses:						
Costs and operating expenses	3,874.1	2,704.2	3,849.4	2,562.3	12,990.0	2,282.6
Selling, general and administrative expenses	36.4	44.1	26.2	17.3	124.0	16.2
Other (income) expense - net	1.5	(172.8)	(8.9)	116.4	(63.8)	8.7
Total segment costs and expenses	3,912.0	2,575.5	3,866.7	2,696.0	13,050.2	2,307.5
Income (loss) from investments	-	-	12.2	(0.5)	11.7	-
Reported segment profit (loss)	(136.4)	348.0	43.9	(101.4)	154.1	(32.7)
Nonrecurring adjustments	11.8	(266.5)	(26.5)	110.4	(170.8)	-
Recurring segment profit (loss), pre-tax	\$ (124.6)	\$ 81.5	\$ 17.4	\$ 9.0	\$ (16.7)	\$ (32.7)

* Power's segment profit includes the effect of intercompany interest rate swaps entered into with the corporate parent.

Operating statistics

Volumes

Natural gas (Bcfd)	3.5	2.5	2.4	2.4	2.7	2.6
Crude & refined products (MBPD)	144.4	37.3	60.0	66.0	77.0	27.4
Power (GWh)	40,536	35,589	53,054	36,729	165,908	22,383

Additional statistics

Value at risk

	Quarter ended 3/31/04 (in Millions)
One day VaR - 95% confidence level	
Trading	\$2.9MM
Non-Trading	\$23.2MM
Aggregate Earnings VaR	\$21.4MM

Net Credit Exposure (in Millions)

	Investment	
	Grade	Total
Gas and electric utilities	\$ 593.5	\$ 604.6
Energy marketers and traders	60.6	434.1
Financial institutions	175.0	175.0
Other	2.4	2.7
	<u>\$ 831.5</u>	<u>\$ 1,216.4</u>
Credit Reserves		(52.9)
Net Credit Exposure from Derivative Contracts		<u>\$ 1,163.5</u>

Fair Value Of Mark-to-Market Derivatives (in Millions)

Period the value of mark-to-market derivatives is expected to be realized:

1-12 months	\$ (63.2)
13-36 months	8.1
37-60 months	(13.8)
61-120 months	(2.2)
121+ months	-
Total Fair Value	<u>(71.1)</u>
Non-Trading MTM Derivatives	724.6
SFAS 133 Hedges	(401.4)
Non-Power Business Unit Hedges	(42.1)
Total Net Derivative Assets and Liabilities	<u>\$ 210.0</u>

Power Portfolio (Megawatts)

	Quarter Ended	
	3/31/04	3/31/03
Owned	222	207
Contracted	8,869	9,296
Total	<u>9,091</u>	<u>9,503</u>

Credit Support (in Millions)

As of March 31, 2004	
Prepays	\$81
Margins	\$449
Adequate Assurance	\$139

Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Northwest Pipeline	\$ 79.6	\$ 81.4	\$ 79.4	\$ 87.3	\$ 327.7	\$ 85.5
Transcontinental Gas Pipe Line	243.6	230.6	237.1	259.5	970.8	257.4
Other	0.1	-	0.1	0.3	0.5	-
Total revenues	323.3	312.0	316.6	347.1	1,299.0	342.9
Segment costs and expenses:						
Costs and operating expenses	141.9	144.9	154.3	165.9	607.0	165.7
Selling, general and administrative expenses	31.7	30.0	33.7	37.5	132.9	32.2
Other (income) expense - net	0.3	25.3	(6.8)	1.3	20.1	-
Total segment costs and expenses	173.9	200.2	181.2	204.7	760.0	197.9
Equity earnings	1.8	2.0	6.0	6.0	15.8	3.8
Income (loss) from investments	-	0.1	-	-	0.1	(0.3)
Reported segment profit:						
Northwest Pipeline	45.3	17.2	37.5	46.3	146.3	44.5
Transcontinental Gas Pipe Line	106.0	97.1	99.5	96.9	399.5	102.2
Other	(0.1)	(0.4)	4.4	5.2	9.1	1.8
Total reported segment profit	151.2	113.9	141.4	148.4	554.9	148.5
Nonrecurring adjustments:						
Northwest Pipeline	-	25.5	-	0.1	25.6	-
Transcontinental Gas Pipe Line	-	0.9	-	-	0.9	-
Other	-	-	-	-	-	-
Total nonrecurring adjustments	-	26.4	-	0.1	26.5	-
Recurring segment profit:						
Northwest Pipeline	45.3	42.7	37.5	46.4	171.9	44.5
Transcontinental Gas Pipe Line	106.0	98.0	99.5	96.9	400.4	102.2
Other	(0.1)	(0.4)	4.4	5.2	9.1	1.8
Total recurring segment profit, pre-tax	\$ 151.2	\$ 140.3	\$ 141.4	\$ 148.5	\$ 581.4	\$ 148.5

Operating statistics

Northwest Pipeline						
Throughput (TBtu)	195.1	172.2	146.7	167.7	681.7	177.1
Average daily transportation volumes (TBtu)	2.2	1.9	1.6	1.8	1.9	1.9
Average daily firm reserved capacity (TBtu)	3.3	2.1	2.3	2.5	2.3	2.5
Transcontinental Gas Pipe Line						
Throughput (TBtu)	523.5	432.2	426.2	488.0	1,869.9	549.0
Average daily transportation volumes (TBtu)	5.8	4.7	4.6	5.3	5.1	6.0
Average daily firm reserved capacity (TBtu)	6.6	6.3	6.4	6.6	6.5	6.8

Exploration & Production

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Production	\$ 174.3	\$ 142.1	\$ 133.3	\$ 128.0	\$ 577.7	\$ 127.5
Gas management	36.6	24.4	24.0	26.8	111.8	22.2
Net nonqualified hedge derivative income (loss)	8.3	15.0	1.1	(0.3)	24.1	0.8
International	7.6	8.1	8.4	9.0	33.1	9.6
Other	17.1	10.6	1.9	3.4	33.0	5.1
Total revenues	243.9	200.2	168.7	166.9	779.7	165.2
Segment costs and expenses:						
Depreciation, depletion and amortization (including International)	46.8	44.5	42.4	40.2	173.9	42.5
Lease and other operating expenses	18.5	16.2	15.1	19.2	69.0	19.3
Operating taxes	16.9	15.2	16.4	13.1	61.6	15.9
Exploration expenses and property impairment	1.6	(0.1)	0.8	0.8	3.1	0.4
Selling, general and administrative expenses (including International)	15.5	15.1	12.9	13.4	56.9	14.0
Gas management expenses	35.6	24.0	23.7	26.7	110.0	22.2
Other (income) expense - net	(5.0)	(93.0)	(2.6)	0.4	(100.2)	(0.7)
International (excluding DD&A and SG&A)	2.3	2.1	3.7	4.8	12.9	3.0
Total segment costs and expenses	132.2	24.0	112.4	118.6	387.2	116.6
Equity earnings - International	2.1	2.5	2.5	1.8	8.9	2.9
Reported segment profit	113.8	178.7	58.8	50.1	401.4	51.5
Nonrecurring adjustments	-	(91.5)	-	-	(91.5)	-
Recurring segment profit, pre-tax	\$ 113.8	\$ 87.2	\$ 58.8	\$ 50.1	\$ 309.9	\$ 51.5

Operating statistics

Domestic:

Total domestic net volumes (Bcfe)	45.3	45.7	42.4	41.1	174.5	41.6
Net domestic volumes per day (MMcfe/d)	504	502	461	447	478	457
Net domestic realized price (\$/Mcf) (1)	\$ 3.845	\$ 3.112	\$ 3.141	\$ 3.115	\$ 3.310	\$ 3.062
Production taxes per Mcfe	\$ 0.373	\$ 0.333	\$ 0.386	\$ 0.317	\$ 0.353	\$ 0.381
Lease and other operating expense per Mcfe	\$ 0.408	\$ 0.356	\$ 0.355	\$ 0.467	\$ 0.395	\$ 0.464

(1) Net realized price is calculated the following way: production revenues (including hedging activities and incremental margins related to gas management activities) divided by net volumes.

International:

Total volumes including Equity Investee (Bcfe)	4.9	5.2	5.4	5.4	20.9	5.3
Volumes per day (MMcfe/d)	54	57	59	59	57	59
Volumes net to Williams (after minority interest) (Bcfe)	3.7	3.8	4.2	4.1	15.8	4.0
Volumes net to Williams per day (Mmcfe/d)	41	42	46	44	43	44
Total Domestic and International:						
Volumes net to Williams (after minority interest) (Bcfe)	49.0	49.5	46.6	45.2	190.3	45.6
Volumes net to Williams per day (Mmcfe/d)	545	544	507	491	521	501

Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Domestic:						
Gathering	\$ 91.6	\$ 93.6	\$ 88.8	\$ 89.7	\$ 363.7	\$ 85.7
Processing	23.8	24.5	23.1	22.8	94.2	21.4
NGL sales from gas processing	176.3	97.6	113.0	159.1	546.0	195.9
Production handling and transportation	15.1	16.5	18.3	17.0	66.9	25.1
Olefins sales	30.6	35.2	32.8	31.6	130.2	55.3
Trading/marketing sales	730.2	327.8	504.3	559.5	2,121.8	470.8
Other domestic revenues	26.8	26.1	24.3	15.6	92.8	16.9
	<u>1,094.4</u>	<u>621.3</u>	<u>804.6</u>	<u>895.3</u>	<u>3,415.6</u>	<u>871.1</u>
Canada:						
Gas processing plants	137.4	117.7	128.8	110.5	494.4	126.8
Olefins	18.9	14.9	23.1	24.6	81.5	28.9
Venezuela						
	25.2	35.9	39.5	36.1	136.7	36.4
Intrasegment eliminations	(262.2)	(158.9)	(155.0)	(232.9)	(809.0)	(296.8)
Total revenues	<u>1,013.7</u>	<u>630.9</u>	<u>841.0</u>	<u>833.6</u>	<u>3,319.2</u>	<u>766.4</u>
Segment costs and expenses:						
Domestic:						
NGL cost of goods sold	124.7	81.7	98.9	126.2	431.5	162.9
Olefins cost of goods sold	36.1	42.1	38.0	27.7	143.9	45.8
Trading/marketing cost of goods sold	716.2	333.4	504.2	558.2	2,112.0	470.2
Operating costs	87.5	89.2	85.6	102.3	364.6	89.4
Canada:						
Gas processing plants	130.8	112.9	124.2	104.7	472.6	115.6
Olefins	19.8	22.9	30.4	30.5	103.6	30.6
Venezuela						
	13.8	15.8	15.7	17.7	63.0	14.2
Other						
Selling, general and administrative expenses	23.8	26.0	24.3	22.8	96.9	22.5
Other (income) expense - net	3.8	9.7	4.7	36.2	54.4	(1.0)
Intrasegment eliminations	(262.2)	(158.9)	(155.0)	(232.9)	(809.0)	(296.8)
Total segment costs and expenses	<u>894.3</u>	<u>574.8</u>	<u>771.0</u>	<u>793.4</u>	<u>3,033.5</u>	<u>653.4</u>
Equity earnings (losses)	(3.2)	(2.8)	(1.1)	1.4	(5.7)	4.9
Income (loss) from investments	-	(3.7)	5.4	4.3	6.0	(0.2)
Reported segment profit	116.2	49.6	74.3	45.9	286.0	117.7
Nonrecurring adjustments	-	8.5	(1.2)	25.5	32.8	-
Recurring segment profit, pre-tax	\$ 116.2	\$ 58.1	\$ 73.1	\$ 71.4	\$ 318.8	\$ 117.7

Operating statistics

Domestic:						
Gathering volumes (TBtu)	547.9	551.1	559.4	548.2 **	2,206.6 **	537.0
Gathering margins (\$/MMBtu)	\$ 0.167	\$ 0.170	\$ 0.159	\$ 0.163 **	\$ 0.164	\$ 0.160
Processing volumes (TBtu)	163.3	152.9	195.0	182.5	693.7	176.2
Processing rate (\$/MMBtu)	\$ 0.146 **	\$ 0.160 **	\$ 0.118 **	\$ 0.125 **	\$ 0.136 **	\$ 0.120
NGL equity sales (million gallons)	300.2	199.5	228.4	298.3 **	1,026.4 **	327.6
NGL margin (\$/gallon)	\$ 0.172	\$ 0.080	\$ 0.062	\$ 0.110 **	\$ 0.111 **	\$ 0.101
Gulf olefins sales (million pounds)						
	140.2	136.2	117.6	125.3	519.3	195.3
Canada:						
Canadian NGL sales (million gallons)	309.6 **	281.2 **	324.2	334.8	1,249.8 **	337.6
Canadian olefins sales (million gallons)	39.8	33.8	34.4	39.8	147.8	42.1

** Restated

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Capital expenditures:						
Power	\$ 0.2	\$ 0.1	\$ 1.1	\$ (0.4)	\$ 1.0	\$ -
Gas Pipeline:						
Northwest Pipeline	56.0	77.1	117.7	43.8	294.6	11.2
Transcontinental Gas Pipe Line	54.5	46.1	32.8	57.2	190.6	21.4
Total	110.5	123.2	150.5	101.0	485.2	32.6
Exploration & Production	55.7	30.4	38.1	77.8	202.0	76.1
Midstream Gas & Liquids	68.0	60.9	94.3	42.9	266.1	18.9
Other	0.7	0.1	0.4	1.3	2.5	0.2
Total	\$ 235.1	\$ 214.7	\$ 284.4	\$ 222.6	\$ 956.8	\$ 127.8
Purchase of investments:						
Gas Pipeline:						
Other	\$ 2.5	\$ 4.0	\$ -	\$ -	\$ 6.5	\$ -
Exploration & Production	1.8	-	-	-	1.8	-
Midstream Gas & Liquids	0.9	2.4	6.0	127.3	136.6	-
Other	0.5	1.2	1.3	2.5	5.5	0.4
Total	\$ 5.7	\$ 7.6	\$ 7.3	\$ 129.8	\$ 150.4	\$ 0.4
Summary:						
Power	\$ 0.2	\$ 0.1	\$ 1.1	\$ (0.4)	\$ 1.0	\$ -
Gas Pipeline	113.0	127.2	150.5	101.0	491.7	32.6
Exploration & Production	57.5	30.4	38.1	77.8	203.8	76.1
Midstream Gas & Liquids	68.9	63.3	100.3	170.2	402.7	18.9
Other	1.2	1.3	1.7	3.8	8.0	0.6
Total	\$ 240.8	\$ 222.3	\$ 291.7	\$ 352.4	\$ 1,107.2	\$ 128.2
Cumulative summary:						
Power	\$ 0.2	\$ 0.3	\$ 1.4	\$ 1.0	\$ 1.0	\$ -
Gas Pipeline	113.0	240.2	240.2	491.7	491.7	32.6
Exploration & Production	57.5	87.9	126.0	203.8	203.8	76.1
Midstream Gas & Liquids	68.9	132.2	232.5	402.7	402.7	18.9
Other	1.2	2.5	4.2	8.0	8.0	0.6
Total	\$ 240.8	\$ 463.1	\$ 604.3	\$ 1,107.2	\$ 1,107.2	\$ 128.2

Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

(Dollars in millions)	2003					2004
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Depreciation, depletion and amortization:						
Power	\$ 7.8	\$ 7.5	\$ 9.7	\$ 6.5	\$ 31.5	\$ 5.5
Gas Pipeline:						
Northwest Pipeline	16.8	17.0	17.2	20.0	71.0	18.2
Transcontinental Gas Pipe Line	41.1	45.2	44.6	45.3	176.2	41.1
Total	57.9	62.2	61.8	65.3	247.2	59.3
Exploration & Production	46.8	44.5	42.4	40.2	173.9	42.5
Midstream Gas & Liquids	48.8	49.7	49.9	50.5	198.9	52.5
Other	6.4	4.9	4.0	4.4	19.7	3.8
Total	<u>\$ 167.7</u>	<u>\$ 168.8</u>	<u>\$ 167.8</u>	<u>\$ 166.9</u>	<u>\$ 671.2</u>	<u>\$ 163.6</u>
Other selected financial data:						
Cash and cash equivalents	\$ 1,403.2	\$ 3,227.1	\$ 3,428.0	\$ 2,315.7	\$ 2,315.7	\$ 1,997.8
Total assets	\$ 35,442.3	\$ 33,853.0	\$ 30,301.7	\$ 27,021.8	\$ 27,021.8	\$ 27,790.2
Capital structure:						
Debt						
Current (1)	\$ 3,243.5	\$ 1,877.8	\$ 1,981.4	\$ 939.7	\$ 939.7	\$ 443.4
Noncurrent	\$ 9,761.4	\$ 11,209.7	\$ 10,990.1	\$ 11,039.8	\$ 11,039.8	\$ 10,824.8
Stockholders' equity	\$ 4,152.9	\$ 4,001.5	\$ 4,195.4	\$ 4,102.1	\$ 4,102.1	\$ 4,034.1
Debt to debt-plus-equity ratio	75.8%	76.6%	75.6%	74.5%	74.5%	73.6%

(1) Current includes notes payable, commercial paper and the current portion of long-term debt.