

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

(UNAUDITED)

(Dollars in millions, except for per-share amounts)	2004					2005
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Income (loss) from continuing operations available to common stockholders	\$0.0	(\$18.5)	\$16.2	\$95.5	\$93.2	\$202.2
Income (loss) from continuing operations - diluted earnings per share	\$-	(\$0.03)	\$0.03	\$0.17	\$0.17	\$0.34
Nonrecurring items:						
<i>Power</i>						
Accrual for a regulatory settlement ⁽¹⁾	-	-	-	-	-	4.6
Prior period correction	-	-	-	-	-	6.8
<i>Total Power nonrecurring items</i>	-	-	-	-	-	11.4
<i>Gas Pipeline</i>						
Prior period liability corrections	-	-	-	-	-	(13.1)
Write-off of previously-capitalized costs - idled segment of Northwest's pipeline	-	9.0	-	-	9.0	-
<i>Total Gas Pipeline nonrecurring items</i>	-	9.0	-	-	9.0	(13.1)
<i>Exploration & Production</i>						
Gain on sale of E&P properties	-	-	-	-	-	(7.9)
Loss provision related to an ownership dispute	-	11.3	-	4.1	15.4	0.3
<i>Total Exploration & Production nonrecurring items</i>	-	11.3	-	4.1	15.4	(7.6)
<i>Midstream Gas & Liquids</i>						
La Maquina depreciable life adjustment	-	-	6.4	1.2	7.6	-
Gain on sale of Louisiana Olefins assets	-	-	-	(9.5)	(9.5)	-
Gulf Liquids arbitration award (Winterthur)	-	-	-	(93.6)	(93.6)	-
Impairment of Discovery	-	-	-	16.9	16.9	-
Devil's Tower revenue correction	-	(16.5)	16.5	-	-	-
<i>Total Midstream Gas & Liquids nonrecurring items</i>	-	(16.5)	22.9	(85.0)	(78.6)	-
<i>Other</i>						
Impairment of Longhorn and Aspen project	-	10.8	-	-	10.8	-
Augusta environmental reserve	-	-	-	11.8	11.8	-
Longhorn recapitalization fee	6.5	-	-	-	6.5	-
<i>Total Other nonrecurring items</i>	6.5	10.8	-	11.8	29.1	-
Nonrecurring items included in segment profit (loss)	6.5	14.6	22.9	(69.1)	(25.1)	(9.3)
Nonrecurring items below segment profit (loss)						
Impairment of cost-based investments (Investing income (loss) - Various)	-	-	15.7	2.3	18.0	-
Write-off of capitalized debt expense (Interest accrued - Corporate)	-	3.8	-	-	3.8	-
Premiums, fees and expenses related to the debt repurchase and debt tender offer (Other income (expense) - net - Corporate and Exploration & Production)	-	96.7	155.1	29.7	281.5	-
Gulf Liquids arbitration award (Winterthur) - interest income - (Investing income loss) - Midstream)	-	-	-	(9.6)	(9.6)	-
Loss provision related to an ownership dispute - interest component (Interest accrued - Exploration & Production)	-	1.9	-	2.1	4.0	2.7
	-	102.4	170.8	24.5	297.7	2.7
Total nonrecurring items	6.5	117.0	193.7	(44.6)	272.6	(6.6)
Tax effect for above items ⁽¹⁾	2.5	44.8	74.1	(17.1)	104.3	(2.8)
Recurring income (loss) from continuing operations available to common stockholders	\$4.0	\$53.7	\$135.8	\$68.0	\$261.5	\$198.4
Recurring diluted earnings per common share	\$0.01	\$0.10	\$0.26	\$0.12	\$0.49	\$0.33
Weighted-average shares - diluted (thousands)	519,485	521,698	529,525	586,497	535,611	599,422

⁽¹⁾No tax effect on \$.6 million of the accrual for a regulatory settlement in 1st quarter 2005.

Note: The sum of earnings (loss) per share for the 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.