

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

(UNAUDITED)

	2005					2006
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Income from continuing operations available to common stockholders	<u>\$202.2</u>	<u>\$40.7</u>	<u>\$5.7</u>	<u>\$68.8</u>	<u>\$317.4</u>	<u>\$131.1</u>
Income from continuing operations - diluted earnings (loss) per common share	<u>\$0.34</u>	<u>\$0.07</u>	<u>\$0.01</u>	<u>\$0.11</u>	<u>\$0.53</u>	<u>\$0.22</u>
Nonrecurring items:						
<u>Exploration & Production</u>						
Gain on sale of E&P properties	(7.9)	-	(21.7)	-	(29.6)	-
Loss provision related to an ownership dispute	0.3	-	-	-	0.3	-
<i>Total Exploration & Production nonrecurring items</i>	<u>(7.6)</u>	<u>-</u>	<u>(21.7)</u>	<u>-</u>	<u>(29.3)</u>	<u>-</u>
<u>Gas Pipeline</u>						
Prior period liability corrections - TGPL	(13.1)	(4.6)	-	-	(17.7)	-
Prior period pension adjustment - TGPL	-	(17.1)	-	-	(17.1)	-
Income from favorable ruling on FERC appeal (1999 Fuel Tracker)	-	-	(14.2)	-	(14.2)	-
Prior period inventory corrections - TGPL	-	-	-	27.5	27.5	-
Accrual of contingent refund obligation - TGPL	-	-	-	9.8	9.8	-
Reversal of litigation contingency due to favorable ruling - TGPL	-	-	-	-	-	(2.0)
<i>Total Gas Pipeline nonrecurring items</i>	<u>(13.1)</u>	<u>(21.7)</u>	<u>(14.2)</u>	<u>37.3</u>	<u>(11.7)</u>	<u>(2.0)</u>
<u>Midstream Gas & Liquids</u>						
Settlement of an international contract dispute	-	-	-	-	-	(6.3)
<i>Total Midstream Gas & Liquids nonrecurring items</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6.3)</u>
<u>Power</u>						
Accrual for a regulatory settlement ⁽¹⁾	4.6	-	-	-	4.6	-
Accrual for litigation contingencies ⁽¹⁾	-	13.1	0.4	68.7	82.2	-
Impairment of Aux Sable	-	-	-	23.0	23.0	-
Prior period correction	6.8	-	-	-	6.8	-
<i>Total Power nonrecurring items</i>	<u>11.4</u>	<u>13.1</u>	<u>0.4</u>	<u>91.7</u>	<u>116.6</u>	<u>-</u>
<u>Other</u>						
Impairment of Longhorn	-	49.1	-	38.1	87.2	-
Write-off of capitalized project development costs	-	4.0	-	-	4.0	-
Gain on sale of real property	-	-	-	(9.0)	(9.0)	-
<i>Total Other nonrecurring items</i>	<u>-</u>	<u>53.1</u>	<u>-</u>	<u>29.1</u>	<u>82.2</u>	<u>-</u>
Nonrecurring items included in segment profit (loss)	<u>(9.3)</u>	<u>44.5</u>	<u>(35.5)</u>	<u>158.1</u>	<u>157.8</u>	<u>(8.3)</u>
<u>Nonrecurring items below segment profit (loss)</u>						
<i>Gain on sale of remaining interests in Seminole Pipeline and MAPL (Investing income / loss - Midstream)</i>	-	(8.6)	-	-	(8.6)	-
<i>Loss provision related to an ownership dispute - interest component (Interest accrued - Exploration & Production)</i>	2.7	-	-	-	2.7	-
<i>Directors and officers insurance policy adjustment (General corporate expenses - Corporate)</i>	-	-	13.8	-	13.8	-
<i>Loss provision related to ERISA litigation settlement (Other income (expense) - net - Corporate)</i>	-	-	5.0	-	5.0	-
<i>Legal fees associated with shareholder litigation (General corporate expenses - Corporate)</i>	-	-	-	9.4	9.4	1.2
<i>Reversal of interest accrual related to reversal of litigation contingency noted above (Other interest expense - Gas Pipeline - TGPL)</i>	-	-	-	-	-	(5.0)
<i>Premium and fees related to convertible debt conversion - (Other income (expense) - net - Corporate)</i>	-	-	-	-	-	27.0
<i>Gain on sale of Algar/Triangulo shares (Investing income / loss - Other)</i>	-	-	-	-	-	(6.7)
	<u>2.7</u>	<u>(8.6)</u>	<u>18.8</u>	<u>9.4</u>	<u>22.3</u>	<u>16.5</u>
Total nonrecurring items	<u>(6.6)</u>	<u>35.9</u>	<u>(16.7)</u>	<u>167.5</u>	<u>180.1</u>	<u>8.2</u>
Tax effect for above items ⁽¹⁾	(2.8)	10.7	(6.4)	48.0	49.5	3.4
Adjustment for nonrecurring excess deferred tax benefit	-	-	-	(20.2)	(20.2)	-
Recurring income (loss) from continuing operations available to common stockholders	<u>\$198.4</u>	<u>\$65.9</u>	<u>(\$4.6)</u>	<u>\$168.1</u>	<u>\$427.8</u>	<u>\$135.9</u>
Recurring diluted earnings (loss) per common share	<u>\$0.33</u>	<u>\$0.11</u>	<u>(\$0.01)</u>	<u>\$0.28</u>	<u>\$0.72</u>	<u>\$0.23</u>
Weighted-average shares - diluted (thousands)	599,422	578,902	580,735	609,106	605,847	607,073

⁽¹⁾No tax effect on \$0.6 million of the accrual for a regulatory settlement in 1st quarter 2005 and \$8 million and \$42 million of the accrual for litigation contingencies in 2nd quarter 2005 and 4th quarter 2005, respectively. The tax rate applied to Midstream's international contract dispute settlement in 1st quarter 2006 is 34%.

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.