



**Financial Highlights and Operating Statistics**  
(UNAUDITED)

Final

March 31, 2007

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

(UNAUDITED)

	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Income (loss) from continuing operations available to common stockholders</b>	<b>\$131.1</b>	<b>(\$63.9)</b>	<b>\$110.1</b>	<b>\$155.5</b>	<b>\$332.8</b>	<b>\$131.8</b>
<b>Income (loss) from continuing operations - diluted earnings (loss) per common share</b>	<b>\$0.22</b>	<b>(\$0.11)</b>	<b>\$0.19</b>	<b>\$0.25</b>	<b>\$0.55</b>	<b>\$0.22</b>
<b>Nonrecurring items:</b>						
<i>Gas Pipeline</i>						
Reversal of litigation contingency due to favorable ruling - TGPL	(2.0)	-	-	-	(2.0)	-
<i>Total Gas Pipeline nonrecurring items</i>	(2.0)	-	-	-	(2.0)	-
<i>Midstream Gas &amp; Liquids</i>						
Reversal of a maintenance accrual	-	-	-	-	-	(7.9)
Gains on sales of MGL properties	-	-	(7.9)	-	(7.9)	-
Adjustment of accounts payable accrual	-	-	10.6	-	10.6	-
Losses on asset retirements and abandonments	-	-	5.2	-	5.2	-
Accrual for Gulf Liquids litigation contingency	-	68.0	2.4	2.3	72.7	-
Settlement of an international contract dispute	(6.3) <sup>1</sup>	-	-	-	(6.3)	-
<i>Total Midstream Gas &amp; Liquids nonrecurring items</i>	(6.3)	68.0	10.3	2.3	74.3	(7.9)
<i>Power</i>						
Reduction of contingent obligations associated with our former distributive power generation business	-	-	(12.7)	-	(12.7)	-
Accrual for litigation contingencies <sup>(1)</sup>	-	-	3.5	1.3	4.8	-
<i>Total Power nonrecurring items</i>	-	-	(9.2)	1.3	(7.9)	-
<b>Nonrecurring items below segment profit (loss)</b>						
<i>Impairment of cost-based investment - Petrowayu (Investing income / loss - Exploration &amp; Production)</i>	-	-	-	16.4	16.4	-
<i>Securities litigation settlement and related costs<sup>(1)</sup></i>	1.2	160.7	3.4	2.0	167.3	-
<i>Reversal of interest accrual related to reversal of litigation contingency noted above (Interest accrued - Gas Pipeline - TGPL)</i>	(5.0)	-	-	-	(5.0)	-
<i>Early debt retirement costs (Corporate and Exploration &amp; Production)</i>	27.0 <sup>1</sup>	4.4	-	-	31.4	-
<i>Gain on sale of Algar/Triangulo shares (Investing income / loss - Other)</i>	(6.7)	-	-	-	(6.7)	-
<i>Interest related to Gulf Liquids litigation contingency (Interest accrued - Midstream)</i>	-	20.0	0.6	1.4	22.0	1.4
	16.5	185.1	4.0	19.8	225.4	1.4
<b>Total nonrecurring items</b>	<b>8.2</b>	<b>253.1</b>	<b>5.1</b>	<b>23.4</b>	<b>289.8</b>	<b>(6.5)</b>
Tax effect for above items <sup>(1)</sup>	3.4	76.6	1.8	2.8	84.6	(2.5)
Adjustment for nonrecurring excess deferred tax provision	-	-	-	7.4	7.4	-
Adjustment for tax benefit related to federal income tax litigation	-	-	-	(25.1)	(25.1)	-
<b>Recurring income from continuing operations available to common stockholders</b>	<b>\$135.9</b>	<b>\$112.6</b>	<b>\$113.4</b>	<b>\$158.4</b>	<b>\$520.3</b>	<b>\$127.8</b>
<b>Recurring diluted earnings per common share</b>	<b>\$0.23</b>	<b>\$0.19</b>	<b>\$0.19</b>	<b>\$0.26</b>	<b>\$0.86</b>	<b>\$0.21</b>
<b>Weighted-average shares - diluted (thousands)</b>	<b>607,073</b>	<b>595,561</b>	<b>609,062</b>	<b>610,352</b>	<b>608,627</b>	<b>611,470</b>

<sup>(1)</sup> The tax rate applied to Midstream's international contract dispute settlement in 1st quarter 2006 is 34%. The tax rate applied to nonrecurring items for 2nd quarter 2006 has been adjusted for the effect of nondeductible expenses associated with securities litigation settlement and related costs and early debt retirement costs related to our convertible debt. The tax rate applied to 3rd and 4th quarter 2006 has been adjusted for the effect of nondeductible expenses associated with the securities litigation settlement and related costs. The tax rate applied to 4th quarter 2006 has also been adjusted for the effect of a nondeductible international impairment.

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.

## Consolidated Statement of Income

(UNAUDITED)

	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<i>(Dollars in millions, except per-share amounts)</i>						
Revenues	\$ 3,027.5	\$ 2,715.1	\$ 3,300.0	\$ 2,770.3	\$ 11,812.9	\$ 2,852.1
Segment costs and expenses:						
Costs and operating expenses	2,588.7	2,273.8	2,822.4	2,288.7	9,973.6	2,362.7
Selling, general and administrative expenses	71.0	109.3	128.0	140.9	449.2	117.5
Other (income) expense - net	(22.3)	61.7	(15.8)	(2.9)	20.7	(18.1)
Total segment costs and expenses	<u>2,637.4</u>	<u>2,444.8</u>	<u>2,934.6</u>	<u>2,426.7</u>	<u>10,443.5</u>	<u>2,462.1</u>
Equity earnings	22.2	23.1	29.9	23.7	98.9	21.4
Income (loss) from investments	-	(0.5)	0.5	-	-	-
<b>Total segment profit</b>	<u><b>412.3</b></u>	<u><b>292.9</b></u>	<u><b>395.8</b></u>	<u><b>367.3</b></u>	<u><b>1,468.3</b></u>	<u><b>411.4</b></u>
Reclass equity earnings	(22.2)	(23.1)	(29.9)	(23.7)	(98.9)	(21.4)
Reclass income (loss) from investments	-	0.5	(0.5)	-	-	-
General corporate expenses	(30.6)	(33.7)	(35.0)	(32.8)	(132.1)	(39.4)
Securities litigation settlement and related fees	(1.2)	(160.7)	(3.4)	(2.0)	(167.3)	-
Operating income	358.3	75.9	327.0	308.8	1,070.0	350.6
Interest accrued	(162.8)	(181.5)	(162.7)	(169.1)	(676.1)	(173.3)
Interest capitalized	3.0	4.0	4.8	5.4	17.2	4.9
Investing income	46.9	43.3	50.7	32.1	173.0	43.7
Early debt retirement costs	(27.0)	(4.4)	-	-	(31.4)	-
Minority interest in income of consolidated subsidiaries	(7.1)	(8.3)	(12.1)	(12.5)	(40.0)	(14.0)
Other income - net	8.1	8.0	2.8	7.5	26.4	2.0
Income (loss) from continuing operations before income taxes	219.4	(63.0)	210.5	172.2	539.1	213.9
Provision for income taxes	88.3	0.9	100.4	16.7	206.3	82.1
<b>Income (loss) from continuing operations</b>	<u><b>131.1</b></u>	<u><b>(63.9)</b></u>	<u><b>110.1</b></u>	<u><b>155.5</b></u>	<u><b>332.8</b></u>	<u><b>131.8</b></u>
Income (loss) from discontinued operations	0.8	(12.1)	(3.9)	(9.1)	(24.3)	2.2
<b>Net income (loss)</b>	<u><b>\$ 131.9</b></u>	<u><b>\$ (76.0)</b></u>	<u><b>\$ 106.2</b></u>	<u><b>\$ 146.4</b></u>	<u><b>\$ 308.5</b></u>	<u><b>\$ 134.0</b></u>
Diluted earnings per common share:						
<b>Income (loss) from continuing operations</b>	<u><b>\$ 0.22</b></u>	<u><b>\$ (0.11)</b></u>	<u><b>\$ 0.19</b></u>	<u><b>\$ 0.25</b></u>	<u><b>\$ 0.55</b></u>	<u><b>\$ 0.22</b></u>
Income (loss) from discontinued operations	-	(0.02)	(0.01)	(0.01)	(0.04)	-
<b>Net income (loss)</b>	<u><b>\$ 0.22</b></u>	<u><b>\$ (0.13)</b></u>	<u><b>\$ 0.18</b></u>	<u><b>\$ 0.24</b></u>	<u><b>\$ 0.51</b></u>	<u><b>\$ 0.22</b></u>
Weighted-average number of shares used in computation (thousands)	607,073	595,561	609,062	610,352	608,627	611,470
Common shares outstanding at end of period (thousands)	595,007	595,562	596,130	597,147	597,147	598,492
Market price per common share (end of period)	\$ 21.39	\$ 23.36	\$ 23.87	\$ 26.12	\$ 26.12	\$ 28.46
Common dividends per share	\$ 0.075	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.345	\$ 0.09
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.					

## Reconciliation of Segment Profit to Recurring Segment Profit

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Segment profit (loss):</b>						
Exploration & Production	\$ 147.6	\$ 119.8	\$ 144.5	\$ 139.6	\$ 551.5	\$ 188.1
Gas Pipeline	134.7	122.7	109.0	101.0	467.4	149.7
Midstream Gas & Liquids	151.5	130.7	212.2	163.9	658.3	154.0
Power	(22.5)	(79.6)	(69.7)	(39.0)	(210.8)	(81.1)
Other	1.0	(0.7)	(0.2)	1.8	1.9	0.7
<b>Total segment profit</b>	<b>\$ 412.3</b>	<b>\$ 292.9</b>	<b>\$ 395.8</b>	<b>\$ 367.3</b>	<b>\$ 1,468.3</b>	<b>\$ 411.4</b>
<b>Nonrecurring adjustments:</b>						
Exploration & Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Pipeline	(2.0)	-	-	-	(2.0)	-
Midstream Gas & Liquids	(6.3)	68.0	10.3	2.3	74.3	(7.9)
Power	-	-	(9.2)	1.3	(7.9)	-
Other	-	-	-	-	-	-
<b>Total segment nonrecurring adjustments</b>	<b>\$ (8.3)</b>	<b>\$ 68.0</b>	<b>\$ 1.1</b>	<b>\$ 3.6</b>	<b>\$ 64.4</b>	<b>\$ (7.9)</b>
<b>Recurring segment profit (loss):</b>						
Exploration & Production	\$ 147.6	\$ 119.8	\$ 144.5	\$ 139.6	\$ 551.5	\$ 188.1
Gas Pipeline	132.7	122.7	109.0	101.0	465.4	149.7
Midstream Gas & Liquids	145.2	198.7	222.5	166.2	732.6	146.1
Power	(22.5)	(79.6)	(78.9)	(37.7)	(218.7)	(81.1)
Other	1.0	(0.7)	(0.2)	1.8	1.9	0.7
<b>Total recurring segment profit</b>	<b>\$ 404.0</b>	<b>\$ 360.9</b>	<b>\$ 396.9</b>	<b>\$ 370.9</b>	<b>\$ 1,532.7</b>	<b>\$ 403.5</b>

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

## Exploration & Production

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Revenues:</b>						
Production	\$ 286.8	\$ 287.9	\$ 316.1	\$ 347.0	\$ 1,237.8	\$ 413.2
Gas management	41.2	28.3	25.3	39.3	134.1	55.3
Net nonqualified hedge derivative income (loss)	12.8	(1.6)	1.8	11.0	24.0	(2.2)
International	16.0	15.1	16.8	15.8	63.7	14.5
Other	(0.8)	12.6	11.1	5.1	28.0	1.9
Total revenues	356.0	342.3	371.1	418.2	1,487.6	482.7
<b>Segment costs and expenses:</b>						
Depreciation, depletion and amortization (including International)	73.1	84.5	95.3	108.6	361.5	113.6
Lease and other operating expenses *	30.1	43.8	39.0	46.4	159.3	43.7
Operating taxes	31.8	28.1	31.1	28.7	119.7	33.5
Exploration expenses *	4.4	2.4	2.6	7.2	16.6	6.9
Gathering expense	6.4	7.5	7.6	8.6	30.1	8.6
Selling, general and administrative expenses (including International)	21.5	28.2	28.2	34.4	112.3	35.9
Gas management expenses	41.2	28.3	25.3	39.3	134.1	55.3
International (excluding DD&A and SG&A)	5.5	4.9	5.0	5.9	21.3	4.3
Other (income) expense - net	(0.6)	0.7	(1.9)	4.8	3.0	(1.9)
Total segment costs and expenses	213.4	228.4	232.2	283.9	957.9	299.9
Equity earnings - International	5.0	5.9	5.6	5.3	21.8	5.3
<b>Reported segment profit</b>	<b>147.6</b>	<b>119.8</b>	<b>144.5</b>	<b>139.6</b>	<b>551.5</b>	<b>188.1</b>
Nonrecurring adjustments	-	-	-	-	-	-
<b>Recurring segment profit, pre-tax</b>	<b>\$ 147.6</b>	<b>\$ 119.8</b>	<b>\$ 144.5</b>	<b>\$ 139.6</b>	<b>\$ 551.5</b>	<b>\$ 188.1</b>

\* Amounts have been reclassified to the current classifications.

### Operating statistics

<b>Domestic:</b>						
Total domestic net volumes (Bcfe)	59.5	67.1	71.8	76.0	274.4	76.1
Net domestic volumes per day (MMcfe/d)	661	738	780	826	752	845
Net domestic realized price (\$/Mcf) (1)	\$ 4.712	\$ 4.177	\$ 4.300	\$ 4.450	\$ 4.401	\$ 5.318
Production taxes per Mcfe	\$ 0.534	\$ 0.420	\$ 0.433	\$ 0.377	\$ 0.436	\$ 0.440
Lease and other operating expense per Mcfe	\$ 0.505	\$ 0.653	\$ 0.544	\$ 0.610	\$ 0.581	\$ 0.574

(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)	6.0	5.6	6.0	6.1	23.7	5.2
Volumes per day (MMcfe/d)	67	61	65	67	65	58
Volumes net to Williams (after minority interest) (Bcfe)	4.7	4.4	4.7	4.8	18.6	4.1
Volumes net to Williams per day (MMcfe/d)	53	48	51	53	51	46
<b>Total Domestic and International:</b>						
Volumes net to Williams (after minority interest) (Bcfe)	64.2	71.5	76.5	80.9	293.1	80.2
Volumes net to Williams per day (MMcfe/d)	714	786	831	879	803	891

## Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Revenues:</b>						
Northwest Pipeline	\$ 79.6	\$ 80.0	\$ 81.0	\$ 83.7	\$ 324.3	\$ 103.0
Transcontinental Gas Pipe Line	254.3	257.2	253.0	258.1	1,022.6	267.6
Other	0.1	0.1	0.2	0.4	0.8	0.2
<b>Total revenues</b>	<u>334.0</u>	<u>337.3</u>	<u>334.2</u>	<u>342.2</u>	<u>1,347.7</u>	<u>370.8</u>
<b>Segment costs and expenses:</b>						
Costs and operating expenses	177.2	192.8	192.2	203.2	765.4	195.2
Selling, general and administrative expenses	31.0	35.4	45.1	50.0	161.5	34.8
Other (income) expense - net	(1.4)	(3.4)	(2.4)	(2.3)	(9.5)	0.4
<b>Total segment costs and expenses</b>	<u>206.8</u>	<u>224.8</u>	<u>234.9</u>	<u>250.9</u>	<u>917.4</u>	<u>230.4</u>
Equity earnings	7.5	10.7	9.2	9.7	37.1	9.3
Income (loss) from investments	-	(0.5)	0.5	-	-	-
<b>Reported segment profit:</b>						
Northwest Pipeline	33.3	32.8	31.8	29.0	126.9	54.9
Transcontinental Gas Pipe Line	95.8	81.3	69.5	63.7	310.3	87.1
Other	5.6	8.6	7.7	8.3	30.2	7.7
<b>Total reported segment profit</b>	<u>134.7</u>	<u>122.7</u>	<u>109.0</u>	<u>101.0</u>	<u>467.4</u>	<u>149.7</u>
<b>Nonrecurring adjustments:</b>						
Northwest Pipeline	-	-	-	-	-	-
Transcontinental Gas Pipe Line	(2.0)	-	-	-	(2.0)	-
Other	-	-	-	-	-	-
<b>Total nonrecurring adjustments</b>	<u>(2.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2.0)</u>	<u>-</u>
<b>Recurring segment profit:</b>						
Northwest Pipeline	33.3	32.8	31.8	29.0	126.9	54.9
Transcontinental Gas Pipe Line	93.8	81.3	69.5	63.7	308.3	87.1
Other	5.6	8.6	7.7	8.3	30.2	7.7
<b>Total recurring segment profit, pre-tax</b>	<u>\$ 132.7</u>	<u>\$ 122.7</u>	<u>\$ 109.0</u>	<u>\$ 101.0</u>	<u>\$ 465.4</u>	<u>\$ 149.7</u>
<b>Operating statistics</b>						
<b>Northwest Pipeline</b>						
Throughput (TBtu)	179.7	142.7	156.6	196.5	675.5	200.2
Average daily transportation volumes (TBtu)	2.0	1.6	1.7	2.1	1.9	2.2
Average daily firm reserved capacity (TBtu)	2.5	2.5	2.5	2.5	2.5	2.5
<b>Transcontinental Gas Pipe Line</b>						
Throughput (TBtu)	502.8	427.0	471.3	457.7	1,858.8	525.2
Average daily transportation volumes (TBtu)	5.6	4.6	5.1	5.0	5.1	5.8
Average daily firm reserved capacity (TBtu)	7.0	6.4	6.4	6.7	6.6	6.8

## Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Revenues:</b>						
Gathering & Processing	\$ 101.7	\$ 106.4	\$ 106.8	\$ 108.9	\$ 423.8	\$ 104.0
Venezuela fee revenue	38.9	38.0	40.6	36.3	153.8	37.3
NGL sales from gas processing	263.7	292.6	296.6	262.9	1,115.8	260.0
Production handling and transportation	37.2	33.2	33.0	30.4	133.8	28.8
Olefins sales (including Gulf and Canada)	148.9	131.4	175.9	155.7	611.9	131.0
Trading/marketing sales	709.0	806.1	863.9	757.9	3,136.9	792.1
Other revenues	34.4	30.7	28.8	29.5	123.4	26.5
	<u>1,333.8</u>	<u>1,438.4</u>	<u>1,545.6</u>	<u>1,381.6</u>	<u>5,699.4</u>	<u>1,379.7</u>
Intrasegment eliminations	(354.4)	(394.9)	(428.6)	(396.8)	(1,574.7)	(384.3)
Total revenues	<u>979.4</u>	<u>1,043.5</u>	<u>1,117.0</u>	<u>984.8</u>	<u>4,124.7</u>	<u>995.4</u>
<b>Segment costs and expenses:</b>						
NGL cost of goods sold	199.9	172.7	156.9	144.8	674.3	165.5
Olefins cost of goods sold	132.8	108.1	141.2	127.8	509.9	114.2
Trading/marketing cost of goods sold	716.7	799.1	863.4	765.8	3,145.0	787.4
Venezuela operating costs	16.8	18.1	17.1	19.0	71.0	18.8
Operating costs	120.6	120.7	134.2	135.4	510.9	134.2
<b>Other</b>						
Selling, general and administrative expenses	23.3	25.2	31.1	31.4	111.0	27.2
Other (income) expense - net	(17.9)	70.0	(3.2)	(2.9)	46.0	(14.9)
Intrasegment eliminations	(354.4)	(394.9)	(428.6)	(396.8)	(1,574.7)	(384.3)
Total segment costs and expenses	<u>837.8</u>	<u>919.0</u>	<u>912.1</u>	<u>824.5</u>	<u>3,493.4</u>	<u>848.1</u>
Equity earnings	9.9	6.2	7.3	3.6	27.0	6.7
Income from investments	-	-	-	-	-	-
<b>Reported segment profit</b>	<b>151.5</b>	<b>130.7</b>	<b>212.2</b>	<b>163.9</b>	<b>658.3</b>	<b>154.0</b>
Nonrecurring adjustments	(6.3)	68.0	10.3	2.3	74.3	(7.9)
<b>Recurring segment profit, pre-tax</b>	<b>\$ 145.2</b>	<b>\$ 198.7</b>	<b>\$ 222.5</b>	<b>\$ 166.2</b>	<b>\$ 732.6</b>	<b>\$ 146.1</b>
<b>Operating statistics</b>						
Gathering volumes (TBtu)	296.9	300.1	292.5	291.9	1,181.4	269.3
Gathering rate (\$/MMBtu)	\$ 0.2590	\$ 0.2634	\$ 0.2708	\$ 0.2730	\$ 0.2664	\$ 0.2792
Processing volumes (TBtu)	191.8	204.8	210.0	226.5	833.1	226.9
Processing rate (\$/MMBtu)	\$ 0.1298	\$ 0.1340	\$ 0.1314	\$ 0.1289	\$ 0.1310	\$ 0.1269
NGL equity sales (million gallons) *	333.7	361.3	334.0	325.8	1,354.8	344.6
NGL margin (\$/gallon)	\$ 0.1900	\$ 0.3319	\$ 0.4183	\$ 0.3625	\$ 0.3259	\$ 0.2742
Domestic NGL Production (million gallons) *	549.9	591.5	583.5	607.5	2,332.4	594.1
Olefins sales (Ethylene & Propylene) (million lbs)	259.2	196.8	268.1	263.8	987.9	213.4
* Excludes volumes associated with partially owned assets that are not consolidated for financial reporting purposes.						

## Power

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Revenues:</b>						
Natural gas & power	\$ 2,053.3	\$ 1,606.6	\$ 2,104.1	\$ 1,698.1	\$ 7,462.1	\$ 1,775.2
Other	(0.1)	0.4	-	-	0.3	(0.1)
Total revenues	2,053.2	1,607.0	2,104.1	1,698.1	7,462.4	1,775.1
<b>Segment costs and expenses:</b>						
Costs and operating expenses	2,082.1	1,671.4	2,167.6	1,716.8	7,637.9	1,837.7
Selling, general and administrative expenses	(4.5)	18.9	22.2	25.6	62.2	18.9
Other income - net	(2.1)	(3.4)	(8.4)	-	(13.9)	(0.4)
Total segment costs and expenses	2,075.5	1,686.9	2,181.4	1,742.4	7,686.2	1,856.2
Equity Earnings	(0.2)	0.3	7.6	5.3	13.0	-
<b>Reported segment loss</b>	<b>(22.5)</b>	<b>(79.6)</b>	<b>(69.7)</b>	<b>(39.0)</b>	<b>(210.8)</b>	<b>(81.1)</b>
Nonrecurring adjustments	-	-	(9.2)	1.3	(7.9)	-
<b>Recurring segment loss, pre-tax</b>	<b>\$ (22.5)</b>	<b>\$ (79.6)</b>	<b>\$ (78.9)</b>	<b>\$ (37.7)</b>	<b>\$ (218.7)</b>	<b>\$ (81.1)</b>

### Operating statistics

#### Volumes

Natural gas (Bcfd)						
Sales to third parties	1.7	1.5	1.7	1.7	1.7	1.9
Sales to other segments	0.4	0.4	0.4	0.4	0.4	0.4
For use in tolling agreements and by owned generation	0.1	0.2	0.4	0.1	0.2	0.1
Total managed	2.2	2.1	2.5	2.2	2.3	2.4
Power (GWh)	11,505	12,949	17,430	11,982	53,866	10,353

### Additional statistics

Value at risk	Quarter ended 3/31/2007 (in Millions)
One day VaR - 95% confidence level	
Trading	\$2.2
Non-Trading	\$13.1
Aggregate Earnings VaR	\$10.1

Power Portfolio (Megawatts)	Quarter Ended 3/31/07
Owned	207
Contracted	9,708
Total	9,915

Net Credit Exposure (in Millions)	Investment Grade	Total
Gas and electric utilities	\$ 146.3	\$ 147.0
Energy marketers and traders	159.2	404.0
Financial institutions	197.6	197.6
Other	1.3	1.3
	<u>\$ 504.4</u>	<u>\$ 749.9</u>
Credit Reserves		(15.9)
<b>Net Credit Exposure from Derivative Contracts</b>		<u><u>\$ 734.0</u></u>

Credit Support (in Millions)	
<u>As of March 31, 2007</u>	
Prepays	\$4
Margins	(\$107)
Adequate Assurance	\$4

Fair Value Of Mark-to-Market Derivatives (in Millions)	
<b>Period the value of mark-to-market derivatives is expected to be realized:</b>	
1-12 months	\$ 14.4
13-36 months	0.9
37-60 months	(1.1)
61-120 months	(1.4)
121+ months	0.1
<b>Total Fair Value</b>	<u>12.9</u>
Non-Trading MTM Derivatives and SFAS 133 Hedges	361.8
Non-Power Business Unit Hedges	13.7
<b>Total Net Derivative Assets and Liabilities</b>	<u><u>\$ 388.4</u></u>

## Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2006					2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
<b>Capital expenditures:</b>						
Exploration & Production	\$ 310.3	\$ 283.9	\$ 384.9	\$ 442.9	\$ 1,422.0	\$ 342.5
Gas Pipeline:						
Northwest Pipeline	40.3	96.0	177.4	159.1	472.8	49.3
Transcontinental Gas Pipe Line	46.4	106.7	109.4	75.6	338.1	59.0
Other	-	-	-	-	-	-
Total	<u>86.7</u>	<u>202.7</u>	<u>286.8</u>	<u>234.7</u>	<u>810.9</u>	<u>108.3</u>
Midstream Gas & Liquids	70.7	39.3	83.5	63.5	257.0	54.8
Power	0.6	0.6	(0.1)	0.1	1.2	-
Other	-	7.8	1.2	9.1	18.1	3.5
<b>Total</b>	<b><u>\$ 468.3</u></b>	<b><u>\$ 534.3</u></b>	<b><u>\$ 756.3</u></b>	<b><u>\$ 750.3</u></b>	<b><u>\$ 2,509.2</u></b>	<b><u>\$ 509.1</u></b>
<b>Purchase of investments:</b>						
Gas Pipeline	-	-	4.5	0.7	5.2	1.1
Midstream Gas & Liquids	(3.4)	0.8	-	2.4	(0.2)	-
Other	13.1	26.0	4.6	0.2	43.9	20.1
<b>Total</b>	<b><u>\$ 9.7</u></b>	<b><u>\$ 26.8</u></b>	<b><u>\$ 9.1</u></b>	<b><u>\$ 3.3</u></b>	<b><u>\$ 48.9</u></b>	<b><u>\$ 21.2</u></b>
<b>Summary:</b>						
Exploration & Production	\$ 310.3	\$ 283.9	\$ 384.9	\$ 442.9	\$ 1,422.0	\$ 342.5
Gas Pipeline	86.7	202.7	291.3	235.4	816.1	109.4
Midstream Gas & Liquids	67.3	40.1	83.5	65.9	256.8	54.8
Power	0.6	0.6	(0.1)	0.1	1.2	-
Other	13.1	33.8	5.8	9.3	62.0	23.6
<b>Total</b>	<b><u>\$ 478.0</u></b>	<b><u>\$ 561.1</u></b>	<b><u>\$ 765.4</u></b>	<b><u>\$ 753.6</u></b>	<b><u>\$ 2,558.1</u></b>	<b><u>\$ 530.3</u></b>
<b>Cumulative summary:</b>						
Exploration & Production	\$ 310.3	\$ 594.2	\$ 979.1	\$ 1,422.0	\$ 1,422.0	\$ 342.5
Gas Pipeline	86.7	289.4	580.7	816.1	816.1	109.4
Midstream Gas & Liquids	67.3	107.4	190.9	256.8	256.8	54.8
Power	0.6	1.2	1.1	1.2	1.2	-
Other	13.1	46.9	52.7	62.0	62.0	23.6
<b>Total</b>	<b><u>\$ 478.0</u></b>	<b><u>\$ 1,039.1</u></b>	<b><u>\$ 1,804.5</u></b>	<b><u>\$ 2,558.1</u></b>	<b><u>\$ 2,558.1</u></b>	<b><u>\$ 530.3</u></b>

## Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

<i>(Dollars in millions)</i>	2006				2007	
	<i>1st Qtr</i>	<i>2nd Qtr</i>	<i>3rd Qtr</i>	<i>4th Qtr</i>	<i>Year</i>	<i>1st Qtr</i>
<b>Depreciation, depletion and amortization:</b>						
Exploration & Production	\$ 73.0	\$ 84.2	\$ 94.8	\$ 108.2	\$ 360.2	\$ 113.6
Gas Pipeline:						
Northwest Pipeline	18.5	18.8	19.1	20.2	76.6	23.4
Transcontinental Gas Pipe Line	50.0	51.7	51.2	52.2	205.1	53.9
Total	68.5	70.5	70.3	72.4	281.7	77.3
Midstream Gas & Liquids	49.4	49.9	49.9	52.0	201.2	52.8
Power	3.2	3.2	2.3	2.0	10.7	1.8
Other	2.9	2.7	3.1	3.0	11.7	2.7
<b>Total</b>	<b>\$ 197.0</b>	<b>\$ 210.5</b>	<b>\$ 220.4</b>	<b>\$ 237.6</b>	<b>\$ 865.5</b>	<b>\$ 248.2</b>
<b>Other selected financial data:</b>						
Cash and cash equivalents	\$ 1,115.0	\$ 980.4	\$ 1,074.6	\$ 2,268.6	\$ 2,268.6	\$ 1,811.2
Total assets	\$ 26,029.0	\$25,617.2	\$ 24,821.5	\$ 25,402.4	\$ 25,402.4	\$ 25,936.0
Capital structure:						
Debt						
Current	\$ 175.7	\$ 170.7	\$ 142.3	\$ 392.1	\$ 392.1	\$ 387.7
Noncurrent	\$ 7,252.8	\$ 7,292.6	\$ 7,275.2	\$ 7,622.0	\$ 7,622.0	\$ 7,507.5
Stockholders' equity	\$ 5,925.5	\$ 5,882.3	\$ 6,071.2	\$ 6,073.2	\$ 6,073.2	\$ 6,191.7
Debt to debt-plus-equity ratio	55.6%	55.9%	55.0%	56.9%	56.9%	56.0%