

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

(UNAUDITED)

	2006				Year	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		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)	-
Nonrecurring items included in segment profit (loss)	(8.3)	68.0	1.1	3.6	64.4	(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.