



Financial Highlights and Operating Statistics
(UNAUDITED)

FINAL

June 30, 2005

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

(UNAUDITED)

	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
<i>(Dollars in millions, except for per-share amounts)</i>								
Income (loss) from continuing operations available to common stockholders	\$0.0	(\$18.5)	\$16.2	\$95.5	\$93.2	\$202.2	\$40.7	\$242.9
Income (loss) from continuing operations - diluted earnings per share	\$ -	(\$0.03)	\$0.03	\$0.17	\$0.17	\$0.34	\$0.07	\$0.41
Nonrecurring items:								
<u>Power</u>								
Accrual for a regulatory settlement ⁽¹⁾	-	-	-	-	-	4.6	-	4.6
Accrual for litigation contingencies ⁽¹⁾	-	-	-	-	-	-	13.1	13.1
Prior period correction	-	-	-	-	-	6.8	-	6.8
<i>Total Power nonrecurring items</i>	-	-	-	-	-	11.4	13.1	24.5
<u>Gas Pipeline</u>								
Prior period liability corrections - TGPL	-	-	-	-	-	(13.1)	(4.6)	(17.7)
Prior period pension adjustment - TGPL	-	-	-	-	-	-	(17.1)	(17.1)
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)	(21.7)	(34.8)
<u>Exploration & Production</u>								
Gain on sale of E&P properties	-	-	-	-	-	(7.9)	-	(7.9)
Loss provision related to an ownership dispute	-	11.3	-	4.1	15.4	0.3	-	0.3
<i>Total Exploration & Production nonrecurring items</i>	-	11.3	-	4.1	15.4	(7.6)	-	(7.6)
<u>Midstream Gas & Liquids</u>								
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)	-	-	-
<u>Other</u>								
Impairment of Longhorn	-	10.8	-	-	10.8	-	49.1	49.1
Write-off of capitalized project development costs	-	-	-	-	-	-	4.0	4.0
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	-	53.1	53.1
Nonrecurring items included in segment profit (loss)	6.5	14.6	22.9	(69.1)	(25.1)	(9.3)	44.5	35.2
Nonrecurring items below segment profit (loss)								
<i>Impairment of cost-based investments (Investing income (loss) - Various)</i>	-	-	15.7	2.3	18.0	-	-	-
<i>Write-off of capitalized debt expense (Interest accrued - Corporate)</i>	-	3.8	-	-	3.8	-	-	-
<i>Premiums, fees and expenses related to the debt repurchase and debt tender offer (Other income (expense) - net - Corporate and Exploration & Production)</i>	-	96.7	155.1	29.7	281.5	-	-	-
<i>Gulf Liquids arbitration award (Winterthur) - interest income - (Investing income / loss) - Midstream</i>	-	-	-	(9.6)	(9.6)	-	-	-
<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>	-	1.9	-	2.1	4.0	2.7	-	2.7
	-	102.4	170.8	24.5	297.7	2.7	(8.6)	(5.9)
Total nonrecurring items	6.5	117.0	193.7	(44.6)	272.6	(6.6)	35.9	29.3
Tax effect for above items ⁽¹⁾	2.5	44.8	74.1	(17.1)	104.3	(2.8)	10.7	7.9
Recurring income from continuing operations available to common stockholders	\$4.0	\$53.7	\$135.8	\$68.0	\$261.5	\$198.4	\$65.9	\$264.3
Recurring diluted earnings per common share	\$0.01	\$0.10	\$0.26	\$0.12	\$0.49	\$0.33	\$0.11	\$0.45
Weighted-average shares - diluted (thousands)	519,485	521,698	529,525	586,497	535,611	599,422	578,902	602,956

⁽¹⁾No tax effect on \$.6 million of the accrual for a regulatory settlement in 1st quarter 2005 and \$8 million of the accrual for litigation contingencies in 2nd 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.

Consolidated Statement of Operations

(UNAUDITED)

(Dollars in millions, except per-share amounts)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues	\$ 3,070.0	\$ 3,051.9	\$ 3,375.2	\$ 2,964.2	\$ 12,461.3	\$ 2,954.0	\$ 2,871.2	\$ 5,825.2
Segment costs and expenses:								
Costs and operating expenses	2,690.9	2,661.4	2,855.9	2,543.5	10,751.7	2,390.3	2,491.6	4,881.9
Selling, general and administrative expenses	85.5	82.8	89.4	97.8	355.5	73.5	62.7	136.2
Other (income) expense - net	8.3	23.2	(5.7)	(77.4)	(51.6)	(1.8)	21.9	20.1
Total segment costs and expenses	<u>2,784.7</u>	<u>2,767.4</u>	<u>2,939.6</u>	<u>2,563.9</u>	<u>11,055.6</u>	<u>2,462.0</u>	<u>2,576.2</u>	<u>5,038.2</u>
Equity earnings	11.6	10.7	15.9	11.7	49.9	17.7	9.8	27.5
Loss from investments	(7.0)	(11.6)	-	(16.9)	(35.5)	-	(48.4)	(48.4)
Intercompany interest rate swaps	(21.6)	20.5	(15.5)	2.9	(13.7)	-	-	-
Total segment profit	<u>268.3</u>	<u>304.1</u>	<u>436.0</u>	<u>398.0</u>	<u>1,406.4</u>	<u>509.7</u>	<u>256.4</u>	<u>766.1</u>
Reclass equity earnings	(11.6)	(10.7)	(15.9)	(11.7)	(49.9)	(17.7)	(9.8)	(27.5)
Reclass loss from investments	7.0	11.6	-	16.9	35.5	-	48.4	48.4
Reclass intercompany interest rate swaps	21.6	(20.5)	15.5	(2.9)	13.7	-	-	-
General corporate expenses	(32.0)	(28.4)	(24.1)	(35.3)	(119.8)	(28.0)	(35.5)	(63.5)
Operating income	253.3	256.1	411.5	365.0	1,285.9	464.0	259.5	723.5
Interest accrued	(243.3)	(222.3)	(197.3)	(171.5)	(834.4)	(164.7)	(164.6)	(329.3)
Interest capitalized	4.0	0.7	1.0	1.0	6.7	1.1	1.4	2.5
Interest rate swap income (loss)	(8.1)	6.8	(4.0)	0.3	(5.0)	-	-	-
Investing income (loss)	10.4	11.6	9.2	16.8	48.0	31.0	(17.2)	13.8
Early debt retirement costs	(0.5)	(96.8)	(155.1)	(29.7)	(282.1)	-	-	-
Minority interest in income of consolidated subsidiaries	(4.8)	(6.0)	(5.2)	(5.4)	(21.4)	(5.2)	(4.8)	(10.0)
Other income (expense) - net	1.3	13.6	4.7	7.2	26.8	5.5	8.1	13.6
Income (loss) from continuing operations before income taxes	12.3	(36.3)	64.8	183.7	224.5	331.7	82.4	414.1
Provision (benefit) for income taxes	12.3	(17.8)	48.6	88.2	131.3	129.5	41.7	171.2
Income (loss) from continuing operations	-	(18.5)	16.2	95.5	93.2	202.2	40.7	242.9
Income (loss) from discontinued operations	9.9	0.3	82.4	(22.1)	70.5	(1.1)	0.6	(0.5)
Net income (loss)	<u>\$ 9.9</u>	<u>\$ (18.2)</u>	<u>\$ 98.6</u>	<u>\$ 73.4</u>	<u>\$ 163.7</u>	<u>\$ 201.1</u>	<u>\$ 41.3</u>	<u>\$ 242.4</u>
Diluted earnings (loss) per common share:								
Income (loss) from continuing operations	\$ -	\$ (0.03)	\$ 0.03	\$ 0.17	\$ 0.18	\$ 0.34	\$ 0.07	\$ 0.41
Income (loss) from discontinued operations	0.02	-	0.16	(0.04)	0.13	-	-	-
Net income (loss)	<u>\$ 0.02</u>	<u>\$ (0.03)</u>	<u>\$ 0.19</u>	<u>\$ 0.13</u>	<u>\$ 0.31</u>	<u>\$ 0.34</u>	<u>\$ 0.07</u>	<u>\$ 0.41</u>
Weighted-average number of shares used in computation (thousands)	519,485	521,698	529,525	586,497	535,611	599,422	578,902	602,956
Common shares outstanding at end of period (thousands)	519,824	522,373	523,043	557,957	557,957	570,501	571,502	571,502
Market price per common share (end of period)	\$ 9.57	\$ 11.90	\$ 12.10	\$ 16.29	\$ 16.29	\$ 18.81	\$ 19.00	\$ 19.00
Common dividends per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.05	\$ 0.08	\$ 0.05	\$ 0.05	\$ 0.10
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 (Loss) to Recurring Segment Profit (Loss)

(UNAUDITED)

(Dollars in millions)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Segment profit (loss):								
Power*	\$ (32.0)	\$ 43.8	\$ 109.3	\$ (44.4)	\$ 76.7	\$ 114.1	\$ (75.0)	\$ 39.1
Gas Pipeline	147.4	132.8	148.8	156.8	585.8	167.4	164.5	331.9
Exploration & Production	51.5	43.3	70.1	70.9	235.8	103.7	118.3	222.0
Midstream Gas & Liquids	110.1	98.5	105.4	235.7	549.7	128.6	109.1	237.7
Other	(8.7)	(14.3)	2.4	(21.0)	(41.6)	(4.1)	(60.5)	(64.6)
Total segment profit	\$ 268.3	\$ 304.1	\$ 436.0	\$ 398.0	\$ 1,406.4	\$ 509.7	\$ 256.4	\$ 766.1
Nonrecurring adjustments:								
Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.4	\$ 13.1	\$ 24.5
Gas Pipeline	-	9.0	-	-	9.0	(13.1)	(21.7)	(34.8)
Exploration & Production	-	11.3	-	4.1	15.4	(7.6)	-	(7.6)
Midstream Gas & Liquids	-	(16.5)	22.9	(85.0)	(78.6)	-	-	-
Other	6.5	10.8	-	11.8	29.1	-	53.1	53.1
Total segment nonrecurring adjustments	\$ 6.5	\$ 14.6	\$ 22.9	\$ (69.1)	\$ (25.1)	\$ (9.3)	\$ 44.5	\$ 35.2
Recurring segment profit (loss):								
Power	\$ (32.0)	\$ 43.8	\$ 109.3	\$ (44.4)	\$ 76.7	\$ 125.5	\$ (61.9)	\$ 63.6
Gas Pipeline	147.4	141.8	148.8	156.8	594.8	154.3	142.8	297.1
Exploration & Production	51.5	54.6	70.1	75.0	251.2	96.1	118.3	214.4
Midstream Gas & Liquids	110.1	82.0	128.3	150.7	471.1	128.6	109.1	237.7
Other	(2.2)	(3.5)	2.4	(9.2)	(12.5)	(4.1)	(7.4)	(11.5)
Total recurring segment profit	\$ 274.8	\$ 318.7	\$ 458.9	\$ 328.9	\$ 1,381.3	\$ 500.4	\$ 300.9	\$ 801.3

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

* Power's segment profit for 2004 includes the effect of intercompany interest rate swaps entered into with the corporate parent

Power
(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Revenues:*							
Natural gas & power	\$ 2,211.3	\$ 2,032.4	\$ 2,533.8	\$ 2,039.2	\$ 8,816.7	\$ 2,066.3	\$ 1,998.6
Crude & refined products	106.9	277.3	89.6	0.5	474.3	(1.1)	(0.2)
Other	(43.4)	44.0	(34.7)	1.8	(32.3)	(0.3)	1.0
Total revenues	2,274.8	2,353.7	2,588.7	2,041.5	\$ 9,258.7	2,064.9	1,999.4
Segment costs and expenses:							
Costs and operating expenses	2,282.6	2,287.7	2,463.4	2,063.3	9,097.0	1,930.3	2,041.1
Selling, general and administrative expenses	16.2	20.0	19.3	27.7	83.2	16.0	16.9
Other (income) expense - net	8.7	1.3	(2.7)	(1.6)	5.7	5.6	17.3
Total segment costs and expenses	2,307.5	2,309.0	2,480.0	2,089.4	9,185.9	1,951.9	2,075.3
Equity Earnings	0.7	(0.9)	0.6	3.5	3.9	1.1	0.9
Reported segment profit (loss)	(32.0)	43.8	109.3	(44.4)	76.7	114.1	(75.0)
Nonrecurring adjustments	-	-	-	-	-	11.4	13.1
Recurring segment profit (loss), pre-tax	\$ (32.0)	\$ 43.8	\$ 109.3	\$ (44.4)	\$ 76.7	\$ 125.5	\$ (61.9)

* Power's segment profit for 2004 includes the effect of intercompany interest rate swaps entered into with the corporate parent.

Operating statistics							
Volumes							
Natural gas (Bcfd)							
Sales to third parties	1.8	1.5	1.5	1.6	1.7	1.7	1.8
Sales to other segments	0.7	0.6	0.6	0.5	0.6	0.6	0.4
For use in tolling agreements and by owned generation	0.1	0.2	0.3	0.1	0.2	0.2	0.2
Total managed	2.6	2.3	2.4	2.2	2.5	2.5	2.4
Crude & refined products (MBPD)	27.4	66.7	-	-	23.5	-	-
Power (GWh)	22,383	22,507	28,506	20,603	93,999	14,832	15,906

Additional statistics			
Value at risk		Quarter ended 6/30/05	
One day VaR - 95% confidence level		(in Millions)	
Trading	\$2.1MM		
Non-Trading	\$28.2MM		
Aggregate Earnings VaR	\$4.4MM		
One day VaR - 95% confidence level		Quarter ended 3/31/05	
Trading	\$9MM		
Non-Trading	\$33.9MM		
Aggregate Earnings VaR	\$2.9MM		
Net Credit Exposure		Investment	
(in Millions)		Grade	Total
Gas and electric utilities	\$ 162.8	\$ 179.9	
Energy marketers and traders	329.7	671.8	
Financial institutions	148.6	148.6	
Other	1.3	1.8	
	<u>\$ 642.4</u>	<u>\$ 1,002.1</u>	
Credit Reserves		(30.3)	
Net Credit Exposure from Derivative Contract		<u>\$ 971.8</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	\$	(13.4)	
13-36 months		(4.2)	
37-60 months		0.4	
61-120 months		0.3	
121+ months		0.3	
Total Fair Value		<u>(16.6)</u>	
Non-Trading MTM Derivatives and SFAS 133 Hedges		255.0	
Non-Power Business Unit Hedges		29.4	
Total Net Derivative Assets and Liabilities:		<u>\$ 267.8</u>	
Power Portfolio (Megawatts)		Quarter Ended	
		6/30/05	6/30/04
Owned		207	222
Contracted		9,012	8,869
Total		<u>9,219</u>	<u>9,091</u>
Credit Support (in Millions)			
As of June 30, 2005			
Prepays		\$34	
Margins		\$1	
Adequate Assurance		\$52	

Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Revenues:							
Northwest Pipeline	\$ 85.5	\$ 83.4	\$ 83.2	\$ 86.1	\$ 338.2	\$ 80.3	\$ 78.9
Transcontinental Gas Pipe Line	273.4	247.6	237.8	264.9	1,023.7	254.9	278.1
Other	0.1	-	-	0.3	0.4	0.1	-
Total revenues	359.0	331.0	321.0	351.3	1,362.3	335.3	357.0
Segment costs and expenses:							
Costs and operating expenses	182.9	164.3	151.3	174.9	673.4	160.4	193.3
Selling, general and administrative expenses	32.2	29.2	32.3	27.9	121.6	18.6	6.8
Other (income) expense - net	-	9.2	-	0.5	9.7	0.3	0.3
Total segment costs and expenses	215.1	202.7	183.6	203.3	804.7	179.3	200.4
Equity earnings	3.8	5.2	11.4	8.8	29.2	11.4	7.9
Income (loss) from investments	(0.3)	(0.7)	-	-	(1.0)	-	-
Reported segment profit:							
Northwest Pipeline	44.5	32.9	47.2	44.4	169.0	39.7	36.5
Transcontinental Gas Pipe Line	101.1	97.2	91.9	105.3	395.5	117.9	121.8
Other	1.8	2.7	9.7	7.1	21.3	9.8	6.2
Total reported segment profit	147.4	132.8	148.8	156.8	585.8	167.4	164.5
Nonrecurring adjustments:							
Northwest Pipeline	-	9.0	-	-	9.0	-	-
Transcontinental Gas Pipe Line	-	-	-	-	-	(13.1)	(21.7)
Other	-	-	-	-	-	-	-
Total nonrecurring adjustments	-	9.0	-	-	9.0	(13.1)	(21.7)
Recurring segment profit:							
Northwest Pipeline	44.5	41.9	47.2	44.4	178.0	39.7	36.5
Transcontinental Gas Pipe Line	101.1	97.2	91.9	105.3	395.5	104.8	100.1
Other	1.8	2.7	9.7	7.1	21.3	9.8	6.2
Total recurring segment profit, pre-tax	\$ 147.4	\$ 141.8	\$ 148.8	\$ 156.8	\$ 594.8	\$ 154.3	\$ 142.8

Operating statistics							
Northwest Pipeline							
Throughput (TBtu)	177.1	153.4	143.6	176.3	650.4	181.2	146.2
Average daily transportation volumes (TBtu)	1.9	1.7	1.6	1.9	1.8	2.0	1.6
Average daily firm reserved capacity (TBtu)	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Transcontinental Gas Pipe Line							
Throughput (TBtu)	549.0	447.9	440.9	478.6	1,916.4	537.7	427.9
Average daily transportation volumes (TBtu)	6.0	4.9	4.8	5.2	5.2	6.0	4.7
Average daily firm reserved capacity (TBtu)	6.8	6.5	6.3	6.7	6.6	6.9	6.5

Exploration & Production

(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Revenues:							
Production *	\$ 137.6	\$ 153.8	\$ 174.0	\$ 173.1	\$ 638.5	\$ 210.2	\$ 234.8
Gas management *	16.4	24.9	22.2	23.1	86.6	28.2	32.6
Net nonqualified hedge derivative income (loss)	0.8	(1.6)	0.2	(0.5)	(1.1)	(0.1)	0.6
International	9.6	10.0	9.8	10.9	40.3	10.8	11.6
Other *	0.8	1.9	3.1	7.5	13.3	(0.1)	1.9
Total revenues	165.2	189.0	209.3	214.1	777.6	249.0	281.5
Segment costs and expenses:							
Depreciation, depletion and amortization (including International)	42.5	46.4	53.1	50.3	192.3	58.5	59.5
Lease and other operating expenses	19.3	23.7	24.3	21.6	88.9	24.1	24.1
Operating taxes	15.9	17.7	22.3	22.3	78.2	21.1	23.9
Exploration expenses and property impairment	0.4	0.5	1.0	1.0	2.9	0.6	0.9
Gathering Expense *	5.8	5.2	5.7	5.8	22.5	5.6	6.0
Selling, general and administrative expenses (including International)	14.0	13.4	16.6	17.6	61.6	17.0	17.7
Gas management expenses *	16.4	24.9	22.2	23.2	86.7	28.2	32.6
Other (income) expense - net	(0.7)	12.9	(6.9)	0.5	5.8	(9.6)	(1.2)
International (excluding DD&A and SG&A)	3.0	4.2	3.5	4.1	14.8	3.3	3.3
Total segment costs and expenses	116.6	148.9	141.8	146.4	553.7	148.8	166.8
Equity earnings - International	2.9	3.2	2.6	3.2	11.9	3.5	3.6
Reported segment profit	51.5	43.3	70.1	70.9	235.8	103.7	118.3
Nonrecurring adjustments	-	11.3	-	4.1	15.4	(7.6)	-
Recurring segment profit, pre-tax	\$ 51.5	\$ 54.6	\$ 70.1	\$ 75.0	\$ 251.2	\$ 96.1	\$ 118.3

* Amounts have been reclassified to the current classifications.

Operating statistics

Domestic:

Total domestic net volumes (Bcfe)	41.6	46.5	49.3	52.0	189.4	51.1	55.0
Net domestic volumes per day (MMcfe/d)	457	511	535	566	519	568	604
Net domestic realized price (\$/Mcf) (1)	\$ 3.062	\$ 3.090	\$ 3.336	\$ 3.155	\$ 3.167	\$ 4.001	\$ 4.164
Production taxes per Mcfe	\$ 0.381	\$ 0.381	\$ 0.452	\$ 0.429	\$ 0.413	\$ 0.413	\$ 0.435
Lease and other operating expense per Mcfe	\$ 0.464	\$ 0.509	\$ 0.494	\$ 0.415	\$ 0.469	\$ 0.471	\$ 0.439

(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)	5.3	5.4	5.7	5.8	22.2	5.3	5.5
Volumes per day (MMcfe/d)	59	59	62	63	61	59	61
Volumes net to Williams (after minority interest) (Bcfe)	4.0	4.0	4.3	4.3	16.6	4.1	4.3
Volumes net to Williams per day (Mmcfe/d)	44	44	46	47	46	46	48
Total Domestic and International:							
Volumes net to Williams (after minority interest) (Bcfe)	45.6	50.5	53.5	56.4	206.0	55.3	59.3
Volumes net to Williams per day (Mmcfe/d)	501	555	582	612	564	614	652

Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Revenues:							
Gathering	\$ 69.7	\$ 69.5	\$ 71.2	\$ 74.0	\$ 284.4	\$ 70.6	\$ 74.2
Processing	21.4	21.5	23.3	24.3	90.5	23.5	24.3
Venezuela fee revenue	36.4	35.9	36.4	38.8	147.5	36.5	37.8
NGL sales from gas processing	195.9	197.4	257.3	312.3	962.9	285.1	247.0
Production handling and transportation	16.0	37.7	5.6	19.9	79.2	18.6	20.4
Olefins sales (Incl Gulf and Canada)	140.4	125.5	125.1	183.2	574.2	146.6	114.2
Trading/marketing sales	470.8	395.0	553.4	610.7	2,029.9	588.0	574.4
Other revenues	28.0	27.0	27.9	32.0	114.9	23.7	33.2
	<u>978.6</u>	<u>909.5</u>	<u>1,100.2</u>	<u>1,295.2</u>	<u>4,283.5</u>	<u>1,192.6</u>	<u>1,125.5</u>
Intrasegment eliminations	(346.8)	(275.8)	(350.2)	(428.1)	(1,400.9)	(385.6)	(345.4)
Total revenues	<u>631.8</u>	<u>633.7</u>	<u>750.0</u>	<u>867.1</u>	<u>2,882.6</u>	<u>807.0</u>	<u>780.1</u>
Segment costs and expenses:							
NGL cost of goods sold	162.9	168.3	191.6	221.0	743.8	225.1	202.4
Olefins cost of goods sold	123.7	116.2	110.4	148.5	498.8	118.7	104.0
Trading/marketing cost of goods sold	470.2	391.2	550.9	612.0	2,024.3	584.0	574.7
Venezuela operating costs	14.2	16.8	17.1	17.4	65.5	16.1	16.0
Operating costs	79.5	102.6	94.6	113.3	390.0	101.6	101.5
Other							
Selling, general and administrative expenses	22.6	19.3	21.4	24.8	88.1	22.9	21.0
Other (income) expense - net	(0.6)	-	10.2	(88.8)	(79.2)	2.6	1.7
Intrasegment eliminations	(346.8)	(275.8)	(350.2)	(428.1)	(1,400.9)	(385.5)	(345.5)
Total segment costs and expenses	<u>525.7</u>	<u>538.6</u>	<u>646.0</u>	<u>620.1</u>	<u>2,330.4</u>	<u>685.5</u>	<u>675.8</u>
Equity earnings (losses)	4.2	3.5	1.4	5.5	14.6	7.1	4.1
Income (loss) from investments	(0.2)	(0.1)	-	(16.8)	(17.1)	-	0.7
Reported segment profit	110.1	98.5	105.4	235.7	549.7	128.6	109.1
Nonrecurring adjustments	-	(16.5)	22.9	(85.0)	(78.6)	-	-
Recurring segment profit, pre-tax	\$ 110.1	\$ 82.0	\$ 128.3	\$ 150.7	\$ 471.1	\$ 128.6	\$ 109.1

Operating statistics

Gathering volumes (TBtu)	307.1	308.4	315.9	320.5	1,251.9	315.5	323.6
Gathering margins (\$/MMBtu)	\$ 0.227	\$ 0.2250	\$ 0.2250	\$ 0.2308	\$ 0.2271	\$ 0.224	\$ 0.2292
Processing volumes (TBtu)	176.2	184.1	194.9	212.5	767.7	181.0	184.5
Processing rate (\$/MMBtu)	\$ 0.120	\$ 0.1150	\$ 0.1180	\$ 0.1131	\$ 0.1163	\$ 0.130	\$ 0.1316
NGL equity sales (million gallons)	327.6	327.8	372.6	400.6	1,428.6	398.7	338.3
NGL margin (\$/gallon)	\$ 0.101	\$ 0.0880	\$ 0.1780	\$ 0.2279	\$ 0.1533	\$ 0.150	\$ 0.1318
Olefins sales (Ethylene & Propylene) (million lbs)	339.5	309.8	297.8	343.1	1,290.2	266.5	265.6

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Capital expenditures:							
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.7
Gas Pipeline:							
Northwest Pipeline	11.2	34.0	26.6	30.4	102.2	12.0	29.6
Transcontinental Gas Pipe Line	25.1	35.0	38.3	50.4	148.8	35.7	55.0
Total	<u>36.3</u>	<u>69.0</u>	<u>64.9</u>	<u>80.8</u>	<u>251.0</u>	<u>47.7</u>	<u>84.6</u>
Exploration & Production	76.1	104.1	117.3	147.9	445.4	158.6	182.8
Midstream Gas & Liquids	15.2	23.4	21.1	24.5	84.2	16.3	25.5
Other	0.2	4.7	6.2	(5.3) *	5.8	(0.7) *	0.1 *
Total	<u>\$ 127.8</u>	<u>\$ 201.2</u>	<u>\$ 209.5</u>	<u>\$ 248.9</u>	<u>\$ 787.4</u>	<u>\$ 222.9</u>	<u>\$ 293.7</u>
Purchase of investments:							
Power	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Gas Pipeline:							
Other	-	1.0	-	-	1.0	-	-
Exploration & Production	-	-	-	-	-	6.3	-
Midstream Gas & Liquids	-	-	-	-	-	-	35.0
Other	0.4	0.2	-	0.5	1.1	20.0	20.6
Total	<u>\$ 0.4</u>	<u>\$ 1.2</u>	<u>\$ -</u>	<u>\$ 0.5</u>	<u>\$ 2.1</u>	<u>\$ 26.3</u>	<u>\$ 55.6</u>
Summary:							
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.7
Gas Pipeline	36.3	70.0	64.9	80.8	252.0	47.7	84.6
Exploration & Production	76.1	104.1	117.3	147.9	445.4	164.9	182.8
Midstream Gas & Liquids	15.2	23.4	21.1	24.5	84.2	16.3	60.5
Other	0.6	4.9	6.2	(4.8)	6.9	19.3	20.7
Total	<u>\$ 128.2</u>	<u>\$ 202.4</u>	<u>\$ 209.5</u>	<u>\$ 249.4</u>	<u>\$ 789.5</u>	<u>\$ 249.2</u>	<u>\$ 349.3</u>
Cumulative summary:							
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.7
Gas Pipeline	36.3	106.3	171.2	252.0	252.0	47.7	132.3
Exploration & Production	76.1	180.2	297.5	445.4	445.4	164.9	347.7
Midstream Gas & Liquids	15.2	38.6	59.7	84.2	84.2	16.3	76.8
Other	0.6	5.5	11.7	6.9	6.9	19.3	40.0
Total	<u>\$ 128.2</u>	<u>\$ 330.6</u>	<u>\$ 540.1</u>	<u>\$ 789.5</u>	<u>\$ 789.5</u>	<u>\$ 249.2</u>	<u>\$ 598.5</u>

* Reflects the transfer of property from the corporate parent to various segments.

Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

(Dollars in millions)	2004					2005	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr
Depreciation, depletion and amortization:							
Power	\$ 5.5	\$ 5.2	\$ 4.9	\$ 4.5	\$ 20.1	\$ 3.9	\$ 3.7
Gas Pipeline:							
Northwest Pipeline	18.2	18.8	14.3	18.6	69.9	17.3	17.0
Transcontinental Gas Pipe Line	48.0	49.6	48.4	48.5	194.5	49.4	48.6
Total	<u>66.2</u>	<u>68.4</u>	<u>62.7</u>	<u>67.1</u>	<u>264.4</u>	<u>66.7</u>	<u>65.6</u>
Exploration & Production	42.5	46.4	52.0	51.4	192.3	58.6	59.4
Midstream Gas & Liquids	42.4	45.0	44.0	47.0	178.4	46.0	46.4
Other	3.8	3.1	3.3	3.1	13.3	3.0	3.0
Total	<u>\$ 160.4</u>	<u>\$ 168.1</u>	<u>\$ 166.9</u>	<u>\$ 173.1</u>	<u>\$ 668.5</u>	<u>\$ 178.2</u>	<u>\$ 178.1</u>
Other selected financial data:							
Cash and cash equivalents	\$ 1,997.8	\$ 1,030.3	\$ 976.7	\$ 930.0	\$ 930.0	\$ 1,210.0	\$ 1,297.2
Total assets	\$ 27,790.2	\$ 26,168.4	\$ 25,559.1	\$ 23,993.0	\$ 23,993.0	\$ 26,434.1	\$ 26,399.7
Capital structure:							
Debt							
Current	\$ 442.9	\$ 276.6	\$ 276.6	\$ 250.1	\$ 250.1	\$ 99.5	\$ 98.6
Noncurrent	\$ 10,824.8	\$ 9,483.0	\$ 8,667.1	\$ 7,711.9	\$ 7,711.9	\$ 7,650.4	\$ 7,645.7
Stockholders' equity	\$ 4,034.1	\$ 3,998.9	\$ 4,008.7	\$ 4,955.9	\$ 4,955.9	\$ 5,261.1	\$ 5,353.6
Debt to debt-plus-equity ratio	73.6%	70.9%	69.1%	61.6%	61.6%	59.6%	59.1%