

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:								
<i>Power</i>								
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
<i>Gas Pipeline</i>								
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)
<i>Exploration & Production</i>								
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)
<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	-	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.