



Financial Highlights and Operating Statistics
(UNAUDITED)

Final

June 30, 2006

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

(Dollars in millions, except per-share amounts)

	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Income (loss) from continuing operations available to common stockholders	\$202.2	\$40.7	\$5.7	\$68.8	\$317.4	\$131.1	(\$63.9)	\$67.2
Income (loss) from continuing operations - diluted earnings (loss) per common share	\$0.34	\$0.07	\$0.01	\$0.11	\$0.53	\$0.22	(\$0.11)	\$0.11
Nonrecurring items:								
<i>Exploration & Production</i>								
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>	(7.6)	-	(21.7)	-	(29.3)	-	-	-
<i>Gas Pipeline</i>								
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)	-	(2.0)
<i>Total Gas Pipeline nonrecurring items</i>	(13.1)	(21.7)	(14.2)	37.3	(11.7)	(2.0)	-	(2.0)
<i>Midstream Gas & Liquids</i>								
Accrual for Gulf Liquids litigation contingency	-	-	-	-	-	-	68.0	68.0
Settlement of an international contract dispute	-	-	-	-	-	(6.3)	-	(6.3)
<i>Total Midstream Gas & Liquids nonrecurring items</i>	-	-	-	-	-	(6.3)	68.0	61.7
<i>Power</i>								
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>	11.4	13.1	0.4	91.7	116.6	-	-	-
<i>Other</i>								
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>	-	53.1	-	29.1	82.2	-	-	-
Nonrecurring items included in segment profit (loss)	(9.3)	44.5	(35.5)	158.1	157.8	(8.3)	68.0	59.7
Nonrecurring items below segment profit (loss)								
<i>Gain on sale of remaining interests in Seminole Pipeline and MAPL</i>								
(Investing income / loss - Midstream)	-	(8.6)	-	-	(8.6)	-	-	-
<i>Loss provision related to an ownership dispute - interest component</i>								
(Interest accrued - Exploration & Production)	2.7	-	-	-	2.7	-	-	-
<i>Directors and officers insurance policy adjustment (General corporate expenses - Corporate)</i>								
Loss provision related to ERISA litigation settlement (Other income (expense) - net - Corporate)	-	-	5.0	-	5.0	-	-	-
<i>Securities litigation settlement and related costs⁽¹⁾</i>								
Reversal of interest accrual related to reversal of litigation contingency noted above	-	-	-	9.4	9.4	1.2	160.7	161.9
(Interest accrued - Gas Pipeline - TGPL)	-	-	-	-	-	(5.0)	-	(5.0)
<i>Early debt retirement costs (Corporate and Exploration & Production)</i>								
Gain on sale of Algar/Triangulo shares (Investing income / loss - Other)	-	-	-	-	-	27.0 ⁽¹⁾	4.4	31.4
<i>Interest related to Gulf Liquids litigation contingency (Interest accrued - Midstream)</i>								
Gain on sale of real property	-	-	-	-	-	(6.7)	-	(6.7)
Interest related to Gulf Liquids litigation contingency (Interest accrued - Midstream)	2.7	(8.6)	18.8	9.4	22.3	16.5	185.1	201.6
Total nonrecurring items	(6.6)	35.9	(16.7)	167.5	180.1	8.2	253.1	261.3
Tax effect for above items ⁽¹⁾	(2.8)	10.7	(6.4)	48.0	49.5	3.4	76.6	80.0
Adjustment for nonrecurring excess deferred tax benefit	-	-	-	(20.2)	(20.2)	-	-	-
Recurring income (loss) from continuing operations available to common stockholders	\$198.4	\$65.9	(\$4.6)	\$168.1	\$427.8	\$135.9	\$112.6	\$248.5
Recurring diluted earnings (loss) per common share	\$0.33	\$0.11	(\$0.01)	\$0.28	\$0.72	\$0.23	\$0.19	\$0.42
Weighted-average shares - diluted (thousands)	599,422	578,902	580,735	609,106	605,847	607,073	595,561	598,634

⁽¹⁾No tax effect on \$.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%. 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.

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)

	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
<i>(Dollars in millions, except per-share amounts)</i>								
Revenues	\$ 2,954.0	\$ 2,871.2	\$ 3,082.3	\$ 3,676.1	\$ 12,583.6	\$ 3,027.5	\$ 2,715.1	\$ 5,742.6
Segment costs and expenses:								
Costs and operating expenses	2,390.3	2,491.6	2,826.2	3,162.9	10,871.0	2,588.7	2,273.8	4,862.5
Selling, general and administrative expenses	73.5	62.7	90.6	98.6	325.4	71.0	109.3	180.3
Other (income) expense - net	(1.8)	21.9	(21.4)	62.5	61.2	(22.3)	61.7	39.4
Total segment costs and expenses	2,462.0	2,576.2	2,895.4	3,324.0	11,257.6	2,637.4	2,444.8	5,082.2
Equity earnings	17.7	9.8	17.6	20.5	65.6	22.2	23.1	45.3
Loss from investments	-	(48.4)	-	(60.7)	(109.1)	-	(0.5)	(0.5)
Total segment profit	509.7	256.4	204.5	311.9	1,282.5	412.3	292.9	705.2
Reclass equity earnings	(17.7)	(9.8)	(17.6)	(20.5)	(65.6)	(22.2)	(23.1)	(45.3)
Reclass loss from investments	-	48.4	-	60.7	109.1	-	0.5	0.5
General corporate expenses	(28.0)	(35.5)	(42.8)	(48.6)	(154.9)	(30.6)	(33.7)	(64.3)
Securities litigation settlement and related fees	-	-	-	-	-	(1.2)	(160.7)	(161.9)
Operating income	464.0	259.5	144.1	303.5	1,171.1	358.3	75.9	434.2
Interest accrued	(164.7)	(164.6)	(166.0)	(176.4)	(671.7)	(162.8)	(181.5)	(344.3)
Interest capitalized	1.1	1.4	1.8	2.9	7.2	3.0	4.0	7.0
Investing income (loss)	31.0	(17.2)	31.1	(21.2)	23.7	46.9	43.3	90.2
Early debt retirement costs	-	-	-	(0.4)	(0.4)	(27.0)	(4.4)	(31.4)
Minority interest in income of consolidated subsidiaries	(5.2)	(4.8)	(6.8)	(8.9)	(25.7)	(7.1)	(8.3)	(15.4)
Other income (expense) - net	5.5	8.1	(1.1)	14.6	27.1	8.1	8.0	16.1
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	331.7	82.4	3.1	114.1	531.3	219.4	(63.0)	156.4
Provision (benefit) for income taxes	129.5	41.7	(2.6)	45.3	213.9	88.3	0.9	89.2
Income (loss) from continuing operations	202.2	40.7	5.7	68.8	317.4	131.1	(63.9)	67.2
Income (loss) from discontinued operations	(1.1)	0.6	(1.3)	(0.3)	(2.1)	0.8	(12.1)	(11.3)
Income before cumulative effect of change in accounting principle	201.1	41.3	4.4	68.5	315.3	131.9	(76.0)	55.9
Cumulative effect of change in accounting principle	-	-	-	(1.7)	(1.7)	-	-	-
Net income (loss)	\$ 201.1	\$ 41.3	\$ 4.4	\$ 66.8	\$ 313.6	\$ 131.9	\$ (76.0)	\$ 55.9
Diluted earnings per common share:								
Income (loss) from continuing operations	\$ 0.34	\$ 0.07	\$ 0.01	\$ 0.11	\$ 0.53	\$ 0.22	\$ (0.11)	\$ 0.11
Income (loss) from discontinued operations	-	-	-	-	-	-	(0.02)	(0.02)
Income before cumulative effect of change in accounting principle	0.34	0.07	0.01	0.11	0.53	0.22	(0.13)	0.09
Cumulative effect of change in accounting principle	-	-	-	-	-	-	-	-
Net income (loss)	\$ 0.34	\$ 0.07	\$ 0.01	\$ 0.11	\$ 0.53	\$ 0.22	\$ (0.13)	\$ 0.09
Weighted-average number of shares used in computation (thousands)	599,422	578,902	580,735	609,106	605,847	607,073	595,561	598,634
Common shares outstanding at end of period (thousands)	570,501	571,502	572,922	573,592	573,592	595,007	595,562	595,562
Market price per common share (end of period)	\$ 18.81	\$ 19.00	\$ 25.05	\$ 23.17	\$ 23.17	\$ 21.39	\$ 23.36	\$ 23.36
Common dividends per share	\$ 0.05	\$ 0.05	\$ 0.075	\$ 0.075	\$ 0.25	\$ 0.075	\$ 0.09	\$ 0.165

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. Certain amounts have been reclassified to conform to current classifications.

Reconciliation of Segment Profit to Recurring Segment Profit

(UNAUDITED)

(Dollars in millions)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Segment profit (loss):								
Exploration & Production	\$ 103.7	\$ 118.3	\$ 158.8	\$ 206.4	\$ 587.2	\$ 147.6	\$ 119.8	\$ 267.4
Gas Pipeline	167.4	164.5	161.1	92.8	585.8	134.7	122.7	257.4
Midstream Gas & Liquids	128.6	109.1	121.1	112.4	471.2	151.5	130.7	282.2
Power	114.1	(75.0)	(226.4)	(69.4)	(256.7)	(22.5)	(79.6)	(102.1)
Other	(4.1)	(60.5)	(10.1)	(30.3)	(105.0)	1.0	(0.7)	0.3
Total segment profit	\$ 509.7	\$ 256.4	\$ 204.5	\$ 311.9	\$ 1,282.5	\$ 412.3	\$ 292.9	\$ 705.2
Nonrecurring adjustments:								
Exploration & Production	\$ (7.6)	\$ -	\$ (21.7)	\$ -	\$ (29.3)	\$ -	\$ -	\$ -
Gas Pipeline	(13.1)	(21.7)	(14.2)	37.3	(11.7)	(2.0)	-	(2.0)
Midstream Gas & Liquids	-	-	-	-	-	(6.3)	68.0	61.7
Power	11.4	13.1	0.4	91.7	116.6	-	-	-
Other	-	53.1	-	29.1	82.2	-	-	-
Total segment nonrecurring adjustment	\$ (9.3)	\$ 44.5	\$ (35.5)	\$ 158.1	\$ 157.8	\$ (8.3)	\$ 68.0	\$ 59.7
Recurring segment profit (loss):								
Exploration & Production	96.1	118.3	137.1	206.4	557.9	147.6	119.8	267.4
Gas Pipeline	154.3	142.8	146.9	130.1	574.1	132.7	122.7	255.4
Midstream Gas & Liquids	128.6	109.1	121.1	112.4	471.2	145.2	198.7	343.9
Power	125.5	(61.9)	(226.0)	22.3	(140.1)	(22.5)	(79.6)	(102.1)
Other	(4.1)	(7.4)	(10.1)	(1.2)	(22.8)	1.0	(0.7)	0.3
Total recurring segment profit	\$ 500.4	\$ 300.9	\$ 169.0	\$ 470.0	\$ 1,440.3	\$ 404.0	\$ 360.9	\$ 764.9

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 the management of certain equity investments.

Exploration & Production

(UNAUDITED)

	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Production	\$ 210.2	\$ 234.8	\$ 283.0	\$ 344.4	\$ 1,072.4	\$ 286.8	\$ 287.9	\$ 574.7
Gas management	28.2	32.6	32.1	52.0	144.9	41.2	28.3	69.5
Net nonqualified hedge derivative income (loss)	(0.1)	0.6	(15.9)	9.8	(5.6)	12.8	(1.6)	11.2
International	10.8	11.6	16.3	14.7	53.4	16.0	15.1	31.1
Other	(0.1)	1.9	2.9	(0.7)	4.0	(0.8)	12.6	11.8
Total revenues	249.0	281.5	318.4	420.2	1,269.1	356.0	342.3	698.3
Segment costs and expenses:								
Depreciation, depletion and amortization (including International)	58.5	59.5	66.4	69.6	254.0	73.1	84.5	157.6
Lease and other operating expenses *	23.8	23.9	28.5	29.0	105.2	30.1	43.8	73.9
Operating taxes	21.1	23.9	26.7	29.4	101.1	31.8	28.1	59.9
Exploration expenses *	0.9	1.1	1.5	4.1	7.6	4.4	2.4	6.8
Gathering expense	5.6	6.0	5.0	8.1	24.7	6.4	7.5	13.9
Selling, general and administrative expenses (including International)	17.0	17.7	20.3	24.6	79.6	21.5	28.2	49.7
Gas management expenses	28.2	32.6	32.1	52.0	144.9	41.2	28.3	69.5
International (excluding DD&A and SG&A)	3.3	3.3	4.7	3.6	14.9	5.5	4.9	10.4
Other (income) expense - net	(9.6)	(1.2)	(19.8)	(0.7)	(31.3)	(0.6)	0.7	0.1
Total segment costs and expenses	148.8	166.8	165.4	219.7	700.7	213.4	228.4	441.8
Equity earnings - International	3.5	3.6	5.8	5.9	18.8	5.0	5.9	10.9
Reported segment profit	103.7	118.3	158.8	206.4	587.2	147.6	119.8	267.4
Nonrecurring adjustments	(7.6)	-	(21.7)	-	(29.3)	-	-	-
Recurring segment profit, pre-tax	\$ 96.1	\$ 118.3	\$ 137.1	\$ 206.4	\$ 557.9	\$ 147.6	\$ 119.8	\$ 267.4

* Amounts have been reclassified to the current classifications.

Operating statistics

Domestic:								
Total domestic net volumes (Bcfe)	51.1	55.0	57.9	59.5	223.5	59.5	67.1	126.6
Net domestic volumes per day (MMcfe/d)	568	604	629	646	612	661	738	700
Net domestic realized price (\$/Mcf) (1)	\$ 4.001	\$ 4.164	\$ 4.801	\$ 5.655	\$ 4.688	\$ 4.712	\$ 4.177	\$ 4.428
Production taxes per Mcfe	\$ 0.413	\$ 0.435	\$ 0.462	\$ 0.493	\$ 0.452	\$ 0.534	\$ 0.420	\$ 0.473
Lease and other operating expense per Mcfe	\$ 0.466	\$ 0.436	\$ 0.492	\$ 0.486	\$ 0.471	\$ 0.505	\$ 0.653	\$ 0.584

(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	5.5	6.1	6.0	22.9	6.0	5.6	11.6
Volumes per day (MMcfe/d)	59	61	67	65	63	67	61	64
Volumes net to Williams (after minority interest) (Bcfe)	4.1	4.3	4.8	4.8	18.0	4.7	4.4	9.1
Volumes net to Williams per day (MMcfe/d)	46	48	53	51	49	53	48	50
Total Domestic and International:								
Volumes net to Williams (after minority interest) (Bcfe)	55.3	59.3	62.7	64.2	241.5	64.2	71.5	135.7
Volumes net to Williams per day (MMcfe/d)	614	652	682	697	662	714	786	750

Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Northwest Pipeline	\$ 80.3	\$ 78.9	\$ 79.6	\$ 82.7	\$ 321.5	\$ 79.6	\$ 80.0	\$ 159.6
Transcontinental Gas Pipe Line	254.9	278.1	266.0	292.0	1,091.0	254.3	257.2	511.5
Other	0.1	-	0.2	-	0.3	0.1	0.1	0.2
Total revenues	335.3	357.0	345.8	374.7	1,412.8	334.0	337.3	671.3
Segment costs and expenses:								
Costs and operating expenses	160.4	193.3	177.6	250.7	782.0	177.2	192.8	370.0
Selling, general and administrative expenses	18.6	6.8	23.6	35.1	84.1	31.0	35.4	66.4
Other (income) expense - net	0.3	0.3	0.5	3.4	4.5	(1.4)	(3.4)	(4.8)
Total segment costs and expenses	179.3	200.4	201.7	289.2	870.6	206.8	224.8	431.6
Equity earnings	11.4	7.9	17.0	7.3	43.6	7.5	10.7	18.2
Income (loss) from investments	-	-	-	-	-	-	(0.5)	(0.5)
Reported segment profit:								
Northwest Pipeline	39.7	36.5	39.1	37.2	152.5	33.3	32.8	66.1
Transcontinental Gas Pipe Line	117.9	121.8	107.0	50.1	396.8	95.8	81.3	177.1
Other	9.8	6.2	15.0	5.5	36.5	5.6	8.6	14.2
Total reported segment profit	167.4	164.5	161.1	92.8	585.8	134.7	122.7	257.4
Nonrecurring adjustments:								
Northwest Pipeline	-	-	-	-	-	-	-	-
Transcontinental Gas Pipe Line	(13.1)	(21.7)	(14.2)	37.3	(11.7)	(2.0)	-	(2.0)
Other	-	-	-	-	-	-	-	-
Total nonrecurring adjustments	(13.1)	(21.7)	(14.2)	37.3	(11.7)	(2.0)	-	(2.0)
Recurring segment profit:								
Northwest Pipeline	39.7	36.5	39.1	37.2	152.5	33.3	32.8	66.1
Transcontinental Gas Pipe Line	104.8	100.1	92.8	87.4	385.1	93.8	81.3	175.1
Other	9.8	6.2	15.0	5.5	36.5	5.6	8.6	14.2
Total recurring segment profit, pre-tax	\$ 154.3	\$ 142.8	\$ 146.9	\$ 130.1	\$ 574.1	\$ 132.7	\$ 122.7	\$ 255.4
Operating statistics								
Northwest Pipeline								
Throughput (TBtu)	181.2	146.2	152.9	192.6	672.9	179.7	142.7	322.4
Average daily transportation volumes (TBtu)	2.0	1.6	1.7	2.1	1.9	2.0	1.6	1.8
Average daily firm reserved capacity (TBtu)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Transcontinental Gas Pipe Line								
Throughput (TBtu)	537.7	427.9	453.6	466.6	1,885.8	502.8	427.0	929.8
Average daily transportation volumes (TBtu)	6.0	4.7	4.9	5.1	5.2	5.6	4.6	5.1
Average daily firm reserved capacity (TBtu)	6.9	6.5	6.4	6.8	6.7	7.0	6.4	6.7

Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Gathering	\$ 70.6	\$ 74.2	\$ 74.0	\$ 75.8	\$ 294.6	\$ 76.8	\$ 79.0	\$ 155.8
Processing	23.5	24.3	25.5	22.9	96.2	24.9	27.4	52.3
Venezuela fee revenue	36.5	37.8	40.4	38.8	153.5	38.9	38.0	76.9
NGL sales from gas processing	285.1	247.0	244.2	259.0	1,035.3	263.7	292.6	556.3
Production handling and transportation	18.6	20.4	14.7	20.6	74.3	37.2	33.2	70.4
Olefins sales (Incl Gulf and Canada)	146.6	114.2	121.4	185.3	567.5	148.9	131.4	280.3
Trading/marketing sales	588.0	574.4	522.0	578.1	2,262.5	709.0	806.1	1,515.1
Other revenues	23.7	33.2	31.7	39.1	127.7	34.4	30.7	65.1
	<u>1,192.6</u>	<u>1,125.5</u>	<u>1,073.9</u>	<u>1,219.6</u>	<u>4,611.6</u>	<u>1,333.8</u>	<u>1,438.4</u>	<u>2,772.2</u>
Intrasegment eliminations	(385.6)	(345.4)	(319.2)	(328.7)	(1,378.9)	(354.4)	(394.9)	(749.3)
Total revenues	<u>807.0</u>	<u>780.1</u>	<u>754.7</u>	<u>890.9</u>	<u>3,232.7</u>	<u>979.4</u>	<u>1,043.5</u>	<u>2,022.9</u>
Segment costs and expenses:								
NGL cost of goods sold	225.1	202.4	189.6	218.3	835.4	199.9	172.7	372.6
Olefins cost of goods sold	118.7	104.0	102.2	163.5	488.4	132.8	108.1	240.9
Trading/marketing cost of goods sold	584.0	574.7	510.1	575.8	2,244.6	716.7	799.1	1,515.8
Venezuela operating costs	16.1	16.0	17.4	17.6	67.1	16.8	18.1	34.9
Operating costs	101.6	101.5	112.8	113.9	429.8	120.6	120.7	241.3
Other								
Selling, general and administrative expenses	22.9	21.0	23.1	29.3	96.3	23.3	25.2	48.5
Other (income) expense - net	2.6	1.7	0.8	(1.7)	3.4	(17.9)	70.0	52.1
Intrasegment eliminations	(385.5)	(345.5)	(319.2)	(328.7)	(1,378.9)	(354.4)	(394.9)	(749.3)
Total segment costs and expenses	<u>685.5</u>	<u>675.8</u>	<u>636.8</u>	<u>788.0</u>	<u>2,786.1</u>	<u>837.8</u>	<u>919.0</u>	<u>1,756.8</u>
Equity earnings	7.1	4.1	3.2	9.2	23.6	9.9	6.2	16.1
Income from investments	-	0.7	-	0.3	1.0	-	-	-
Reported segment profit	128.6	109.1	121.1	112.4	471.2	151.5	130.7	282.2
Nonrecurring adjustments	-	-	-	-	-	(6.3)	68.0	61.7
Recurring segment profit, pre-tax	\$ 128.6	\$ 109.1	\$ 121.1	\$ 112.4	\$ 471.2	\$ 145.2	\$ 198.7	\$ 343.9
Operating statistics								
Gathering volumes (TBtu)	315.5	323.6	310.3	303.9	1,253.3	296.9	300.1	597.0
Gathering margins (\$/MMBtu)	\$ 0.2237	\$ 0.2292	\$ 0.2386	\$ 0.2496	\$ 0.2351	\$ 0.2590	\$ 0.2634	\$ 0.2610
Processing volumes (TBtu)	181.0	184.5	190.3	165.6	721.4	191.8	204.8	396.6
Processing rate (\$/MMBtu)	\$ 0.1299	\$ 0.1316	\$ 0.1342	\$ 0.1381	\$ 0.1334	\$ 0.1298	\$ 0.1340	\$ 0.1320
NGL equity sales (million gallons)	398.7	338.3	276.4	255.8	1,269.2	333.7	361.3	695.0
NGL margin (\$/gallon)	\$ 0.1503	\$ 0.1318	\$ 0.1976	\$ 0.1565	\$ 0.1569	\$ 0.1900	\$ 0.3319	\$ 0.2644
Olefins sales (Ethylene & Propylene) (million lbs)	266.5	265.6	258.1	275.9	1,066.1	259.2	196.8	456.0

Power

(UNAUDITED)

(Dollars in millions)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Natural gas & power	\$ 2,066.3	\$ 1,998.6	\$ 2,244.3	\$ 2,787.0	\$ 9,096.2	\$ 2,053.3	\$ 1,606.6	\$ 3,659.9
Crude & refined products	(1.1)	(0.2)	(1.6)	0.1	(2.8)	-	-	-
Other	(0.3)	1.0	0.2	(0.4)	0.5	(0.1)	0.4	0.3
Total revenues	2,064.9	1,999.4	2,242.9	2,786.7	\$ 9,093.9	2,053.2	1,607.0	\$ 3,660.2
Segment costs and expenses:								
Costs and operating expenses	1,930.3	2,041.1	2,450.9	2,750.2	9,172.5	2,082.1	1,671.4	3,753.5
Selling, general and administrative expenses	16.0	16.9	21.1	10.5	64.5	(4.5)	18.9	14.4
Other (income) expense - net	5.6	17.3	(1.7)	95.5	116.7	(2.1)	(3.4)	(5.5)
Total segment costs and expenses	1,951.9	2,075.3	2,470.3	2,856.2	9,353.7	2,075.5	1,686.9	3,762.4
Equity Earnings	1.1	0.9	1.0	0.1	3.1	(0.2)	0.3	0.1
Reported segment profit (loss)	114.1	(75.0)	(226.4)	(69.4)	(256.7)	(22.5)	(79.6)	(102.1)
Nonrecurring adjustments	11.4	13.1	0.4	91.7	116.6	-	-	-
Recurring segment profit (loss), pre-tax	\$ 125.5	\$ (61.9)	\$ (226.0)	\$ 22.3	\$ (140.1)	\$ (22.5)	\$ (79.6)	\$ (102.1)

Operating statistics

Volumes

Natural gas (Bcfd)								
Sales to third parties	1.7	1.8	1.7	1.7	1.7	1.7	1.5	1.6
Sales to other segments	0.6	0.4	0.3	0.3	0.4	0.4	0.4	0.4
For use in tolling agreements and by owned generation	0.2	0.2	0.3	0.1	0.2	0.1	0.2	0.2
Total managed	2.5	2.4	2.3	2.1	2.3	2.2	2.1	2.2
Crude & refined products (MBPD)	-	-	-	-	-	-	-	-
Power (GWh)	14,832	15,906	21,690	14,559	66,987	11,505	12,949	24,454

Additional statistics

Value at risk

	Quarter ended 6/30/2006	
	<u>(in Millions)</u>	
One day VaR - 95% confidence level		
Trading	\$3.1MM	
Non-Trading	\$24.9MM	
Aggregate Earnings VaR	\$5.6MM	
	Quarter ended 3/31/2006	
	<u>(in Millions)</u>	
One day VaR - 95% confidence level		
Trading	\$3.8MM	
Non-Trading	\$6.0MM	
Aggregate Earnings VaR	\$9.2MM	

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	\$ 18.7
13-36 months	(0.3)
37-60 months	(0.4)
61-120 months	(0.6)
121+ months	0.1
Total Fair Value	17.5
Non-Trading MTM Derivatives and SFAS 133 Hedges	291.8
Non-Power Business Unit Hedges	1.9
Total Net Derivative Assets and Liabilities	\$ 311.2

Net Credit Exposure (in Millions)

	Investment Grade	Total
Gas and electric utilities	\$ 96.6	\$ 96.9
Energy marketers and traders	238.9	557.2
Financial institutions	31.2	31.2
Other	25.3	25.3
	<u>\$ 392.0</u>	<u>\$ 710.6</u>
Credit Reserves		(22.8)
Net Credit Exposure from Derivative Contracts		<u>\$ 687.8</u>

Power Portfolio (Megawatts)

	Quarter Ended	
	6/30/06	6/30/05
Owned	207	207
Contracted	8,190	9,012
Total	<u>8,397</u>	<u>9,219</u>

Credit Support (in Millions)

<u>As of June 30, 2006</u>	
Prepays	\$11
Margins	\$0
Adequate Assurance	\$18

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Capital expenditures:								
Exploration & Production	\$ 158.6	\$ 182.8	\$ 211.1	\$ 230.8	\$ 783.3	\$ 310.3	\$ 283.9	\$ 594.2
Gas Pipeline:								
Northwest Pipeline	12.0	29.6	43.2	52.2	137.0	40.3	96.0	136.3
Transcontinental Gas Pipe Line	35.7	55.0	80.7	83.1	254.5	46.4	106.7	153.1
Other	-	-	-	2.2	2.2	-	-	-
Total	47.7	84.6	123.9	137.5	393.7	86.7	202.7	289.4
Midstream Gas & Liquids	16.3	25.5	32.7	40.7	115.2	70.7	39.3	110.0
Power	1.0	0.7	0.4	0.1	2.2	0.6	0.6	1.2
Other	(0.7) *	0.1	1.2	4.0	4.6	-	7.8	7.8
Total	\$ 222.9	\$ 293.7	\$ 369.3	\$ 413.1	\$ 1,299.0	\$ 468.3	\$ 534.3	\$ 1,002.6
Purchase of investments:								
Exploration & Production	\$ 6.3	\$ -	\$ 0.3	\$ -	\$ 6.6	\$ -	\$ -	\$ -
Midstream Gas & Liquids	-	35.0	11.5	-	46.5	(3.4)	0.8	(2.6)
Other	20.0	20.6	4.5	17.9	63.0	13.1	26.0	39.1
Total	\$ 26.3	\$ 55.6	\$ 16.3	\$ 17.9	\$ 116.1	\$ 9.7	\$ 26.8	\$ 36.5
Summary:								
Exploration & Production	\$ 164.9	\$ 182.8	\$ 211.4	\$ 230.8	\$ 789.9	\$ 310.3	\$ 283.9	\$ 594.2
Gas Pipeline	47.7	84.6	123.9	137.5	393.7	86.7	202.7	289.4
Midstream Gas & Liquids	16.3	60.5	44.2	40.7	161.7	67.3	40.1	107.4
Power	1.0	0.7	0.4	0.1	2.2	0.6	0.6	1.2
Other	19.3	20.7	5.7	21.9	67.6	13.1	33.8	46.9
Total	\$ 249.2	\$ 349.3	\$ 385.6	\$ 431.0	\$ 1,415.1	\$ 478.0	\$ 561.1	\$ 1,039.1
Cumulative summary:								
Exploration & Production	\$ 164.9	\$ 347.7	\$ 559.1	\$ 789.9	\$ 789.9	\$ 310.3	\$ 594.2	\$ 594.2
Gas Pipeline	47.7	132.3	256.2	393.7	393.7	86.7	289.4	289.4
Midstream Gas & Liquids	16.3	76.8	121.0	161.7	161.7	67.3	107.4	107.4
Power	1.0	1.7	2.1	2.2	2.2	0.6	1.2	1.2
Other	19.3	40.0	45.7	67.6	67.6	13.1	46.9	46.9
Total	\$ 249.2	\$ 598.5	\$ 984.1	\$ 1,415.1	\$ 1,415.1	\$ 478.0	\$ 1,039.1	\$ 1,039.1

* 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)	2005					2006		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Depreciation, depletion and amortization:								
Exploration & Production	\$ 58.6	\$ 59.4	\$ 66.4	\$ 69.8	\$ 254.2	\$ 73.0	84.2	157.2
Gas Pipeline:								
Northwest Pipeline	17.3	17.0	17.9	18.4	70.6	18.5	18.8	37.3
Transcontinental Gas Pipe Line	49.4	48.6	49.3	49.4	196.7	50.0	51.7	101.7
Total	66.7	65.6	67.2	67.8	267.3	68.5	70.5	139.0
Midstream Gas & Liquids	46.0	46.4	49.5	50.1	192.0	49.4	49.9	99.3
Power	3.9	3.7	3.6	3.7	14.9	3.2	3.2	6.4
Other	3.0	3.0	2.9	2.7	11.6	2.9	2.7	5.6
Total	<u>\$ 178.2</u>	<u>\$ 178.1</u>	<u>\$ 189.6</u>	<u>\$ 194.1</u>	<u>\$ 740.0</u>	<u>\$ 197.0</u>	<u>\$ 210.5</u>	<u>\$ 407.5</u>
Other selected financial data:								
Cash and cash equivalents	\$ 1,210.0	\$ 1,297.2	\$ 1,360.5	\$ 1,597.2	\$ 1,597.2	\$ 1,115.0	\$ 980.4	\$ 980.4
Total assets	\$ 26,434.1	\$ 26,399.7	\$ 33,655.8	\$ 29,442.6	\$ 29,442.6	\$ 26,029.0	\$ 25,617.2	\$ 25,617.2
Capital structure:								
Debt								
Current	\$ 99.5	\$ 98.6	\$ 122.4	\$ 122.6	\$ 122.6	\$ 175.7	\$ 170.7	\$ 170.7
Noncurrent	\$ 7,650.4	\$ 7,645.7	\$ 7,598.7	\$ 7,590.5	\$ 7,590.5	\$ 7,252.8	\$ 7,292.6	\$ 7,292.6
Stockholders' equity	\$ 5,261.1	\$ 5,353.6	\$ 5,154.4	\$ 5,427.5	\$ 5,427.5	\$ 5,925.5	\$ 5,882.3	\$ 5,882.3
Debt to debt-plus-equity ratio	59.6%	59.1%	60.0%	58.7%	58.7%	55.6%	55.9%	55.9%