



Financial Highlights and Operating Statistics
(UNAUDITED)

Final

June 30, 2007

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

(Dollars in millions, except per-share amounts)

	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Income (loss) from continuing operations available to common stockholders	\$132.2	(\$58.8)	\$112.6	\$161.0	\$347.0	\$169.7	\$243.9	\$413.6
Income (loss) from continuing operations - diluted earnings (loss) per common share	\$0.22	(\$0.10)	\$0.19	\$0.26	\$0.57	\$0.28	\$0.40	\$0.68
Nonrecurring items:								
<i>Gas Pipeline</i>								
Reversal of litigation contingency due to favorable ruling - TGPL	(2.0)	-	-	-	(2.0)	-	-	-
Change in estimate related to a regulatory liability	-	-	-	-	-	-	(16.6)	(16.6)
<i>Total Gas Pipeline nonrecurring items</i>	(2.0)	-	-	-	(2.0)	-	(16.6)	(16.6)
<i>Midstream Gas & Liquids</i>								
Reversal of a maintenance accrual	-	-	-	-	-	(7.9)	-	(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 ⁽¹⁾	(6.3)	-	-	-	(6.3)	-	-	-
<i>Total Midstream Gas & Liquids nonrecurring items</i>	(6.3)	68.0	10.3	2.3	74.3	(7.9)	-	(7.9)
Nonrecurring items included in segment profit (loss)	(8.3)	68.0	10.3	2.3	72.3	(7.9)	(16.6)	(24.5)
Nonrecurring items below segment profit (loss)								
<i>Impairment of cost-based investment - Petrowayu</i>								
(Investing income / loss - Exploration & Production) ⁽¹⁾	-	-	-	16.4	16.4	-	-	-
Securities litigation settlement and related costs ⁽²⁾	1.2	160.7	3.4	2.0	167.3	-	-	-
Reversal of interest accrual related to reversal of litigation contingency noted above (Interest accrued - Gas Pipeline - TGPL)	(5.0)	-	-	-	(5.0)	-	-	-
Early debt retirement costs (Corporate and Exploration & Production) ⁽¹⁾	27.0	4.4	-	-	31.4	-	-	-
Gain on sale of Algar/Triangulo shares (Investing income / loss - Other)	(6.7)	-	-	-	(6.7)	-	-	-
Interest related to Gulf Liquids litigation contingency (Interest accrued - Midstream)	-	20.0	0.6	1.4	22.0	1.4	1.2	2.6
Contract termination gain related to Gray's Harbor (NWP)	-	-	-	-	-	-	(6.0)	(6.0)
	16.5	185.1	4.0	19.8	225.4	1.4	(4.8)	(3.4)
Total nonrecurring items	8.2	253.1	14.3	22.1	297.7	(6.5)	(21.4)	(27.9)
Tax effect for above items ⁽¹⁾⁽²⁾	3.4	76.6	5.3	2.3	87.6	(2.5)	1.0	(1.5)
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)	-	-	-
Recurring income from continuing operations available to common stockholders	\$137.0	\$117.7	\$121.6	\$163.1	\$539.4	\$165.7	\$221.5	\$387.2
Recurring diluted earnings per common share	\$0.23	\$0.20	\$0.20	\$0.27	\$0.89	\$0.27	\$0.36	\$0.63
Weighted-average shares - diluted (thousands)	607,073	595,561	609,062	610,352	608,627	611,470	613,172	612,325

⁽¹⁾ 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 early debt retirement costs related to our convertible debt. The tax rate applied to 4th quarter 2006 has also been adjusted for the effect of a nondeductible international impairment.

⁽²⁾ The tax rate applied to nonrecurring items for 2nd, 3rd and 4th quarters 2006 has been adjusted for the effect of nondeductible expenses associated with securities litigation settlement and related costs. The tax rate applied to nonrecurring items for 2nd quarter 2007 has been adjusted to reverse the effect of certain of these previous adjustments as these expenses are now considered deductible based on an IRS ruling.

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)

(Dollars in millions, except per-share amounts)	2006					2007		
	1st Qtr *	2nd Qtr *	3rd Qtr *	4th Qtr *	Year *	1st Qtr *	2nd Qtr	Year
Revenues	\$ 2,387.2	\$ 2,219.9	\$ 2,511.1	\$ 2,257.3	\$ 9,375.5	\$ 2,368.3	\$ 2,823.4	\$ 5,191.7
Segment costs and expenses:								
Costs and operating expenses	1,962.0	1,776.8	2,039.4	1,787.3	7,565.5	1,843.3	2,180.2	4,023.5
Selling, general and administrative expenses	57.8	95.8	113.0	122.7	389.3	102.5	107.0	209.5
Other (income) expense - net	(21.6)	65.9	(7.2)	(3.9)	33.2	(17.9)	(12.0)	(29.9)
Total segment costs and expenses	<u>1,998.2</u>	<u>1,938.5</u>	<u>2,145.2</u>	<u>1,906.1</u>	<u>7,988.0</u>	<u>1,927.9</u>	<u>2,275.2</u>	<u>4,203.1</u>
Equity earnings	22.2	23.1	29.9	23.7	98.9	21.4	22.8	44.2
Income (loss) from investments	-	(0.5)	0.5	-	-	-	-	-
Total segment profit	<u>411.2</u>	<u>304.0</u>	<u>396.3</u>	<u>374.9</u>	<u>1,486.4</u>	<u>461.8</u>	<u>571.0</u>	<u>1,032.8</u>
Reclass equity earnings	(22.2)	(23.1)	(29.9)	(23.7)	(98.9)	(21.4)	(22.8)	(44.2)
Reclass income (loss) from investments	-	0.5	(0.5)	-	-	-	-	-
General corporate expenses	(30.6)	(33.7)	(35.0)	(32.8)	(132.1)	(39.4)	(36.2)	(75.6)
Securities litigation settlement and related fees	(1.2)	(160.7)	(3.4)	(2.0)	(167.3)	-	-	-
Operating income	357.2	87.0	327.5	316.4	1,088.1	401.0	512.0	913.0
Interest accrued	(161.3)	(179.9)	(161.0)	(167.7)	(669.9)	(172.0)	(172.1)	(344.1)
Interest capitalized	3.0	4.0	4.8	5.4	17.2	4.9	6.7	11.6
Investing income	47.7	39.1	51.1	29.6	167.5	52.4	65.5	117.9
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)	(25.4)	(39.4)
Other income - net	8.1	8.0	2.8	7.5	26.4	2.0	9.3	11.3
Income (loss) from continuing operations before income taxes	220.6	(54.5)	213.1	178.7	557.9	274.3	396.0	670.3
Provision for income taxes	88.4	4.3	100.5	17.7	210.9	104.6	152.1	256.7
Income (loss) from continuing operations	132.2	(58.8)	112.6	161.0	347.0	169.7	243.9	413.6
Income (loss) from discontinued operations	(0.3)	(17.2)	(6.4)	(14.6)	(38.5)	(35.7)	189.2	153.5
Net income (loss)	<u>\$ 131.9</u>	<u>\$ (76.0)</u>	<u>\$ 106.2</u>	<u>\$ 146.4</u>	<u>\$ 308.5</u>	<u>\$ 134.0</u>	<u>\$ 433.1</u>	<u>\$ 567.1</u>
Diluted earnings per common share:								
Income (loss) from continuing operations	\$ 0.22	\$ (0.10)	\$ 0.19	\$ 0.26	\$ 0.57	\$ 0.28	\$ 0.40	\$ 0.68
Income (loss) from discontinued operations	-	(0.03)	(0.01)	(0.02)	(0.06)	(0.06)	0.31	0.25
Net income (loss)	<u>\$ 0.22</u>	<u>\$ (0.13)</u>	<u>\$ 0.18</u>	<u>\$ 0.24</u>	<u>\$ 0.51</u>	<u>\$ 0.22</u>	<u>\$ 0.71</u>	<u>\$ 0.93</u>
Weighted-average number of shares used in computation (thousands)	607,073	595,561	609,062	610,352	608,627	611,470	613,172	612,325
Common shares outstanding at end of period (thousands)	595,007	595,562	596,130	597,147	597,147	598,492	599,781	599,781
Market price per common share (end of period)	\$ 21.39	\$ 23.36	\$ 23.87	\$ 26.12	\$ 26.12	\$ 28.46	\$ 31.62	\$ 31.62
Common dividends per share	\$ 0.075	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.345	\$ 0.09	\$ 0.10	\$ 0.19

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.

* Amounts have been restated to reflect certain operations as discontinued operations.

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*	2nd Qtr	Year
Segment profit (loss):								
Exploration & Production	\$ 147.6	\$ 119.8	\$ 144.5	\$ 139.6	\$ 551.5	\$ 188.1	\$ 209.4	\$ 397.5
Gas Pipeline	134.7	122.7	109.0	101.0	467.4	149.7	174.3	324.0
Midstream Gas & Liquids	151.3	131.0	219.9	169.1	671.3	154.1	249.6	403.7
Gas Marketing Services *	(23.1)	(65.6)	(76.1)	(30.0)	(194.8)	(29.8)	(63.5)	(93.3)
Other	0.7	(3.9)	(1.0)	(4.8)	(9.0)	(0.3)	1.2	0.9
Total segment profit	\$ 411.2	\$ 304.0	\$ 396.3	\$ 374.9	\$ 1,486.4	\$ 461.8	\$ 571.0	\$ 1,032.8
Nonrecurring adjustments:								
Exploration & Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Pipeline	(2.0)	-	-	-	(2.0)	-	(16.6)	(16.6)
Midstream Gas & Liquids	(6.3)	68.0	10.3	2.3	74.3	(7.9)	-	(7.9)
Gas Marketing Services *	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total segment nonrecurring adjustments	\$ (8.3)	\$ 68.0	\$ 10.3	\$ 2.3	\$ 72.3	\$ (7.9)	\$ (16.6)	\$ (24.5)
Recurring segment profit (loss):								
Exploration & Production	\$ 147.6	\$ 119.8	\$ 144.5	\$ 139.6	\$ 551.5	\$ 188.1	\$ 209.4	\$ 397.5
Gas Pipeline	132.7	122.7	109.0	101.0	465.4	149.7	157.7	307.4
Midstream Gas & Liquids	145.0	199.0	230.2	171.4	745.6	146.2	249.6	395.8
Gas Marketing Services *	(23.1)	(65.6)	(76.1)	(30.0)	(194.8)	(29.8)	(63.5)	(93.3)
Other	0.7	(3.9)	(1.0)	(4.8)	(9.0)	(0.3)	1.2	0.9
Total recurring segment profit	\$ 402.9	\$ 372.0	\$ 406.6	\$ 377.2	\$ 1,558.7	\$ 453.9	\$ 554.4	\$ 1,008.3

Note: Segment profit (loss) includes equity earnings (loss) and certain income (loss) from investments reported in Investing income (loss) in the Consolidated Statement of 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.

* Amounts have been restated to reflect certain operations as discontinued operations. This restatement reflects the creation of a new Gas Marketing Services segment, which includes the continued marketing and risk management operations that support our natural gas business.

Exploration & Production

(UNAUDITED)

(Dollars in millions)	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Production	\$ 286.8	\$ 287.9	\$ 316.1	\$ 347.0	\$ 1,237.8	\$ 413.2	\$ 448.3	\$ 861.5
Gas management	41.2	28.3	25.3	39.3	134.1	55.3	66.7	122.0
Net nonqualified hedge derivative income (loss)	12.8	(1.6)	1.8	11.0	24.0	(2.2)	(5.0)	(7.2)
International	16.0	15.1	16.8	15.8	63.7	14.5	16.2	30.7
Other	(0.8)	12.6	11.1	5.1	28.0	1.9	13.3	15.2
Total revenues	356.0	342.3	371.1	418.2	1,487.6	482.7	539.5	1,022.2
Segment costs and expenses:								
Depreciation, depletion and amortization (including International)	73.1	84.5	95.3	108.6	361.5	113.6	131.5	245.1
Lease and other operating expenses	30.1	43.8	39.0	46.4	159.3	43.7	48.9	92.6
Operating taxes	31.8	28.1	31.1	28.7	119.7	33.5	35.8	69.3
Exploration expense	4.4	2.4	2.6	7.2	16.6	6.9	4.6	11.5
Third party gathering expense	6.4	7.5	7.6	8.6	30.1	8.6	7.6	16.2
Selling, general and administrative expenses (including International)	21.5	28.2	28.2	34.4	112.3	35.9	32.1	68.0
Gas management expenses	41.2	28.3	25.3	39.3	134.1	55.3	66.7	122.0
International (excluding DD&A and SG&A)	5.5	4.9	5.0	5.9	21.3	4.3	6.1	10.4
Other (income) expense - net	(0.6)	0.7	(1.9)	4.8	3.0	(1.9)	1.7	(0.2)
Total segment costs and expenses	213.4	228.4	232.2	283.9	957.9	299.9	335.0	634.9
Equity earnings - International	5.0	5.9	5.6	5.3	21.8	5.3	4.9	10.2
Reported segment profit	147.6	119.8	144.5	139.6	551.5	188.1	209.4	397.5
Nonrecurring adjustments	-	-	-	-	-	-	-	-
Recurring segment profit	\$ 147.6	\$ 119.8	\$ 144.5	\$ 139.6	\$ 551.5	\$ 188.1	\$ 209.4	\$ 397.5
Operating statistics								
Domestic:								
Total domestic net volumes (Bcfe)	59.5	67.1	71.8	76.0	274.4	76.1	81.7	157.8
Net domestic volumes per day (MMcfe/d)	661	738	780	826	752	845	898	872
Net domestic realized price (\$/Mcf) (1)	\$ 4.712	\$ 4.177	\$ 4.300	\$ 4.450	\$ 4.401	\$ 5.318	\$ 5.390	\$ 5.356
Production taxes per Mcfe	\$ 0.534	\$ 0.420	\$ 0.433	\$ 0.377	\$ 0.436	\$ 0.440	\$ 0.439	\$ 0.439
Lease and other operating expense per Mcfe	\$ 0.505	\$ 0.653	\$ 0.544	\$ 0.610	\$ 0.581	\$ 0.574	\$ 0.598	\$ 0.587
(1) Net realized price is calculated the following way: <i>Production</i> revenues (including hedging activities and incremental margins related to gas management activities) less <i>Third party gathering expense</i> divided by net volumes.								
International:								
Total volumes including Equity Investee (Bcfe)	6.0	5.6	6.0	6.1	23.7	5.2	5.4	10.6
Volumes per day (MMcfe/d)	67	61	65	67	65	58	59	58
Volumes net to Williams (after minority interest) (Bcfe)	4.7	4.4	4.7	4.8	18.6	4.1	4.2	8.3
Volumes net to Williams per day (MMcfe/d)	53	48	51	53	51	46	46	46
Total Domestic and International:								
Volumes net to Williams (after minority interest) (Bcfe)	64.2	71.5	76.5	80.9	293.1	80.2	85.9	166.1
Volumes net to Williams per day (MMcfe/d)	714	786	831	879	803	891	945	918

Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Northwest Pipeline	\$ 79.6	\$ 80.0	\$ 81.0	\$ 83.7	\$ 324.3	\$ 103.0	\$ 102.7	\$ 205.7
Transcontinental Gas Pipe Line	254.3	257.2	253.0	258.1	1,022.6	267.6	312.1	579.7
Other	0.1	0.1	0.2	0.4	0.8	0.2	-	0.2
Total revenues	334.0	337.3	334.2	342.2	1,347.7	370.8	414.8	785.6
Segment costs and expenses:								
Costs and operating expenses	177.2	192.8	192.2	203.2	765.4	195.2	224.0	419.2
Selling, general and administrative expenses	31.0	35.4	45.1	50.0	161.5	34.8	38.5	73.3
Other (income) expense - net	(1.4)	(3.4)	(2.4)	(2.3)	(9.5)	0.4	(12.7)	(12.3)
Total segment costs and expenses	206.8	224.8	234.9	250.9	917.4	230.4	249.8	480.2
Equity earnings	7.5	10.7	9.2	9.7	37.1	9.3	9.3	18.6
Income (loss) from investments	-	(0.5)	0.5	-	-	-	-	-
Reported segment profit:								
Northwest Pipeline	33.3	32.8	31.8	29.0	126.9	54.9	68.9	123.8
Transcontinental Gas Pipe Line	95.8	81.3	69.5	63.7	310.3	87.1	97.8	184.9
Other	5.6	8.6	7.7	8.3	30.2	7.7	7.6	15.3
Total reported segment profit	134.7	122.7	109.0	101.0	467.4	149.7	174.3	324.0
Nonrecurring adjustments:								
Northwest Pipeline	-	-	-	-	-	-	(16.6)	(16.6)
Transcontinental Gas Pipe Line	(2.0)	-	-	-	(2.0)	-	-	-
Other	-	-	-	-	-	-	-	-
Total nonrecurring adjustments	(2.0)	-	-	-	(2.0)	-	(16.6)	(16.6)
Recurring segment profit:								
Northwest Pipeline	33.3	32.8	31.8	29.0	126.9	54.9	52.3	107.2
Transcontinental Gas Pipe Line	93.8	81.3	69.5	63.7	308.3	87.1	97.8	184.9
Other	5.6	8.6	7.7	8.3	30.2	7.7	7.6	15.3
Total recurring segment profit	\$ 132.7	\$ 122.7	\$ 109.0	\$ 101.0	\$ 465.4	\$ 149.7	\$ 157.7	\$307.4
Operating statistics								
Northwest Pipeline								
Throughput (TBtu)	179.7	142.7	156.6	196.5	675.5	200.2	159.8	360.0
Average daily transportation volumes (TBtu)	2.0	1.6	1.7	2.1	1.9	2.2	1.8	2.0
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)	502.8	427.0	471.3	457.7	1,858.8	525.2	427.6	952.8
Average daily transportation volumes (TBtu)	5.6	4.6	5.1	5.0	5.1	5.8	4.7	5.3
Average daily firm reserved capacity (TBtu)	7.0	6.4	6.4	6.7	6.6	6.8	6.4	6.6

Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Revenues:								
Gathering & Processing	\$ 101.7	\$ 106.4	\$ 106.8	\$ 108.9	\$ 423.8	\$ 104.0	\$ 101.6	\$ 205.6
Venezuela fee revenue	38.9	38.0	40.6	36.3	153.8	37.3	37.6	74.9
NGL sales from gas processing	263.7	292.6	296.6	262.9	1,115.8	260.0	318.7	578.7
Production handling and transportation	37.2	33.2	33.0	30.4	133.8	28.8	28.3	57.1
Olefins sales (including Gulf and Canada)	148.9	131.4	175.9	155.7	611.9	131.0	176.1	307.1
Trading/marketing sales	709.0	806.1	863.9	757.9	3,136.9	792.1	1,007.1	1,799.2
Other revenues	34.4	30.7	28.8	29.5	123.4	26.5	31.1	57.6
	<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>	<u>1,700.5</u>	<u>3,080.2</u>
Intrasegment eliminations	(354.4)	(394.9)	(428.6)	(396.8)	(1,574.7)	(384.3)	(466.2)	(850.5)
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>	<u>1,234.3</u>	<u>2,229.7</u>
Segment costs and expenses:								
NGL cost of goods sold	199.9	172.7	156.9	144.8	674.3	165.5	149.6	315.1
Olefins cost of goods sold	132.8	108.1	141.2	127.8	509.9	114.2	147.0	261.2
Trading/marketing cost of goods sold	716.7	799.1	863.4	765.8	3,145.0	787.4	995.9	1,783.3
Venezuela operating costs	16.8	18.1	17.1	19.0	71.0	18.8	18.9	37.7
Operating costs	120.6	120.7	134.2	135.4	510.9	134.2	120.4	254.6
Other								
Selling, general and administrative expenses	23.3	25.2	31.1	31.4	111.0	27.2	28.6	55.8
Other (income) expense - net	(17.9)	70.0	(3.3)	(2.8)	46.0	(15.0)	(0.8)	(15.8)
Intrasegment eliminations	(354.4)	(394.9)	(428.6)	(396.8)	(1,574.7)	(384.3)	(466.2)	(850.5)
Total segment costs and expenses	<u>837.8</u>	<u>919.0</u>	<u>912.0</u>	<u>824.6</u>	<u>3,493.4</u>	<u>848.0</u>	<u>993.4</u>	<u>1,841.4</u>
Equity earnings	9.7	6.5	14.9	8.9	40.0	6.7	8.7	15.4
Income from investments	-	-	-	-	-	-	-	-
Reported segment profit	151.3	131.0	219.9	169.1	671.3	154.1	249.6	403.7
Nonrecurring adjustments	(6.3)	68.0	10.3	2.3	74.3	(7.9)	-	(7.9)
Recurring segment profit	\$ 145.0	\$ 199.0	\$ 230.2	\$ 171.4	\$ 745.6	\$ 146.2	\$ 249.6	\$ 395.8
Operating statistics								
Gathering volumes (TBtu)	296.9	300.1	292.5	291.9	1,181.4	269.3	258.4	527.7
Gathering rate (\$/MMBtu)	\$ 0.2590	\$ 0.2634	\$ 0.2708	\$ 0.2730	\$ 0.2664	\$ 0.2792	\$ 0.2802	\$ 0.2798
Processing volumes (TBtu)	191.8	204.8	210.0	226.5	833.1	226.9	234.4	461.3
Processing rate (\$/MMBtu)	\$ 0.1298	\$ 0.1340	\$ 0.1314	\$ 0.1289	\$ 0.1310	\$ 0.1269	\$ 0.1249	\$ 0.1258
NGL equity sales (million gallons) *	333.7	361.3	334.0	325.8	1,354.8	344.6	359.7	704.3
NGL margin (\$/gallon)	\$ 0.1900	\$ 0.3319	\$ 0.4183	\$ 0.3625	\$ 0.3259	\$ 0.2742	\$ 0.4701	\$ 0.3743
Domestic NGL Production (million gallons) *	549.9	591.5	583.5	607.5	2,332.4	594.1	619.2	1,213.3
Olefins sales (Ethylene & Propylene) (million lbs)	259.2	196.8	268.1	263.8	987.9	213.4	273.4	486.8

* Excludes volumes associated with partially owned assets that are not consolidated for financial reporting purposes.

Gas Marketing Services

(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>	<i>2nd Qtr</i>	<i>Year</i>
Revenues	1,424.1	1,116.8	1,319.9	1,186.9	\$ 5,047.7	1,288.3	1,393.4	\$ 2,681.7
Segment costs and expenses:								
Costs and operating expenses	1,469.4	1,180.3	1,392.1	1,214.8	5,256.6	1,316.2	1,452.2	2,768.4
Selling, general and administrative expenses	(20.9)	1.4	3.6	3.2	(12.7)	1.9	4.7	6.6
Other (income) expense - net	(1.3)	0.7	0.3	(1.1)	(1.4)	-	-	-
Total segment costs and expenses	1,447.2	1,182.4	1,396.0	1,216.9	5,242.5	1,318.1	1,456.9	2,775.0
Reported segment loss	(23.1)	(65.6)	(76.1)	(30.0)	(194.8)	(29.8)	(63.5)	(93.3)
Nonrecurring adjustments	-	-	-	-	-	-	-	-
Recurring segment loss	\$ (23.1)	\$ (65.6)	\$ (76.1)	\$ (30.0)	\$ (194.8)	\$ (29.8)	\$ (63.5)	\$ (93.3)

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Capital expenditures:								
Exploration & Production	\$ 310.3	\$ 283.9	\$ 384.9	\$ 442.9	\$ 1,422.0	\$ 342.5	\$ 386.6	\$ 729.1
Gas Pipeline:								
Northwest Pipeline	40.3	96.0	177.4	159.1	472.8	49.3	20.4	69.7
Transcontinental Gas Pipe Line	46.4	106.7	109.4	75.6	338.1	59.0	118.8	177.8
Total	86.7	202.7	286.8	234.7	810.9	108.3	139.2	247.5
Midstream Gas & Liquids	70.7	39.3	83.5	63.5	257.0	54.8	185.3	240.1
Gas Marketing Services	0.6	0.6	(0.1)	0.1	1.2	-	-	-
Other	-	7.8	1.2	9.1	18.1	3.5	6.4	9.9
Total	\$ 468.3	\$ 534.3	\$ 756.3	\$ 750.3	\$ 2,509.2	\$ 509.1	\$ 717.5	\$ 1,226.6
Purchase of investments:								
Gas Pipeline	-	-	4.5	0.7	5.2	1.1	2.5	3.6
Midstream Gas & Liquids	(3.4)	0.8	-	2.4	(0.2)	-	-	-
Other	13.1	26.0	4.6	0.2	43.9	20.1	0.4	20.5
Total	\$ 9.7	\$ 26.8	\$ 9.1	\$ 3.3	\$ 48.9	\$ 21.2	\$ 2.9	\$ 24.1
Summary:								
Exploration & Production	\$ 310.3	\$ 283.9	\$ 384.9	\$ 442.9	\$ 1,422.0	\$ 342.5	\$ 386.6	\$ 729.1
Gas Pipeline	86.7	202.7	291.3	235.4	816.1	109.4	141.7	251.1
Midstream Gas & Liquids	67.3	40.1	83.5	65.9	256.8	54.8	185.3	240.1
Gas Marketing Services	0.6	0.6	(0.1)	0.1	1.2	-	-	-
Other	13.1	33.8	5.8	9.3	62.0	23.6	6.8	30.4
Total	\$ 478.0	\$ 561.1	\$ 765.4	\$ 753.6	\$ 2,558.1	\$ 530.3	\$ 720.4	\$ 1,250.7
Cumulative summary:								
Exploration & Production	\$ 310.3	\$ 594.2	\$ 979.1	\$ 1,422.0	\$ 1,422.0	\$ 342.5	\$ 729.1	\$ 729.1
Gas Pipeline	86.7	289.4	580.7	816.1	816.1	109.4	251.1	251.1
Midstream Gas & Liquids	67.3	107.4	190.9	256.8	256.8	54.8	240.1	240.1
Gas Marketing Services	0.6	1.2	1.1	1.2	1.2	-	-	-
Other	13.1	46.9	52.7	62.0	62.0	23.6	30.4	30.4
Total	\$ 478.0	\$ 1,039.1	\$ 1,804.5	\$ 2,558.1	\$ 2,558.1	\$ 530.3	\$ 1,250.7	\$ 1,250.7

Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

(Dollars in millions)	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Depreciation, depletion and amortization:								
Exploration & Production	\$ 73.0	\$ 84.2	\$ 94.8	\$ 108.2	\$ 360.2	\$ 113.6	131.3	244.9
Gas Pipeline:								
Northwest Pipeline	18.5	18.8	19.1	20.2	76.6	23.4	21.1	44.5
Transcontinental Gas Pipe Line	50.0	51.7	51.2	52.2	205.1	53.9	58.0	111.9
Total	68.5	70.5	70.3	72.4	281.7	77.3	79.1	156.4
Midstream Gas & Liquids	49.4	49.9	49.9	52.0	201.2	52.8	53.7	106.5
Gas Marketing Services	1.9	1.9	1.1	0.8	5.7	1.0	1.0	2.0
Other	3.3	3.1	3.5	3.4	13.3	3.0	3.3	6.3
Total	<u>\$ 196.1</u>	<u>\$ 209.6</u>	<u>\$ 219.6</u>	<u>\$ 236.8</u>	<u>\$ 862.1</u>	<u>\$ 247.7</u>	<u>\$ 268.4</u>	<u>\$ 516.1</u>
Other selected financial data:								
Cash and cash equivalents	\$ 1,115.0	\$ 980.4	\$ 1,074.6	\$ 2,268.6	\$ 2,268.6	\$ 1,811.2	\$ 1,739.0	\$ 1,739.0
Total assets	\$ 26,029.0	\$ 25,617.2	\$ 24,821.5	\$ 25,402.4	\$ 25,402.4	\$ 25,936.0	\$ 26,046.1	\$ 26,046.1
Capital structure:								
Debt								
Current	\$ 175.7	\$ 170.7	\$ 142.3	\$ 392.1	\$ 392.1	\$ 387.7	\$ 468.1	\$ 468.1
Noncurrent	\$ 7,252.8	\$ 7,292.6	\$ 7,275.2	\$ 7,622.0	\$ 7,622.0	\$ 7,507.5	\$ 7,443.2	\$ 7,443.2
Stockholders' equity	\$ 5,925.5	\$ 5,882.3	\$ 6,071.2	\$ 6,073.2	\$ 6,073.2	\$ 6,191.7	\$ 6,423.3	\$ 6,423.3
Debt to debt-plus-equity ratio	55.6%	55.9%	55.0%	56.9%	56.9%	56.0%	55.2%	55.2%