

The Williams Companies, Inc.
Discontinued Operations, Nonrecurring, and MTM Adjustments

Second Quarter 2007
(Dollars in millions, except per-share amounts)

	Before Disc Ops	Disc Ops Adjustments	As Reported	Nonrecurring Adjustments	MTM Adjustments	Recurring After MTM
Segment Profit:						
Exploration & Production	\$ 209.4	\$ -	\$ 209.4	\$ -	\$ -	\$ 209.4
Gas Pipeline	174.3		174.3	(16.6)		157.7
Midstream Gas & Liquids	248.2	1.4	249.6			249.6
Power	241.9	(241.9)	-			-
Gas Marketing Services	-	(63.5)	(63.5)		69.7	6.2
Other	3.6	(2.4)	1.2			1.2
	<u>877.4</u>	<u>(306.4)</u>	<u>571.0</u>	<u>(16.6)</u>	<u>69.7</u>	<u>624.1</u>
Total Segment Profit						
Less:						
Equity earnings	(22.8)		(22.8)			(22.8)
Loss from Investments	-		-			-
General corp expense	(36.2)		(36.2)			(36.2)
Securities litigation settlement	-		-			-
	<u>818.4</u>	<u>(306.4)</u>	<u>512.0</u>	<u>(16.6)</u>	<u>69.7</u>	<u>565.1</u>
Total Operating Income						
Interest expense (net)	(166.7)	1.3	(165.4)	1.2		(164.2)
Investing income	68.5	(3.0)	65.5			65.5
Early debt retirement	-		-			-
Minority interest	(25.4)		(25.4)			(25.4)
Other	9.3		9.3	(6.0)		3.3
	<u>704.1</u>	<u>(308.1)</u>	<u>396.0</u>	<u>(21.4)</u>	<u>69.7</u>	<u>444.3</u>
Pre-tax Continuing Ops						
Tax provision	270.4	(118.3)	152.1	1.0	26.7	179.8
	<u>433.7</u>	<u>(189.8)</u>	<u>243.9</u>	<u>(22.4)</u>	<u>43.0</u>	<u>264.5</u>
Income from Cont Ops						
Disc Ops (net of tax)	(0.6)	189.8	189.2	84.9	(263.0)	11.1
	<u>433.1</u>	<u>-</u>	<u>433.1</u>	<u>62.5</u>	<u>(220.0)</u>	<u>275.5</u>
Net income						
Diluted EPS from Continuing Ops	<u>\$ 0.71</u>		<u>\$ 0.40</u>			<u>\$ 0.43</u>
Diluted EPS from Discops	<u>\$ (0.00)</u>		<u>\$ 0.31</u>			<u>\$ 0.02</u>
Diluted EPS from Net Income	<u>\$ 0.71</u>		<u>\$ 0.71</u>			<u>\$ 0.45</u>
Interest expense add-back for diluted EPS	<u>\$ 0.7</u>		<u>\$ 0.7</u>			<u>\$ 0.7</u>
Average Diluted Shares (millions)	<u>613.172</u>		<u>613.172</u>			<u>613.172</u>

The Williams Companies, Inc.
Summary of Discontinued Operations Reclassification

Second Quarter 2007
(Dollars in millions, except per-share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Restated</u>
Recurring Segment Profit After MTM:			
Exploration & Production	\$ 209.4	\$ -	\$ 209.4
Gas Pipeline	157.7	-	157.7
Midstream Gas & Liquids	248.2	1.4	249.6
Power	20.6	(20.6)	-
Gas Marketing Services	-	6.2	6.2
Other	3.6	(2.4)	1.2
	<u>\$ 639.5</u>	<u>\$ (15.4)</u>	<u>\$ 624.1</u>
Recurring Income from Continuing Ops After MTM	\$ 276.2	\$ (11.7)	\$ 264.5
Recurring Income from Disc Ops After MTM	(0.6)	11.7	11.1
	<u>\$ 275.6</u>	<u>\$ 0.0</u>	<u>\$ 275.6</u>
Recurring Income from Cont Ops After MTM / Share	\$ 0.45	\$ (0.02)	\$ 0.43
Recurring Income from Disc Ops After MTM / Share	\$ (0.00)	\$ 0.02	\$ 0.02
Recurring Net Income After MTM / Share	<u>\$ 0.45</u>	<u>\$ 0.00</u>	<u>\$ 0.45</u>
Interest expense add-back for diluted EPS	\$ 0.7	\$ 0.7	\$ 0.7
Average Diluted Shares (millions)	<u>613.172</u>	<u>613.172</u>	<u>613.172</u>

The Williams Companies, Inc.
Discontinued Operations, Nonrecurring, and MTM Adjustments

YTD 2007
(Dollars in millions, except per-share amounts)

	Before Disc Ops	Disc Ops Adjustments	As Reported	Nonrecurring Adjustments	MTM Adjustments	Recurring After MTM
Segment Profit:						
Exploration & Production	\$ 397.5	\$ -	\$ 397.5	\$ -	\$ -	\$ 397.5
Gas Pipeline	324.0		324.0	(16.6)		307.4
Midstream Gas & Liquids	402.2	1.5	403.7	(7.9)		395.8
Power	160.8	(160.8)	-			-
Gas Marketing Services	-	(93.3)	(93.3)		107.6	14.3
Other	4.3	(3.4)	0.9			0.9
Total Segment Profit	1,288.8	(256.0)	1,032.8	(24.5)	107.6	1,115.9
<u>Less:</u>						
Equity earnings	(44.2)		(44.2)			(44.2)
Loss from Investments	-		-			-
General corp expense	(75.6)		(75.6)			(75.6)
Securities litigation settlement	-		-			-
Total Operating Income	1,169.0	(256.0)	913.0	(24.5)	107.6	996.1
Interest expense (net)	(335.1)	2.6	(332.5)	2.6		(329.9)
Investing income	112.2	5.7	117.9			117.9
Early debt retirement	-		-			-
Minority interest	(39.4)		(39.4)			(39.4)
Other	11.3		11.3	(6.0)		5.3
Pre-tax Continuing Ops	918.0	(247.7)	670.3	(27.9)	107.6	750.0
Tax provision	352.5	(95.8)	256.7	(1.5)	41.2	296.4
Income from Cont Ops	565.5	(151.9)	413.6	(26.4)	66.4	453.6
Disc Ops (net of tax)	1.6	151.9	153.5	84.9	(240.1)	(1.7)
Net income	\$ 567.1	\$ -	\$ 567.1	\$ 58.5	\$ (173.6)	\$ 452.0
Diluted EPS from Continuing Ops	<u>\$ 0.93</u>		<u>\$ 0.68</u>			<u>\$ 0.74</u>
Diluted EPS from Discops	<u>\$ 0.00</u>		<u>\$ 0.25</u>			<u>\$ (0.00)</u>
Diluted EPS from Net Income	<u>\$ 0.93</u>		<u>\$ 0.93</u>			<u>\$ 0.74</u>
Interest expense add-back for diluted EPS	\$ 1.4		\$ 1.4			\$ 1.4
Average Diluted Shares (millions)	<u>612.325</u>		<u>612.325</u>			<u>612.325</u>

The Williams Companies, Inc.
Summary of Discontinued Operations Reclassification

YTD 2007
(Dollars in millions, except per-share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Restated</u>
Recurring Segment Profit After MTM:			
Exploration & Production	\$ 397.5	\$ -	\$ 397.5
Gas Pipeline	307.4	-	307.4
Midstream Gas & Liquids	394.3	1.5	395.8
Power	18.2	(18.2)	-
Gas Marketing Services	-	14.3	14.3
Other	4.3	(3.4)	0.9
	<u>\$ 1,121.7</u>	<u>\$ (5.8)</u>	<u>\$ 1,115.9</u>
Recurring Income from Continuing Ops After MTM	\$ 450.4	\$ 3.3	\$ 453.6
Recurring Income from Disc Ops After MTM	<u>1.6</u>	<u>(3.3)</u>	<u>(1.7)</u>
Recurring Net Income After MTM	<u>\$ 452.0</u>	<u>\$ -</u>	<u>\$ 452.0</u>
Recurring Income from Cont Ops After MTM / Share	<u>\$ 0.74</u>	<u>\$ 0.01</u>	<u>\$ 0.74</u>
Recurring Income from Disc Ops After MTM / Share	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Recurring Net Income After MTM / Share	<u>\$ 0.74</u>	<u>\$ 0.00</u>	<u>\$ 0.74</u>
Interest expense add-back for diluted EPS	<u>\$ 1.4</u>	<u>\$ 1.4</u>	<u>\$ 1.4</u>
Average Diluted Shares (millions)	<u>612.325</u>	<u>612.325</u>	<u>612.325</u>

The Williams Companies, Inc.
Discontinued Operations, Nonrecurring, and MTM Adjustments

Second Quarter 2006
(Dollars in millions, except per-share amounts)

	<u>Before Disc Ops</u>	<u>Disc Ops Adjustments</u>	<u>As Reported</u>	<u>Nonrecurring Adjustments</u>	<u>MTM Adjustments</u>	<u>Recurring After MTM</u>
Segment Profit:						
Exploration & Production	\$ 119.8	\$ -	\$ 119.8	\$ -	\$ -	\$ 119.8
Gas Pipeline	122.7		122.7			122.7
Midstream Gas & Liquids	130.7	0.3	131.0	68.0		199.0
Power	(79.6)	79.6	-			-
Gas Marketing Services	-	(65.6)	(65.6)		86.2	20.6
Other	(0.7)	(3.2)	(3.9)			(3.9)
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Total Segment Profit	292.9	11.1	304.0	68.0	86.2	458.2
<u>Less:</u>						
Equity earnings	(23.1)		(23.1)			(23.1)
Loss from Investments	0.5		0.5			0.5
General corp expense	(33.7)		(33.7)			(33.7)
Securities litigation settlement	(160.7)		(160.7)	160.7		-
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Total Operating Income	75.9	11.1	87.0	228.7	86.2	401.9
Interest expense (net)	(177.5)	1.6	(175.9)	20.0		(155.9)
Investing income	43.3	(4.2)	39.1			39.1
Early debt retirement	(4.4)		(4.4)	4.4		-
Minority interest	(8.3)		(8.3)			(8.3)
Other	8.0		8.0			8.0
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Pre-tax Continuing Ops	(63.0)	8.5	(54.5)	253.1	86.2	284.8
Tax provision	0.9	3.4	4.3	76.6	33.0	113.9
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Income from Cont Ops	(63.9)	5.1	(58.8)	176.5	53.2	170.9
Disc Ops (net of tax)	(12.1)	(5.1)	(17.2)	-	31.9	14.7
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Net income	<u>\$ (76.0)</u>	<u>\$ -</u>	<u>\$ (76.0)</u>	<u>\$ 176.5</u>	<u>\$ 85.1</u>	<u>\$ 185.6</u>
Diluted EPS from Continuing Ops	<u>\$ (0.11)</u>		<u>\$ (0.10)</u>			<u>\$ 0.29</u>
Diluted EPS from Discops	<u>\$ (0.02)</u>		<u>\$ (0.03)</u>			<u>\$ 0.02</u>
Diluted EPS from Net Income	<u>\$ (0.13)</u>		<u>\$ (0.13)</u>			<u>\$ 0.31</u>
Interest expense add-back for diluted EPS	<u>\$ -</u>		<u>\$ -</u>			<u>\$ -</u>
Average Diluted Shares (millions)	<u>595.561</u>		<u>595.561</u>			<u>595.561</u>

The Williams Companies, Inc.
Summary of Discontinued Operations Reclassification

Second Quarter 2006
(Dollars in millions, except per-share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Restated</u>
Recurring Segment Profit After MTM:			
Exploration & Production	\$ 119.8	\$ -	\$ 119.8
Gas Pipeline	122.7	-	122.7
Midstream Gas & Liquids	198.7	0.3	199.0
Power	58.8	(58.8)	-
Gas Marketing Services	-	20.6	20.6
Other	(0.7)	(3.2)	(3.9)
	<u>\$ 499.3</u>	<u>\$ (41.1)</u>	<u>\$ 458.2</u>
Recurring Income from Continuing Ops After MTM	\$ 197.7	\$ (26.8)	\$ 170.9
Recurring Income from Disc Ops After MTM	(12.1)	26.8	14.7
	<u>\$ 185.6</u>	<u>\$ -</u>	<u>\$ 185.6</u>
Recurring Income from Cont Ops After MTM / Share	\$ 0.33	\$ (0.04)	\$ 0.29
Recurring Income from Disc Ops After MTM / Share	\$ (0.02)	\$ 0.04	\$ 0.02
Recurring Net Income After MTM / Share	<u>\$ 0.31</u>	<u>\$ -</u>	<u>\$ 0.31</u>
Interest expense add-back for diluted EPS	\$ -	\$ -	\$ -
Average Diluted Shares (millions)	<u>595.561</u>	<u>595.561</u>	<u>595.561</u>

The Williams Companies, Inc.
Discontinued Operations, Nonrecurring, and MTM Adjustments

YTD 2006
(Dollars in millions, except per-share amounts)

	Before Disc Ops	Disc Ops Adjustments	As Reported	Nonrecurring Adjustments	MTM Adjustments	Recurring After MTM
Segment Profit:						
Exploration & Production	\$ 267.4	\$ -	\$ 267.4	\$ -	\$ -	\$ 267.4
Gas Pipeline	257.4		257.4	(2.0)		255.4
Midstream Gas & Liquids	282.2	0.1	282.3	61.7		344.0
Power	(102.1)	102.1	-			-
Gas Marketing Services	-	(88.7)	(88.7)		92.0	3.3
Other	0.3	(3.5)	(3.2)			(3.2)
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Total Segment Profit	705.2	10.0	715.2	59.7	92.0	866.9
<u>Less:</u>						
Equity earnings	(45.3)		(45.3)			(45.3)
Loss from Investments	0.5		0.5			0.5
General corp expense	(64.3)		(64.3)			(64.3)
Securities litigation settlement	(161.9)		(161.9)	161.9		-
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Total Operating Income	434.2	10.0	444.2	221.6	92.0	757.8
Interest expense (net)	(337.3)	3.1	(334.2)	15.0		(319.2)
Investing income	90.2	(3.4)	86.8	(6.7)		80.1
Early debt retirement	(31.4)		(31.4)	31.4		-
Minority interest	(15.4)		(15.4)			(15.4)
Other	16.1		16.1			16.1
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Pre-tax Continuing Ops	156.4	9.7	166.1	261.3	92.0	519.4
Tax provision	89.2	3.5	92.7	80.0	35.2	207.9
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Income from Cont Ops	67.2	6.2	73.4	181.3	56.8	311.5
Disc Ops (net of tax)	(11.3)	(6.2)	(17.5)	-	48.9	31.4
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Net income	<u>\$ 55.9</u>	<u>\$ (0.0)</u>	<u>\$ 55.9</u>	<u>\$ 181.3</u>	<u>\$ 105.7</u>	<u>\$ 342.9</u>
Diluted EPS from Continuing Ops	<u>\$ 0.11</u>		<u>\$ 0.12</u>			<u>\$ 0.52</u>
Diluted EPS from Discops	<u>\$ (0.02)</u>		<u>\$ (0.03)</u>			<u>\$ 0.05</u>
Diluted EPS from Net Income	<u>\$ 0.09</u>		<u>\$ 0.09</u>			<u>\$ 0.57</u>
Interest expense add-back for diluted EPS	<u>\$ -</u>		<u>\$ -</u>			<u>\$ -</u>
Average Diluted Shares (millions)	<u>598.634</u>		<u>598.634</u>			<u>598.634</u>

The Williams Companies, Inc.
Summary of Discontinued Operations Reclassification

YTD 2006
(Dollars in millions, except per-share amounts)

	<u>Historical</u>	<u>Adjustments</u>	<u>Restated</u>
Recurring Segment Profit After MTM:			
Exploration & Production	\$ 267.4	\$ -	\$ 267.4
Gas Pipeline	255.4	-	255.4
Midstream Gas & Liquids	343.9	0.1	344.0
Power	70.4	(70.4)	-
Gas Marketing Services	-	3.3	3.3
Other	0.3	(3.5)	(3.2)
	<u>0.3</u>	<u>(3.5)</u>	<u>(3.2)</u>
Total Recurring Segment Profit After MTM	<u>\$ 937.4</u>	<u>\$ (70.5)</u>	<u>\$ 866.9</u>
Recurring Income from Continuing Ops After MTM	\$ 354.2	\$ (42.7)	\$ 311.5
Recurring Income from Disc Ops After MTM	<u>(11.3)</u>	<u>42.7</u>	<u>31.4</u>
Recurring Net Income After MTM	<u>\$ 342.9</u>	<u>\$ -</u>	<u>\$ 342.9</u>
Recurring Income from Cont Ops After MTM / Share	<u>\$ 0.59</u>	<u>\$ (0.07)</u>	<u>\$ 0.52</u>
Recurring Income from Disc Ops After MTM / Share	<u>\$ (0.02)</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>
Recurring Net Income After MTM / Share	<u>\$ 0.57</u>	<u>\$ -</u>	<u>\$ 0.57</u>
Interest expense add-back for diluted EPS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Average Diluted Shares (millions)	<u>598.634</u>	<u>598.634</u>	<u>598.634</u>