

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

\$ millions & \$ per share

	2004			
	1Q	2Q	3Q	1Q
Income (loss) from continuing operations available to common stockholders	\$ (1)	\$ (18)	\$ 16	\$ (50)
Total nonrecurring items (net of tax effect)	\$ 4	\$ 72	\$ 120	\$ 6
Recurring income from continuing operations available to common shareholders	\$ 3	\$ 54	\$ 136	\$ (44)
<i>Recurring diluted earnings per common share</i>	\$ -	\$ 0.10	\$ 0.26	\$ (0.08)
*Mark-to-Market (MTM) adjustments for Power:				
Reverse forward unrealized MTM gains/losses	(23)	(69)	(187)	40
Add realized gains/losses from MTM previously recognized	137	10	45	(55)
Total MTM adjustments	114	(59)	(142)	(15)
Tax effect of total MTM adjustments	44	(23)	(55)	(6)
After tax MTM adjustments	70	(36)	(87)	(9)
Recurring income from continuing operations available to common shareholders after MTM adjustments	\$ 73	\$ 18	\$ 49	\$ (53)
<i>Recurring diluted earnings per share after MTM adjustments</i>	\$ 0.14	\$ 0.03	\$ 0.09	\$ (0.10)
Weighted average shares - diluted (thousands)	525,752	521,698	529,525	517,652

\*Adjustments have been made to reverse estimated forward unrealized MTM gains/losses and add estimated realized gains/losses from MTM previously recognized, i.e. assumes MTM accounting had never been applied to designated hedges and other derivatives.