



**Financial Highlights and Operating Statistics**  
(UNAUDITED)

FINAL

September 30, 2005

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

(UNAUDITED)

(Dollars in millions, except for per-share amounts)

	2004					2005			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
<b>Income (loss) from continuing operations available to common stockholders</b>	\$ -	(\$18.5)	\$16.2	\$95.5	\$93.2	\$202.2	\$40.7	\$5.7	\$248.6
<b>Income (loss) from continuing operations - diluted earnings (loss) per common share</b>	\$ -	(\$0.03)	\$0.03	\$0.17	\$0.17	\$0.34	\$0.07	\$0.01	\$0.42
<b>Nonrecurring items:</b>									
<u>Power</u>									
Accrual for a regulatory settlement <sup>(1)</sup>	-	-	-	-	-	4.6	-	-	4.6
Accrual for litigation contingencies <sup>(1)</sup>	-	-	-	-	-	-	13.1	0.4	13.5
Prior period correction	-	-	-	-	-	6.8	-	-	6.8
<b>Total Power nonrecurring items</b>	-	-	-	-	-	11.4	13.1	0.4	24.9
<u>Gas Pipeline</u>									
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	-	-	-	-
Income from favorable ruling on FERC appeal (1999 Fuel Tracker)	-	-	-	-	-	-	-	(14.2)	(14.2)
<b>Total Gas Pipeline nonrecurring items</b>	-	9.0	-	-	9.0	(13.1)	(21.7)	(14.2)	(49.0)
<u>Exploration &amp; Production</u>									
Gain on sale of E&P properties	-	-	-	-	-	(7.9)	-	(21.7)	(29.6)
Loss provision related to an ownership dispute	-	11.3	-	4.1	15.4	0.3	-	-	0.3
<b>Total Exploration &amp; Production nonrecurring items</b>	-	11.3	-	4.1	15.4	(7.6)	-	(21.7)	(29.3)
<u>Midstream Gas &amp; Liquids</u>									
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	-	-	-	-
Devils Tower revenue correction	-	(16.5)	16.5	-	-	-	-	-	-
<b>Total Midstream Gas &amp; Liquids nonrecurring items</b>	-	(16.5)	22.9	(85.0)	(78.6)	-	-	-	-
<u>Other</u>									
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	-	-	-	-
<b>Total Other nonrecurring items</b>	6.5	10.8	-	11.8	29.1	-	53.1	-	53.1
<b>Nonrecurring items included in segment profit (loss)</b>	6.5	14.6	22.9	(69.1)	(25.1)	(9.3)	44.5	(35.5)	(0.3)
<b>Nonrecurring items below segment profit (loss)</b>									
Impairment of cost-based investments (Investing income (loss) - Various)	-	-	15.7	2.3	18.0	-	-	-	-
Write-off of capitalized debt expense (Interest accrued - Corporate)	-	3.8	-	-	3.8	-	-	-	-
Premiums, fees and expenses related to the debt repurchase and debt tender offer	-	-	-	-	-	-	-	-	-
(Other income (expense) - net - Corporate and Exploration & Production)	-	96.7	155.1	29.7	281.5	-	-	-	-
Gulf Liquids arbitration award (Winterthur) - interest income - (Investing income / loss) - Midstream	-	-	-	(9.6)	(9.6)	-	-	-	-
Gain on sale of remaining interests in Seminole Pipeline and MAPL (Investing income / loss - Midstream)	-	-	-	-	-	-	(8.6)	-	(8.6)
Loss provision related to an ownership dispute - interest component (Interest accrued - Exploration & Production)	-	1.9	-	2.1	4.0	2.7	-	-	2.7
Directors and officers insurance policy adjustment (General corporate expenses - Corporate)	-	-	-	-	-	-	-	13.8	13.8
Loss provision related to ERISA litigation settlement (Other income (expense) - net - Corporate)	-	-	-	-	-	-	-	5.0	5.0
<b>Total nonrecurring items</b>	6.5	117.0	193.7	(44.6)	272.6	(6.6)	35.9	(16.7)	12.6
Tax effect for above items <sup>(1)</sup>	2.5	44.8	74.1	(17.1)	104.3	(2.8)	10.7	(6.4)	1.5
<b>Recurring income (loss) from continuing operations available to common stockholders</b>	\$4.0	\$53.7	\$135.8	\$68.0	\$261.5	\$198.4	\$65.9	(\$4.6)	\$259.7
<b>Recurring diluted earnings (loss) per common share</b>	\$0.01	\$0.10	\$0.26	\$0.12	\$0.49	\$0.33	\$0.11	(\$0.01)	\$0.44
<b>Weighted-average shares - diluted (thousands)</b>	519,485	521,698	529,525	586,497	535,611	599,422	578,902	580,735	604,749

<sup>(1)</sup>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.

**Consolidated Statement of Operations**  
(UNAUDITED)

	2004					2005			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
<i>(Dollars in millions, except per-share amounts)</i>									
Revenues	\$ 3,070.0	\$ 3,051.9	\$ 3,375.2	\$ 2,964.2	\$ 12,461.3	\$ 2,954.0	\$ 2,871.2	\$ 3,082.3	\$ 8,907.5
Segment costs and expenses:									
Costs and operating expenses	2,690.9	2,661.4	2,855.9	2,543.5	10,751.7	2,390.3	2,491.6	2,826.2	7,708.1
Selling, general and administrative expense:	85.5	82.8	89.4	97.8	355.5	73.5	62.7	90.6	226.8
Other (income) expense - net	8.3	23.2	(5.7)	(77.4)	(51.6)	(1.8)	21.9	(21.4)	(1.3)
Total segment costs and expenses	<u>2,784.7</u>	<u>2,767.4</u>	<u>2,939.6</u>	<u>2,563.9</u>	<u>11,055.6</u>	<u>2,462.0</u>	<u>2,576.2</u>	<u>2,895.4</u>	<u>7,933.6</u>
Equity earnings	11.6	10.7	15.9	11.7	49.9	17.7	9.8	17.6	45.1
Loss from investments	(7.0)	(11.6)	-	(16.9)	(35.5)	-	(48.4)	-	(48.4)
Intercompany interest rate swaps	(21.6)	20.5	(15.5)	2.9	(13.7)	-	-	-	-
<b>Total segment profit</b>	<u>268.3</u>	<u>304.1</u>	<u>436.0</u>	<u>398.0</u>	<u>1,406.4</u>	<u>509.7</u>	<u>256.4</u>	<u>204.5</u>	<u>970.6</u>
Reclass equity earnings	(11.6)	(10.7)	(15.9)	(11.7)	(49.9)	(17.7)	(9.8)	(17.6)	(45.1)
Reclass loss from investments	7.0	11.6	-	16.9	35.5	-	48.4	-	48.4
Reclass intercompany interest rate swaps	21.6	(20.5)	15.5	(2.9)	13.7	-	-	-	-
General corporate expenses	(32.0)	(28.4)	(24.1)	(35.3)	(119.8)	(28.0)	(35.5)	(42.8)	(106.3)
Operating income	253.3	256.1	411.5	365.0	1,285.9	464.0	259.5	144.1	867.6
Interest accrued	(243.3)	(222.3)	(197.3)	(171.5)	(834.4)	(164.7)	(164.6)	(166.0)	(495.3)
Interest capitalized	4.0	0.7	1.0	1.0	6.7	1.1	1.4	1.8	4.3
Interest rate swap income (loss)	(8.1)	6.8	(4.0)	0.3	(5.0)	-	-	-	-
Investing income (loss)	10.4	11.6	9.2	16.8	48.0	31.0	(17.2)	31.1	44.9
Early debt retirement costs	(0.5)	(96.8)	(155.1)	(29.7)	(282.1)	-	-	-	-
Minority interest in income of consolidated subsidiaries	(4.8)	(6.0)	(5.2)	(5.4)	(21.4)	(5.2)	(4.8)	(6.8)	(16.8)
Other income (expense) - net	1.3	13.6	4.7	7.2	26.8	5.5	8.1	(1.1)	12.5
Income (loss) from continuing operations before income taxes	12.3	(36.3)	64.8	183.7	224.5	331.7	82.4	3.1	417.2
Provision (benefit) for income taxes	12.3	(17.8)	48.6	88.2	131.3	129.5	41.7	(2.6)	168.6
<b>Income (loss) from continuing operations</b>	-	<b>(18.5)</b>	<b>16.2</b>	<b>95.5</b>	<b>93.2</b>	<b>202.2</b>	<b>40.7</b>	<b>5.7</b>	<b>248.6</b>
Income (loss) from discontinued operations	9.9	0.3	82.4	(22.1)	70.5	(1.1)	0.6	(1.3)	(1.8)
<b>Net income (loss)</b>	<u>\$ 9.9</u>	<u>\$ (18.2)</u>	<u>\$ 98.6</u>	<u>\$ 73.4</u>	<u>\$ 163.7</u>	<u>\$ 201.1</u>	<u>\$ 41.3</u>	<u>\$ 4.4</u>	<u>\$ 246.8</u>
Diluted earnings (loss) per common share									
<b>Income (loss) from continuing operations</b>	\$ -	\$ (0.03)	\$ 0.03	\$ 0.17	\$ 0.18	\$ 0.34	\$ 0.07	\$ 0.01	\$ 0.42
Income (loss) from discontinued operations	0.02	-	0.16	(0.04)	0.13	-	-	-	-
<b>Net income (loss)</b>	<u>\$ 0.02</u>	<u>\$ (0.03)</u>	<u>\$ 0.19</u>	<u>\$ 0.13</u>	<u>\$ 0.31</u>	<u>\$ 0.34</u>	<u>\$ 0.07</u>	<u>\$ 0.01</u>	<u>\$ 0.42</u>
Weighted-average number of shares used in computation (thousands)	519,485	521,698	529,525	586,497	535,611	599,422	578,902	580,735	604,749
Common shares outstanding at end of period (thousands)	519,824	522,373	523,043	557,957	557,957	570,501	571,502	572,922	572,922
Market price per common share (end of period)	\$ 9.57	\$ 11.90	\$ 12.10	\$ 16.29	\$ 16.29	\$ 18.81	\$ 19.00	\$ 25.05	\$ 25.05
Common dividends per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.05	\$ 0.08	\$ 0.05	\$ 0.05	\$ 0.075	\$ 0.175
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.									

**Reconciliation of Segment Profit (Loss) to Recurring Segment Profit (Loss)**

(UNAUDITED)

(Dollars in millions)	2004					2005			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
<b>Segment profit (loss):</b>									
Power*	\$ (32.0)	\$ 43.8	\$ 109.3	\$ (44.4)	\$ 76.7	\$ 114.1	\$ (75.0)	\$ (226.4)	\$ (187.3)
Gas Pipeline	147.4	132.8	148.8	156.8	585.8	167.4	164.5	161.1	493.0
Exploration & Production	51.5	43.3	70.1	70.9	235.8	103.7	118.3	158.8	380.8
Midstream Gas & Liquids	110.1	98.5	105.4	235.7	549.7	128.6	109.1	121.1	358.8
Other	(8.7)	(14.3)	2.4	(21.0)	(41.6)	(4.1)	(60.5)	(10.1)	(74.7)
<b>Total segment profit</b>	<b>\$ 268.3</b>	<b>\$ 304.1</b>	<b>\$ 436.0</b>	<b>\$ 398.0</b>	<b>\$ 1,406.4</b>	<b>\$ 509.7</b>	<b>\$ 256.4</b>	<b>\$ 204.5</b>	<b>\$ 970.6</b>
<b>Nonrecurring adjustments:</b>									
Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.4	\$ 13.1	\$ 0.4	\$ 24.9
Gas Pipeline	-	9.0	-	-	9.0	(13.1)	(21.7)	(14.2)	(49.0)
Exploration & Production	-	11.3	-	4.1	15.4	(7.6)	-	(21.7)	(29.3)
Midstream Gas & Liquids	-	(16.5)	22.9	(85.0)	(78.6)	-	-	-	-
Other	6.5	10.8	-	11.8	29.1	-	53.1	-	53.1
<b>Total segment nonrecurring adjustments</b>	<b>\$ 6.5</b>	<b>\$ 14.6</b>	<b>\$ 22.9</b>	<b>\$ (69.1)</b>	<b>\$ (25.1)</b>	<b>\$ (9.3)</b>	<b>\$ 44.5</b>	<b>\$ (35.5)</b>	<b>\$ (0.3)</b>
<b>Recurring segment profit (loss):</b>									
Power	\$ (32.0)	\$ 43.8	\$ 109.3	\$ (44.4)	\$ 76.7	\$ 125.5	\$ (61.9)	\$ (226.0)	\$ (162.4)
Gas Pipeline	147.4	141.8	148.8	156.8	594.8	154.3	142.8	146.9	444.0
Exploration & Production	51.5	54.6	70.1	75.0	251.2	96.1	118.3	137.1	351.5
Midstream Gas & Liquids	110.1	82.0	128.3	150.7	471.1	128.6	109.1	121.1	358.8
Other	(2.2)	(3.5)	2.4	(9.2)	(12.5)	(4.1)	(7.4)	(10.1)	(21.6)
<b>Total recurring segment profit</b>	<b>\$ 274.8</b>	<b>\$ 318.7</b>	<b>\$ 458.9</b>	<b>\$ 328.9</b>	<b>\$ 1,381.3</b>	<b>\$ 500.4</b>	<b>\$ 300.9</b>	<b>\$ 169.0</b>	<b>\$ 970.3</b>

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 investments in certain equity instruments.

\* Power's segment profit for 2004 includes the effect of intercompany interest rate swaps entered into with the corporate parent.

**Power**  
(UNAUDITED)

(Dollars in millions)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr
<b>Revenues:*</b>								
Natural gas & power	\$ 2,211.3	\$ 2,032.4	\$ 2,533.8	\$ 2,039.2	\$ 8,816.7	\$ 2,066.3	\$ 1,998.6	\$ 2,244.3
Crude & refined products	106.9	277.3	89.6	0.5	474.3	(1.1)	(0.2)	(1.6)
Other	(43.4)	44.0	(34.7)	1.8	(32.3)	(0.3)	1.0	0.2
Total revenues	2,274.8	2,353.7	2,588.7	2,041.5	9,258.7	2,064.9	1,999.4	2,242.9
<b>Segment costs and expenses:</b>								
Costs and operating expenses	2,282.6	2,287.7	2,463.4	2,063.3	9,097.0	1,930.3	2,041.1	2,450.9
Selling, general and administrative expenses	16.2	20.0	19.3	27.7	83.2	16.0	16.9	21.1
Other (income) expense - net	8.7	1.3	(2.7)	(1.6)	5.7	5.6	17.3	(1.7)
Total segment costs and expenses	2,307.5	2,309.0	2,480.0	2,089.4	9,185.9	1,951.9	2,075.3	2,470.3
Equity Earnings	0.7	(0.9)	0.6	3.5	3.9	1.1	0.9	1.0
<b>Reported segment profit (loss)</b>	<b>(32.0)</b>	<b>43.8</b>	<b>109.3</b>	<b>(44.4)</b>	<b>76.7</b>	<b>114.1</b>	<b>(75.0)</b>	<b>(226.4)</b>
Nonrecurring adjustments	-	-	-	-	-	11.4	13.1	0.4
<b>Recurring segment profit (loss), pre-tax</b>	<b>\$ (32.0)</b>	<b>\$ 43.8</b>	<b>\$ 109.3</b>	<b>\$ (44.4)</b>	<b>\$ 76.7</b>	<b>\$ 125.5</b>	<b>\$ (61.9)</b>	<b>\$ (226.0)</b>

\* Power's segment profit for 2004 includes the effect of intercompany interest rate swaps entered into with the corporate parent.

**Operating statistics**

<b>Volumes</b>									
Natural gas (Bcfd)									
Sales to third parties	1.8	1.5	1.5	1.6	1.7	1.7	1.8	1.7	
Sales to other segments	0.7	0.6	0.6	0.5	0.6	0.6	0.4	0.3	
For use in tolling agreements and by owned generation	0.1	0.2	0.3	0.1	0.2	0.2	0.2	0.3	
Total managed	2.6	2.3	2.4	2.2	2.5	2.5	2.4	2.3	
Crude & refined products (MBPD)	27.4	66.7	-	-	23.5	-	-	-	
Power (GWh)	22,383	22,507	28,506	20,603	93,999	14,832	15,906	21,690	

**Additional statistics**

**Value at risk**

	Quarter ended 9/30/05	
	(in Millions)	
One day VaR - 95% confidence level		
Trading	\$ 5.7MM	
Non-Trading	\$24.6MM	
Aggregate Earnings VaR	\$57.8MM	
One day VaR - 95% confidence level		
Trading	\$2.1MM	
Non-Trading	\$28.2MM	
Aggregate Earnings VaR	\$4.4MM	
One day VaR - 95% confidence level		
Trading	\$.9MM	
Non-Trading	\$33.9MM	
Aggregate Earnings VaR	\$2.9MM	

**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	\$ 6.7
13-36 months	(1.1)
37-60 months	0.5
61-120 months	0.6
121+ months	0.3
<b>Total Fair Value</b>	<b>7.0</b>
Non-Trading MTM Derivatives and SFAS 133 Hedges	(321.4)
Non-Power Business Unit Hedges	26.4
<b>Total Net Derivative Assets and Liabilities</b>	<b>\$ (288.0)</b>

**Power Portfolio (Megawatts)**

	Quarter Ended	
	9/30/05	9/30/04
Owned	207	207
Contracted	9,012	8,888
<b>Total</b>	<b>9,219</b>	<b>9,095</b>

**Net Credit Exposure (in Millions)**

	Investment	
	Grade	Total
Gas and electric utilities	\$ 127.8	\$ 145.0
Energy marketers and traders	578.6	1,138.5
Financial institutions	4.4	4.4
Other	0.7	1.3
	<u>\$ 711.5</u>	<u>\$ 1,289.2</u>
Credit Reserves		(36.6)
<b>Net Credit Exposure from Derivative Contract</b>		<b>\$ 1,252.6</b>

**Credit Support (in Millions)**

As of September 30, 2005	
Prepays	\$24
Margins	\$3
Adequate Assurance	\$48

## Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2004					2005			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
<b>Revenues:</b>									
Northwest Pipeline	\$ 85.5	\$ 83.4	\$ 83.2	\$ 86.1	\$ 338.2	\$ 80.3	\$ 78.9	\$ 79.6	\$ 238.8
Transcontinental Gas Pipe Line	273.4	247.6	237.8	264.9	1,023.7	254.9	278.1	266.0	799.0
Other	0.1	-	-	0.3	0.4	0.1	-	0.2	0.3
<b>Total revenues</b>	<b>359.0</b>	<b>331.0</b>	<b>321.0</b>	<b>351.3</b>	<b>1,362.3</b>	<b>335.3</b>	<b>357.0</b>	<b>345.8</b>	<b>1,038.1</b>
<b>Segment costs and expenses:</b>									
Costs and operating expenses	182.9	164.3	151.3	174.9	673.4	160.4	193.3	177.6	531.3
Selling, general and administrative expenses	32.2	29.2	32.3	27.9	121.6	18.6	6.8	23.6	49.0
Other (income) expense - net	-	9.2	-	0.5	9.7	0.3	0.3	0.5	1.1
<b>Total segment costs and expenses</b>	<b>215.1</b>	<b>202.7</b>	<b>183.6</b>	<b>203.3</b>	<b>804.7</b>	<b>179.3</b>	<b>200.4</b>	<b>201.7</b>	<b>581.4</b>
Equity earnings	3.8	5.2	11.4	8.8	29.2	11.4	7.9	17.0	36.3
Income (loss) from investments	(0.3)	(0.7)	-	-	(1.0)	-	-	-	-
<b>Reported segment profit:</b>									
Northwest Pipeline	44.5	32.9	47.2	44.4	169.0	39.7	36.5	39.1	115.3
Transcontinental Gas Pipe Line	101.1	97.2	91.9	105.3	395.5	117.9	121.8	107.0	346.7
Other	1.8	2.7	9.7	7.1	21.3	9.8	6.2	15.0	31.0
<b>Total reported segment profit</b>	<b>147.4</b>	<b>132.8</b>	<b>148.8</b>	<b>156.8</b>	<b>585.8</b>	<b>167.4</b>	<b>164.5</b>	<b>161.1</b>	<b>493.0</b>
<b>Nonrecurring adjustments:</b>									
Northwest Pipeline	-	9.0	-	-	9.0	-	-	-	-
Transcontinental Gas Pipe Line	-	-	-	-	-	(13.1)	(21.7)	(14.2)	(49.0)
Other	-	-	-	-	-	-	-	-	-
<b>Total nonrecurring adjustments</b>	<b>-</b>	<b>9.0</b>	<b>-</b>	<b>-</b>	<b>9.0</b>	<b>(13.1)</b>	<b>(21.7)</b>	<b>(14.2)</b>	<b>(49.0)</b>
<b>Recurring segment profit:</b>									
Northwest Pipeline	44.5	41.9	47.2	44.4	178.0	39.7	36.5	39.1	115.3
Transcontinental Gas Pipe Line	101.1	97.2	91.9	105.3	395.5	104.8	100.1	92.8	297.7
Other	1.8	2.7	9.7	7.1	21.3	9.8	6.2	15.0	31.0
<b>Total recurring segment profit, pre-tax</b>	<b>\$ 147.4</b>	<b>\$ 141.8</b>	<b>\$ 148.8</b>	<b>\$ 156.8</b>	<b>\$ 594.8</b>	<b>\$ 154.3</b>	<b>\$ 142.8</b>	<b>\$ 146.9</b>	<b>\$ 444.0</b>

### Operating statistics

<b>Northwest Pipeline</b>									
Throughput (TBtu)	177.1	153.4	143.6	176.3	650.4	181.2	146.2	152.9	480.3
Average daily transportation volumes (TBtu)	1.9	1.7	1.6	1.9	1.8	2.0	1.6	1.7	1.8
Average daily firm reserved capacity (TBtu)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Transcontinental Gas Pipe Line</b>									
Throughput (TBtu)	549.0	447.9	440.9	478.6	1,916.4	537.7	427.9	453.6	1,419.2
Average daily transportation volumes (TBtu)	6.0	4.9	4.8	5.2	5.2	6.0	4.7	4.9	5.2
Average daily firm reserved capacity (TBtu)	6.8	6.5	6.3	6.7	6.6	6.9	6.5	6.4	6.6

**Exploration & Production**  
(UNAUDITED)

	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr
<i>(Dollars in millions)</i>								
<b>Revenues:</b>								
Production *	\$ 137.6	\$ 153.8	\$ 174.0	\$ 173.1	\$ 638.5	\$ 210.2	\$ 234.8	\$ 283.0
Gas management *	16.4	24.9	22.2	23.1	86.6	28.2	32.6	32.1
Net nonqualified hedge derivative income (loss)	0.8	(1.6)	0.2	(0.5)	(1.1)	(0.1)	0.6	(15.9)
International	9.6	10.0	9.8	10.9	40.3	10.8	11.6	16.3
Other *	0.8	1.9	3.1	7.5	13.3	(0.1)	1.9	2.9
Total revenues	165.2	189.0	209.3	214.1	777.6	249.0	281.5	318.4
<b>Segment costs and expenses:</b>								
Depreciation, depletion and amortization (including International)	42.5	46.4	53.1	50.3	192.3	58.5	59.5	66.4
Lease and other operating expenses	19.3	23.7	24.3	21.6	88.9	24.1	24.1	28.9
Operating taxes	15.9	17.7	22.3	22.3	78.2	21.1	23.9	26.7
Exploration expenses and property impairment	0.4	0.5	1.0	1.0	2.9	0.6	0.9	1.1
Gathering Expense *	5.8	5.2	5.7	5.8	22.5	5.6	6.0	5.0
Selling, general and administrative expenses (including International)	14.0	13.4	16.6	17.6	61.6	17.0	17.7	20.3
Gas management expenses *	16.4	24.9	22.2	23.2	86.7	28.2	32.6	32.1
Other (income) expense - net	(0.7)	12.9	(6.9)	0.5	5.8	(9.6)	(1.2)	(19.8)
International (excluding DD&A and SG&A)	3.0	4.2	3.5	4.1	14.8	3.3	3.3	4.7
Total segment costs and expenses	116.6	148.9	141.8	146.4	553.7	148.8	166.8	165.4
Equity earnings - International	2.9	3.2	2.6	3.2	11.9	3.5	3.6	5.8
<b>Reported segment profit</b>	<b>51.5</b>	<b>43.3</b>	<b>70.1</b>	<b>70.9</b>	<b>235.8</b>	<b>103.7</b>	<b>118.3</b>	<b>158.8</b>
Nonrecurring adjustments	-	11.3	-	4.1	15.4	(7.6)	-	(21.7)
<b>Recurring segment profit, pre-tax</b>	<b>\$ 51.5</b>	<b>\$ 54.6</b>	<b>\$ 70.1</b>	<b>\$ 75.0</b>	<b>\$ 251.2</b>	<b>\$ 96.1</b>	<b>\$ 118.3</b>	<b>\$ 137.1</b>
* Amounts have been reclassified to the current classifications.								

**Operating statistics**

<b>Domestic:</b>								
Total domestic net volumes (Bcfe)	41.6	46.5	49.3	52.0	189.4	51.1	55.0	57.9
Net domestic volumes per day (MMcfe/d)	457	511	535	566	519	568	604	629
Net domestic realized price (\$/Mcf) (1)	\$ 3.062	\$ 3.090	\$ 3.336	\$ 3.155	\$ 3.167	\$ 4.001	\$ 4.164	\$ 4.801
Production taxes per Mcfe	\$ 0.381	\$ 0.381	\$ 0.452	\$ 0.429	\$ 0.413	\$ 0.413	\$ 0.435	\$ 0.462
Lease and other operating expense per Mcfe	\$ 0.464	\$ 0.509	\$ 0.494	\$ 0.415	\$ 0.469	\$ 0.471	\$ 0.439	\$ 0.499
(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.								
<b>International:</b>								
Total volumes including Equity Investee (Bcfe)	5.3	5.4	5.7	5.8	22.2	5.3	5.5	6.1
Volumes per day (MMcfe/d)	59	59	62	63	61	59	61	67
Volumes net to Williams (after minority interest) (Bcfe)	4.0	4.0	4.3	4.3	16.6	4.1	4.3	4.8
Volumes net to Williams per day (Mmcfe/d)	44	44	46	47	46	46	48	53
<b>Total Domestic and International:</b>								
Volumes net to Williams (after minority interest) (Bcfe)	45.6	50.5	53.5	56.4	206.0	55.3	59.3	62.7
Volumes net to Williams per day (Mmcfe/d)	501	555	582	612	564	614	652	682

## Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr
<b>Revenues:</b>								
Gathering	\$ 69.7	\$ 69.5	\$ 71.2	\$ 74.0	\$ 284.4	\$ 70.6	\$ 74.2	\$ 74.0
Processing	21.4	21.5	23.3	24.3	90.5	23.5	24.3	25.5
Venezuela fee revenue	36.4	35.9	36.4	38.8	147.5	36.5	37.8	40.4
NGL sales from gas processing	195.9	197.4	257.3	312.3	962.9	285.1	247.0	244.2
Production handling and transportation	16.0	37.7	5.6	19.9	79.2	18.6	20.4	14.7
Olefins sales (Incl Gulf and Canada)	140.4	125.5	125.1	183.2	574.2	146.6	114.2	121.4
Trading/marketing sales	470.8	395.0	553.4	610.7	2,029.9	588.0	574.4	522.0
Other revenues	28.0	27.0	27.9	32.0	114.9	23.7	33.2	31.7
	<u>978.6</u>	<u>909.5</u>	<u>1,100.2</u>	<u>1,295.2</u>	<u>4,283.5</u>	<u>1,192.6</u>	<u>1,125.5</u>	<u>1,073.9</u>
Intrasegment eliminations	(346.8)	(275.8)	(350.2)	(428.1)	(1,400.9)	(385.6)	(345.4)	(319.2)
Total revenues	<u>631.8</u>	<u>633.7</u>	<u>750.0</u>	<u>867.1</u>	<u>2,882.6</u>	<u>807.0</u>	<u>780.1</u>	<u>754.7</u>
<b>Segment costs and expenses:</b>								
NGL cost of goods sold	162.9	168.3	191.6	221.0	743.8	225.1	202.4	189.6
Olefins cost of goods sold	123.7	116.2	110.4	148.5	498.8	118.7	104.0	102.2
Trading/marketing cost of goods sold	470.2	391.2	550.9	612.0	2,024.3	584.0	574.7	510.1
Venezuela operating costs	14.2	16.8	17.1	17.4	65.5	16.1	16.0	17.4
Operating costs	79.5	102.6	94.6	113.3	390.0	101.6	101.5	112.8
<b>Other</b>								
Selling, general and administrative expenses	22.6	19.3	21.4	24.8	88.1	22.9	21.0	23.1
Other (income) expense - net	(0.6)	-	10.2	(88.8)	(79.2)	2.6	1.7	0.8
Intrasegment eliminations	(346.8)	(275.8)	(350.2)	(428.1)	(1,400.9)	(385.5)	(345.5)	(319.2)
Total segment costs and expenses	<u>525.7</u>	<u>538.6</u>	<u>646.0</u>	<u>620.1</u>	<u>2,330.4</u>	<u>685.5</u>	<u>675.8</u>	<u>636.8</u>
Equity earnings (losses)	4.2	3.5	1.4	5.5	14.6	7.1	4.1	3.2
Income (loss) from investments	(0.2)	(0.1)	-	(16.8)	(17.1)	-	0.7	-
<b>Reported segment profit</b>	<b>110.1</b>	<b>98.5</b>	<b>105.4</b>	<b>235.7</b>	<b>549.7</b>	<b>128.6</b>	<b>109.1</b>	<b>121.1</b>
Nonrecurring adjustments	-	(16.5)	22.9	(85.0)	(78.6)	-	-	-
<b>Recurring segment profit, pre-tax</b>	<b>\$ 110.1</b>	<b>\$ 82.0</b>	<b>\$ 128.3</b>	<b>\$ 150.7</b>	<b>\$ 471.1</b>	<b>\$ 128.6</b>	<b>\$ 109.1</b>	<b>\$ 121.1</b>

### Operating statistics

Gathering volumes (TBtu)	307.1	308.4	315.9	320.5	1,251.9	315.5	323.6	310.3
Gathering margins (\$/MMBtu)	\$ 0.227	\$ 0.2250	\$ 0.2250	\$ 0.2308	\$ 0.2271	\$ 0.224	\$ 0.2292	\$ 0.2386
Processing volumes (TBtu)	176.2	184.1	194.9	212.5	767.7	181.0	184.5	190.3
Processing rate (\$/MMBtu)	\$ 0.120	\$ 0.1150	\$ 0.1180	\$ 0.1131	\$ 0.1163	\$ 0.130	\$ 0.1316	\$ 0.1342
NGL equity sales (million gallons)	327.6	327.8	372.6	400.6	1,428.6	398.7	338.3	276.4
NGL margin (\$/gallon)	\$ 0.101	\$ 0.0880	\$ 0.1780	\$ 0.2279	\$ 0.1533	\$ 0.150	\$ 0.1318	\$ 0.1976
Olefins sales (Ethylene & Propylene) (million lbs)	339.5	309.8	297.8	343.1	1,290.2	266.5	265.6	204.3

## Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr
<b>Capital expenditures:</b>								
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.7	\$ 0.4
Gas Pipeline:								
Northwest Pipeline	11.2	34.0	26.6	30.4	102.2	12.0	29.6	43.2
Transcontinental Gas Pipe Line	25.1	35.0	38.3	50.4	148.8	35.7	55.0	80.7
Total	<u>36.3</u>	<u>69.0</u>	<u>64.9</u>	<u>80.8</u>	<u>251.0</u>	<u>47.7</u>	<u>84.6</u>	<u>123.9</u>
Exploration & Production	76.1	104.1	117.3	147.9	445.4	158.6	182.8	211.1
Midstream Gas & Liquids	15.2	23.4	21.1	24.5	84.2	16.3	25.5	32.7
Other	0.2	4.7	6.2	(5.3) *	5.8	(0.7) *	0.1	1.2
<b>Total</b>	<u>\$ 127.8</u>	<u>\$ 201.2</u>	<u>\$ 209.5</u>	<u>\$ 248.9</u>	<u>\$ 787.4</u>	<u>\$ 222.9</u>	<u>\$ 293.7</u>	<u>\$ 369.3</u>
<b>Purchase of investments:</b>								
Power	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
Gas Pipeline:								
Other	-	1.0	-	-	1.0	-	-	-
Exploration & Production	-	-	-	-	-	6.3	-	0.3
Midstream Gas & Liquids	-	-	-	-	-	-	35.0	11.5
Other	0.4	0.2	-	0.5	1.1	20.0	20.6	4.5
<b>Total</b>	<u>\$ 0.4</u>	<u>\$ 1.2</u>	<u>\$ -</u>	<u>\$ 0.5</u>	<u>\$ 2.1</u>	<u>\$ 26.3</u>	<u>\$ 55.6</u>	<u>\$ 16.3</u>
<b>Summary:</b>								
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 0.7	\$ 0.4
Gas Pipeline	36.3	70.0	64.9	80.8	252.0	47.7	84.6	123.9
Exploration & Production	76.1	104.1	117.3	147.9	445.4	164.9	182.8	211.4
Midstream Gas & Liquids	15.2	23.4	21.1	24.5	84.2	16.3	60.5	44.2
Other	0.6	4.9	6.2	(4.8)	6.9	19.3	20.7	5.7
<b>Total</b>	<u>\$ 128.2</u>	<u>\$ 202.4</u>	<u>\$ 209.5</u>	<u>\$ 249.4</u>	<u>\$ 789.5</u>	<u>\$ 249.2</u>	<u>\$ 349.3</u>	<u>\$ 385.6</u>
<b>Cumulative summary:</b>								
Power	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.7	\$ 2.1
Gas Pipeline	36.3	106.3	171.2	252.0	252.0	47.7	132.3	256.2
Exploration & Production	76.1	180.2	297.5	445.4	445.4	164.9	347.7	559.1
Midstream Gas & Liquids	15.2	38.6	59.7	84.2	84.2	16.3	76.8	121.0
Other	0.6	5.5	11.7	6.9	6.9	19.3	40.0	45.7
<b>Total</b>	<u>\$ 128.2</u>	<u>\$ 330.6</u>	<u>\$ 540.1</u>	<u>\$ 789.5</u>	<u>\$ 789.5</u>	<u>\$ 249.2</u>	<u>\$ 598.5</u>	<u>\$ 984.1</u>

\* 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)	2004					2005		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr
<b>Depreciation, depletion and amortization:</b>								
Power	\$ 5.5	\$ 5.2	\$ 4.9	\$ 4.5	\$ 20.1	\$ 3.9	\$ 3.7	\$ 3.6
Gas Pipeline:								
Northwest Pipeline	18.2	18.8	14.3	18.6	69.9	17.3	17.0	17.9
Transcontinental Gas Pipe Line	48.0	49.6	48.4	48.5	194.5	49.4	48.6	49.3
Total	<u>66.2</u>	<u>68.4</u>	<u>62.7</u>	<u>67.1</u>	<u>264.4</u>	<u>66.7</u>	<u>65.6</u>	<u>67.2</u>
Exploration & Production	42.5	46.4	52.0	51.4	192.3	58.6	59.4	66.4
Midstream Gas & Liquids	42.4	45.0	44.0	47.0	178.4	46.0	46.4	49.5
Other	3.8	3.1	3.3	3.1	13.3	3.0	3.0	2.9
<b>Total</b>	<u>\$ 160.4</u>	<u>\$ 168.1</u>	<u>\$ 166.9</u>	<u>\$ 173.1</u>	<u>\$ 668.5</u>	<u>\$ 178.2</u>	<u>\$ 178.1</u>	<u>\$ 189.6</u>
<b>Other selected financial data:</b>								
Cash and cash equivalents	\$ 1,997.8	\$ 1,030.3	\$ 976.7	\$ 930.0	\$ 930.0	\$ 1,210.0	\$ 1,297.2	\$ 1,360.5
Total assets	\$ 27,790.2	\$ 26,168.4	\$ 25,559.1	\$ 23,993.0	\$ 23,993.0	\$ 26,434.1	\$ 26,399.7	\$ 33,655.8
Capital structure:								
Debt								
Current	\$ 442.9	\$ 276.6	\$ 276.6	\$ 250.1	\$ 250.1	\$ 99.5	\$ 98.6	\$ 122.4
Noncurrent	\$ 10,824.8	\$ 9,483.0	\$ 8,667.1	\$ 7,711.9	\$ 7,711.9	\$ 7,650.4	\$ 7,645.7	\$ 7,598.7
Stockholders' equity	\$ 4,034.1	\$ 3,998.9	\$ 4,008.7	\$ 4,955.9	\$ 4,955.9	\$ 5,261.1	\$ 5,353.6	\$ 5,154.4
Debt to debt-plus-equity ratio	73.6%	70.9%	69.1%	61.6%	61.6%	59.6%	59.1%	60.0%