

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

(UNAUDITED)

(Dollars in millions, except per-share amounts)	2004					2005				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Income (loss) from continuing operations available to common stockholders	\$ -	(\$18.5)	\$16.2	\$95.5	\$93.2	\$202.2	\$40.7	\$5.7	\$68.8	\$317.4
Income (loss) from continuing operations - diluted earnings (loss) per common share	\$ -	(\$0.03)	\$0.03	\$0.17	\$0.17	\$0.34	\$0.07	\$0.01	\$0.11	\$0.53
Nonrecurring items:										
<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 corrector	-	-	-	-	-	6.8	-	-	-	6.8
<i>Total Power nonrecurring items</i>	-	-	-	-	-	11.4	13.1	0.4	91.7	116.6
<i>Gas Pipeline</i>										
Prior period liability corrections - TGPI	-	-	-	-	-	(13.1)	(4.6)	-	-	(17.7)
Prior period pension adjustment - TGPI	-	-	-	-	-	-	(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)
Prior period inventory corrections - TGPI	-	-	-	-	-	-	-	-	27.5	27.5
Accrual of contingent refund obligation - TGPI	-	-	-	-	-	-	-	-	9.8	9.8
<i>Total Gas Pipeline nonrecurring items</i>	-	9.0	-	-	9.0	(13.1)	(21.7)	(14.2)	37.3	(11.7)
<i>Exploration & Production</i>										
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
<i>Total Exploration & Production nonrecurring items</i>	-	11.3	-	4.1	15.4	(7.6)	-	(21.7)	-	(29.3)
<i>Midstream Gas & Liquids</i>										
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 corrector	-	(16.5)	16.5	-	-	-	-	-	-	-
<i>Total Midstream Gas & Liquids nonrecurring items</i>	-	(16.5)	22.9	(85.0)	(78.6)	-	-	-	-	-
<i>Other</i>										
Impairment of Longhorn	-	10.8	-	-	10.8	-	49.1	-	38.1	87.2
Write-off of capitalized project development cost	-	-	-	-	-	-	4.0	-	-	4.0
Augusta environmental reserve	-	-	-	11.8	11.8	-	-	-	-	-
Gain on sale of real property	-	-	-	-	-	-	-	-	(9.0)	(9.0)
Longhorn recapitalization fee	6.5	-	-	-	6.5	-	-	-	-	-
<i>Total Other nonrecurring items</i>	6.5	10.8	-	11.8	29.1	-	53.1	-	29.1	82.2
Nonrecurring items included in segment profit (loss)	6.5	14.6	22.9	(69.1)	(25.1)	(9.3)	44.5	(35.5)	158.1	157.8
Nonrecurring items below segment profit (loss)										
<i>Impairment of cost-based investments (Investing income (loss) - Various)</i>	-	-	15.7	2.3	18.0	-	-	-	-	-
<i>Write-off of capitalized debt expense (Interest accrued - Corporate)</i>	-	3.8	-	-	3.8	-	-	-	-	-
<i>Premiums, fees and expenses related to the debt repurchase and debt tender offer (Other income (expense) - net - Corporate and Exploration & Production)</i>	-	96.7	155.1	29.7	281.5	-	-	-	-	-
<i>Gulf Liquids arbitration award (Winterthur) - interest income - (Investing income / loss) - Midstream</i>	-	-	-	(9.6)	(9.6)	-	-	-	-	-
<i>Gain on sale of remaining interests in Seminole Pipeline and MAPL (Investing income / loss - Midstream)</i>	-	-	-	-	-	-	(8.6)	-	-	(8.6)
<i>Loss provision related to an ownership dispute - interest component (Interest accrued - Exploration & Production)</i>	-	1.9	-	2.1	4.0	2.7	-	-	-	2.7
<i>Directors and officers insurance policy adjustment (General corporate expenses - Corporate)</i>	-	-	-	-	-	-	-	13.8	-	13.8
<i>Loss provision related to ERISA litigation settlement (Other income (expense) - net - Corporate)</i>	-	-	-	-	-	-	-	5.0	-	5.0
<i>Legal fees associated with shareholder litigation (General corporate expenses - Corporate)</i>	-	-	-	-	-	-	-	-	9.4	9.4
	-	102.4	170.8	24.5	297.7	2.7	(8.6)	18.8	9.4	22.3
Total nonrecurring items	6.5	117.0	193.7	(44.6)	272.6	(6.6)	35.9	(16.7)	167.5	180.1
Tax effect for above items ⁽¹⁾	2.5	44.8	74.1	(17.1)	104.3	(2.8)	10.7	(6.4)	48.0	49.5
Adjustment for nonrecurring excess deferred tax benefit	-	-	-	-	-	-	-	-	(20.2)	(20.2)
Recurring income (loss) from continuing operations available to common stockholders	\$4.0	\$53.7	\$135.8	\$68.0	\$261.5	\$198.4	\$65.9	(\$4.6)	\$168.1	\$427.8
Recurring diluted earnings (loss) per common share	\$0.01	\$0.10	\$0.26	\$0.12	\$0.49	\$0.33	\$0.11	(\$0.01)	\$0.28	\$0.72
Weighted-average shares - diluted (thousands)	519,485	521,698	529,525	586,497	535,611	599,422	578,902	580,735	609,106	605,847

⁽¹⁾No tax effect on \$0.6 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.

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.