



Financial Highlights and Operating Statistics
(UNAUDITED)

Final

March 31, 2003

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

(UNAUDITED)

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

	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Income (loss) from continuing operations	\$98.4	(\$301.3)	(\$174.0)	(\$124.6)	(\$501.5)	(\$57.7)
Preferred stock dividends	69.7	6.8	6.8	6.8	90.1	6.8
Income (loss) from continuing operations available to common stockholders	\$28.7	(\$308.1)	(\$180.8)	(\$131.4)	(\$591.6)	(\$64.5)
Income (loss) from continuing operations - diluted earnings per share	\$0.05	(\$0.59)	(\$0.35)	(\$0.26)	(\$1.14)	(\$0.13)
Nonrecurring items:						
<u>Energy Marketing & Trading</u>						
Hazleton plant expansion write-off	-	-	3.3	-	3.3	-
Strategic realignment-related charges	-	-	5.2	-	5.2	-
Impairments and loss accruals for commitments related to assets to have been used in power projects	-	81.8	11.5	50.8	144.1	-
Impairment of goodwill**	-	57.5	-	3.0	60.5	-
Reversal of Energy Capital Mezzanine Financing accrual	-	(7.0)	-	(6.2)	(13.2)	-
Write-off of costs associated with termination of certain projects	-	8.9	(1.0)	-	7.9	-
Early retirement expenses	-	4.2	-	-	4.2	-
Severance accrual	-	3.0	-	-	3.0	-
Worthington impairment	-	-	-	44.7	44.7	-
Capstone stock write-down**	-	-	-	2.0	2.0	-
Thermogas casualty and environmental costs and claim	-	-	-	4.0	4.0	-
Loss on Gulfmark JV dissolution	-	-	-	5.7	5.7	-
Accelerated compensation expense associated with workforce reductions	-	-	-	-	-	11.8
<i>Total EM&T nonrecurring items</i>	-	148.4	19.0	104.0	271.4	11.8
<u>Gas Pipeline</u>						
Cross Bay write-off	-	-	1.6	-	1.6	-
Gain on sale of Northern Border Limited Partnership units	-	-	(8.7)	-	(8.7)	-
Net impairment on investment Alliance US sale	-	-	11.6	(1.2)	10.4	-
Loss on sale of Cove Point	-	-	3.7	-	3.7	-
Strategic realignment-related charges	-	-	7.3	-	7.3	-
Construction completion fee - received	-	(27.4)	-	-	(27.4)	-
Write-offs of terminated gas pipeline projects	-	12.3	-	-	12.3	-
Early retirement expenses	-	10.7	-	-	10.7	-
Loss accrual for regulatory issue	-	-	-	17.0	17.0	-
SCADA property write-off	-	-	-	5.9	5.9	-
Impairment of Texas Gas	-	-	-	-	-	109.0
<i>Total Gas Pipeline nonrecurring items</i>	-	(4.4)	15.5	21.7	32.8	109.0
<u>Exploration & Production</u>						
(Gain) loss on sale of E&P properties	(3.9)	-	3.8	1.1	1.0	-
Gain on sale of Anadarko	-	-	(21.6)	0.2	(21.4)	-
Gain on sale of Jonah	-	-	(122.3)	2.0	(120.3)	-
Strategic realignment-related charges	-	-	0.1	-	0.1	-
Early retirement expenses	-	0.4	-	-	0.4	-
<i>Total Exploration & Production nonrecurring items</i>	(3.9)	0.4	(140.0)	3.3	(140.2)	-
<u>Midstream Gas & Liquids</u>						
Gulf Liquids prior period adjustment	(4.1)	(5.2)	9.3	-	-	-
Impairment of WS-1 building	-	-	2.4	-	2.4	-
Strategic realignment-related charges	-	-	1.5	-	1.5	-
Impairment of Canadian assets**	-	-	-	115.0	115.0	-
Impairment of Kansas-Hugoton facilities as assets held for sale	-	4.8	1.1	-	5.9	-
Early retirement expenses	-	0.8	-	-	0.8	-
<i>Total Midstream Gas & Liquids nonrecurring items</i>	(4.1)	0.4	14.3	115.0	125.6	-
<u>Petroleum Services</u>						
Impairment of Wiljet assets	-	-	1.4	-	1.4	-
Impairment of Wiljet investments	-	-	0.7	-	0.7	-
Impairment of Augusta refinery assets	-	-	-	3.0	3.0	-
Impairment of Alaska assets	-	-	-	18.4	18.4	8.0
Strategic realignment-related charges	-	-	0.2	-	0.2	-
Early retirement expenses	-	1.2	-	-	1.2	-
<i>Total Petroleum Services nonrecurring items</i>	-	1.2	2.3	21.4	24.9	8.0
<i>Gain on sale of Mazeikiu Nafta</i>	-	-	(58.5)	-	(58.5)	-
<i>Estimated loss on realization of amounts from Wiltel Communications Group, Inc.</i>	232.0	15.0	22.9	(1.2)	268.7	-
<i>Costs associated with business & liquidity issue resolution</i>	-	-	21.7	-	21.7	-
<i>Strategic realignment-related charges</i>	-	-	8.3	-	8.3	-
<i>Corporate asset impairments</i>	-	-	4.0	-	4.0	-
<i>Convertible preferred stock dividends**</i>	69.4	-	-	-	69.4	-
<i>Gain on disposition of Prudential shares received from demutualization</i>	-	(11.0)	-	-	(11.0)	-
<i>Early retirement expenses</i>	-	12.2	-	-	12.2	-
<i>Write-off of James River accrued dividends/investment</i>	-	-	-	8.5	8.5	-
<i>Severance accrual</i>	-	-	-	2.7	2.7	-
<i>Executive retirement expenses</i>	-	-	-	2.2	2.2	-
<i>Deferred stock award modification</i>	-	-	-	(1.1)	(1.1)	-
<i>Impairment of Algar Telecom investment</i>	-	-	-	-	-	12.0
<i>Other</i>	-	-	-	-	-	-
Total nonrecurring items	293.4	162.2	(90.5)	276.5	641.6	140.8
Tax effect for above items	81.9	37.9	(34.6)	59.9	147.2	53.9
Recurring income (loss) from continuing operations	\$240.2	(\$183.8)	(\$236.7)	\$85.2	(\$97.2)	\$22.4
Recurring diluted earnings per common share	\$0.46	(\$0.35)	(\$0.46)	\$0.16	(\$0.19)	\$0.04
Weighted-average shares - diluted (thousands)	521,240	520,427	516,901	517,104	516,793	517,652

**No tax benefit

Consolidated Statement of Operations

(UNAUDITED)

(Dollars in millions, except per-share amounts)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues*	\$ 1,622.0	\$ 1,057.4	\$ 1,226.3	\$ 1,702.7	\$ 5,608.4	\$ 5,360.2
Segment costs and expenses:						
Costs and operating expenses*	816.7	835.7	937.3	1,063.8	3,653.5	4,847.7
Selling, general and administrative expenses	166.1	198.3	203.5	156.0	723.9	149.4
Other (income) expense - net	(1.0)	146.4	(111.4)	263.4	297.4	113.1
Total segment costs and expenses*	<u>981.8</u>	<u>1,180.4</u>	<u>1,029.4</u>	<u>1,483.2</u>	<u>4,674.8</u>	<u>5,110.2</u>
Equity earnings (losses)	7.5	53.1	19.1	(7.7)	72.0	4.3
Income (loss) from investments	-	(12.3)	55.1	(0.7)	42.1	-
Intercompany interest rate swaps	14.1	(83.0)	(71.0)	(1.5)	(141.4)	(5.9)
Total segment profit (loss)	<u>661.8</u>	<u>(165.2)</u>	<u>200.1</u>	<u>209.6</u>	<u>906.3</u>	<u>248.4</u>
Reclass equity (earnings) losses	(7.5)	(53.1)	(19.1)	7.7	(72.0)	(4.3)
Reclass (income) loss from investments	-	12.3	(55.1)	0.7	(42.1)	-
Reclass intercompany interest rate swaps	(14.1)	83.0	71.0	1.5	141.4	5.9
General corporate expenses	<u>(38.2)</u>	<u>(34.1)</u>	<u>(44.1)</u>	<u>(26.4)</u>	<u>(142.8)</u>	<u>(22.9)</u>
Operating income (loss)	602.0	(157.1)	152.8	193.1	790.8	227.1
Interest accrued	(210.8)	(271.3)	(364.3)	(383.1)	(1,229.5)	(372.8)
Interest capitalized	5.4	6.6	7.6	9.4	29.0	12.1
Interest rate swap income (loss)	10.2	(83.2)	(52.2)	1.0	(124.2)	(2.8)
Investing income (loss):						
Estimated loss on realization of amounts from Williams Communications Group, Inc.	(232.0)	(15.0)	(22.9)	1.2	(268.7)	-
Other	16.2	54.5	79.6	8.7	159.0	48.0
Minority interest in income and preferred returns of consolidated subsidiaries	(15.1)	(21.9)	(23.7)	(18.6)	(79.3)	(16.1)
Other income (expense) - net	<u>(4.5)</u>	<u>23.9</u>	<u>1.1</u>	<u>5.9</u>	<u>26.4</u>	<u>22.5</u>
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principles	171.4	(463.5)	(222.0)	(182.4)	(696.5)	(82.0)
Provision (benefit) for income taxes	<u>73.0</u>	<u>(162.2)</u>	<u>(48.0)</u>	<u>(57.8)</u>	<u>(195.0)</u>	<u>(24.3)</u>
Income (loss) from continuing operations	<u>98.4</u>	<u>(301.3)</u>	<u>(174.0)</u>	<u>(124.6)</u>	<u>(501.5)</u>	<u>(57.7)</u>
Income (loss) from discontinued operations	<u>9.3</u>	<u>(47.8)</u>	<u>(120.1)</u>	<u>(94.6)</u>	<u>(253.2)</u>	<u>4.5</u>
Income (loss) before cumulative effect of change in accounting principles	107.7	(349.1)	(294.1)	(219.2)	(754.7)	(53.2)
Cumulative effect of change in accounting principles	-	-	-	-	-	(761.3)
Net income (loss)	<u>107.7</u>	<u>(349.1)</u>	<u>(294.1)</u>	<u>(219.2)</u>	<u>(754.7)</u>	<u>(814.5)</u>
Preferred stock dividends	<u>69.7</u>	<u>6.8</u>	<u>6.8</u>	<u>6.8</u>	<u>90.1</u>	<u>6.8</u>
Income (loss) applicable to common stock	<u>\$ 38.0</u>	<u>\$ (355.9)</u>	<u>\$ (300.9)</u>	<u>\$ (226.0)</u>	<u>\$ (844.8)</u>	<u>\$ (821.3)</u>
Diluted earnings (loss) per common share:						
Income (loss) from continuing operations	<u>\$ 0.05</u>	<u>\$ (0.59)</u>	<u>\$ (0.35)</u>	<u>\$ (0.26)</u>	<u>\$ (1.14)</u>	<u>\$ (0.13)</u>
Income (loss) from discontinued operations	<u>0.02</u>	<u>(0.09)</u>	<u>(0.23)</u>	<u>(0.18)</u>	<u>(0.49)</u>	<u>0.01</u>
Income (loss) before cumulative effect of change in accounting principles	0.07	(0.68)	(0.58)	(0.44)	(1.63)	(0.12)
Cumulative effect of change in accounting principles	-	-	-	-	-	(1.47)
Net income (loss)	<u>\$ 0.07</u>	<u>\$ (0.68)</u>	<u>\$ (0.58)</u>	<u>\$ (0.44)</u>	<u>\$ (1.63)</u>	<u>\$ (1.59)</u>
Weighted-average number of shares used in computation (thousands)	521,240	520,427	516,901	517,104	516,793	517,652
Common shares outstanding at end of period (thousands)	516,216	516,404	516,516	516,731	516,731	517,538
Market price per common share (end of period)	\$ 23.56	\$ 5.99	\$ 2.26	\$ 2.70	\$ 2.70	\$ 4.58
Common dividends per share	\$ 0.20	\$ 0.20	\$ 0.01	\$ 0.01	\$ 0.42	\$ 0.01

* Amounts have been reclassified to conform to the current classifications.

Note: The sum of earnings (loss) per share for the four 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 Reported Segment Profit (Loss) to Recurring Segment Profit (Loss)

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Reported segment profit (loss):						
Energy Marketing & Trading	\$ 283.1 *	\$ (497.5) *	\$ (387.6) *	\$ (22.8) *	\$ (624.8) *	\$ (136.4) *
Gas Pipeline	179.3	154.1	172.6	155.3	661.3	94.6
Exploration & Production	106.3	95.4	231.8	87.0	520.5	126.1
Midstream Gas & Liquids	54.3	51.7	104.0	(20.7)	189.3	106.9
Williams Energy Partners	26.9	29.5	13.4	29.5	99.3	35.4
Petroleum Services	22.6	6.9	16.3	(13.0)	32.8	22.1
Other	(10.7)	(5.3)	49.6	(5.7)	27.9	(0.3)
Total reported segment profit (loss)	\$ 661.8	\$ (165.2)	\$ 200.1	\$ 209.6	\$ 906.3	\$ 248.4
Nonrecurring adjustments:						
Energy Marketing & Trading	\$ -	\$ 148.4	\$ 19.0	\$ 104.0	\$ 271.4	\$ 11.8
Gas Pipeline	-	(4.4)	15.5	21.7	32.8	109.0
Exploration & Production	(3.9)	0.4	(140.0)	3.3	(140.2)	-
Midstream Gas & Liquids	(4.1)	0.4	14.3	115.0	125.6	-
Williams Energy Partners	-	-	-	-	-	-
Petroleum Services	-	1.2	2.3	21.4	24.9	8.0
Other	-	5.3	(53.8)	-	(48.5)	12.0
Total segment nonrecurring adjustments	\$ (8.0)	\$ 151.3	\$ (142.7)	\$ 265.4	\$ 266.0	\$ 140.8
Recurring segment profit (loss):						
Energy Marketing & Trading	\$ 283.1 *	\$ (349.1)	\$ (368.6)	\$ 81.2	\$ (353.4)	\$ (124.6) *
Gas Pipeline	179.3	149.7	188.1	177.0	694.1	203.6
Exploration & Production	102.4	95.8	91.8	90.3	380.3	126.1
Midstream Gas & Liquids	50.2	52.1	118.3	94.3	314.9	106.9
Williams Energy Partners	26.9	29.5	13.4	29.5	99.3	35.4
Petroleum Services	22.6	8.1	18.6	8.4	57.7	30.1
Other	(10.7)	-	(4.2)	(5.7)	(20.6)	11.7
Total recurring segment profit (loss)	\$ 653.8	\$ (13.9)	\$ 57.4	\$ 475.0	\$ 1,172.3	\$ 389.2
Note:	Segment profit (loss) includes equity earnings (losses) and certain income (loss) from investments reported in investing income (loss) in the Consolidated Statement of Operations. Equity earnings (losses) are from investments accounted for under the equity method. Income (loss) from investments results from the management of investments in certain equity instruments.					
*	Energy Marketing & Trading's segment profit includes the effect of intercompany interest rate swaps entered into with the corporate parent.					

Energy Marketing & Trading

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:*						
Natural gas & power	\$ 208.3	\$ (206.7)	\$ (312.5)	\$ 116.5	\$ (194.4)	\$ 3,330.5
Crude & refined products	120.5	(73.7)	(42.4)	(18.6)	(14.2)	751.6
Other	26.2	1.8	64.7	30.7	123.4	(306.5)
Total revenues	<u>355.0</u>	<u>(278.6)</u>	<u>(290.2)</u>	<u>128.6</u>	<u>(85.2)</u>	<u>3,775.6</u>
Segment costs and expenses:						
Costs and operating expenses	14.9	16.2	17.8	20.0	68.9	3,874.1
Selling, general and administrative expenses	51.0	63.3	65.3	29.5	209.1	36.4
Other (income) expense - net	2.0	139.4	14.3	96.2	251.9	1.5
Total segment costs and expenses	<u>67.9</u>	<u>218.9</u>	<u>97.4</u>	<u>145.7</u>	<u>529.9</u>	<u>3,912.0</u>
Equity earnings (losses)	<u>(4.0)</u>	<u>-</u>	<u>-</u>	<u>(5.7)</u>	<u>(9.7)</u>	<u>-</u>
Reported segment profit (loss)	283.1	(497.5)	(387.6)	(22.8)	(624.8)	(136.4)
Nonrecurring adjustments	<u>-</u>	<u>148.4</u>	<u>19.0</u>	<u>104.0</u>	<u>271.4</u>	<u>11.8</u>
Recurring segment profit (loss), pre-tax	\$ 283.1	\$ (349.1)	\$ (368.6)	\$ 81.2	\$ (353.4)	\$ (124.6)

* Energy Marketing & Trading's segment profit includes the effect of intercompany interest rate swaps entered into with the corporate parent.

Operating statistics

Volumes

Natural gas (Bcfd)	4.5	3.6	3.8	3.4	3.8	3.5
Crude & refined products (MBPD)	1,225.6	1,246.8	566.2	303.2	832.2	144.4
Power (GWh)	110,536	97,463	137,553	59,160	404,711	40,536

Additional statistics

Value at risk

One day VaR - 95% confidence level	Quarter ended 3/31/03	
	(in Millions)	
Trading	\$29 MM	
Non-Trading	\$27 MM	

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	\$ 89.5
13-36 months	209.0
37-60 months	172.7
61-120 months	81.6
121+ months	(77.8)
Total Fair Value	<u>475.0</u>

SFAS 133 Hedges	(126.8)
Non-EM&T Business Unit Hedges	9.3
Total Net Derivative Assets and Liabilities	<u>\$ 357.5</u>

Net Credit Exposure (in Millions)

	Investment	
	Grade	Total
Gas and electric utilities	\$ 656.2	\$ 698.8
Energy marketers and traders	154.2	274.3
Financial Institutions	53.3	53.3
Other	23.1	36.3
	<u>\$ 886.8</u>	<u>\$ 1,062.7</u>
Credit Reserves		(52.6)
Net Credit Exposure from Derivative Contracts		<u>\$ 1,010.1</u>

Power Portfolio (Megawatts)

	Quarter ended	
	3/31/2003	3/31/2002
Owned	207	1,896
Contracted	9,296	13,256
Total	<u>9,503</u>	<u>15,152</u>

Credit Support (in Millions)

As of March 31, 2002	
Prepays	(\$88)MM
Margins	\$56MM
Adequate Assurance	(\$59)MM
(Provided by \$400 MM secured Letter of Credit facility)	

Gas Pipeline

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Northwest Pipeline	\$ 71.6	\$ 73.2	\$ 73.0	\$ 79.8	\$ 297.6	\$ 79.6
Texas Gas Transmission	80.1	51.7	58.5	76.1	266.4	84.1
Transcontinental Gas Pipe Line	229.7	214.8	249.2	242.6	936.3	243.6
Other	3.7	2.4	1.8	0.1	8.0	0.2
Eliminations	(1.1)	(1.1)	(1.1)	(1.2)	(4.5)	(1.1)
Total revenues	384.0	341.0	381.4	397.4	1,503.8	406.4
Segment costs and expenses:						
Costs and operating expenses	177.4	166.7	156.9	171.7	672.7	162.3
Selling, general and administrative expenses	49.4	60.1	59.4	55.7	224.6	42.2
Other (income) expense - net	(2.6)	(0.5)	1.4	21.4	19.7	109.0
Total segment costs and expenses	224.2	226.3	217.7	248.8	917.0	313.5
Equity earnings	19.5	51.7	11.6	5.6	88.4	1.7
Income (loss) from investments	-	(12.3)	(2.7)	1.1	(13.9)	-
Reported segment profit:						
Northwest Pipeline	35.9	32.3	40.1	40.8	149.1	45.3
Texas Gas Transmission	44.6	13.0	25.4	33.2	116.2	52.5
Transcontinental Gas Pipe Line	79.7	60.4	104.9	76.4	321.4	106.0
Other	19.1	48.4	2.2	4.9	74.6	(109.2)
Total reported segment profit	179.3	154.1	172.6	155.3	661.3	94.6
Nonrecurring adjustments:						
Northwest Pipeline	-	3.9	1.2	1.1	6.2	-
Texas Gas Transmission	-	-	2.8	1.2	4.0	-
Transcontinental Gas Pipe Line	-	19.1	4.9	20.6	44.6	-
Other	-	(27.4)	6.6	(1.2)	(22.0)	109.0
Total nonrecurring adjustments	-	(4.4)	15.5	21.7	32.8	109.0
Recurring segment profit:						
Northwest Pipeline	35.9	36.2	41.3	41.9	155.3	45.3
Texas Gas Transmission	44.6	13.0	28.2	34.4	120.2	52.5
Transcontinental Gas Pipe Line	79.7	79.5	109.8	97.0	366.0	106.0
Other	19.1	21.0	8.8	3.7	52.6	(0.2)
Total recurring segment profit, pre-tax	\$ 179.3	\$ 149.7	\$ 188.1	\$ 177.0	\$ 694.1	\$ 203.6

Operating statistics

Northwest Pipeline						
Throughput (TBtu)	198.4	173.9	161.6	194.9	728.8	195.1
Average daily transportation volumes (TBtu)	2.2	1.9	1.8	2.1	2.0	2.2
Average daily firm reserved capacity (TBtu)	2.8	2.9	3.0	3.1	2.9	3.3
Texas Gas Transmission						
Throughput (TBtu)	199.7	148.5	141.6	179.7	669.5	214.6
Average daily transportation volumes (TBtu)	2.2	1.6	1.5	2.0	1.8	2.4
Average daily firm reserved capacity (TBtu)	2.6	1.8	1.8	2.6	2.2	2.7
Transcontinental Gas Pipe Line						
Throughput (TBtu)	449.1	407.7	454.5	469.0	1,780.3	523.5
Average daily transportation volumes (TBtu)	5.0	4.5	4.9	4.1	4.9	5.8
Average daily firm reserved capacity (TBtu)	6.1	6.5	6.6	6.4	6.4	6.6

Exploration & Production

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Production	\$ 184.5 **	\$ 161.9 **	\$ 170.7 **	\$ 165.9 **	\$ 683.0 **	\$ 196.9 **
Gas management	28.9	33.0	24.9	21.5	108.3	36.6
Mark-to-market basis derivative	-	7.0	7.2	12.4	26.6	8.3 **
International	6.4	6.8	6.8	7.8	27.8	7.6
Other	7.9 **	22.1 **	9.7 **	14.5 **	54.2 **	17.0 **
Total revenues	<u>227.7</u>	<u>230.8</u>	<u>219.3</u>	<u>222.1</u>	<u>899.9</u>	<u>266.4</u>
Segment costs and expenses:						
Depreciation, depletion and amortization	44.6	54.1	50.0	50.5	199.2	51.1
Lease operating expenses	16.4	19.7	19.7	21.3	77.1	20.3
Operating taxes	10.1	11.3	11.7	11.9	45.0	18.9
Exploration expenses and property impairment	7.9	-	2.5	10.0	20.4	1.6
Selling, general and administrative expenses	14.0	15.8	16.5	17.9	64.2	15.5
Gas management expenses	28.9	33.0	24.9	21.5	108.3	36.6
Other (income) expense - net	(3.9)	(1.2)	(137.5)	1.9	(140.7)	(3.9)
International	3.0	3.7	1.2	1.7	9.6	2.3
Total segment costs and expenses	<u>121.0</u>	<u>136.4</u>	<u>(11.0)</u>	<u>136.7</u>	<u>383.1</u>	<u>142.4</u>
Equity earnings - International	<u>(0.4)</u>	<u>1.0</u>	<u>1.5</u>	<u>1.6</u>	<u>3.7</u>	<u>2.1</u>
Reported segment profit	106.3	95.4	231.8	87.0	520.5	126.1
Nonrecurring adjustments	<u>(3.9)</u>	<u>0.4</u>	<u>(140.0)</u>	<u>3.3</u>	<u>(140.2)</u>	<u>-</u>
Recurring segment profit, pre-tax	<u>\$ 102.4</u>	<u>\$ 95.8</u>	<u>\$ 91.8</u>	<u>\$ 90.3</u>	<u>\$ 380.3</u>	<u>\$ 126.1</u>

Operating statistics

Total Net Volumes (Bcfe)	52.9 *	54.9 *	52.7	51.0	211.5	49.5
Net volumes per day (MMcfe/d)	588 *	604 *	573	553	579	550
Net realized price (\$/Mcf) (1)	\$ 3.486 *	\$ 2.947 *	\$ 3.240 **	\$ 3.258 **	\$ 3.230 **	\$ 3.975 **
Production taxes per Mcfe	\$ 0.192 *	\$ 0.205 *	\$ 0.221	\$ 0.235	\$ 0.213	\$ 0.381
Lease operating expense per Mcfe	\$ 0.310 *	\$ 0.360 *	\$ 0.373	\$ 0.419	\$ 0.365	\$ 0.411

(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.

* Restated to reflect adjusted crude oil volumes of 0.6 Bcfe in 1st quarter 2002 and (0.3) Bcfe in 2nd quarter 2002 and reclassified to conform to current year classifications.

** Reclassified to conform to current year classifications.

Midstream Gas & Liquids

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Revenues:						
Domestic:						
Gathering	\$ 91.3	\$ 89.4	\$ 92.7	\$ 93.1	\$ 366.5	\$ 91.7
Processing	20.5	22.2	23.9	25.7	92.3	23.7
NGL sales	86.0	105.1	146.1	143.1	480.3	176.3
NGL trading	21.0	26.4	33.9	14.7	96.0	760.8
Canada	135.4	157.9	165.9	240.4	699.6	292.5
Venezuela	37.0	36.1	35.4	37.4	145.9	25.2
Other	25.2	27.9	28.8	33.0	114.9	89.2
Intrasegment eliminations	(16.4)	(27.0)	(24.9)	(18.1)	(86.4)	(326.2)
Total revenues	400.0	438.0	501.8	569.3	1,909.1	1,133.2
Segment costs and expenses:						
Costs and operating expenses	315.2	350.7	361.8	446.4	1,474.1	982.0
Selling, general and administrative expenses	28.6	29.6	37.6	27.2	123.0	37.0
Other (income) expense - net	3.5	9.6	5.7	121.5	140.3	4.1
Total segment costs and expenses	347.3	389.9	405.1	595.1	1,737.4	1,023.1
Equity earnings (losses)	1.6	3.6	7.3	5.1	17.6	(3.2)
Reported segment profit	54.3	51.7	104.0	(20.7)	189.3	106.9
Nonrecurring adjustments	(4.1)	0.4	14.3	115.0	125.6	-
Recurring segment profit, pre-tax	\$ 50.2	\$ 52.1	\$ 118.3	\$ 94.3	\$ 314.9	\$ 106.9

Operating statistics

Field services:						
Gathering volumes (TBtu)	511.0	511.1	549.6	541.3	2,113.0	550.0
Gathering margins (\$/MMBtu)	\$ 0.1786	\$ 0.1759	\$ 0.1836	\$ 0.1740	\$ 0.1747	\$ 0.1680
Processing volumes (TBtu)	139.9	148.3	154.7	163.0	605.9	163.3
Processing margins (\$/MMBtu)	\$ 0.1404	\$ 0.1455	\$ 0.1517	\$ 0.1561	\$ 0.1488	\$ 0.1436
Natural gas liquids sales (million gallons)	292.6	296.4	333.6	271.5	1,194.1	300.2
Processing margins - liquid sales based (\$/gallon)	\$ 0.0539	\$ 0.0761	\$ 0.1175	\$ 0.1275	\$ 0.0939	\$ 0.1716
Canadian processing volumes (TBtu)	14.7	21.1	24.7	25.6	86.1	25.7
Canadian processing margins (\$/MMBtu)	\$ 0.4233	\$ 0.5194	\$ 0.4996	\$ 0.5821	\$ 0.5293	\$ 0.5931
Canadian liquid product sales (million gallons)	377.2	338.1	299.7	346.4	1,361.4	158.9
Canadian net liquids margin (\$/gallon)	\$ 0.0233	\$ 0.0342	\$ 0.0746	\$ 0.0678	\$ 0.0486	\$ 0.1064
NGL Trading (MBPD)	371.8	296.6	215.1	240.0	272.4	254.8
Olefins ethylene production (thousand pounds)	88,667	130,651	100,077	51,686	371,081	100,026

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Capital expenditures:						
Energy Marketing & Trading	\$ 10.5	\$ 13.6	\$ 4.0	\$ 107.7	\$ 135.8	\$ 0.2
Gas Pipeline:						
Northwest Pipeline	19.8	38.5	56.5	67.0	181.8	56.0
Texas Gas Transmission	19.7	11.0	6.2	5.0	41.9	0.8
Transcontinental Gas Pipe Line	78.0	136.7	170.3	55.1	440.1	54.5
Other	11.2	11.6	10.2	0.1	33.1	-
Total	<u>128.7</u>	<u>197.8</u>	<u>243.2</u>	<u>127.2</u>	<u>696.9</u>	<u>111.3</u>
Exploration & Production	88.3	114.3	81.5	95.9	380.0	57.4
Midstream Gas & Liquids	131.6	137.4	135.8	92.6	497.4	68.9
Williams Energy Partners	10.4	10.2	7.0	11.9	39.5	4.5
Petroleum Services	4.6	4.6	5.2	4.0	18.4	1.4
Other	12.3	5.4	1.7	36.4	55.8	0.7
Total	<u>\$ 386.4</u>	<u>\$ 483.3</u>	<u>\$ 478.4</u>	<u>\$ 475.7</u>	<u>\$ 1,823.8</u>	<u>\$ 244.4</u>
Purchase of investments:						
Gas Pipeline:						
Transcontinental Gas Pipe Line	\$ -	\$ 0.2	\$ -	\$ -	\$ 0.2	\$ -
Other	122.0	81.1	12.0	18.5	233.6	2.5
Total	<u>122.0</u>	<u>81.3</u>	<u>12.0</u>	<u>18.5</u>	<u>233.8</u>	<u>2.5</u>
Exploration & Production	-	-	-	6.9	6.9	1.8
Midstream Gas & Liquids	6.7	28.0	(26.9)	-	7.8	0.9
Petroleum Services	20.3	28.6	8.4	-	57.3	-
Other	1.0	1.5	0.4	-	2.9	0.5
Total	<u>\$ 150.0</u>	<u>\$ 139.4</u>	<u>\$ (6.1)</u>	<u>\$ 25.4</u>	<u>\$ 308.7</u>	<u>\$ 5.7</u>
Summary:						
Energy Marketing & Trading	\$ 10.5	\$ 13.6	\$ 4.0	\$ 107.7	\$ 135.8	\$ 0.2
Gas Pipeline	250.7	279.1	255.2	145.7	930.7	113.8
Exploration & Production	88.3	114.3	81.5	102.8	386.9	59.2
Midstream Gas & Liquids	138.3	165.4	108.9	92.6	505.2	69.8
Williams Energy Partners	10.4	10.2	7.0	11.9	39.5	4.5
Petroleum Services	24.9	33.2	13.6	4.0	75.7	1.4
Other	13.3	6.9	2.1	36.4	58.7	1.2
Total	<u>\$ 536.4</u>	<u>\$ 622.7</u>	<u>\$ 472.3</u>	<u>\$ 501.1</u>	<u>\$ 2,132.5</u>	<u>\$ 250.1</u>
Cumulative summary:						
Energy Marketing & Trading	\$ 10.5	\$ 24.1	\$ 28.1	\$ 135.8	\$ 135.8	\$ 0.2
Gas Pipeline	250.7	529.8	785.0	930.7	930.7	113.8
Exploration & Production	88.3	202.6	284.1	386.9	386.9	59.2
Midstream Gas & Liquids	138.3	303.7	412.6	505.2	505.2	69.8
Williams Energy Partners	10.4	20.6	27.6	39.5	39.5	4.5
Petroleum Services	24.9	58.1	71.7	75.7	75.7	1.4
Other	13.3	20.2	22.3	58.7	58.7	1.2
Total	<u>\$ 536.4</u>	<u>\$ 1,159.1</u>	<u>\$ 1,631.4</u>	<u>\$ 2,132.5</u>	<u>\$ 2,132.5</u>	<u>\$ 250.1</u>

Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

(Dollars in millions)	2002					2003
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Depreciation, depletion and amortization:						
Energy Marketing & Trading	\$ 6.5	\$ 7.4	\$ 8.6	\$ 10.6	\$ 33.1	\$ 7.8
Gas Pipeline:						
Northwest Pipeline	15.8	15.4	15.4	16.7	63.3	16.8
Texas Gas Transmission	11.2	11.8	4.4	10.4	37.8	10.7
Transcontinental Gas Pipe Line	39.6	39.7	37.5	40.9	157.7	41.1
Other	1.7	1.8	1.3	0.1	4.9	-
Total	68.3	68.7	58.6	68.1	263.7	68.6
Exploration & Production	44.6	54.1	50.0	50.5	199.2	51.1
Midstream Gas & Liquids	43.8	46.3	51.7	52.3	194.1	52.8
Williams Energy Partners	8.5	9.1	8.7	8.8	35.1	8.7
Petroleum Services	3.5	3.2	3.7	3.8	14.2	3.5
Other	4.0	6.7	11.3	13.7	35.7	5.9
Total	<u>\$ 179.2</u>	<u>\$ 195.5</u>	<u>\$ 192.6</u>	<u>\$ 207.8</u>	<u>\$ 775.1</u>	<u>\$ 198.4</u>
Other selected financial data:						
Cash and cash equivalents	\$ 1,679.8	\$ 750.1	\$ 1,281.5	\$ 1,728.3	\$ 1,728.3	\$ 1,501.1
Total assets	\$ 40,117.5	\$ 37,565.6	\$ 35,867.7	\$ 34,988.5	\$ 34,988.5	\$ 35,442.3
Capital structure:						
Debt						
Current (1)	\$ 2,601.7	\$ 2,332.0	\$ 2,212.5	\$ 2,017.6	\$ 2,017.6	\$ 3,272.1
Noncurrent	\$ 11,913.7	\$ 11,652.3	\$ 12,285.1	\$ 11,896.4	\$ 11,896.4	\$ 10,491.1
Stockholders' equity	\$ 6,042.5	\$ 5,618.3	\$ 5,369.0	\$ 5,049.0	\$ 5,049.0	\$ 4,152.9
Debt to debt-plus-equity ratio	70.6%	71.3%	73.0%	73.4%	73.4%	76.8%
(1) Current includes notes payable, commercial paper and the current portion of long-term debt.						