



Financial Highlights and Operating Statistics
(UNAUDITED)

Final

December 31, 2002

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

(UNAUDITED)

	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Income (loss) from continuing operations	\$354.9	\$291.5	\$180.7	(\$24.4)	\$802.7	\$98.4	(\$301.3)	(\$174.0)	(\$124.6)	(\$501.5)
Preferred stock dividends	-	-	-	-	-	69.7	6.8	6.8	6.8	90.1
Income (loss) from continuing operations available to common stockholder:	\$354.9	\$291.5	\$180.7	(\$24.4)	\$802.7	\$28.7	(\$308.1)	(\$180.8)	(\$131.4)	(\$591.6)
Income (loss) from continuing operations - diluted earnings per share	\$0.73	\$0.59	\$0.36	(\$0.05)	\$1.61	\$0.05	(\$0.59)	(\$0.35)	(\$0.26)	(\$1.14)
Nonrecurring items:										
<i>Energy Marketing & Trading</i>										
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
Write-down of investments in eSpeed stock and Houston Street**	-	-	23.3	-	23.3	-	-	-	-	-
Impairment of plant for terminated expansion	-	-	-	13.3	13.3	-	-	-	-	-
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
<i>Total EM&T nonrecurring items</i>	-	-	23.3	13.3	36.6	-	148.4	19.0	104.0	271.4
<i>Gas Pipeline</i>										
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
Gain on sale of Northern Border LP interest	-	(27.5)	-	-	(27.5)	-	-	-	-	-
Loss accrual for royalty claim	-	-	-	18.3	18.3	-	-	-	-	-
Loss accrual for regulatory issue	-	-	-	-	-	-	-	-	17.0	17.0
SCADA property write-off	-	-	-	-	-	-	-	-	5.9	5.9
<i>Total Gas Pipeline nonrecurring items</i>	-	(27.5)	-	18.3	(9.2)	-	(4.4)	15.5	21.7	32.8
<i>Exploration & Production</i>										
(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)
<i>Midstream Gas & Liquids</i>										
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
Impairment of south Texas assets as held for sale	-	10.9	4.2	(1.3)	13.8	-	-	-	-	-
<i>Total Midstream Gas & Liquids nonrecurring items</i>	-	10.9	4.2	(1.3)	13.8	(4.1)	0.4	14.3	115.0	125.6
<i>Petroleum Services</i>										
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
Strategic realignment-related charges	-	-	-	-	-	-	-	0.2	-	0.2
Early retirement expenses	-	-	-	-	-	-	1.2	-	-	1.2
Gain on sale of convenience stores	-	(72.1)	-	(3.2)	(75.3)	-	-	-	-	-
Accrued liability for royalty oil claim - 1995-99	-	7.5	-	-	7.5	-	-	-	-	-
Impairment of Touchstar business to fair value	11.2	-	-	0.9	12.1	-	-	-	-	-
Other	-	-	-	1.3	1.3	-	-	-	-	-
<i>Total Petroleum Services nonrecurring items</i>	11.2	(64.6)	-	(1.0)	(54.4)	-	1.2	2.3	21.4	24.9
<i>Gain on sale of Mazeikiu Nafta</i>	-	-	-	-	-	-	-	(58.5)	-	(58.5)
<i>Estimated loss on realization of amounts from Williams Communications Group, Inc.</i>	-	-	-	188.0	188.0	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>Interest accrued on Transco royalty claim</i>	-	-	-	19.1	19.1	-	-	-	-	-
<i>Transaction costs - Amortization of 1998 MAPCO merger-related costs</i>	1.4	0.1	-	-	1.5	-	-	-	-	-
<i>Settlement from former coal operations</i>	-	-	9.7	-	9.7	-	-	-	-	-
<i>Write-down of investment in WCG stock**</i>	-	-	70.9	25.0	95.9	-	-	-	-	-
<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>Other</i>	-	-	5.0	(2.2)	2.8	-	-	-	-	-
Total nonrecurring items	12.6	(81.1)	113.1	259.2	303.8	293.4	162.2	(90.5)	276.5	641.6
Tax effect for above items	5.0	(32.4)	7.6	92.1	73.1	81.9	37.9	(34.6)	59.9	147.2
Recurring earnings (loss)	\$362.5	\$242.8	\$286.2	\$142.7	\$1,033.4	\$240.2	(\$183.8)	(\$236.7)	\$85.2	(\$97.2)
Recurring diluted earnings per common share	\$0.75	\$0.49	\$0.57	\$0.28	\$2.06	\$0.46	(\$0.35)	(\$0.46)	\$0.16	(\$0.19)
Weighted-average shares - diluted (thousands)	483,310	491,698	506,165	518,071	500,567	521,240	520,427	516,901	517,104	516,793

**No tax benefit

Consolidated Statement of Operations
(UNAUDITED)

	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<i>(Dollars in millions, except per-share amounts)</i>										
Revenues*	\$ 2,091.8	\$ 1,689.1	\$ 1,709.2	\$ 1,575.4	\$ 7,065.5	\$ 1,622.0	\$ 1,057.4	\$ 1,226.3	\$ 1,702.7	\$ 5,608.4
Segment costs and expenses:										
Costs and operating expenses*	1,127.1	988.3	830.7	900.5	3,846.6	816.7	835.7	937.3	1,063.8	3,653.5
Selling, general and administrative expenses	194.0	166.4	223.9	208.7	793.0	166.1	198.3	203.5	156.0	723.9
Other (income) expense - net	11.8	(66.9)	7.8	31.2	(16.1)	(1.0)	146.4	(111.4)	263.4	297.4
Total segment costs and expenses*	<u>1,332.9</u>	<u>1,087.8</u>	<u>1,062.4</u>	<u>1,140.4</u>	<u>4,623.5</u>	<u>981.8</u>	<u>1,180.4</u>	<u>1,029.4</u>	<u>1,483.2</u>	<u>4,674.8</u>
Equity earnings (losses)	(2.3)	13.8	10.3	0.9	22.7	7.5	53.1	19.1	(7.7)	72.0
Income (loss) from investments	-	27.5	(23.3)	-	4.2	-	(12.3)	55.1	(0.7)	42.1
Intercompany interest rate swaps	-	-	-	-	-	14.1	(83.0)	(71.0)	(1.5)	(141.4)
Total segment profit (loss)	<u>756.6</u>	<u>642.6</u>	<u>633.8</u>	<u>435.9</u>	<u>2,468.9</u>	<u>661.8</u>	<u>(165.2)</u>	<u>200.1</u>	<u>209.6</u>	<u>906.3</u>
Reclass equity (earnings) losses	2.3	(13.8)	(10.3)	(0.9)	(22.7)	(7.5)	(53.1)	(19.1)	7.7	(72.0)
Reclass (income) loss from investments	-	(27.5)	23.3	-	(4.2)	-	12.3	(55.1)	0.7	(42.1)
Reclass intercompany interest rate swaps	-	-	-	-	-	(14.1)	83.0	71.0	1.5	141.4
General corporate expenses	(29.4)	(27.0)	(32.4)	(35.5)	(124.3)	(38.2)	(34.1)	(44.1)	(26.4)	(142.8)
Operating income (loss)	729.5	574.3	614.4	399.5	2,317.7	602.0	(157.1)	152.8	193.1	790.8
Interest accrued	(173.3)	(154.2)	(179.5)	(213.6)	(720.6)	(210.8)	(271.3)	(364.3)	(383.1)	(1,229.5)
Interest capitalized	9.5	11.0	11.9	6.0	38.4	5.4	6.6	7.6	9.4	29.0
Interest rate swap income (loss)	-	-	-	-	-	10.2	(83.2)	(52.2)	1.0	(124.2)
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	36.0	63.6	(73.8)	(194.4)	(168.6)	16.2	54.5	79.6	8.7	159.0
Minority interest in income and preferred returns of consolidated subsidiaries	(26.1)	(21.2)	(21.2)	(12.2)	(80.7)	(15.1)	(21.9)	(23.7)	(18.6)	(79.3)
Other income (expense) - net	4.8	5.4	2.0	13.9	26.1	(4.5)	23.9	1.1	5.9	26.4
Income (loss) from continuing operations before income taxes	580.4	478.9	353.8	(0.8)	1,412.3	171.4	(463.5)	(222.0)	(182.4)	(696.5)
Provision (benefit) for income taxes	225.5	187.4	173.1	23.6	609.6	73.0	(162.2)	(48.0)	(57.8)	(195.0)
Income (loss) from continuing operations	<u>354.9</u>	<u>291.5</u>	<u>180.7</u>	<u>(24.4)</u>	<u>802.7</u>	<u>98.4</u>	<u>(301.3)</u>	<u>(174.0)</u>	<u>(124.6)</u>	<u>(501.5)</u>
Income (loss) from discontinued operations	(155.7)	48.0	40.6	(1,213.3)	(1,280.4)	9.3	(47.8)	(120.1)	(94.6)	(253.2)
Net income (loss)	<u>199.2</u>	<u>339.5</u>	<u>221.3</u>	<u>(1,237.7)</u>	<u>(477.7)</u>	<u>107.7</u>	<u>(349.1)</u>	<u>(294.1)</u>	<u>(219.2)</u>	<u>(754.7)</u>
Preferred stock dividends	-	-	-	-	-	69.7	6.8	6.8	6.8	90.1
Income (loss) applicable to common stock	<u>\$ 199.2</u>	<u>\$ 339.5</u>	<u>\$ 221.3</u>	<u>\$ (1,237.7)</u>	<u>\$ (477.7)</u>	<u>\$ 38.0</u>	<u>\$ (355.9)</u>	<u>\$ (300.9)</u>	<u>\$ (226.0)</u>	<u>\$ (844.8)</u>
Diluted earnings (loss) per common share:										
Income (loss) from continuing operations	\$ 0.73	\$ 0.59	\$ 0.36	\$ (0.05)	\$ 1.61	\$ 0.05	\$ (0.59)	\$ (0.35)	\$ (0.26)	\$ (1.14)
Income (loss) from discontinued operations	(0.32)	0.10	0.08	(2.34)	(2.56)	0.02	(0.09)	(0.23)	(0.18)	(0.49)
Net income (loss)	<u>\$ 0.41</u>	<u>\$ 0.69</u>	<u>\$ 0.44</u>	<u>\$ (2.39)</u>	<u>\$ (0.95)</u>	<u>\$ 0.07</u>	<u>\$ (0.68)</u>	<u>\$ (0.58)</u>	<u>\$ (0.44)</u>	<u>\$ (1.63)</u>
Weighted-average number of shares used in computation (thousands)	483,310	491,698	506,165	518,071	500,567	521,240	520,427	516,901	517,104	516,793
Common shares outstanding at end of period (thousands)	484,212	484,785	515,016	515,548	515,548	516,216	516,404	516,516	516,731	516,731
Market price per common share (end of period)	\$ 42.85	\$ 32.95	\$ 27.30	\$ 25.52	\$ 25.52	\$ 23.56	\$ 5.99	\$ 2.26	\$ 2.70	\$ 2.70
Common dividends per share	\$ 0.15	\$ 0.15	\$ 0.18	\$ 0.20	\$ 0.68	\$ 0.20	\$ 0.20	\$ 0.01	\$ 0.01	\$ 0.42
* 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)	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Reported segment profit (loss):										
Energy Marketing & Trading	\$ 489.5	\$ 262.2	\$ 356.9	\$ 161.4	\$ 1,270.0	\$ 283.1 *	\$ (497.5) *	\$ (387.6) *	\$ (22.8) *	\$ (624.8) *
Gas Pipeline	164.9	169.3	101.8	135.7	571.7	179.3	154.1	172.6	155.3	661.3
Exploration & Production	55.2	45.2	65.0	68.7	234.1	106.3	95.4	231.8	87.0	520.5
Midstream Gas & Liquids	17.4	39.5	69.5	45.5	171.9	54.3	51.7	104.0	(20.7)	189.3
Williams Energy Partners	22.8	33.7	27.1	17.6	101.2	26.9	29.5	13.4	29.5	99.3
Petroleum Services	13.8	90.3	22.8	18.8	145.7	22.6	6.9	16.3	(13.0)	32.8
Other	(7.0)	2.4	(9.3)	(11.8)	(25.7)	(10.7)	(5.3)	49.6	(5.7)	27.9
Total reported segment profit (loss)	\$ 756.6	\$ 642.6	\$ 633.8	\$ 435.9	\$ 2,468.9	\$ 661.8	\$ (165.2)	\$ 200.1	\$ 209.6	\$ 906.3
Nonrecurring adjustments:										
Energy Marketing & Trading	\$ -	\$ -	\$ 23.3	\$ 13.3	\$ 36.6	\$ -	\$ 148.4	\$ 19.0	\$ 104.0	\$ 271.4
Gas Pipeline	-	(27.5)	-	18.3	(9.2)	-	(4.4)	15.5	21.7	32.8
Exploration & Production	-	-	-	-	-	(3.9)	0.4	(140.0)	3.3	(140.2)
Midstream Gas & Liquids	-	10.9	4.2	(1.3)	13.8	(4.1)	0.4	14.3	115.0	125.6
Williams Energy Partners	-	-	-	-	-	-	-	-	-	-
Petroleum Services	11.2	(64.6)	-	(1.0)	(54.4)	-	1.2	2.3	21.4	24.9
Other	1.4	0.1	-	-	1.5	-	5.3	(53.8)	-	(48.5)
Total segment nonrecurring adjustments	\$ 12.6	\$ (81.1)	\$ 27.5	\$ 29.3	\$ (11.7)	\$ (8.0)	\$ 151.3	\$ (142.7)	\$ 265.4	\$ 266.0
Recurring segment profit (loss):										
Energy Marketing & Trading	\$ 489.5	\$ 262.2	\$ 380.2	\$ 174.7	\$ 1,306.6	\$ 283.1 *	\$ (349.1)	\$ (368.6)	\$ 81.2	\$ (353.4)
Gas Pipeline	164.9	141.8	101.8	154.0	562.5	179.3	149.7	188.1	177.0	694.1
Exploration & Production	55.2	45.2	65.0	68.7	234.1	102.4	95.8	91.8	90.3	380.3
Midstream Gas & Liquids	17.4	50.4	73.7	44.2	185.7	50.2	52.1	118.3	94.3	314.9
Williams Energy Partners	22.8	33.7	27.1	17.6	101.2	26.9	29.5	13.4	29.5	99.3
Petroleum Services	25.0	25.7	22.8	17.8	91.3	22.6	8.1	18.6	8.4	57.7
Other	(5.6)	2.5	(9.3)	(11.8)	(24.2)	(10.7)	-	(4.2)	(5.7)	(20.6)
Total recurring segment profit (loss)	\$ 769.2	\$ 561.5	\$ 661.3	\$ 465.2	\$ 2,457.2	\$ 653.8	\$ (13.9)	\$ 57.4	\$ 475.0	\$ 1,172.3

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)

	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<i>(Dollars in millions)</i>										
Revenues:*										
Natural gas & power	\$ 617.7	\$ 342.6	\$ 475.9	\$ 277.1	\$ 1,713.3	\$ 208.3	\$ (206.7)	\$ (312.5)	\$ 116.5	\$ (194.4)
Crude & refined products	(19.4)	(5.4)	17.1	(12.8)	(20.5)	120.5	(73.7)	(42.4)	(18.6)	(14.2)
Other	(0.1)	0.5	0.1	12.3	12.8	26.2	1.8	64.7	30.7	123.4
Total revenues	598.2	337.7	493.1	276.6	1,705.6	355.0	(278.6)	(290.2)	128.6	\$ (85.2)
Segment costs and expenses:										
Costs and operating expenses	16.0	14.3	15.6	19.7	65.6	14.9	16.2	17.8	20.0	68.9
Selling, general and administrative expenses	95.8	60.9	97.1	79.9	333.7	51.0	63.3	65.3	29.5	209.1
Other (income) expense - net	(0.5)	(0.6)	23.2	12.9	35.0	2.0	139.4	14.3	96.2	251.9
Total segment costs and expenses	111.3	74.6	135.9	112.5	434.3	67.9	218.9	97.4	145.7	529.9
Equity earnings (losses)	2.6	(0.9)	(0.3)	(2.7)	(1.3)	(4.0)	-	-	(5.7)	(9.7)
Reported segment profit (loss)	489.5	262.2	356.9	161.4	1,270.0	283.1	(497.5)	(387.6)	(22.8)	(624.8)
Nonrecurring adjustments	-	-	23.3	13.3	36.6	-	148.4	19.0	104.0	271.4
Recurring segment profit (loss), pre-tax	\$ 489.5	\$ 262.2	\$ 380.2	\$ 174.7	\$ 1,306.6	\$ 283.1	\$ (349.1)	\$ (368.6)	\$ 81.2	\$ (353.4)

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

Operating statistics

Volumes	2001					2002				
Natural gas (Bcfd)	3.4	2.6	3.7	3.8	3.4	4.5	3.6	3.8	3.4	3.8
Crude & refined products (MBPD)	160.1	159.7	187.6	452.7	240.7	1,225.6	1,246.8	566.2	303.2	832.2
Power (GWh)	65,582	65,556	78,472	84,199	293,809	110,536	97,463	137,553	59,160	404,711

Additional statistics

Value at risk

	Quarter ended 12/31/02 (in millions)
One day VaR - 95% confidence level	50.2 MM
	Quarter ended 9/30/02 (in millions)
One day VaR - 95% confidence level	\$48.9MM
	Quarter ended 6/30/02 (in millions)
One day VaR - 95% confidence level	\$74.5MM
	Quarter ended 3/31/02 (in millions)
One day VaR - 95% confidence level	\$75.2MM

Forward Value of Commodity Trading Portfolio

Net Commodity Trading Assets/(Liabilities) at December 31, 2002 (millions)	
EM&T only (no Midstream Gas no NGLs)	\$1,633.2
Period Value is expected to be Realized	
2003	-5.09%
2004-2005	31.43%
2006-2007	20.20%
2008-2012	29.77%
2013+	23.70%
Total	100%

Power portfolio (Megawatts)

	Year ended	
	12/31/2002	12/31/2001
Owned	377	1,896
Contracted	13,256	12,956
Total	13,633	14,852

Risk Management Solutions

Fixed Obligation Coverage Ratios	3/31/2002	6/30/2002	9/30/2002	12/31/2002
	Ratio	Ratio	Ratio	Ratio
2002	1.7	1.7	1.1	-
2003-2004	1.7	1.4	1.4	1.4
2005-2006	1.7	1.6	1.5	1.4
2007-2011	1.4	1.3	1.3	0.9
2012+	0.4	0.4	0.4	0.3
Total	1.2	1.1	1.1	0.9

Risk Management Solutions

Percentage of Risk Hedged	Power Hedged %	Gas Hedged %	Blended Hedged %
2003	128%	94%	111%
2004-2005	102%	71%	90%
2006-2007	87%	63%	79%
2008-2012	57%	36%	53%
2013+	32%	9%	22%
Total	53%	33%	48%

Gas Pipeline
(UNAUDITED)

	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<i>(Dollars in millions)</i>										
Revenues:										
Northwest Pipeline	\$ 71.2	\$ 71.9	\$ 69.6	\$ 72.5	\$ 285.2	\$ 71.6	\$ 73.2	\$ 73.0	\$ 79.8	\$ 297.6
Texas Gas Transmission	85.5	47.7	42.5	74.2	249.9	80.1	51.7	58.5	76.1	266.4
Transcontinental Gas Pipe Line	223.7	207.1	218.5	227.3	876.6	229.7	214.8	249.2	242.6	936.3
Other	4.4	4.4	5.6	4.7	19.1	3.7	2.4	1.8	0.1	8.0
Eliminations	(1.5)	(1.0)	(1.1)	(1.2)	(4.8)	(1.1)	(1.1)	(1.1)	(1.2)	(4.5)
Total revenues	383.3	330.1	335.1	377.5	1,426.0	384.0	341.0	381.4	397.4	1,503.8
Segment costs and expenses:										
Costs and operating expenses	175.2	153.8	184.8	192.3	706.1	177.4	166.7	156.9	171.7	672.7
Selling, general and administrative expenses	51.4	44.3	60.0	48.5	204.2	49.4	60.1	59.4	55.7	224.6
Other (income) expense - net	(0.1)	0.3	0.4	17.2	17.8	(2.6)	(0.5)	1.4	21.4	19.7
Total segment costs and expenses	226.5	198.4	245.2	258.0	928.1	224.2	226.3	217.7	248.8	917.0
Equity earnings	8.1	10.1	11.9	16.2	46.3	19.5	51.7	11.6	5.6	88.4
Income (loss) from investments	-	27.5	-	-	27.5	-	(12.3)	(2.7)	1.1	(13.9)
Reported segment profit:										
Northwest Pipeline	34.3	36.0	30.1	33.2	133.6	35.9	32.3	40.1	40.8	149.1
Texas Gas Transmission	45.1	12.1	3.7	38.7	99.6	44.6	13.0	25.4	33.2	116.2
Transcontinental Gas Pipe Line	77.7	84.1	56.7	49.0	267.5	79.7	60.4	104.9	76.4	321.4
Other	7.8	37.1	11.3	14.8	71.0	19.1	48.4	2.2	4.9	74.6
Total reported segment profit	164.9	169.3	101.8	135.7	571.7	179.3	154.1	172.6	155.3	661.3
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	-	-	-	18.3	18.3	-	19.1	4.9	20.6	44.6
Other	-	(27.5)	-	-	(27.5)	-	(27.4)	6.6	(1.2)	(22.0)
Total nonrecurring adjustments	-	(27.5)	-	18.3	(9.2)	-	(4.4)	15.5	21.7	32.8
Recurring segment profit:										
Northwest Pipeline	34.3	36.0	30.1	33.2	133.6	35.9	36.2	41.3	41.9	155.3
Texas Gas Transmission	45.1	12.1	3.7	38.7	99.6	44.6	13.0	28.2	34.4	120.2
Transcontinental Gas Pipe Line	77.7	84.1	56.7	67.3	285.8	79.7	79.5	109.8	97.0	366.0
Other	7.8	9.6	11.3	14.8	43.5	19.1	21.0	8.8	3.7	52.6
Total recurring segment profit, pre-tax	\$ 164.9	\$ 141.8	\$ 101.8	\$ 154.0	\$ 562.5	\$ 179.3	\$ 149.7	\$ 188.1	\$ 177.0	\$ 694.1

Operating statistics

Northwest Pipeline										
Throughput (TBtu)	205.4	181.6	157.1	190.1	734.2	198.4	173.9	161.6	194.9	728.8
Average daily transportation volumes (TBtu)	2.3	2.0	1.7	2.1	2.0	2.2	1.9	1.8	2.1	2.0
Average daily firm reserved capacity (TBtu)	2.8	2.6	2.7	2.8	2.7	2.8	2.9	3.0	3.1	2.9
Texas Gas Transmission										
Throughput (TBtu)	200.3	148.6	168.8	192.2	709.9	199.7	148.5	141.6	179.7	669.5
Average daily transportation volumes (TBtu)	2.3	1.6	1.8	2.1	1.9	2.2	1.6	1.5	2.0	1.8
Average daily firm reserved capacity (TBtu)	2.7	1.8	1.6	2.4	2.1	2.6	1.8	1.8	2.6	2.2
Transcontinental Gas Pipe Line										
Throughput (TBtu)	444.6	358.5	397.0	413.0	1,613.1	449.1	407.7	454.5	469.0	1,780.3
Average daily transportation volumes (TBtu)	4.9	3.9	4.3	4.5	4.4	5.0	4.5	4.9	4.1	4.9
Average daily firm reserved capacity (TBtu)	5.9	6.2	6.6	6.0	6.2	6.1	6.5	6.6	6.4	6.4

Exploration & Production
(UNAUDITED)

(Dollars in millions)	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Revenues:										
Production	\$ 78.1	\$ 58.3	\$ 109.5	\$ 162.5	\$ 408.4	\$ 183.3	\$ 162.9	\$ 176.5	\$ 170.1	\$ 692.8
Gas management	47.0	33.3	29.4	26.1	135.8	28.9	33.0	24.9	21.5	108.3
Mark-to-market basis derivative	-	-	-	-	-	-	7.0	7.2	12.4	26.6
International	8.2	10.5	9.3	7.6	35.6	6.4	6.8	6.8	7.8	27.8
Other	9.1	5.1	12.4	8.8	35.4	9.1	21.1	3.9	10.3	44.4
Total revenues	142.4	107.2	160.6	205.0	615.2	227.7	230.8	219.3	222.1	899.9
Segment costs and expenses:										
Depreciation, depletion and amortization (2)	8.6	9.9	30.8	44.7	94.0	44.6	54.1	50.0	50.5	199.2
Lease operating expenses	10.3	6.2	11.8	18.6	46.9	16.4	19.7	19.7	21.3	77.1
Operating taxes	9.3	6.8	7.8	8.4	32.3	10.1	11.3	11.7	11.9	45.0
Exploration expenses and property impairment	3.5	1.5	2.8	9.5	17.3	7.9	-	2.5	10.0	20.4
Selling, general and administrative expenses	5.0	4.6	14.1	16.4	40.1	14.0	15.8	16.5	17.9	64.2
Gas management expenses	47.0	33.3	29.4	26.1	135.8	28.9	33.0	24.9	21.5	108.3
Other (income) expense - net	(0.1)	-	0.3	2.8	3.0	(3.9)	(1.2)	(137.5)	1.9	(140.7)
International (2)	5.6	8.6	3.5	8.6	26.3	3.0	3.7	1.2	1.7	9.6
Total segment costs and expenses	89.2	70.9	100.5	135.1	395.7	121.0	136.4	(11.0)	136.7	383.1
Equity earnings	-	5.9	2.6	-	8.5	-	-	-	-	-
Equity earnings - International	2.0	3.0	2.3	(1.2)	6.1	(0.4)	1.0	1.5	1.6	3.7
Reported segment profit	55.2	45.2	65.0	68.7	234.1	106.3	95.4	231.8	87.0	520.5
Nonrecurring adjustments	-	-	-	-	-	(3.9)	0.4	(140.0)	3.3	(140.2)
Recurring segment profit, pre-tax	\$ 55.2	\$ 45.2	\$ 65.0	\$ 68.7	\$ 234.1	\$ 102.4	\$ 95.8	\$ 91.8	\$ 90.3	\$ 380.3

Operating statistics

Total Net Volumes (Befe)	17.3	18.8	39.4	54.8	130.3	52.9 *	54.9 *	52.7	51.0	211.5
Net volumes per day (MMcfe/d)	193	206	428	595	357	588 *	604 *	573	553	579
Net realized price (\$/Mcf) (1)	\$ 4.507	\$ 3.111	\$ 2.780	\$ 2.966	\$ 3.135	\$ 3.463 *	\$ 2.964 *	\$ 3.351	\$ 3.339	\$ 3.276
Production taxes per Mcfe	\$ 0.537	\$ 0.365	\$ 0.197	\$ 0.154	\$ 0.248	\$ 0.192 *	\$ 0.205 *	\$ 0.221	\$ 0.235	\$ 0.213
Lease operating expense per Mcfe	\$ 0.592	\$ 0.332	\$ 0.299	\$ 0.341	\$ 0.360	\$ 0.310 *	\$ 0.360 *	\$ 0.373	\$ 0.419	\$ 0.365

(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.

(2) Exploration and Production's 2001 depreciation, depletion and amortization for certain International activities is included in International segment costs and expenses for 2001. Beginning in 2002, the amounts are classified in depreciation, depletion and amortization.

* Restated

Midstream Gas & Liquids
(UNAUDITED)

(Dollars in millions)	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Revenues:										
Domestic:										
Gathering	\$ 96.9	\$ 97.2	\$ 94.9	\$ 93.9	\$ 382.9	\$ 91.3	\$ 89.4	\$ 92.7	\$ 93.1	\$ 366.5
Processing	21.3	20.9	20.7	20.7	83.6	20.5	22.2	23.9	25.7	92.3
NGL sales	119.4	94.4	102.1	91.0	406.9	86.0	105.1	146.1	143.1	480.3
NGL trading	64.5	67.6	37.6	12.7	182.4	21.0	26.4	33.9	14.7	96.0
Canada	271.7	168.6	123.3	125.8	689.4	135.4	157.9	165.9	240.4	699.6
Venezuela	17.1	16.9	25.8	37.5	97.3	37.0	36.1	35.4	37.4	145.9
Other	24.8	34.7	23.5	31.4	114.4	25.2	27.9	28.8	33.0	114.9
Intrasegment eliminations	(9.6)	(14.5)	(13.0)	(13.0)	(50.1)	(16.4)	(27.0)	(24.9)	(18.1)	(86.4)
Total revenues	<u>606.1</u>	<u>485.8</u>	<u>414.9</u>	<u>400.0</u>	<u>1,906.8</u>	<u>400.0</u>	<u>438.0</u>	<u>501.8</u>	<u>569.3</u>	<u>1,909.1</u>
Segment costs and expenses:										
Costs and operating expenses	557.4	401.0	312.0	316.0	1,586.4	315.2	350.7	361.8	446.4	1,474.1
Selling, general and administrative expense	23.9	26.3	28.1	34.5	112.8	28.6	29.6	37.6	27.2	123.0
Other (income) expense - net	0.1	13.5	6.6	1.5	21.7	3.5	9.6	5.7	121.5	140.3
Total segment costs and expenses	<u>581.4</u>	<u>440.8</u>	<u>346.7</u>	<u>352.0</u>	<u>1,720.9</u>	<u>347.3</u>	<u>389.9</u>	<u>405.1</u>	<u>595.1</u>	<u>1,737.4</u>
Equity earnings (losses)	(7.3)	(5.5)	1.3	(2.5)	(14.0)	1.6	3.6	7.3	5.1	17.6
Reported segment profit	17.4	39.5	69.5	45.5	171.9	54.3	51.7	104.0	(20.7)	189.3
Nonrecurring adjustments	-	10.9	4.2	(1.3)	13.8	(4.1)	0.4	14.3	115.0	125.6
Recurring segment profit, pre-tax	\$ 17.4	\$ 50.4	\$ 73.7	\$ 44.2	\$ 185.7	\$ 50.2	\$ 52.1	\$ 118.3	\$ 94.3	\$ 314.9

Operating statistics

Field services:										
Gathering volumes (TBtu)	539.6	550.7	545.3	538.6	2,174.2	511.0	511.1	549.6	541.3	2,113.0
Gathering margins (\$/MMBtu)	\$ 0.1795	\$ 0.1782	\$ 0.1740	\$ 0.1745	\$ 0.1761	\$ 0.1786	\$ 0.1759	\$ 0.1836	\$ 0.1740	\$ 0.1747
Processing volumes (TBtu)	145.7	144.6	134.9	137.6	562.8	139.9	148.3	154.7	163.0	605.9
Processing margins (\$/MMBtu)	\$ 0.1464	\$ 0.1433	\$ 0.1413	\$ 0.1458	\$ 0.1440	\$ 0.1404	\$ 0.1455	\$ 0.1517	\$ 0.1561	\$ 0.1488
Natural gas liquids sales (million gallons)	201.2	210.2	268.6	299.7	979.7	292.6	296.4	333.6	271.5	1,194.1
Processing margins - liquid sales based (\$/gallon)	\$ 0.0173	\$ 0.0809	\$ 0.1200	\$ 0.0637	\$ 0.0735	\$ 0.0539	\$ 0.0761	\$ 0.1175	\$ 0.1275	\$ 0.0939
Canadian processing volumes (TBtu)	23.0	19.0	20.0	19.0	81.0	14.7	21.1	24.7	25.6	86.1
Canadian processing margins (\$/MMBtu)	\$ 0.6302	\$ 0.7645	\$ 0.5421	\$ 0.4072	\$ 0.5882	\$ 0.4233	\$ 0.5194	\$ 0.4996	\$ 0.5821	\$ 0.5293
Canadian liquid product sales (million gallons)	353.4	316.5	347.1	373.7	1,390.7	377.2	338.1	299.7	346.4	1,361.4
Canadian net liquids margin (\$/gallon)	\$ (0.0088)	\$ 0.0290	\$ 0.0416	\$ 0.0254	\$ 0.0215	\$ 0.0233	\$ 0.0342	\$ 0.0746	\$ 0.0678	\$ 0.0486
NGL Trading (MBPD)	289.7	251.8	280.9	326.1	287.2	371.8	296.6	215.1	240.0	272.4
Olefins ethylene production (thousand pounds)	24,876	134,927	87,088	68,222	315,113	88,667	130,651	100,077	51,686	371,081

Capital Expenditures, Acquisitions and Investments

(UNAUDITED)

(Dollars in millions)	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Capital expenditures:										
Energy Marketing & Trading	\$ 17.8	\$ 36.3	\$ 18.8	\$ 30.8	\$ 103.7	\$ 10.5	\$ 13.6	\$ 4.0	\$ 107.7	\$ 135.8
Gas Pipeline:										
Northwest Pipeline	9.1	13.9	24.7	47.2	94.9	19.8	38.5	56.5	67.0	181.8
Texas Gas Transmission	8.6	12.9	22.6	62.1	106.2	19.7	11.0	6.2	5.0	41.9
Transcontinental Gas Pipe Line	59.7	93.0	156.6	69.5	378.8	78.0	136.7	170.3	55.1	440.1
Other	1.2	4.8	15.1	31.3	52.4	11.2	11.6	10.2	0.1	33.1
Total	78.6	124.6	219.0	210.1	632.3	128.7	197.8	243.2	127.2	696.9
Exploration & Production	18.7	19.5	78.9	100.5	217.6	88.3	114.3	81.5	95.9	380.0
Midstream Gas & Liquids	136.9	129.0	149.4	144.5	559.8	131.6	137.4	135.8	92.6	497.4
Williams Energy Partners	8.8	8.8	8.1	9.2	34.9	10.4	10.2	7.0	11.9	39.5
Petroleum Services	1.2	2.9	2.4	6.3	12.8	4.6	4.6	5.2	4.0	18.4
Other	12.2	20.9	15.7	14.2	63.0	12.3	5.4	1.7	36.4	55.8
Total	\$ 274.2	\$ 342.0	\$ 492.3	\$ 515.6	\$ 1,624.1	\$ 386.4	\$ 483.3	\$ 478.4	\$ 475.7	\$ 1,823.8
Acquisitions:										
Exploration & Production	\$ -	\$ 1,241.4	\$ 51.3	\$ (1.1)	\$ 1,291.6	\$ -	\$ -	\$ -	\$ -	\$ -
Williams Energy Partners	-	-	29.1	22.4	51.5	-	-	-	-	-
Total	\$ -	\$ 1,241.4	\$ 80.4	\$ 21.3	\$ 1,343.1	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of investments:										
Gas Pipeline:										
Transcontinental Gas Pipe Line	\$ 0.4	\$ 0.4	\$ 0.3	\$ 0.6	\$ 1.7	\$ -	\$ 0.2	\$ -	\$ -	\$ 0.2
Other	22.6	126.3	144.6	144.4	437.9	122.0	81.1	12.0	18.5	233.6
Total	23.0	126.7	144.9	145.0	439.6	122.0	81.3	12.0	18.5	233.8
Exploration & Production	-	-	-	-	-	-	-	-	6.9	6.9
Midstream Gas & Liquids	48.7	16.6	28.0	12.3	105.6	6.7	28.0	(26.9)	-	7.8
Petroleum Services	14.4	(0.4)	8.8	(3.3)	19.5	20.3	28.6	8.4	-	57.3
Other	1.0	1.5	0.2	0.9	3.6	1.0	1.5	0.4	-	2.9
Total	\$ 87.1	\$ 144.4	\$ 181.9	\$ 154.9	\$ 568.3	\$ 150.0	\$ 139.4	\$ (6.1)	\$ 25.4	\$ 308.7
Summary:										
Energy Marketing & Trading	\$ 17.8	\$ 36.3	\$ 18.8	\$ 30.8	\$ 103.7	\$ 10.5	\$ 13.6	\$ 4.0	\$ 107.7	\$ 135.8
Gas Pipeline	101.6	251.3	363.9	355.1	1,071.9	250.7	279.1	255.2	145.7	930.7
Exploration & Production	18.7	1,260.9	130.2	99.4	1,509.2	88.3	114.3	81.5	102.8	386.9
Midstream Gas & Liquids	185.6	145.6	177.4	156.8	665.4	138.3	165.4	108.9	92.6	505.2
Williams Energy Partners	8.8	8.8	37.2	31.6	86.4	10.4	10.2	7.0	11.9	39.5
Petroleum Services	15.6	2.5	11.2	3.0	32.3	24.9	33.2	13.6	4.0	75.7
Other	13.2	22.4	15.9	15.1	66.6	13.3	6.9	2.1	36.4	58.7
Total	\$ 361.3	\$ 1,727.8	\$ 754.6	\$ 691.8	\$ 3,535.5	\$ 536.4	\$ 622.7	\$ 472.3	\$ 501.1	\$ 2,132.5
Cumulative summary:										
Energy Marketing & Trading	\$ 17.8	\$ 54.1	\$ 72.9	\$ 103.7	\$ 103.7	\$ 10.5	\$ 24.1	\$ 28.1	\$ 135.8	\$ 135.8
Gas Pipeline	101.6	352.9	716.8	1,071.9	1,071.9	250.7	529.8	785.0	930.7	930.7
Exploration & Production	18.7	1,279.6	1,409.8	1,509.2	1,509.2	88.3	202.6	284.1	386.9	386.9
Midstream Gas & Liquids	185.6	331.2	508.6	665.4	665.4	138.3	303.7	412.6	505.2	505.2
Williams Energy Partners	8.8	17.6	54.8	86.4	86.4	10.4	20.6	27.6	39.5	39.5
Petroleum Services	15.6	18.1	29.3	32.3	32.3	24.9	58.1	71.7	75.7	75.7
Other	13.2	35.6	51.5	66.6	66.6	13.3	20.2	22.3	58.7	58.7
Total	\$ 361.3	\$ 2,089.1	\$ 2,843.7	\$ 3,535.5	\$ 3,535.5	\$ 536.4	\$ 1,159.1	\$ 1,631.4	\$ 2,132.5	\$ 2,132.5

Depreciation, Depletion and Amortization and Other Selected Financial Data

(UNAUDITED)

(Dollars in millions)	2001					2002				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Depreciation, depletion and amortization:										
Energy Marketing & Trading	\$ 4.6	\$ 3.7	\$ 5.4	\$ 6.3	\$ 20.0	\$ 6.5	\$ 7.4	\$ 8.6	\$ 10.6	\$ 33.1
Gas Pipeline:										
Northwest Pipeline	15.1	15.4	15.6	16.8	62.9	15.8	15.4	15.4	16.7	63.3
Texas Gas Transmission	11.4	11.4	11.5	11.5	45.8	11.2	11.8	4.4	10.4	37.8
Transcontinental Gas Pipe Line	36.9	36.7	37.8	38.2	149.6	39.6	39.7	37.5	40.9	157.7
Other	1.6	1.7	1.6	1.8	6.7	1.7	1.8	1.3	0.1	4.9
Total	65.0	65.2	66.5	68.3	265.0	68.3	68.7	58.6	68.1	263.7
Exploration & Production	9.1	10.4	31.4	49.6	100.5	44.6	54.1	50.0	50.5	199.2
Midstream Gas & Liquids	41.9	43.3	36.2	43.4	164.8	43.8	46.3	51.7	52.3	194.1
Williams Energy Partners	8.6	8.1	8.4	8.8	33.9	8.5	9.1	8.7	8.8	35.1
Petroleum Services	4.3	4.6	3.0	3.0	14.9	3.5	3.2	3.7	3.8	14.2
Other	8.3	6.7	7.0	7.1	29.1	4.0	6.7	11.3	13.7	35.7
Total	\$ 141.8	\$ 142.0	\$ 157.9	\$ 186.5	\$ 628.2	\$ 179.2	\$ 195.5	\$ 192.6	\$ 207.8	\$ 775.1
Other selected financial data:										
Cash and cash equivalents	\$ 208.7	\$ 955.0	\$ 361.1	\$ 1,258.5	\$ 1,258.5	\$ 1,679.8	\$ 750.1	\$ 1,281.5	\$ 1,728.3	\$ 1,728.3
Total assets	\$ 36,343.3	\$ 33,466.1	\$ 38,043.1	\$ 38,614.2	\$ 38,614.2	\$ 40,117.5	\$ 37,565.6	\$ 35,867.7	\$ 34,988.5	\$ 34,988.5
Capital structure:										
Debt										
Current (1)	\$ 1,648.0	\$ 2,688.4	\$ 2,424.8	\$ 2,423.9	\$ 2,423.9	\$ 2,601.7	\$ 2,332.0	\$ 2,212.5	\$ 2,017.6	\$ 2,017.6
Noncurrent	\$ 6,525.7	\$ 6,657.1	\$ 7,996.1	\$ 8,692.7	\$ 8,692.7	\$ 11,913.7	\$ 11,652.3	\$ 12,285.1	\$ 11,896.4	\$ 11,896.4
Stockholders' equity	\$ 7,065.1	\$ 5,901.6	\$ 7,455.0	\$ 6,044.0	\$ 6,044.0	\$ 6,042.5	\$ 5,618.3	\$ 5,369.0	\$ 5,049.0	\$ 5,049.0
Debt to debt-plus-equity ratio	53.6%	61.3%	58.3%	64.8%	64.8%	70.6%	71.3%	73.0%	73.4%	73.4%

(1) Current includes notes payable, commercial paper and the current portion of long-term debt.