SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2004

The Williams Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-4174	73-0569878
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Williams Center, Tulsa, Oklahoma	74172
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: 918/573-2000

Not Applicable
(Former name or former address, if changed since last report)

TABLE OF CONTENTS

Item 7. Financial Statements and Exhibits.

(a) None
(b) None
(c) Exhibits

Exhibit 99.1	Copy of Williams' slide presentation to be utilized during the August 5, 2004, public conference call and webcast.
Exhibit 99.2	Copy of Williams' press release dated August 5, 2004, publicly announcing its second quarter 2004 financial results.
Exhibit 99.3	Copy of Williams' Reconciliation of Income (Loss) from Continuing Operations to Recurring Earnings.

Item 9. Regulation FD Disclosure.

The Williams Companies, Inc. ("Williams") wishes to disclose for Regulation FD purposes its slide presentation, filed herewith as Exhibit 99.1, to be utilized during a public conference call and webcast on the morning of August 5, 2004.

Item 12. Results of Operations and Financial Condition.

On August 5, 2004, Williams issued a press release announcing its financial results for the quarter ended June 30, 2004. The press release is accompanied by a reconciliation of certain non-GAAP financial measures disclosed in the press release with the GAAP financial measures that Williams' management believes are most directly comparable. A copy of the press release and the reconciliation are furnished as a part of this current report on Form 8-K as Exhibit 99.2 and Exhibit 99.3, respectively, and are incorporated herein in their entirety by reference.

This Report on Form 8-K is being furnished pursuant to Item 12, Results of Operations and Financial Condition. The information furnished is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section and is not deemed incorporated by reference in any filing under the filing under the Securities Act of 1933, as amended.

Pursuant to the requirements of the Securities Exchange Act of 1934, Williams has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE WILLIAMS COMPANIES, INC.

Date: August 5, 2004

/s/ Brian K. Shore
Name: Brian K. Shore
Title: Corporate Secretary

Table of Contents

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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Exhibit 99.1

Williams Analyst Conference Call
2nd Quarter 2004

August 5, 2004

Forward Looking Statements

Our reports, filings, and other public announcements might contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" with in the meaning of Private Securities Litigation Reform Act of 1995. You typically can identify forward-looking statements by the use of forward-looking words, such as "anticipate," believe," "could," "continue," "estimate," "expect," "forecast," "may," "plan," "potential," "project," "schedule," "will," and other similar words. These statements are based on our intentions, beliefs, and assumptions about future events and are subject to risks, uncertainties, and other factors. Actual results could differ materially from those contemplated by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such statements, other factors could cause our actual results to differ materially from the results expressed or implied in any forward-looking statements. Those factors include, among others:

- Our ability to divest successfully certain assets and our ability to identify and achieve cost savings measures, which may be dependent on factors outside of our control;
- Our ability to timely divest our wholesale power and energy trading business which may be dependent on factors outside of our control;
- Recent developments affecting the wholesale power and energy trading industry sector that have reduced market activity and liquidity;
- Because we no longer maintain investment grade credit ratings, our counterparties might require us to provide increasing amounts of credit support;
- Electricity, natural gas liquids and gas prices are volatile and this volatility could adversely affect our financial results, cash flows, access to capital and ability to maintain existing businesses;
- We might not be able to successfully manage the risks associated with selling and marketing products in the wholesale energy markets;
- Our risk measurement and hedging activities might not prevent losses;
- Our operating results might fluctuate on a seasonal and quarterly basis;
- Risks related to laws of other countries, taxes, economic conditions, fluctuations in currency rates, political conditions and policies of foreign governments;
- Legal proceedings and governmental investigations related to the energy marketing and trading business;
- Our businesses are subject to complex government regulations that are subject to changes in the regulations themselves or in their interpretation or implementation;
- Our ability to gain adequate, reliable and affordable access to transmission and distribution assets due to the FERC and regional regulation of wholesale market transactions for electricity and gas;
- The different regional power markets in which we compete or will compete in the future have changing regulatory structures;
- Our gas sales, transmission and storage operations are subject to government regulations and rate proceedings that could have an adverse impact on our ability to recover the costs of operating our pipeline facilities;
- We could be held liable for the environmental condition of any of our assets, which could include losses or costs of compliance that exceed our current expectations;
- Environmental regulation and liability relating to our business will be subject to environmental legislation in all jurisdictions in which it operates, and such legislation may be subject to change;
- Potential changes in accounting standards that might cause us to revise our financial disclosure in the future, which might change the way analysts measure our business or financial performance;
- The continued availability of natural gas reserves to our U.S. and Canadian natural gas transmission and midstream businesses;
- Our gathering, processing and transporting activities involve numerous risks that might result in accidents and other operating risks and costs;
- The threat of terrorist activities and the potential for continued military and other actions; and
- The historic drilling success rate of our exploration and production business is no guarantee of future performance.

In light of these risks, uncertainties, and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time that we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2Q04 Review

Steve Malcolm, Chairman, President & CEO

Headlines

Williams

- Williams delivers on restructuring
  - Balance sheet gets stronger
  - Adequate liquidity continues
  - Debt reduction ramps up; new tender announced today
  - Asset sale program ending
  - Credit-rating agencies take notice
  - Western power issues go away; utilities pay their bill
  - IBM deal helps to lock in G&A cost reductions
  - Power – no exit to date; cash flow positive year-to-date

Headlines

- Williams delivers solid 2Q performance
  - Recurring results see big improvement
  - Gas Pipeline steady
  - Midstream gets boost from new deepwater expansions and strong olefins; increases guidance
  - E&P increases production but lowers 2004 earnings guidance as
    - Costs increase
    - Hedges limit upside
  - Power in-line with our expectations; mark-to-market gains offset seasonally soft quarter and legacy position impacts

Headlines

- Williams poised for post-restructuring growth, value-creation
  - Natural gas businesses provide organic growth opportunities
  - Investments today preserve, enhance competitive position
    - Drilling activity, production levels both increase
    - Deepwater Gulf infrastructure prime for incremental business
    - Seriously considering MLP for certain Midstream assets and future acquisitions
    - Gulfstream expansion gets under way
  - Scale and scope of investments ramp up as restructuring finish line nears
    - Value creation
    - Growth
    - Financial discipline

The Road Ahead

Williams

CORE BUSINESSES

	2004	2005	2006	2007 & beyond	
Exploration & Production	Piceance major growth vehicle Powder River permits and dewatering		Arkoma production doubles Piceance growth continues Powder River grows		Disciplined Growth
Midstream	Complete deepwater projects Complete asset sales	Maintain competitive position – MLP?	Capture our share of new deepwater production		
Gas Pipeline	Complete announced expansion projects Northwest testing and return to service	Northwest capacity replacement		Expansions Rate cases	
Power	Exit or optimize	If no exit, continue to reduce risk, generate cash, meet commitments		Spark spreads improve	Risk Reduction
Corporate	Early debt retirement New credit facilities	Cost reductions MLP? Support growth	Investment-grade ratios if exit Power	Examine dividend level	Solid Financial Footing

Financial Results & 2004 Outlook

Don Chappel, CFO

Financial Results

Williams

Dollars in millions (except per share amounts)

	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Income (Loss) from Continuing Ops.*	($18)	$114	($19)	$70
Income (Loss) from Discont. Ops.	-	156	11	146
Effect of Accounting Change	-	-	-	(761)
Net Income/(Loss)*	($18)	$270	($8)	($545)
Net Income/(Loss) Share*	($0.03)	$0.46	($0.02)	($1.10)
Recurring. Inc./(Loss) from Cont. Ops Avail to Common Shareholders**	$64	($12)	$67	($55)
Rcr. Inc./(Loss) from Cont. Ops /Share**	$0.12	($0.02)	$0.13	($0.10)

* *Includes gains on asset sales, impairments, prior period corrections, restatements for discontinued operations and the reclassification of results related to the transfer of certain regulated gathering assets from Midstream to Gas Pipelines (see Notes 1 & 2 of the current 10-Q).*

** *A schedule reconciling income (loss) from continuing operations to recurring income from continuing operations is available on Williams' Web site at www.williams.com and at the end of this presentation.*

Recurring Income from Cont. Operations

Williams

Dollars in millions

	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Income/(Loss) from Cont. Ops.	**($18)**	**$114**	**($19)**	**$70**
Gains on Sale of Assets	-	(274)	-	(274)
Impairments/Losses/Write-offs	24	137	24	149
Income (Expense) Related to Prior Periods	11	(93)	11	(107)
Debt Retirement Expenses	97	-	97	-
Other	1	18	8	31
Less: Income Tax Provision	51	(109)	54	(105)
Recurring Income from Cont. Ops.	**$64**	**$11**	**$67**	**($26)**
Preferred Dividend	-	(23)	-	(29)
Rec. Inc./(Loss) from Cont. Ops. Avail. to Com.	**$64**	**($12)**	**$67**	**($55)**
Recurring Income/(Loss) from Cont. Ops/Share	**$0.12**	**($0.02)**	**$0.13**	**($0.10)**

A more detailed schedule reconciling income (loss) from continuing operations to recurring income from continuing operations is available on Williams' Web site at www.williams.com and at the end of this presentation.

Net Income Components

Williams

Dollars in millions (except per share amounts)

	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Segment Profit	**$305**	**$636**	**$571**	**$880**
Net Interest Expense	(222)	(395)	(461)	(736)
Debt Retirement Expense	(97)	-	(97)	-
Other Income (Expense) - Net	(21)	(1)	(38)	40
Income/(Loss) from Cont. Ops. Before Tax*	(35)	240	(25)	184
Provision (Benefit) for Income Tax	(17)	126	(6)	114
Income/(Loss) from Continuing Ops.*	**($18)**	**$114**	**($19)**	**$70**
Income from Discontinued Ops.	-	156	11	146
Effect of Accounting Change	-	-	-	(761)
Net Income/(Loss)*	**($18)**	**$270**	**($8)**	**($545)**

** Income/(Loss) from Continuing Operations includes certain gains on asset sales and impairments in 2003 and has been restated primarily for discontinued operations (See Note 2 of the current 10Q).*

Second Quarter Segment Profit

Dollars in millions

	Reported		Recurring	
	2Q04	2Q03	2Q04	2Q03
Gas Pipeline	$133	$116	$142	$142
Exploration & Production(1)	43	179	55	87
Midstream Gas & Liquids	99	45	99	54
	$275	$340	$296	$283
Power(2)	45	348	45	93
Other	(15)	(52)	(5)	(2)
Segment Profit(3)	**$305**	**$636**	**$336**	**$374**

(1) E&P 2Q04 reported results include $11 million loss provision related to prior periods.
(2) Power 2Q03 reported results include $93 million income for prior period item correction
(3) Reported segment profit includes certain gains on asset sales and impairments in 2003 and has been restated primarily for discontinued operations (See Note 2 of the current 10Q).
A more detailed schedule reconciling income (loss) from continuing operations to recurring income from continuing operations is available on Williams' Web site at www.williams.com and at the end of this presentation.

YTD Segment Profit

Williams

Dollars in millions	Reported 2004	Reported 2003	Recurring 2004	Recurring 2003
Gas Pipeline	$280	$266	$289	$292
Exploration & Production[(1)]	95	293	106	201
Midstream Gas & Liquids	207	157	207	166
	$582	$716	$602	$659
Power[(2)]	12	212	12	(45)
Other	(23)	(48)	(5)	3
Segment Profit[(3)]	**$571**	**$880**	**$609**	**$617**

(1) E&P 2Q04 reported results include $11 million loss provision related to prior periods.
(2) Power 2003 reported results include $107 million income for prior period item correction
(3) Reported segment profit includes certain gains on asset sales and impairments in 2003 and has been restated primarily for discontinued operations (See Note 2 of the current 10Q).
A more detailed schedule reconciling income (loss) from continuing operations to recurring income from continuing operations is available on Williams' Web site at www.williams.com and at the end of this presentation.

Major Changes in Recurring Segment Profit

Dollars in millions		
	Recurring Segment Profit 2Q2003	**$374**
	Power	(49)
	- Lower gross margin incl. MTM -$63 million	
	- Reduced SG&A expenses +$12	
	Midstream	45
	- New deepwater assets +$13 million	
	- Higher NGL margins +$13 million	
	- Improved olefins results +17 million	
	Gas Pipeline	0
	- New projects added +$13 million	
	- Increased expenses and property taxes -$4 million	
	- Lower short term firm revenues and credits -$10 million	
	Exploration & Production	(32)
	- Lower net realized price & 2003 MTM gain -$18 million	
	- Loss of excess firm transport & asset sales -$14 million	
	- Higher operating costs -$7 million	
	- Higher volumes in 2Q04 +$7 million	
	Other	(3)
	Recurring Segment Profit 2Q2004	**$336**

YTD Cash Information

Williams

Dollars in millions	
Beginning Cash @ 12/31/03*	**$2,318**
Cash Flow from Continuing Operations	604
Cash Flow from Discontinued Operations	12
Asset Sales	394
Restricted Investments (LC Collateral)	381
Debt Retirements	(2,218)
Capital Expenditures/Investments	(331)
Debt Premiums/Issuance Costs	(100)
Other-Net	(30)
Ending Cash @ 6/30/04*	**$1,030**
Change in Cash	**($1,288)**
Restricted Cash (not included above)	**$176**

* Includes cash for discontinued operations of $2.5 million at 12/31/03 and $0 at 6/30/04

Debt Balance

Williams

Dollars in millions

		Avg. Cost
Debt Balance @ 12/31/03 *	**$11,978**	**7.7%**
Scheduled Debt Retirements & Amortization	(778)	
Tendered Debt Retirements	(1,171)	
Open Market Purchases	(269)	
Debt Balance @ 6/30/04	**$9,760**	**7.3%**
Net Decrease in Debt	**($2,218)**	
Fixed Rate Debt	**$9,165**	**7.6%**
Variable Rate Debt	**$595**	**3.3%**

** Debt is long-term debt due within 1 year plus long-term debt plus notes payable; includes FELINE PACS*

Consolidated
2004 Segment Profit Guidance

Williams

Dollars in millions	2004 Forecast
Gas Pipeline	$540 – 570 *$525 - 575*
Exploration & Production	235 – 260 *275 - 300*
Midstream*	325 – 375 *275 – 360 ** *
Other/Rounding	0 – 45 *0 – (10)*
	$1,100 – 1,250 *$1,075 – 1,225 ** *
Power***	0 – 150
Total	$1,100 – 1,400 *$1,075 – 1,375 ** *

* Midstream excludes Canadian assets sold and reclassified as discontinued operations
** Restated to remove Canadian assets sold and reclassified as discontinued operations
*** Power guidance assumes zero 2nd half 2004 mark-to-market gains / (losses)

Consolidated
2004 Forecast Guidance

Dollars in millions, except per-share amounts	**Current**	**Previous*** **
Segment profit	**$1,100 - $1,400**	**$1,075 - $1,375**
Net Interest Expense	(820) - (860)	(840) - (880)
Early Debt Retirement Costs	(250) – (200)	(225) – (175)
Other (Primarily General Corporate Costs)	(80) – (125)	same
Pretax Income (Loss)	($50) – $215	($70) – $195
Provision (Benefit) for Income Tax	5 – (125)	5 – (105)
Income / (Loss) from Continuing Ops	(45) – 90	($65) – $90
Income from Discontinued Ops *	160 – 185	0 – 20
Net Income (Loss) – Reported	**$115 – $275**	**($65) – $110**
Diluted EPS – Reported	**$0.22 - $0.52**	**($0.12) – $0.21**
Net Income – Recurring **	**$107 – $212**	**$75 – $195**
Diluted EPS – Recurring **	**$0.20 - $0.40**	**$0.14 – $0.37**

* Includes gain on sale of Canadian straddle plants
** Excludes early debt retirement costs, gains and losses on assets sales and impairments
*** Previous guidance restated for Canadian asset sale and reclassification to discontinued operations

2004 Forecast
EBITDA Reconciliation

Williams

Dollars in millions

Net Income	**$115 – $275**
Income from Disc. Operations	(160) – (185)
Net Interest	820 – 860
DD&A	650 – 700
Provision (Benefit) for Income Taxes	(5) – 125
Other/Rounding	(70) – 25
EBITDA – Reported	**$1,350 – $1,800**
Early Debt Retirement Fees	250 – 200
EBITDA – Recurring	**$1,600 – $2,000**

MLP

Direction

- Positives
  - Acquisition currency
  - Retain control of assets
  - Additional access to capital markets
  - Added visibility for Midstream business unit valuation
- Considerations
  - Complicated tax / governance / reporting structure
  - Hurdles due to current financial agreements
  - Ratings agencies neutral to negative view
- Current direction
  - Seriously considering establishment of MLP
  - Initial assets may include some of remaining assets for sale, e.g. Conway
  - Flexibility for expansion through acquisition or drop-down transaction
  - Expected IPO timing likely 1Q or 2Q 2005

MLP
Initial Scale Considerations

- Starting small
  - Maximum flexibility to make acquisitions and drop-down acquisitions
  - Growth more sustainable starting from a smaller base
  - As GP, Williams incentive distributions increase geometrically as distributable cash flow grows
- Asset considerations
  - Not all Midstream assets are appropriate
  - Targeting more mature assets
- Rating agency considerations
  - Small size would mitigate concerns of ratings agencies
- Covenants
  - Certain covenants would initially limit assets which could be an MLP
  - Some midstream assets are pledged as collateral

Business Unit Results

Exploration & Production

Ralph Hill, Senior Vice President

Exploration & Production
Segment Profit

Williams

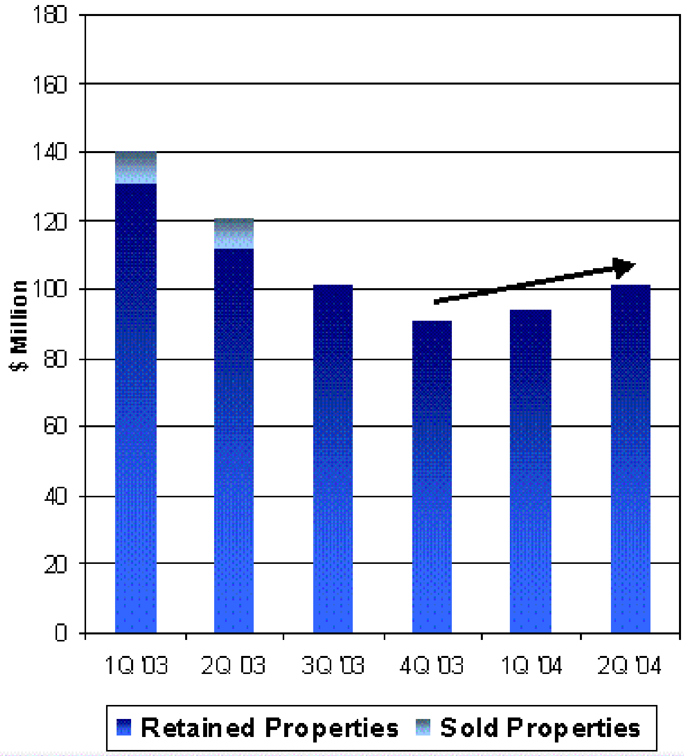
Dollars in millions	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Segment Profit	**$43**	**$179**	**$95**	**$293**
Non recurring:				
Ownership issue	11	-	11	-
Gain on sale of assets	-	(92)	-	(92)
Recurring Segment Profit	**$55***	**$87**	**$106**	**$201**

- 2Q04 to 2Q03 decrease includes
  - ($18) million primarily due to market to market gain in 2Q03 and lower net realized price
  - ($8) million due to excess transport
  - ($7) million due to higher operating expenses
  - ($6) million due to assets sold in 2Q03
  - $7 million increase due to higher volumes in 2Q04
  - $55 million negative hedge impact in second quarter 2004, $101 million year to date
- Base business sequential quarter improved
  - Sequential volumes increased 11%, recurring profit increased 6%

** Does not add due to rounding*

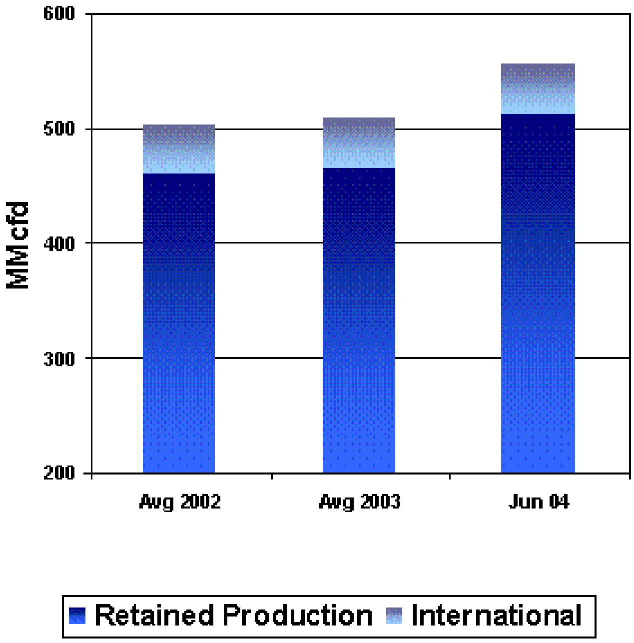
Exploration & Production

Recurring Segment Profit + DD&A

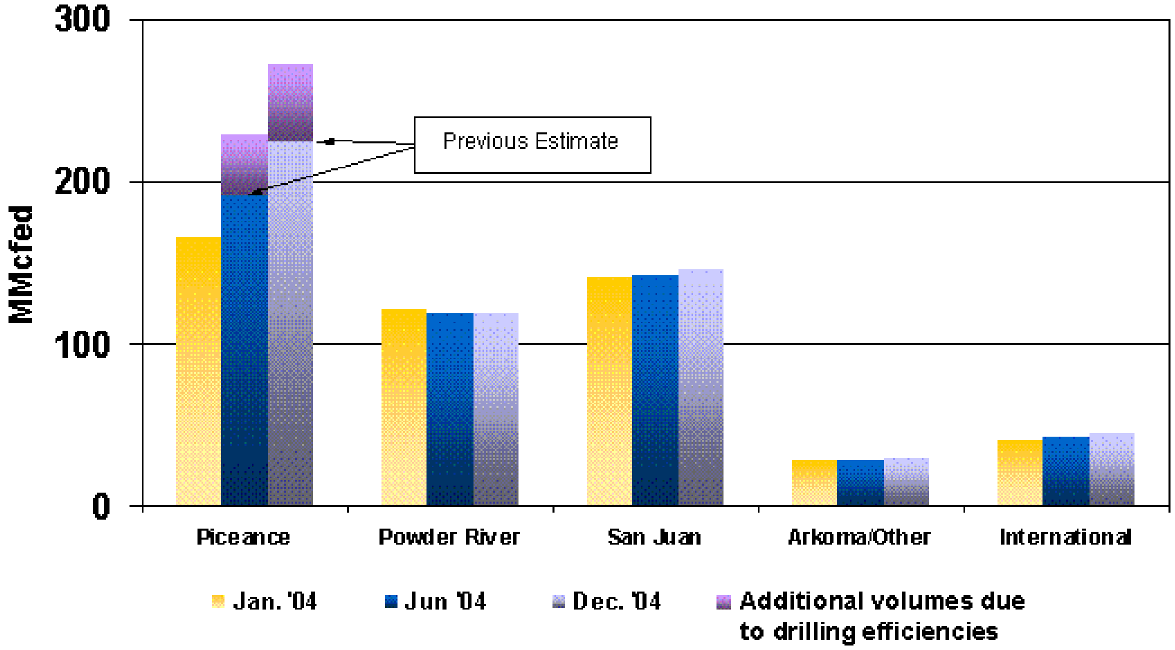


Exploration & Production
Second Quarter Accomplishments

- Significant Production Growth
- Drilling activities increases
  - Shorter Piceance drilling cycle
  - Additional rigs added in San Juan, Arkoma and Powder River
- Powder River permitting progress
- Bolt on acquisitions accomplished:
  - Arkoma
  - San Juan
  - Powder River
- Piceance Trail Ridge area drilling commences
- Significant Big George volume growth
- Expanded Piceance firm takeaway capacity



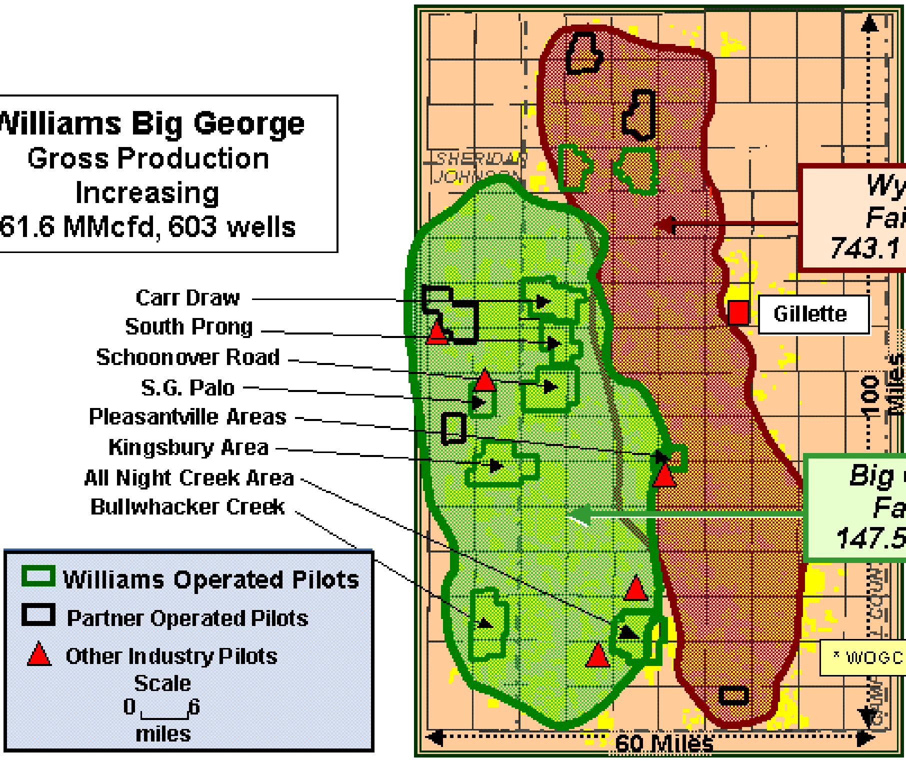
Exploration & Production
Current and Projected Volumes



Exploration & Production

Powder River Basin, WY - Big George and Wyodak Coal Fairways

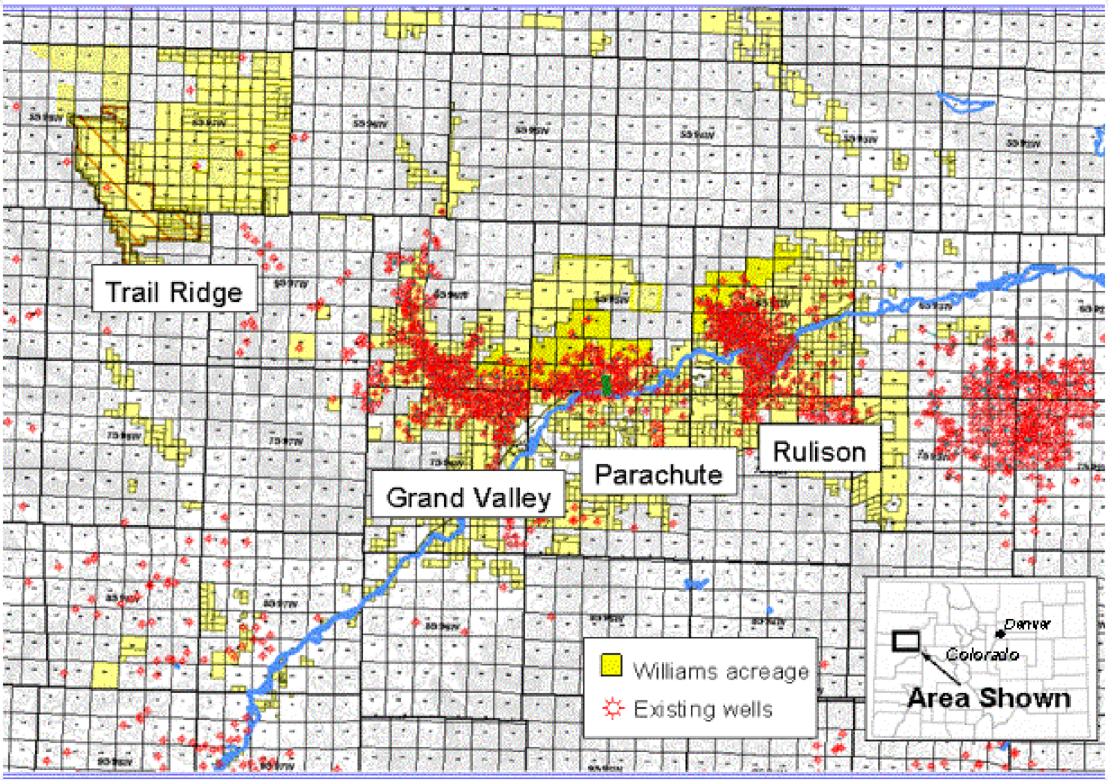
Williams Big George
Gross Production
Increasing
61.6 MMcfd, 603 wells



* WOGCC Data April 2004

Exploration & Production
Piceance Basin Acreage

Williams



Exploration & Production
2004 Segment Profit Guidance Revision

Williams

Dollars in millions	**2004**
Previous Guidance	**$275 - 300**
Revisions:	
1) Hedge price impact	(7)
2) Excess transport	(15)
3) Higher operating expenses	(11)
4) Gathering fees/other	(10)
5) Increased volumes	15
	($28)
Non-Recurring	($11)
Revised Guidance	**$235 - 260**

Exploration & Production
2004 Capital Guidance Revision

Williams

Dollars in millions	2004	
Previous Guidance	**$325 - 375**	
Revisions:		
1) Increase in overall drilling program costs	13	
2) Additional operated wells drilled	27	Additional growth capital $59 million
3) Additional partner operated wells	11	
4) Accelerated plant & compression upgrades	21	
Revised Guidance	**$400 - 450**	

Exploration & Production
2004-2006 Guidance

Dollars in millions	2004	2005	2006
Segment profit	$235 - 260 *$275 - 300*	$375 - 475	$425 - 525
Annual DD&A	$160 - 180	$195 - 225	$230 - 260
Capital spending	$400 - 450 *$325 - 375*	$400 - 450	$450 - 500
Production (MMcfe/d)	525 - 550	600 - 700	700 - 800
Hedged Volume (MMcfe/d)	418	286	298
Hedged Price (NYMEX)	$4.04	$4.44	$4.39

Note:
- If guidance has changed, previous guidance from 5/6/04 is shown in italics directly below.
- Economic impact of hedges may be different from the volume hedged due primarily to fuel and shrink and direct taxes

Exploration & Production
Key Points

- Delivering on our volume growth
- Stepping up development drilling activity
- Decreasing 2004 segment profit guidance due to "boom" costs and hedged prices
- Plan based on organic growth from existing positions
- Investments are short time cycle, fast cash returns
- High-quality reserve base
- History of high success, low finding costs
- Diverse producing basins, long-term drilling inventory
- Significant probables and possibles inventory
- Experienced and talented work force

Midstream

Alan Armstrong, Senior Vice President

Midstream
Segment Profit

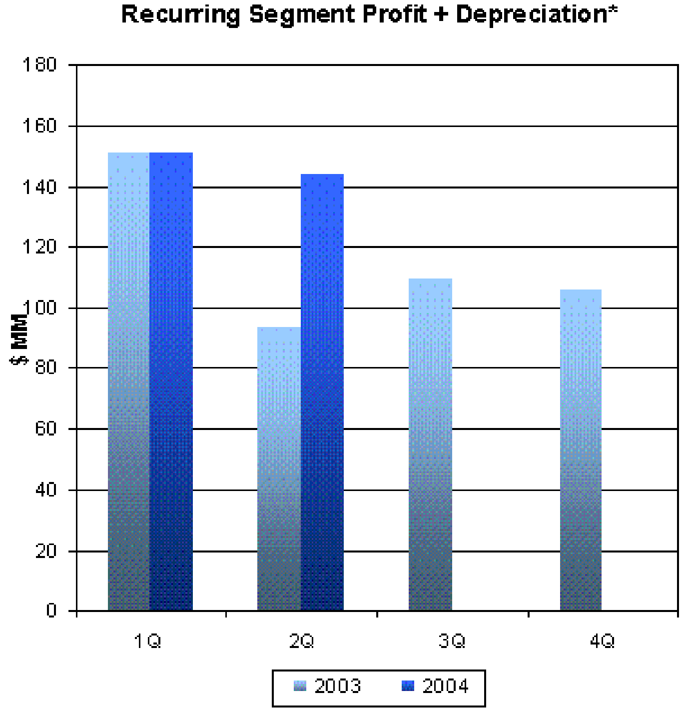
Williams

Dollars in millions	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Segment Profit	**$99**	**$45**	**$207**	**$157**
Aux Sable Impairment	-	9	-	9
Recurring Segment Profit	**$99**	**$54**	**$207**	**$166**

- **2Q04 vs. 2Q03** — <u>Impact</u>
  - New Deepwater Assets — $ +13
  - Higher NGL Margins — +13
  - Improved Olefins results — +17

Midstream
Second Quarter Accomplishments

- First production on Devils Tower
- Canadian straddles sale
- Favorable Gulf Liquids arbitration award
- Secured Front Runner dedication
- Federal court remands FERC ruling



* Excludes gains/losses/impairments

Midstream
Asset Sale Update

- Midstream targeted $500 - 600 MM
  - Canadian straddles yield $536 million cash + $30 million of L.C. capacity
  - South Texas regulated assets - $28 million
  - Yields nearly $600 million
  - Gulf Liquids pending
  - Ethylene distribution system and storage system pending
  - NGL storage assets held back for MLP

Midstream

MLP Discussion Points

- Provides acquisition vehicle for additional scale in Midstream
- Maintains our competitive advantage in core basins
- Allows continuing presence in NGL services sector
- Allows Williams to retain control of assets
- No negative impact to current earnings guidance

Midstream
2004-2006 Guidance

Dollars in millions	2004	2005	2006
Segment Profit	$325-375 *$275-360*	$300-400	$350-450
Annual DD&A	$170-180	$175-185	$175-185
Capital Spending	$90-110	$60-80	$50-70

Discontinued Ops. Adjustment – Canadian Straddle Plants

	2004	2005	2006
Segment Profit	$25	-	-
Annual DD&A	$10	-	-

Note:
- *Both current & previous guidance excludes results & gains associated with Canada straddle plants that are now included in Discontinued Operations.*
- *If guidance has changed, previous guidance from 5/6/04 is shown in italics directly below*

Midstream
Key Points

- Continued strong demand for services in core areas
- 2Q 2004 performance yields second consecutive increase in guidance
- Asset sales goals accomplished
- Deepwater projects adding significant operating profit
- Reliable operational performance attracting growth around existing assets
- MLP would benefit Midstream's scale focused strategy

Gas Pipeline

Doug Whisenant, Senior Vice President

Gas Pipeline
Segment Profit

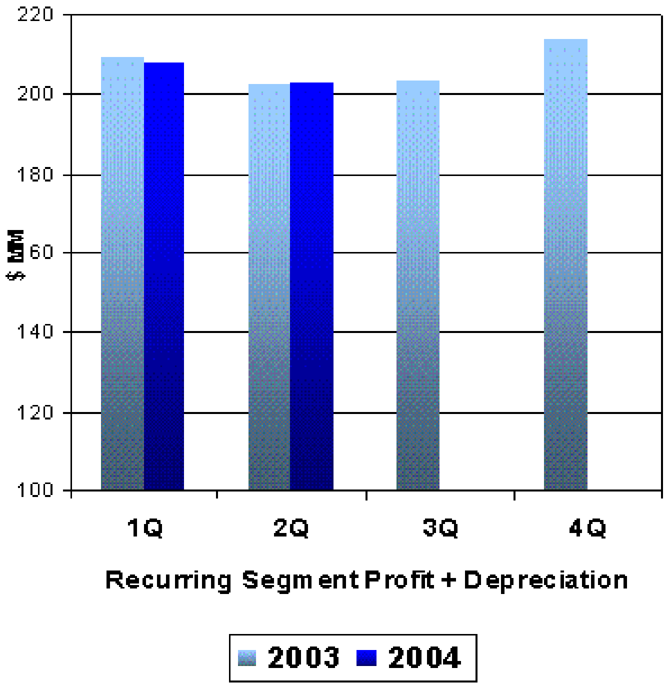
Dollars in millions	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Segment profit	**$133**	**$116**	**$280**	**$266**
Includes:				
Write-off software project	-	26	-	26
Write-off of previously capitalized cost for idled segment	9	-	9	-
Recurring Segment Profit	**$142**	**$142**	**$289**	**$292**

2Q04 vs. 2Q03

- Incremental projects, $14 million
- Offset by:
  - Lower transportation revenue, $5 million
  - Higher operating taxes, $4 million
  - Gas cost credit in 2003, $2 million
  - Lower environmental credit sales, $3 million

Gas Pipeline
Second Quarter Accomplishments

- Began construction of Gulfstream Phase II
- Assumed operations of Transco production area facilities
- Began construction of Everett Delta Lateral
- Partial (131 MDtd) return to service of 26-inch
- Successful Leidy to Long Island open season



Gas Pipeline
2004-2006 Guidance

Dollars in millions	2004	2005	2006
Segment profit	$540 - 570* *$525-575*	$525 - 575	$525 - 575
Annual DD&A	$270 - 280 *$275-285*	$280 - 290	$290 - 300
Capital spending	$280 - 320 *$295 - 340*	$350 - 400 *$335 - 380*	$450 - 520 *$430 - 490*

** Includes $9 million non-recurring charge in 2Q '04*

Gas Pipeline

2004-2006 Capital Spending Detail

Williams

Dollars in millions	2004	2005	2006
Normal Maintenance	$140 - 155 *$150 - 160*	$195 - 215 *$155 - 165*	$140 - 150
Clean Air Act	70 - 75 *75 - 85*	90 - 100 *105 - 115*	30 - 40 *25 - 30*
NWP 26" Restore/Replace	35 - 45 *40 - 50*	45 - 55 *60 - 75*	260 - 300 *240 - 275*
Expansion	35 - 45 *30 - 45*	20 - 30 *15 - 25*	20 - 30 *25 - 35*
Total	$280 - 320 *$295 - 340*	$350 - 400 *$335 - 380*	$450 - 520 *$430 - 490*

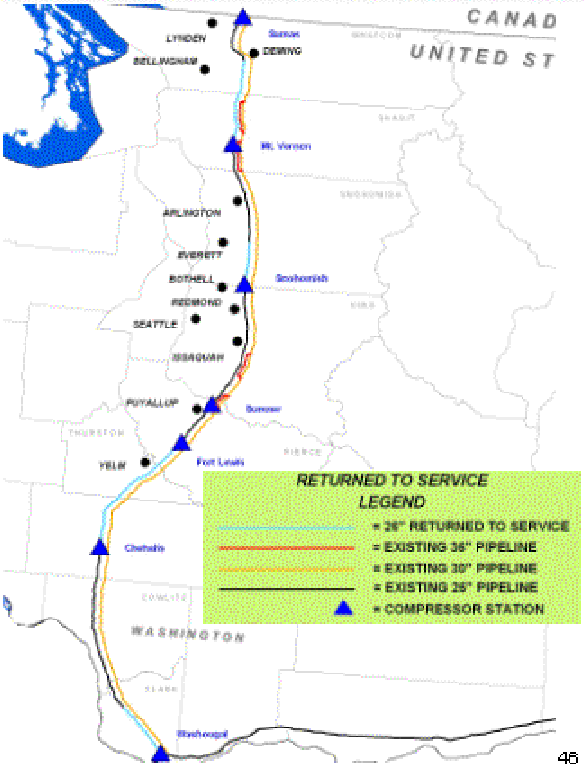
Note:

- Amounts include AFUDC

- If guidance has changed, previous guidance from 5/06/04 is shown in italics directly below

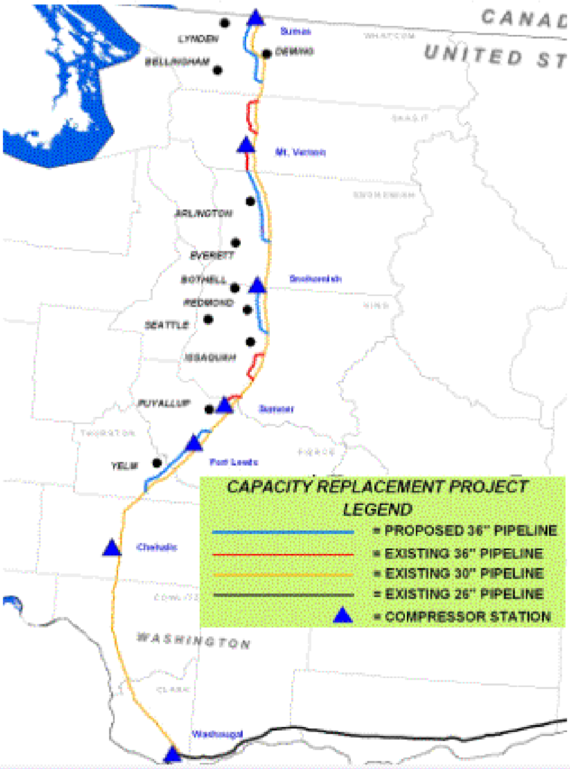
Gas Pipeline
Northwest 26-inch Restore-to-Service

- Completed restoration phase
  - Restored 111 miles of 26-inch mainline
  - Represents 131Mdth/d of idled 360 Mdth/d capacity
  - In-service June 22



Gas Pipeline
Northwest 26-inch Capacity Replacement

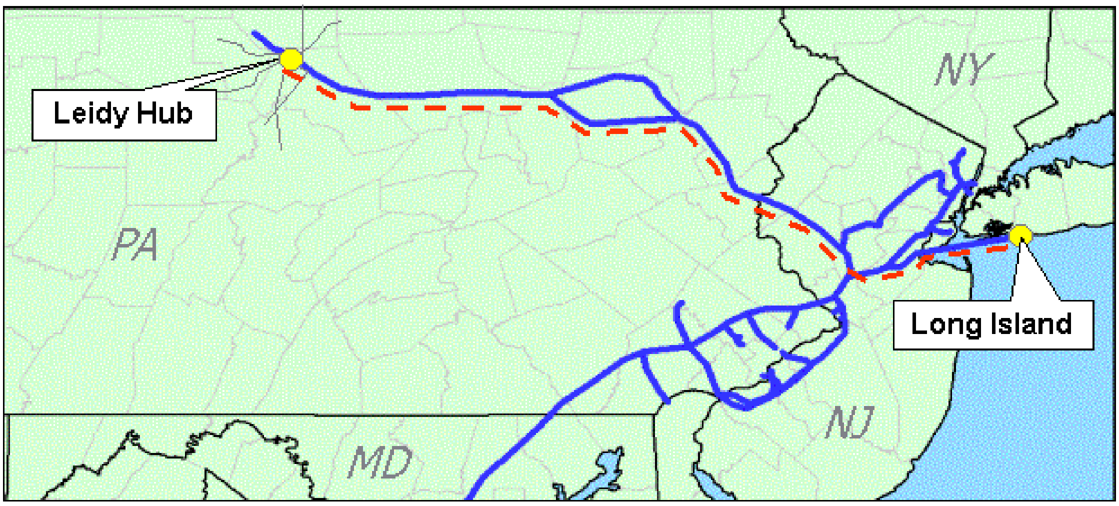
- Replace 360 MDth/d of capacity
  - Approximately 80 miles of 36" loop; 12,000 hp of compression
  - November 2006 in-service
- Incorporates 13 MDth/d of capacity relinquished in Reverse Open Season
- Environmental and permitting work underway
- Projected cost $310-360 million
- Rate Case planned effective January 2007 to recover costs



Gas Pipeline

Transco Leidy to Long Island Expansion

- 100 MDtd fully subscribed expansion from the Leidy Hub to Long Island, NY
- Capital investment ≈ $150 million
- Projected in-service date, Nov 2007



Gulfstream Update

- Phase II construction underway
  - 109-mile, 30" extension to serve Florida Power & Light's Martin plant
  - 350 Mdth/d, long-term commitment by FPL
  - December 2004 in-service
- Capacity under long-term contract
  - Today: 305 Mdth/d (28% of capacity)
  - Mid-2005: 705 Mdth/d (64% of capacity)
- Phase II project economics
  - Total cost $250 million; project financed
  - Long-term project financing in 2005

Gas Pipeline

Key Points

- 26-inch Return-to-Service complete (June 22)
- 26-inch Capacity Replacement, 11/06 targeted ISD
- Expansion projects
  - Central New Jersey
  - Leidy to Long Island
  - Gulfstream Phase II
- Rate cases effective in 2007
  - NWP
  - TGPL

Power

Bill Hobbs, Senior Vice President

Power
Segment Profit

Dollars in millions	2nd Quarter 2004	2nd Quarter 2003	YTD 2004	YTD 2003
Gross Margin	$72	$228	$71	$138
SG&A	(20)	(44)	(36)	(81)
Op. Exp. & Other Inc / (Exp)	(7)	164	(23)	155
Reported Segment Profit	**$45**	**$348**	**$12**	**$212**
Includes:				
Regulatory Settlement	-	20	-	20
Prior period correction*	-	(93)	-	(107)
Gains on sale of assets/contracts	-	(182)	-	(182)
Reduction in force costs	-	-	-	12
Recurring Segment Profit	**$45**	**$93**	**$12**	**($45)**

** 2003 amounts reflect corrections as disclosed in 2003 10-K*

Power
Second Quarter / Recent Accomplishments

- Portfolio cash flows consistent with forecast in Power Tutorial
  - Portfolio volumes up more than 70%
  - Portfolio cash flow up more than $60 million
- Held Power tutorial on June 17
- Western power issues resolved
  - February 25 settlement with three California utilities
  - FERC approved settlement on July 2
  - Williams has received approximately $104 million related to the settlement

Power
Undiscounted Cash Flows Variance Analysis

Dollars in millions

Combined Risk Management Portfolio *Actual Q2'04 v. Forecast Q2'04*	**Q2'04 A**	**Q2'04 F***	**YTD'04 A**	**YTD'04 F***
Tolling Demand Payment Obligations	($99)	($98)	($187)	($182)
Resale of Tolling	35	35	77	77
Full Requirements	11	5	10	1
Long-term Physical Forward Power Sales	21	28	47	50
OTC Hedges	37	37	72	83
Merchant Cash Flows	34	32	41	31
Total Cash Flows	$39	$39	$60	$60
Legacy Portfolio and Other Working Capital	$94	($41)	$176	($5)
Forecasted Direct SG&A	(14)	(14)	(22)	(27)
Forecasted Indirect SG&A	(6)	(6)	(14)	(12)
Estimated Cash Flows After SG&A	$113	($22)	$200	$16

** Forecast included in Power Tutorial held 6/17/04*

Power Segment CFFO

Williams

Dollars in millions

	Actual			Forecast	
	1Q2004	2Q2004	YTD 2004	3Q & 4Q 2004	2004
Power Portfolio	6	19	25	35-65	60-90
Storage & Legacy	75	(33)	42	(82)-(52)	(40)-(10)
	81	(14)	67	(47)-13	20-80
Other Working Capital:					
Power Stand-Alone	82	(75)	7		
Power Stand-Alone CFFO	163	(89)	74	(3)-137	130-270
Other BU Working Capital*	(76)	202	126		
Power Segment CFFO	**87**	**113**	**200**	**(50)-150**	**150-350**

* "Other BU Working Capital" relates to other business units but is managed by the Power Business Unit.

Segment Profit to Cash Flow
Total Segment 2Q04

Dollars in millions

	Power	Legacy	Other	2Q Total	YTD 2004
Gross Margin	($1)	$67	$5	$72	$70
SG&A	(20)			(20)	(36)
Oper Exp & Other Inc / (Exp)			(7)	(7)	(22)
Reported Segment Profit	**($21)**	**$67**	**($2)**	**$45**	**$12**
Reverse: Unrealized MTM	(21)	(48)		(69)	(92)
Add: Realized Prior Period MTM	62	(52)		10	147
Proforma Accrual Basis	**$19**	**($33)**	**($2)**	**($15)**	**$66**
Total Working Capital and Other			**128**	**128**	**134**
Power Segment CFFO	**$19**	**($33)**	**$126**	**$113**	**$200**
Working Capital Received for Other Business Units			(202)	(202)	(126)
Power Segment Standalone CFFO	**$19**	**($33)**	**($76)**	**($89)**	**$74**

Power
2004-2006 Guidance

Dollars in millions	2004	2005	2006
Segment Profit*	$0 - 150	$50 - 150	$50 - 200
Capital Expenditures	$0	$0	$0
Cash Flows from Operations	$150 - 350	$50 - 150	$50 - 200

* *Assumes 2nd half 2004 MTM gains or losses are zero, however actual results will vary due to MTM results*

Power

Key Points

- Expect to generate positive cash flow from operations
  - Significantly hedged cash flow through 2010
- Significant natural gas business
- Merchant upside in West and Northeast
- Working to reduce risk through forward power sales
- Operational and environmental obligations very limited
- Resolving legacy issues
- Strong commercial and financial capabilities
- Continue efforts to increase transparency

Financial Overview & 3-Year Outlook

Don Chappel

Consolidated
2004 - 2006 Outlook

Dollars in millions

	2004	2005	2006
Segment Profit	$1,100 - 1,400 *$1,075 – 1,375 **	$1,300 - 1,600	$1,400 - 1,700
DD&A	$650 - 700	$650 - 750	$700 - 800
Cash Flow from Ops.	$1,000 - 1,300	$1,300 - 1,600	$1,400 -1,700
Capital Expenditures	$775 - 875 *$725 - 825*	$800 - 1,000	$900 - 1,100
Effective Tax Rate**	39%	39%	39%
Cash Tax Rate	3-5%	3-5%	4-8%

** Restated to remove Canadian assets sold and reclassified as discontinued operations*
*** An additional $25 million income tax expense is forecast each year*

Note: If guidance has changed, previous guidance from 5/6/04 is shown in italics directly below

2004-2006 Capital Exp. By Business

Williams

Dollars in millions	2004	2005	2006
Exploration & Production	$400 - 450 *$325 - 375*	$400 - 450	$450 - 500
Midstream	90 - 110	60 - 80	50 - 70
Gas Pipeline	280 - 320 *295 - 340*	350 - 400 *335 - 380*	450 - 510 *430 - 490*
Power	-	-	-
Other/Corporate	10 - 30	10 - 30	10 - 30
Total	**$775 - 875** *$725 - 825*	**$800 - 1,000**	**$900 - 1,100**

Notes:
- Sum of ranges for each business line does not necessarily match total range
- If guidance has changed, previous guidance from 5/6/04 is shown in italics directly below

Debt Reduction Action

- $1.5 billion cash at August 1, 2004
- Today commencing cash tender offer and consent solicitation for all $800 million 8 5/8% notes due 2010
- Will use available cash and liquidity to fund purchase of notes accepted under the offer
- Increasing revolving credit facility by $275 million to a total capacity of $1.275 billion and combined credit facilities total $1.8 billion ($1.1 billion available)
  - Total liquidity is not affected by tender offer
- Achieves year-end goal of reducing debt to ~$9 billion

Liquidity Available for Tender Offer

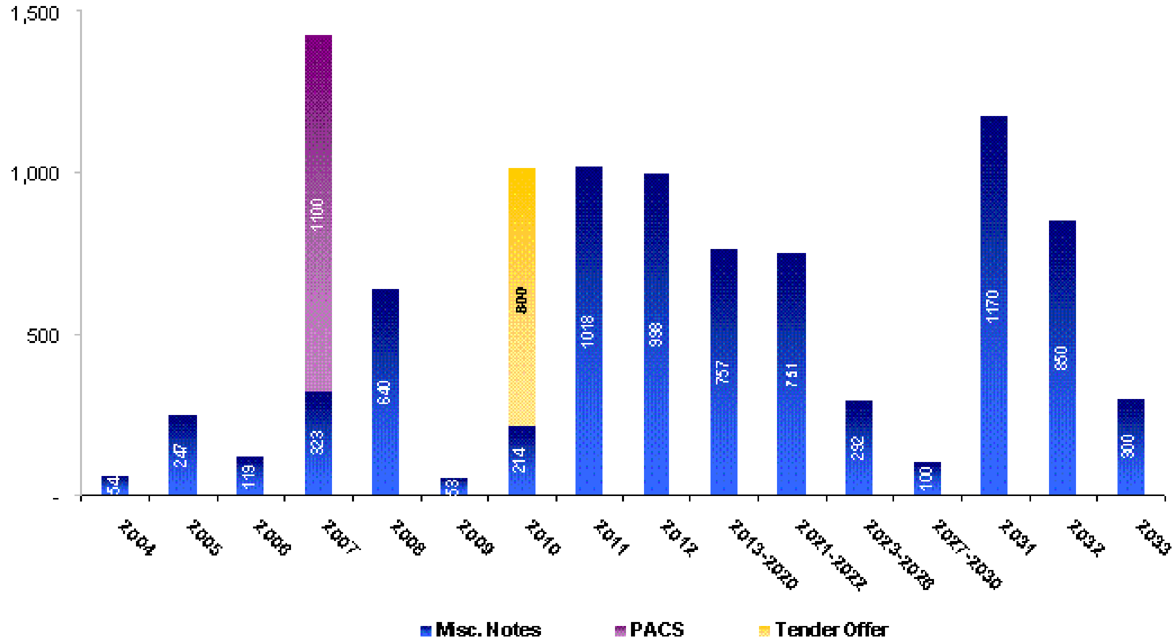
Williams

Dollars in billions	
Cash @ 6/30/04	$1.0
Proceeds from Canada Sale	0.5
Cash Available	$1.5
Current Unused Revolver	0.8
Increase in Revolver Capacity	0.3
Total Liquidity	$2.6
Liquidity Cushion Required	(1.3)*
Liquidity Available for Tender Offer	$1.3

* *Targeted minimum liquidity is $1.0 billion*

Scheduled Debt Maturities

Dollars in millions



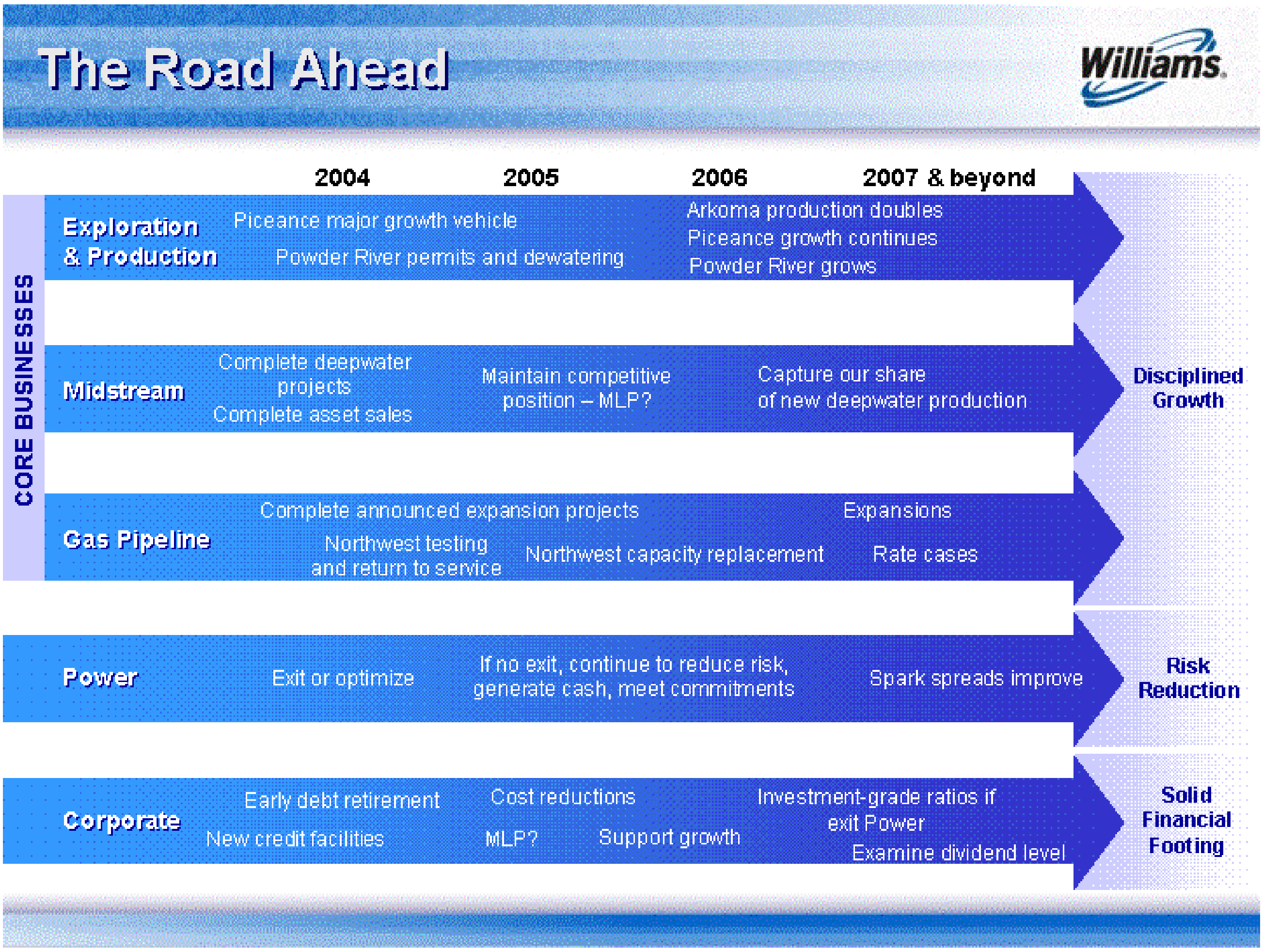
Financial Strategy/Key Points

Williams.

- Maintain a cash/liquidity cushion of $1.0 billion plus
- Continue to de-lever; striving for investment-grade ratios
- Uses of excess cash
  - Pay scheduled debt retirements
  - Early debt reduction
  - Disciplined EVA® -based investment
  - Consider dividend and/or share repurchase policy upon achieving investment grade ratios
- Combination of growth in operating cash flows and reduction in interest costs drives value creation
- Drive/enable sustainable growth in EVA®/ shareholder value

Summary

Steve Malcolm


The Road Ahead
Williams
2004
2005
2006
2007 & beyond
CORE BUSINESSES
Exploration & Production
Piceance major growth vehicle
Powder River permits and dewatering
Arkoma production doubles
Piceance growth continues
Powder River grows
Midstream
Complete deepwater projects
Complete asset sales
Maintain competitive position – MLP?
Capture our share of new deepwater production
Gas Pipeline
Complete announced expansion projects
Northwest testing and return to service
Northwest capacity replacement
Expansions
Rate cases
Disciplined Growth
Power
Exit or optimize
If no exit, continue to reduce risk, generate cash, meet commitments
Spark spreads improve
Risk Reduction
Corporate
Early debt retirement
New credit facilities
Cost reductions
MLP?
Support growth
Investment-grade ratios if exit Power
Examine dividend level
Solid Financial Footing

Summary

Williams

- 2nd quarter results solid
- Debt reductions continue with new tender announced today
- Asset sales program essentially completed
- Adequate liquidity continues
- Growth opportunities identified
- Significant work outsourced to IBM
- Seriously considering MLP
- Continuing efforts to exit Power

Williams

Non-GAAP Reconciliations

Non-GAAP Reconciliation Schedule

Williams.

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

(Unaudited) *(Dollars in millions, except for per-share amounts)*	1001 1st Qtr*	 2nd Qtr*	100• 1st Qtr*	 2nd Qtr
Income (loss) from continuing operations[1]	(3•1.1)	311.7	(31.5)	(318.0)
Preferred stock dividends	6.8	11.7	-	-
Income (loss) from continuing operations available to common stockholders	(3•9.9)	391.0	(31.5)	(318.0)
Income (loss) from continuing operations - diluted earnings per share	($0.10)	$0.17	$-	($0.01)
Nonrecurring items:				
Power				
Accelerated compensation expense associated with workforce reductions	11.8	-	-	-
Severance accrual	-	0.6	-	-
Loss accrual for regulatory issues [4]	-	10.0	-	-
Prior period items correction [3]	(11.7)	(91.1)	-	-
Gain on sale of Jackson EMC power contract	-	(175.0)	-	-
Gain on sale of crude contracts and pipeline	-	(7.1)	-	-
Total Power nonrecurring items	(1.9)	(15•.6)	-	-
Gas Pipeline				
Write-off of Online information system project	-	15.5	-	-
Severance accrual	-	0.9	-	-
Write-off of previously-capitalized costs - idled segment of Northwest pipeline	-	-	-	9.0
Total Gas Pipeline nonrecurring items	-	16.•	-	9.0
Exploration & Production				
Gain on sale of certain E&P properties	-	(91.5)	-	-
Loss provision related to an ownership dispute	-	-	-	11.1
Total Exploration & Production nonrecurring items	-	(91.5)	-	11.1
Midstream Gas & Liquids				
Impairment of investment in Aux Sable	-	8.5	-	-
Total Midstream Gas & Liquids nonrecurring items	-	8.5	-	-
Other				
Impairment of Longhorn and Aspen project [4]	-	•9.6	-	10.8
Longhorn recapitalization fee	-	-	6.5	-
Total Other nonrecurring items	-	•9.6	6.5	10.8
Nonrecurring items included in segment profit (loss)	(1.9)	(161.6)	6.5	11.1
Nonrecurring items below segment profit (loss)				
Convertible preferred stock dividends [2] (Preferred stock dividends - Corporate)	-	11.8	-	-
Impairment of cost-based investments [2] (Investing income (loss) - Various)	-	19.1	-	-
Severance accrual (General corporate expenses)	-	1.0	-	-
Impairment of Algar Telecom investment (Investing income (loss) - Other)	11.0	-	-	-
Write-off of capitalized debt expense (Interest accrued - Corporate)	-	1•.5	-	1.8
Premiums, fees and expenses related to the debt repurchases and debt tender offer (Other income (expense) - net - Corporate and Exploration & Production)	-	-	-	96.7
Loss provision related to an ownership dispute - interest component (Interest accrued - Exploration & Production)	-	-	-	1.9
	11.0	50.•	-	101.•
Total nonrecurring items	10.1	(111.1)	6.5	111.5
Tax effect for above items	1.9	(108.7)	1.5	51.1
Recurring income (loss) from continuing operations available to common stockholders	(3•1.7)	(311.5)	31.5	36•.•
Recurring diluted earnings per common share	($0.08)	($0.01)	$-	$0.11
Weighted-average shares - diluted (thousands)	517,651	51•,819	515,751	511,698

[1] Includes $116.8 million positive valuation adjustment associated with agreement to terminate contract with Allegheny in second quarter 1003.

[2] No tax benefit.

[3] Power recognized $116.8 million of revenue in 1003 from a correction of the accounting treatment previously applied to certain third party derivative contracts during 1001 and 1001.

[4] For $10.1 million, no tax benefit in 2nd Qtr 1003.

* Amounts have been restated from 1st quarter 100• to reflect the Canadian straddle plants as discontinued operations.

Non-GAAP Reconciliation Schedule

Williams

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

(UNAUDITED) *(Dollars in millions)*	2003 *1st Qtr**	2003 *2nd Qtr**	2004 *1st Qtr**	2004 *2nd Qtr*
Power (1)	$ (136.4)	$ 348.0	$ (32.7)	$ 44.7
Gas Pipeline	150.3	115.5	147.4	132.8
Exploration & Production	113.8	178.7	51.5	43.3
Midstream Gas & Liquids	112.2	45.1	108.3	98.6
Other	4.8	(51.7)	(8.7)	(14.3)
Total segment profit	**$ 244.7**	**$ 635.6**	**$ 265.8**	**$ 305.1**
Nonrecurring adjustments:				
Power	$ (1.9)	$ (254.6)	$ -	$ -
Gas Pipeline	-	26.4	-	9.0
Exploration & Production	-	(91.5)	-	11.3
Midstream Gas & Liquids	-	8.5	-	-
Other	-	49.6	6.5	10.8
Total segment nonrecurring adjustments	**$ (1.9)**	**$ (261.6)**	**$ 6.5**	**$ 31.1**
Recurring segment profit (loss):				
Power *	$ (138.3)	$ 93.4	$ (32.7)	$ 44.7
Gas Pipeline	150.3	141.9	147.4	141.8
Exploration & Production	113.8	87.2	51.5	54.6
Midstream Gas & Liquids	112.2	53.6	108.3	98.6
Other	4.8	(2.1)	(2.2)	(3.5)
Total recurring segment profit	**$ 242.8**	**$ 374.0**	**$ 272.3**	**$ 336.2**

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.

(1) Power's segment profit includes the effect of intercompany interest rate swaps entered into with the corporate parent.

* Amounts have been restated from 1st quarter 2004 to reflect (1) the Canadian straddle plants as discontinued operations and (2) transfer of management and decision-making control of certain gas gathering assets from our Midstream segment to our Gas Pipeline segment.

2Q 2004 EBITDA Reconciliation

Williams.

Dollars in millions

Net Income (Loss)*	**($18)**
Income from Disc. Operations	-
Net Interest Expense	222
DD&A	168
Provision for Income Taxes	(17)
EBITDA*	**$355**

** Includes gains and impairments on asset sales and prior period adjustments*

2004 YTD EBITDA Reconciliation

Williams

Dollars in millions

Net Income (Loss)*	**($8)**
Income from Disc. Operations	(11)
Net Interest Expense	461
DD&A	329
Provision for Income Taxes	(6)
EBITDA*	**$765**

** Includes gains and impairments on asset sales and prior period adjustments*

2Q 2004 Segment Contributions

Dollars in millions

	Gas Pipeline	E&P	Midstream	Power	Corp/Other	Total
Segment Profit (Loss)	$133	$43	$99	$45	($15)	**$305**
DD&A	68	46	45	5	4	**168**
Segment Profit before DDA	**$201**	**$89**	**$144**	**$50**	**($11)**	$473
General Corporate Expense						**(28)**
Investing Income*						**13**
Other Income						**(107)**
TOTAL						**$355**

** Excluding equity earnings and income (loss) from investments contained in segment profit*

Consolidated
2004 Forecast Segment Contribution

Williams.

	Gas Pipeline	E&P	Midstream	Power	Corp/Other	Total
Segment Profit (Loss)	540 - 570	235 - 260	325 - 375	0 - 150	0 - 45	1,100 - 1,400
DD&A	270 - 280	160 - 180	180 - 190	20 - 25	20 - 25	650 - 700
Segment Profit before DDA	810 - 850	395 - 440	505 - 565	20 - 175	20 - 70	1,750 - 2,100
General Corporate Expense						(130) - (110)
Investing Income						0 - 50
Other/Rounding						(20) - (40)
TOTAL RECURRING						1,600 - 2,000

Appendix

Exploration & Production
2004 Net Realized Price Calculation

Williams

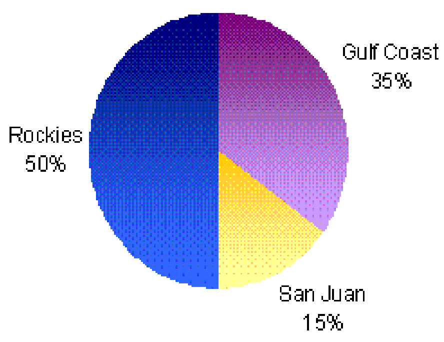
Example for any given quarter:

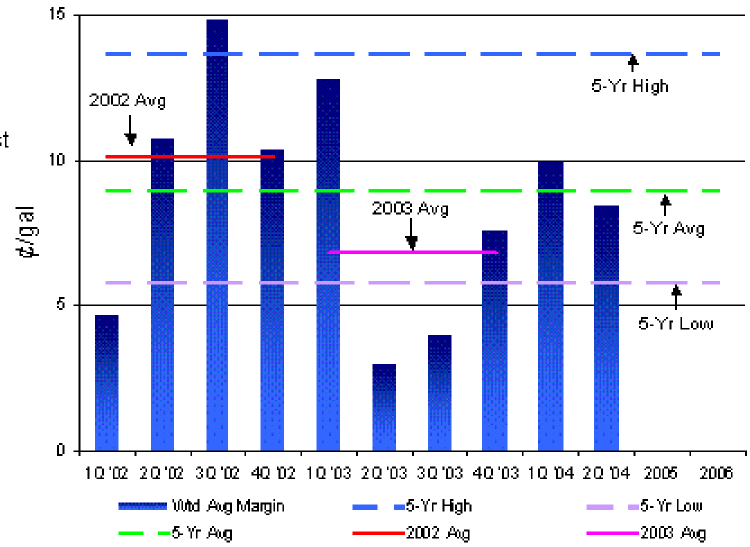
	Unhedged	Hedge *
Market Price:		
NYMEX	$5.50 - $6.00	$3.99
Basin Differential	(0.65 - 0.85)	(0.34)
Net Basin Market price	$4.85 - $5.15	($3.65)
Net Basin Market Price	$4.85 - $5.15	($3.65)
Fuel & Shrink/Gathering /Transportation	(0.80 - 1.00)	(0.80 - 1.00)
Net Price	$3.95 - $4.15	$2.65 - $2.85
Quarter Volume Totals	(qtr vols) x (% unhedged)	(qtr vols) x (% hedged)
Net Gas Revenue	=(unhedged volumes x Net Price	=(hedged volumes x Net Price

* *Remaining 2004 hedge position*

Midstream
Domestic NGL Production & Weighted Avg Margins

Williams NGL Equity Mix





Note: Computed using NGL prices FOB plant tailgate less shrinkage costs.
Weighted average is computed using Williams' equity percentages by region.

Enterprise Risk Management

Williams

Dollars in millions	E&P	Midstream	Power	Corp./ Other	Total
Margins & Ad. Assur.	$187	$18	$197	-	$402
Prepayments	-	7	31	-	38
Subtotal	**$187**	**$25**	**$228**	**$ -**	**$440**
Letters of Credit	302	132	196	43	673
Total as of 6/30/04	**$489**	**$157**	**$424**	**$43**	**$1,113**
Total as of 3/31/04	**$364**	**$74**	**$441**	**$81**	**$960**
Change	**$125**	**$83**	**($17)**	**($38)**	**$153**

Enterprise Risk Management

Williams

Dollars in millions

- Margin volatility (99% confidence interval)
  - Incremental liquidity requirement

	6/30/04	12/31/03
– 30 days	($214)	($185)
– 180 days	($274)	($309)
– 360 days	($300)	($390)

Assumption: The margin numbers above consist of only the forward marginable position values, starting from May 2004.

Enterprise Risk Management

Estimated dollars in millions

Sensitivities Analysis

	WMB[1] Natural Gas (Per MMBtu)	Power[2] West Spark Spread Power Price (Per MWh)	Midstream[3] Processing Margin NGL Price (Per Gallon)
Price Increase	**$0.10**	**$5.00**	**$0.01**
2004	($1)	$0-5	$4-10
2005	$3	$5-10	$10-15
2006	$12	$5-15	$10-15

[1] *Assumes a correlated movement in prices across all commodities, including spreads.*

[2] *Assumes a non-correlated change in West power prices only, no change in power volatility, full extrinsic value not included. Heat rate and position change associated with Spark Spread increase is consistent across all months. Cash flow ranges are not linear.*

[3] *Assumes a non-correlated change in NGL processing spread (i.e. change in NGL price only). Midstream figures for 2004 does not include price sensitivity on Canadian assets based on the assumption the Canadian assets would be sold in 2004.*

Power
Total Undiscounted Cash Flows

Williams.

Combined Power Portfolio *Estimated as of 6/30/04*	**Q1 A**	**Q2 A**	**2004 A+F**	**2005 F**	**2006 F**
Tolling Demand Payment Obligations	($88)	($99)	($396)	($397)	($401)
Resale of Tolling	$41	$35	$137	$111	$95
Full Requirements	($1)	$11	$14	$16	$16
Long-term Physical Forward Power Sales	$27	$21	$70	$73	$58
OTC Hedges	$36	$37	$169	$69	$125
Tolling Cash Flows Associated With Hedges	$7	$34	$155	$261	$282
Subtotal	$22	$39	$150	$133	$174
Merchant Cash Flows	$0	$0	$7	$18	$71
Est. Combined Power Portfolio Cash Flows	$22	$39	$156	$150	$245
Forecasted Direct SG&A	($8)	($14)	($50)	($50)	($50)
Forecasted Indirect SG&A	($8)	($6)	($25)	($25)	($25)
Subtotal	$6	$19	$81	$75	$170
Legacy Portfolio and Other Working Capital	$81	$94	$233	$51	$36
Estimated Cash Flows	$87	$113	$315	$127	$206

Note: Actual cash flows realized upon liquidation or sale of the portfolio may differ materially from those shown. Also, please note that proprietary positions, storage, transportation, transmission, crude and refined products, interest rates, and option premiums are not included.

West - Total Undiscounted Cash Flows

Dollars in millions

West Power Portfolio *Estimated as of 6/30/04*	**Q1 A**	**Q2 A**	**2004 A+F**	**2005 F**	**2006 F**
Tolling Demand Payment Obligations	($39)	($38)	($154)	($154)	($156)
Resale of Tolling	$41	$35	$86	$0	$0
Long-term Physical Forward Power Sales	$29	$24	$59	$0	$0
OTC Hedges	$15	$24	$192	$235	$236
Tolling Cash Flows Associated With Hedges	$12	$26	$104	$160	$176
Subtotal	$58	$70	$287	$241	$256
Merchant Cash Flows	$0	$0	$0	$0	$28
Estimated Cash Flows	$58	$70	$287	$241	$285

Power
Central - Total Undiscounted Cash Flows

Dollars in millions

Mid-Continent Power Portfolio *Estimated as of 6/30/04*	**Q1 A**	**Q2 A**	**2004 A+F**	**2005 F**	**2006F**
Tolling Demand Payment Obligations	($13)	($21)	($87)	($88)	($89)
Long-term Physical Forward Power Sales	($2)	($3)	($16)	$2	$0
OTC Hedges	$1	$9	$21	($11)	($8)
Tolling Cash Flows Associated With Hedges	($3)	$1	$11	$33	$20
Subtotal	($17)	($15)	($71)	($64)	($77)
Merchant Cash Flows	$0	$0	$0	$0	$25
Estimated Cash Flows	($17)	($15)	($71)	($64)	($52)

East - Total Undiscounted Cash Flows

Dollars in millions

East Power Portfolio *Estimated as of 6/30/04*	**Q1 A**	**Q2 A**	**2004 A+F**	**2005 F**	**2006 F**
Tolling Demand Payment Obligations	($36)	($39)	($155)	($154)	($157)
Full Requirements	($1)	$11	$14	$16	$16
OTC Hedges	$19	$4	$34	$26	$49
Tolling Cash Flows Associated With Hedges	($1)	$7	$41	$67	$87
Subtotal	($18)	($17)	($67)	($44)	($6)
Merchant Cash Flows	$0	$0	$7	$18	$18
Estimated Cash Flows	($18)	($17)	($60)	($25)	$12

Consolidated
Drivers

Dollars in millions	Segment Profit		CFFO	
	Low	**High**	**Low**	**High**
2003	1,346	1,346	770	770
Interest savings	-	-	375	410
Gains on Asset Sales	(337)	(337)	-	-
Impairments	220	220	-	-
Power	-	150	-	150
Other	(129)	21	(145)	(30)
2004	**1,100**	**1,400**	**1,000**	**1,300**
Interest savings	-	-	100	200
E&P improvements	150	200	185	235
Other	50	-	15	(135)
2005	**1,300**	**1,600**	**1,300**	**1,600**
Interest savings	-	-	40	70
E&P improvements	50	50	75	90
Other	50	50	(15)	(60)
2006	**1,400**	**1,700**	**1,400**	**1,700**

EXHIBIT 99.2

NewsRelease

NYSE: WMB

Date: Aug. 5, 2004

Williams Reports Second-Quarter 2004 Results

• *Company Reduced Debt $1.5 Billion During Quarter; Initiates New Tender Offer Today*

• *Consolidated Operating Results Solid*

TULSA, Okla. – Williams (NYSE:WMB) today announced a second-quarter 2004 unaudited net loss of $18.2 million, or a loss of 3 cents per share on a diluted basis, compared with net income of $269.7 million, or 46 cents per share, for second-quarter 2003.

For second-quarter 2004, the company reported a loss from continuing operations of $18 million, or a loss of 3 cents per share on a diluted basis, compared with income of $113.7 million, or 17 cents per share, on a restated basis for the same period in 2003. Results for the 2004 quarter were reduced by approximately $97 million in pre-tax charges for premiums, as well as related fees and expenses, associated with the early retirement of debt.

Results for 2003 have been restated to reflect the operating results from the Canadian straddle plants as discontinued operations following the second quarter authorization to sell these assets, which were sold on July 28. In addition, the operating results associated with certain regulated gas gathering assets were transferred from Midstream to Gas Pipeline following a transfer of operating control between these segments due in part to a recent order by the Federal Energy Regulatory Commission.

Year-to-date, the company reported a net loss of $8.3 million, or a loss of 2 cents per share on a diluted basis, compared with a loss of $544.8 million, or a loss of $1.10 per share, for the first half of 2003. Results for the first half of 2003 were reduced by an after-tax charge of $761.3 million, or $1.45 per share, to primarily reflect the cumulative effect of adopting the newly mandated accounting standard for contracts involved in energy trading and risk management activities.

For the first six months of the year, Williams reported a loss from continuing operations of $19.5 million, or a loss of 4 cents per share on a diluted basis, compared with income of $70.6 million, or 7 cents per share, on a restated basis for the same period in 2003.

Factors influencing the six-month decrease in income from continuing operations are primarily attributable to the absence of gains on two asset sales in the prior-year period, the impact of lower net realized average prices for natural gas production, the costs of early debt retirement and lower Power segment profit, reflecting lower overall unrealized mark-to-market gains on derivative contracts.

Offsetting those factors were the favorable impact of continued strong performance in the company's Midstream Gas & Liquids unit, significantly reduced interest expense and the absence of impairment charges reported in investing income in 2003.

The company reported a loss of $200,000 in discontinued operations, or 0 cents per share, in second-quarter 2004, compared with income of $156 million, or diluted earnings per share of 29 cents, on a restated basis for the same period last year. The 2003 results include significant gains from the sales of assets. For the first six months of the year, income from discontinued operations was $11.2 million, or 2 cents per share on a diluted basis, compared with $145.9 million, or 28 cents per share, on a restated basis for the first half of 2003.

Net cash provided by operating activities for the first half of the year was $615.1 million, including $11.5 million from discontinued operations.

"Williams' turnaround is on track," said Steve Malcolm, chairman, president and chief executive officer. "We are driving our progress by delivering on our restructuring program, taking strategic advantage of our cash position and realizing the strength of our core businesses.

"For example, we have consistently executed on our business plan over the past two years. We've done exactly what we said we would — complete our major asset sales, strengthen our liquidity, reduce debt, live within our means and simplify our business mix.

"Second, even after paying down another $1.5 billion of debt during the second quarter, we have launched a new tender offer today for another $800 million in outstanding debt. Our stated goal is to reduce our total long-term debt to less than $8 billion by the end of 2005.

"Finally, as we've re-shaped, re-sized and restructured the company, we've retained some crown jewels in our core natural gas businesses that are showing the results of disciplined investments. Our Midstream business had another near-record quarter, in part due to almost $1 billion in new assets that we've added in the Gulf of Mexico since 1997."

Recurring Results

Recurring income from continuing operations – which excludes items of income or loss that the company characterizes as unrepresentative of its ongoing operations – was $64.4 million, or 12 cents per share, for the second quarter of 2004. In last year's second quarter, there was a recurring loss from continuing operations of $11.5 million, or 2 cents per share, on a restated basis.

For the first half of this year, recurring income from continuing operations was $66.9 million, or 13 cents per share, compared with a loss of $55.2 million, or a loss of 10 cents per share, for the first six months of 2003 on a restated basis.

A reconciliation of the company's income from continuing operations – a generally accepted accounting principles measure – to its recurring results accompanies this news release.

Update on Debt and Cash

Williams reduced its debt by approximately $1.5 billion during the second quarter, including $1.17 billion through cash tender offers and $255 million through open market repurchases ahead of schedule. The company ended the second quarter with total long-term debt of approximately $9.8 billion.

Year-to-date, Williams has reduced its debt by approximately $2.2 billion through scheduled maturities and early debt retirements. Earlier today, Williams commenced a cash tender offer for an additional $800 million of outstanding notes.

At July 30, Williams had available cash and cash equivalents of approximately $1.5 billion. The amount includes the benefit of approximately $536 million in proceeds from the July 28 sale of the Canadian straddle plants.

In addition to cash, Williams' overall liquidity is supported by approximately $800 million in available credit capacity under the company's revolving credit facilities that were obtained during the first quarter. The facilities are used primarily for issuing letters of credit and for liquidity. Williams also has a commitment from its agent bank to expand the company's credit facility by an additional $275 million.

Business Segment Performance

Williams' natural gas businesses – Exploration & Production, Midstream Gas & Liquids and Gas Pipeline – reported combined segment profit of $274.7 million in the second quarter of 2004.

A year ago in the second quarter, the natural gas businesses reported combined segment profit of $339.3 million on a restated basis, which included the benefit of a $91.5 million gain on the sale of certain Exploration & Production properties.

For the first six months of 2004, the natural gas businesses reported combined segment profit of $581.9 million vs. $715.6 million for the same period last year on a restated basis.

Exploration & Production

Exploration & Production, which includes natural gas production and development in the U.S. Rocky Mountains, San Juan Basin and Midcontinent, reported second-quarter 2004 segment profit of $43.3 million.

In the second quarter a year ago, the business reported segment profit of $178.7 million, which included the benefit of a $91.5 million gain on the sale of certain properties. Second-quarter 2004 results decreased primarily due to lower income on derivative instruments that did not qualify for hedge accounting, reduced income from the utilization of excess transportation capacity, an $11.3 million loss provision associated with an ownership issue and the absence of the asset sale gain.

For the first six months of 2004, Exploration & Production reported segment profit of $94.8 million vs. $292.5 million for the same period last year. The first half of 2003 included the benefit of the asset sale gain, volumes associated with properties that have since been divested and higher net average realized prices.

In the second quarter of 2004, average daily production was approximately 555 million cubic feet of gas equivalent, compared with 502 MMcfe in the first quarter of 2004, or an 11 percent increase. Production has now surpassed levels that were reached prior to last year's asset sales.

In the Piceance Basin where drilling activity has increased throughout the year, average daily production continues to rise. In the second quarter, average daily production was 210 million cubic feet of gas equivalent. This was an increase of 19 percent vs. the average daily production in the first quarter of 177 million cubic feet of gas equivalent. Year-to-date, Piceance production has increased 33 percent since the fourth quarter of 2003, when average daily production was 158 million cubic feet of gas equivalent.

For the full year, Williams now expects $235 million to $260 million in segment profit from Exploration & Production. The company previously expected $275 million to $300 million in segment profit from Exploration & Production. The change reflects a higher impact from hedging, the $11.3 million charge, reduced income from the utilization of excess transportation capacity and higher other costs, partially offset by increased production revenues.

Midstream Gas & Liquids

Midstream, which provides gathering, processing, natural gas liquids fractionation and storage services, reported second-quarter 2004 segment profit of $98.6 million.

In the second quarter a year ago, Midstream reported segment profit of $45.1 million on a restated basis. The increase in segment profit from the 2004 second quarter vs. the 2003 second quarter reflects the contribution of newly constructed assets in the deepwater Gulf of Mexico, higher natural gas liquids processing and olefins margins, and higher equity earnings from partially owned domestic assets.

For the first six months of 2004, Midstream reported segment profit of $206.9 million vs. a restated $157.3 million for the same period last year.

The increase in segment profit for the first six months reflects the contribution of newly constructed deepwater assets and higher olefins margins. Earnings from partially owned domestic assets increased in part due to the absence in 2004 of both impairment charges and prior period accounting adjustments recorded in 2003. Operations in Venezuela contributed approximately $7 million in higher segment profit primarily due to reduced levels of operations in 2003 following a fire at the El Furrial facility.

Operating activities for the second quarter of 2004 include the May 5 receipt of first production at the newly built Devils Tower offshore platform at Mississippi Canyon block 773. This production initiated flows into the related Canyon Chief natural gas pipeline and the Mountaineer oil pipeline that were also recently constructed to serve this area in the deepwater Gulf of Mexico.

Subsequent to the close of the quarter, Williams on July 28 completed the sale of three natural gas liquids straddle plants in Canada for approximately $536 million in U.S. funds. Williams also signed an agreement to divest approximately 500 miles of certain onshore pipeline in Texas for $27.4 million, subject to approval by FERC.

For the full year, Williams now expects $325 million to $375 million in segment profit from Midstream. The company previously expected $275 million to $360 million in segment profit from Midstream after giving effect to the reclassification of the Canadian straddle plants to discontinued operations. The increase in guidance is based on strong performance in the second quarter and improving natural gas liquids margin expectations.

Gas Pipeline

Gas Pipeline, which provides natural gas transportation and storage services primarily in the Northwest and along the Eastern Seaboard, reported second-quarter 2004 segment profit of $132.8 million.

In the second quarter a year ago, Gas Pipeline reported segment profit of $115.5 million on a restated basis. The increase in segment profit in second-quarter 2004 reflects earnings from expansion projects placed into service after the first quarter of 2003 and the absence of a $25.5 million charge in 2003 to write-off certain capitalized software development costs. These were partially offset by the second-quarter 2004 charge of $9 million to write-off previously capitalized costs incurred on an idled segment of the Northwest system that will not be returned to service, lower transportation and gathering revenues, and lower sales of environmental credits.

For the first six months of 2004, Gas Pipeline reported segment profit of $280.2 million vs. a restated $265.8 million for the same period last year.

Operating activities for the second quarter of 2004 included the temporary restoration of 131,000 dekatherms per day of service on 111 miles of the Northwest system in western Washington that had been idled since December 2003. The company currently plans to permanently replace in 2006 the full 360,000 dekatherms per day of capacity that was idled in December 2003.

Transco also completed a successful open season of its proposed Leidy-to-Long Island expansion and the jointly owned Gulfstream pipeline commenced construction on a 110-mile expansion project.

For the full year, Williams now expects $540 million to $570 million in segment profit from Gas Pipeline. The company previously expected $525 million to $575 million in segment profit from Gas Pipeline.

Power

Power, which manages more than 7,500 megawatts of power through long-term contracts, reported second-quarter 2004 segment profit of $44.7 million.

In the second quarter a year ago, Power reported segment profit of $348 million, which included a $175 million gain on the sale of an energy contract and the benefit of approximately $93 million in revenues from the correction of prior period amounts for certain third-party derivative contracts. The balance of the decrease in segment profit primarily results from lower unrealized mark-to-market gains associated with natural gas derivative contracts.

For the first six months of 2004, Power reported a segment profit of $12 million vs. segment profit of $211.6 million for the same period last year.

The company has been pursuing efforts to exit the Power business through a sale, but the number of viable parties expressing an interest has been limited.

As an alternative to continuing a plan of pursuing a complete exit from the Power business, Williams is evaluating whether the benefits of realizing the positive cash flows expected to be generated by this business through continued ownership exceed the benefits of a sale at a depressed price. If this alternative is pursued, Williams expects to continue the current program of managing this business to minimize financial risk, generate cash and manage existing contractual commitments.

For the full year, Williams continues to expect break-even to $150 million in segment profit from Power.

Other

In the Other segment, the company reported a second-quarter 2004 loss of $14.3 million, largely resulting from an impairment charge associated with an investment in a Texas pipeline project following a determination that additional funding would be required to commission the project into service.

In the second quarter a year ago, Other reported a segment loss of $51.7 million, which included a $42.4 million impairment of the same investment in a Texas pipeline project.

For the first six months of 2004, Other reported a segment loss of $23 million vs. a segment loss of $46.9 million for the same period last year.

Earnings Guidance

For the full year, Williams now expects recurring earnings of $0.20 to $0.40 per share. On a basis restated for the reclassification of the Canadian straddle plants to discontinued operations, the company previously expected recurring earnings of $0.14 to $0.37 per share.

Williams now expects consolidated segment profit of $1.1 billion to $1.4 billion for the year. On a basis restated for the reclassification of the Canadian straddle plants to discontinued operations, the company previously expected consolidated segment profit of $1.075 billion to $1.375 billion. Individual segment-profit guidance is outlined in their respective sections in this announcement.

The company confirmed its expectations to generate $1 billion to $1.3 billion in cash flow from operations this year.

Analyst Call

Williams' management will discuss the company's second-quarter 2004 financial results and outlook during an analyst presentation to be webcast live beginning at 10 a.m. Eastern today.

Participants are encouraged to access the presentation and corresponding slides via www.williams.com. A limited number of phone lines also will be available at (800) 810-0924. International callers should dial (913) 981-4900. Callers should dial in at least 10 minutes prior to the start of the discussion.

The webcast replay – audio and slides –will be available at www.williams.com later today. Audio-only replays of the presentation will be available at approximately 3 p.m. Eastern today through midnight Eastern on Aug. 12. To access the replay, dial (888) 203-1112. International callers should dial (719) 457-0820. The replay confirmation code is 523724.

Form 10-Q

The company is filing its Form 10-Q today with the Securities and Exchange Commission. The document will be available on both the SEC and Williams' websites.

About Williams (NYSE:WMB)

Williams, through its subsidiaries, primarily finds, produces, gathers, processes and transports natural gas. Williams' gas wells, pipelines and midstream facilities are concentrated in the Northwest, Rocky Mountains, Gulf Coast and Eastern Seaboard. More information is available at www.williams.com.

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Williams' reports, filings, and other public announcements might contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of Private Securities Litigation Reform Act of 1995. You typically can identify forward-looking statements by the use of forward-looking words, such as "anticipate," believe," "could," "continue," "estimate," "expect," "forecast," "may," "plan," "potential," "project," "schedule," "will," and other similar words. These statements are based on our intentions, beliefs, and assumptions about future events and are subject to risks, uncertainties, and other factors. Actual results could differ materially from those contemplated by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such statements, other factors could cause our actual results to differ materially from the results expressed or implied in any forward-looking statements. Those factors include, among others: changes in general economic conditions and changes in the industries in which Williams conducts business; changes in federal or state laws and regulations to which Williams is subject, including tax, environmental and employment laws and regulations; the cost and outcomes of legal and administrative claims proceedings, investigations, or inquiries; the results of financing efforts, including our ability to obtain financing on favorable terms, which can be affected by various factors, including our credit ratings and general economic conditions; the level of creditworthiness of counterparties to our transactions; the amount of collateral required to be posted from time to time in our transactions; the effect of changes in accounting policies; the ability to control costs; the ability of each business unit to successfully implement key systems, such as order entry systems and service delivery systems; the impact of future federal and state regulations of business activities, including allowed rates of return, the pace of deregulation in retail natural gas and electricity markets, and the resolution of other regulatory matters; changes in environmental and other laws and regulations to which Williams and its subsidiaries are subject or other external factors over which we have no control; changes in foreign economies, currencies, laws and regulations, and political climates, especially in Canada, Argentina, Brazil, and Venezuela, where Williams has direct investments; the timing and extent of changes in commodity prices, interest rates, and foreign currency exchange rates; the weather and other natural phenomena; the ability of Williams to develop or access expanded markets and product offerings as well as their ability to maintain existing markets; the ability of Williams and its subsidiaries to obtain governmental and regulatory approval of various expansion projects; future utilization of pipeline capacity, which can depend on energy prices, competition from other pipelines and alternative fuels, the general level of natural gas and petroleum product demand, decisions by customers not to renew expiring natural gas transportation contracts; the accuracy of estimated hydrocarbon reserves and seismic data; and global and domestic economic repercussions from terrorist activities and the government's response to such terrorist activities. In light of these risks, uncertainties, and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time that we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Exhibit 99.3

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

(Dollars in millions, except for per-share amounts)	**2003** 1st Qtr *	2nd Qtr *	3rd Qtr *	4th Qtr *	Year *	**2004** 1st Qtr *	2nd Qtr	Year
Income (loss) from continuing operations[1]	$ (43.1)	$ 113.7	$ 20.0	$ (62.4)	$ 28.2	$ (1.5)	$ (18.0)	$ (19.5)
Preferred stock dividends	6.8	22.7	—	—	29.5	—	—	—
Income (loss) from continuing operations available to common stockholders	$ (49.9)	$ 91.0	$ 20.0	$ (62.4)	$ (1.3)	$ (1.5)	$ (18.0)	$ (19.5)
Income (loss) from continuing operations — diluted earnings per share	$ (0.10)	$ 0.17	$ 0.04	$ (0.12)	$ (0.01)	$ —	$ (0.03)	$ (0.04)
Nonrecurring items:								
Power								
Accelerated compensation expense associated with workforce reductions	11.8	—	—	—	11.8	—	—	—
Severance accrual	—	0.6	—	—	0.6	—	—	—
Loss accrual for regulatory issues[2]	—	20.0	—	—	20.0	—	—	—
Prior period item correction[3]	(13.7)	(93.1)	(1.0)	(9.0)	(116.8)	—	—	—
Gain on sale of Jackson EMC power contracts	—	(175.0)	(13.0)	—	(188.0)	—	—	—
Gain on sale of crude contracts and pipeline	—	(7.1)	—	—	(7.1)	—	—	—
Gain on sale of eSpeed stock	—	—	(13.5)	—	(13.5)	—	—	—
Impairment of goodwill[2]	—	—	—	45.0	45.0	—	—	—
Hazelton impairment	—	—	—	44.1	44.1	—	—	—
California rate refund and other accrual adjustments[4]	—	—	—	33.3	33.3	—	—	—
Total Power nonrecurring items	(1.9)	(254.6)	(27.5)	113.4	(170.6)	—	—	—
Gas Pipeline								
Write—off of Oneline information system project	—	25.5	—	0.1	25.6	—	—	—
Severance accrual	—	0.9	—	—	0.9	—	—	—
Write—off of previously—capitalized costs — idled segment of Northwest's pipeline	—	—	—	—	—	—	9.0	9.0
Total Gas Pipeline nonrecurring items	—	26.4	—	0.1	26.5	—	9.0	9.0
Exploration & Production								
Gain on sale of certain E&P properties	—	(91.5)	—	—	(91.5)	—	—	—
Loss provision related to an ownership dispute	—	—	—	—	—	—	11.3	11.3
Total Exploration & Production nonrecurring items	—	(91.5)	—	—	(91.5)	—	11.3	11.3
Midstream Gas & Liquids								
Impairment of investment in Aux Sable	—	8.5	5.6	—	14.1	—	—	—
La Maquina depreciable life adjustment	—	—	4.2	—	4.2	—	—	—
Gain on sale of West Texas LPG Pipeline, L.P.	—	—	(11.0)	—	(11.0)	—	—	—
Gain on sale of wholesale propane	—	—	—	(16.2)	(16.2)	—	—	—
Total Midstream Gas & Liquids nonrecurring items	—	8.5	(1.2)	(16.2)	(8.9)	—	—	—
Other								
Impairment of Longhorn and Aspen project [5]	—	49.6	—	—	49.6	—	10.8	10.8
Gain on sale of butane blending inventory	—	—	(9.2)	—	(9.2)	—	—	—
Longhorn recapitalization fee	—	—	—	—	—	6.5	—	6.5
Total Other nonrecurring items	—	49.6	(9.2)	—	40.4	6.5	10.8	17.3
Nonrecurring items included in segment profit (loss)	(1.9)	(261.6)	(37.9)	97.3	(204.1)	6.5	31.1	37.6
Nonrecurring items below segment profit (loss)								
Convertible preferred stock dividends[2] (Preferred stock dividends — Corporate)	—	13.8	—	—	13.8	—	—	—
Impairment of cost-based investments[2] (Investing income (loss) —Various)	—	19.1	2.3	—	21.4	—	—	—
Severance accrual (General corporate expenses)	—	3.0	—	—	3.0	—	—	—
Impairment of Algar Telecom investment (Investing income (loss) — Other)	12.0	—	1.2	—	13.2	—	—	—
Write-off of capitalized debt expense (Interest accrued — Corporate)	—	14.5	—	—	14.5	—	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)	—	—	—	66.8	66.8	—	96.7	96.7
Loss provision related to an ownership dispute — interest component (Interest accrued — Exploration & Production)	—	—	—	—	—	—	1.9	1.9
	12.0	50.4	3.5	66.8	132.7	—	102.4	102.4

Total nonrecurring items	10.1	(211.2)	(34.4)	164.1	(71.4)	6.5	133.5	140.0
Tax effect for above items	3.9	(108.7)	(14.0)	43.4	(75.5)	2.5	51.1	53.6
Recurring income (loss) from continuing operations available to common stockholders	$ (43.7)	$ (11.5)	$ (0.4)	$ 58.3	$ 2.8	$ 2.5	$ 64.4	$ 66.9
Recurring diluted earnings per common share	$ (0.08)	$ (0.02)	$ —	$ 0.11	$ 0.01	$ —	$ 0.12	$ 0.13
Weighted—average shares — diluted (thousands)	517,652	534,839	524,711	518,502	518,137	525,752	521,698	520,592

(1)Includes $126.8 million positive valuation adjustment associated with agreement to terminate contract with Allegheny in second quarter 2003.
(2)No tax benefit
(3)Power recognized $116.8 million of revenue in 2003 from a correction of the accounting treatment previously applied to certain third party derivative contracts during 2002 and 2001.
(4)For $5.6 million, no tax benefit
(5)For $20.2 million, no tax benefit in 2nd Qtr 2003.

* Amounts have been restated from 1st quarter 2004 to reflect the Canadian straddle plants as discontinued operations.

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.