



News Release

Questar Corporation

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QUESTAR REPORTS HIGHER EARNINGS IN THIRD-QUARTER 2002; REAFFIRMS PREVIOUS 2002 EARNINGS GUIDANCE

SALT LAKE CITY — Questar Corp. (NYSE: STR) today reported net income of \$23.4 million, or \$.28 per common diluted share, for the quarter ended Sept. 30, 2002, compared to \$21.8 million, or \$.27 per diluted share, for the prior-year period.

Natural gas-production growth and higher net income from Questar Pipeline, an interstate natural gas-transmission subsidiary, offset the impact of poor gas prices in the company's Rocky Mountain producing areas.

For the first nine months of 2002, Questar's net income – including a noncash write-down related to a change in accounting rules for goodwill – was \$87.6 million, or \$1.06 per diluted share versus \$115.6 million, or \$1.42 per diluted share, for the comparable 2001 period. Excluding the charge – \$15.3 million, or \$.19 per share – Questar earned \$102.9 million, or \$1.25 per share, for the first nine months of 2002.

There was an average of 82.2 million common shares outstanding (diluted) for the nine-month 2002 period compared with 81.6 million a year earlier.

Keith O. Rattie, Questar president and CEO, said: "Our third-quarter and nine-month results are in line with our previous guidance. Frankly, we're glad to have the second and third

quarters behind us. Depressed Rockies prices took their toll on Questar Market Resources, our nonregulated business. The good news is that we are well positioned to capitalize on stronger regional prices this winter and in 2003.”

Earnings Guidance

Rattie reaffirmed the company’s previous guidance that the corporation’s 2002 earnings should range between \$1.70 and \$1.80 per share, excluding the one-time goodwill charge in the first quarter and gains on asset sales in the second half. Rattie indicated that the company currently projects 2003 earnings will range between \$1.80 and \$2 per share. This estimate is based on current hedge positions, and assumes prices for unhedged natural gas production at or near levels reflected in the forward price curves at the close of business Tuesday.

Rattie noted that the company’s 2003 estimate accounts for an approximate \$.15 per share downward impact related to 2002 asset sales, the loss of Section 29 tax credits and higher insurance costs.

Rattie also cited the company’s progress with debt reduction in 2002. “With the previously announced sales of our Canadian E&P business and our 50% interest in the TransColorado Pipeline, we are on track to generate more than \$235 million in proceeds from asset sales this year. Proceeds from the sales of these underperforming assets will be used to retire debt, strengthen our balance sheet and improve returns on capital,” he said.

In a separate news release, the company today also provided a detailed update on its exploration and production activities, including an update on its Pinedale and Uinta Basin development projects and current hedges.

THIRD-QUARTER 2002 RESULTS

Equivalent Gas Production Up 5% Despite Curtailments

Questar Market Resources (QMR) – which conducts gas and oil exploration and production, gas gathering and other nonregulated activities – earned \$16 million during third-quarter 2002, \$7.1 million below the prior-year period. Nonregulated gas and oil production rose 5% to 23.9 billion cubic feet equivalent (bcfe), primarily from a 2001 reserve acquisition and successful development-drilling programs near Pinedale, Wyo., and in the Uinta Basin of eastern Utah. Approximately 1.8 bcf of gas production was curtailed during the quarter due to low gas prices. The average realized natural gas sales price declined 15% to \$2.49 per thousand cubic feet (Mcf) net to the wellhead.

Wexpro Co., a QMR gas-development subsidiary, earned net income of \$7.9 million in third-quarter 2002, about \$500,000 higher than a year earlier. Wexpro develops gas properties owned by Questar Gas and receives a defined return on investment in successful drilling.

Net income from QMR's gas-gathering and energy-marketing activities declined from \$2.6 million in third-quarter 2001 to approximately \$900,000 as a result of lower energy-marketing margins.

Questar Regulated Services (QRS) – a subsidiary that includes interstate natural gas transmission and storage and retail gas-distribution operations – reported net income of \$4 million for the three months ended Sept. 30, 2002, compared with \$69,000 in the year-earlier quarter. The QRS earnings included:

– Questar Pipeline Co. earned \$8.8 million during the current-year quarter, a \$1.6 million or 23% year-to-year improvement. The pipeline's transportation volumes grew 17% to 81.4

million decatherms (dth), reflecting the start-up of two significant pipeline projects and continued regional gas-production growth.

– Questar Gas Co., a retail gas-distribution utility that serves Utah and portions of Wyoming and Idaho, recorded a seasonal loss of \$4.7 million for the quarter versus a \$7.8 million loss in the 2001 period. The utility's earnings were boosted by \$2.3 million after taxes from the recovery of previously incurred gas-processing costs. The Public Service Commission of Utah – in response to a December 2001 decision by the state Supreme Court – ruled that the utility could recover certain costs associated with carbon-dioxide removal operations.

Customer growth remained strong at 2.7%, with 19,000 new connections over the 12-month period ended Sept. 30, 2002. The utility's financial results were hampered by a 2% decline in usage per customer.

Corporate and Other Operations reported \$3.4 million in net income during third-quarter 2002 versus a year-earlier quarterly loss of \$1.3 million. Questar InfoComm, a subsidiary that provides information-technology and data-hosting services, earned \$2.8 million in third-quarter 2002 compared with a loss of \$1.4 million a year earlier.

NINE-MONTH RESULTS

Questar Market Resources' combined earnings for the first nine months of 2002 were \$56.4 million compared with \$82 million in the prior year, with lower natural gas prices accounting for the majority of the decline. Nonregulated equivalent gas and oil production climbed 20% to 72.7 bcfe, while about 3.3 bcf of gas production was curtailed due to low prices. The average realized selling price for gas fell 28% to \$2.49 per Mcf. The average realized selling price for nonregulated oil and natural gas liquids decreased 2% to \$20.15 per barrel.

QMR's nonregulated exploration and production subsidiaries (excluding Wexpro) had net income of \$29.9 million for the nine months ended Sept. 30, 2002, versus \$54.4 million for the comparable year-earlier period. QMR's Canadian operations contributed \$1.5 million in net income year to date. On Oct. 21, 2002, Questar completed the sale of its Canadian exploration and production subsidiary, Celsius Energy Resources Ltd.

Wexpro reported net income of \$23.4 million for the nine-month 2002 period compared with \$20.5 million a year earlier due to increased investment in gas-development activities. Wexpro's investment base increased 8% to \$165.8 million at the end of third-quarter 2002 versus a year earlier.

Questar Regulated Services' net income increased 11% in the first nine months of 2002 to \$40.2 million compared with \$36.1 million for the 2001 period. Questar Pipeline's earnings rose from \$21.7 million to \$24.1 million in the 2002 period. Primary factors were a 19% increase in transportation volumes and nominal gains from its interest in the TransColorado Pipeline versus losses in 2001. (Questar Pipeline reached agreement to sell its TransColorado Pipeline subsidiary to Kinder Morgan Inc., effective Oct. 1, 2002. The sale is subject to regulatory approvals, which are expected by the end of the year.)

Net income for Questar Gas rose by \$2.6 million year to date, primarily from the recovery of gas-processing costs and continued strong customer growth.

Corporate and Other Operations earned \$6.3 million, excluding a \$15.3 million noncash write-down resulting from a change in accounting for goodwill. This compared with a loss of \$2.5 million in the 2001 period. Questar InfoComm earnings were \$4.7 million compared with a \$2.6 million loss a year earlier.

Questar is a diversified natural gas company headquartered in Salt Lake City with \$2.9 billion in assets. Through subsidiaries, Questar engages in gas and oil development and production; gas gathering, processing and marketing; interstate gas transmission and storage; retail gas distribution; retail energy services; and information systems and technologies.

Forward-Looking Statements:

This release contains certain forward-looking statements within the meaning of the federal securities laws. Such statements are based on management's current expectation, estimates and projections, which are subject to a wide range of uncertainties and business risks. Factors that could cause actual results to differ from those anticipated are discussed in the company's periodic filings with Securities and Exchange Commission, including its annual report on Form 10-K for the year ended Dec. 31, 2001. Subject to the requirements of otherwise applicable law, the company cannot be expected to update the statements contained in this news release or take actions described herein or otherwise presently planned.

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For more information, VISIT QUESTAR'S INTERNET SITE at: <http://www.questar.com>.

QUESTAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended September 30,		9 Months Ended September 30,		12 Months Ended September 30,	
	2002	2001	2002	2001	2002	2001
	(In Thousands, Except Per Share Amounts)					
REVENUES						
Questar Market Resources	\$ 108,877	\$ 130,619	\$ 357,580	\$ 513,541	\$ 489,906	\$ 733,018
Questar Regulated Services						
Natural gas distribution	59,347	72,120	402,309	490,918	612,541	698,135
Natural gas transmission	18,015	12,754	44,855	35,848	58,409	47,993
Other	770	1,134	2,553	3,465	3,691	4,666
Corporate and other operations	3,661	8,515	10,520	29,146	19,702	40,898
TOTAL REVENUES	190,670	225,142	817,817	1,072,918	1,184,249	1,524,710
OPERATING EXPENSES						
Cost of natural gas and other products sold	17,328	61,385	243,414	512,567	405,858	752,382
Operating and maintenance	67,368	66,348	206,523	189,178	287,700	265,087
Depreciation, depletion and amortization	46,953	36,499	136,723	108,552	179,906	143,352
Exploration	1,102	1,117	4,983	4,017	7,952	7,058
Abandonment and impairment of oil and gas properties	1,411	1,489	2,466	4,084	3,553	4,150
Production and other taxes	10,329	11,259	33,933	48,040	41,878	61,648
TOTAL OPERATING EXPENSES	144,491	178,097	628,042	866,438	926,847	1,233,677
OPERATING INCOME	46,179	47,045	189,775	206,480	257,402	291,033
INTEREST AND OTHER INCOME	1,329	2,577	17,894	21,503	31,689	25,999
MINORITY INTEREST	4	457	301	1,454	572	1,870
EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	6,328	367	10,090	(725)	10,974	419
DEBT EXPENSE	(20,488)	(17,091)	(60,886)	(47,013)	(78,706)	(62,668)
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT	33,352	33,355	157,174	181,699	221,931	256,653
INCOME TAXES	9,995	11,513	54,294	66,094	76,470	90,700
INCOME BEFORE CUMULATIVE EFFECT	23,357	21,842	102,880	115,605	145,461	165,953
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR GOODWILL, net of \$2,010 attributed to minority interest			(15,297)		(15,297)	
NET INCOME	\$ 23,357	\$ 21,842	\$ 87,583	\$ 115,605	\$ 130,164	\$ 165,953
BASIC EARNINGS PER COMMON SHARE						
Income before cumulative effect	\$ 0.28	\$ 0.27	\$ 1.26	\$ 1.43	\$ 1.78	\$ 2.06
Cumulative effect			(0.19)		(0.19)	
Net income	\$ 0.28	\$ 0.27	\$ 1.07	\$ 1.43	\$ 1.59	\$ 2.06
Average basic common shares outstanding	81,842	81,270	81,728	80,974	81,631	80,559
DILUTED EARNINGS PER COMMON SHARE						
Income before cumulative effect	\$ 0.28	\$ 0.27	\$ 1.25	\$ 1.42	\$ 1.77	\$ 2.04
Cumulative effect			(0.19)		(0.19)	
Net income	\$ 0.28	\$ 0.27	\$ 1.06	\$ 1.42	\$ 1.58	\$ 2.04
Average diluted common shares outstanding	82,228	81,600	82,244	81,605	82,106	81,307
Dividends per common share	\$ 0.18	\$ 0.175	\$ 0.54	\$ 0.525	\$ 0.72	\$ 0.70

QUESTAR CORPORATION AND SUBSIDIARIES
 SELECTED FINANCIAL AND OPERATING RESULTS
 (Unaudited)

	3 Months Ended September 30,		9 Months Ended September 30,		12 Months Ended September 30,	
	2002	2001	2002	2001	2002	2001
(In Thousands, Except Per Share Amounts)						
FINANCIAL RESULTS						
REVENUES FROM UNAFFILIATED CUSTOMERS						
Questar Market Resources	\$ 108,877	\$ 130,619	\$ 357,580	\$ 513,541	\$ 489,906	\$ 733,018
Questar Regulated Services						
Natural gas distribution	59,347	72,120	402,309	490,918	612,541	698,135
Natural gas transmission	18,015	12,754	44,855	35,848	58,409	47,993
Other	770	1,134	2,553	3,465	3,691	4,666
Total Regulated Services	78,132	86,008	449,717	530,231	674,641	750,794
Corporate and other operations	3,661	8,515	10,520	29,146	19,702	40,898
	<u>\$ 190,670</u>	<u>\$ 225,142</u>	<u>\$ 817,817</u>	<u>\$ 1,072,918</u>	<u>\$ 1,184,249</u>	<u>\$ 1,524,710</u>
REVENUES FROM AFFILIATED COMPANIES						
Questar Market Resources	\$ 24,807	\$ 22,720	\$ 81,717	\$ 75,386	\$ 106,861	\$ 103,597
Questar Regulated Services						
Natural gas distribution	145	578	1,243	2,614	1,592	3,913
Natural gas transmission	18,317	17,710	58,198	56,563	77,126	76,042
Other	422	422	1,236	1,153	1,546	1,229
Corporate and other operations	7,669	6,655	22,803	22,881	29,366	31,602
	<u>\$ 51,360</u>	<u>\$ 48,085</u>	<u>\$ 165,197</u>	<u>\$ 158,597</u>	<u>\$ 216,491</u>	<u>\$ 216,383</u>
OPERATING INCOME (LOSS)						
Questar Market Resources	\$ 30,565	\$ 42,465	\$ 97,226	\$ 130,308	\$ 126,259	\$ 172,230
Questar Regulated Services						
Natural gas distribution	(3,908)	(8,903)	39,209	34,418	63,173	62,937
Natural gas transmission	17,176	14,052	47,884	43,992	63,214	57,387
Other	(144)	(79)	(333)	41	(457)	41
Total Regulated Services	13,124	5,070	86,760	78,451	125,930	120,365
Corporate and other operations	2,490	(490)	5,789	(2,279)	5,213	(1,562)
OPERATING INCOME	<u>\$ 46,179</u>	<u>\$ 47,045</u>	<u>\$ 189,775</u>	<u>\$ 206,480</u>	<u>\$ 257,402</u>	<u>\$ 291,033</u>
NET INCOME (LOSS)						
Questar Market Resources	\$ 16,000	\$ 23,051	\$ 56,419	\$ 82,030	\$ 75,523	\$ 108,168
Questar Regulated Services						
Natural gas distribution	(4,667)	(7,827)	15,990	13,365	28,498	28,032
Natural gas transmission	8,842	7,193	24,128	21,701	32,168	30,760
Other	(211)	703	99	1,075	1,855	1,179
Total Regulated Services	3,964	69	40,217	36,141	62,521	59,971
Corporate and other operations	3,393	(1,278)	6,244	(2,566)	7,417	(2,186)
	<u>\$ 23,357</u>	<u>\$ 21,842</u>	<u>\$ 102,880</u>	<u>\$ 115,605</u>	<u>\$ 145,461</u>	<u>\$ 165,953</u>
EFFECT OF ACCOUNTING CHANGE	23,357	21,842	102,880	115,605	145,461	165,953
CUMULATIVE EFFECT			(15,297)		(15,297)	
NET INCOME	<u>\$ 23,357</u>	<u>\$ 21,842</u>	<u>\$ 87,583</u>	<u>\$ 115,605</u>	<u>\$ 130,164</u>	<u>\$ 165,953</u>
EARNINGS PER COMMON SHARE - DILUTED						
Income before cumulative effect	\$ 0.28	\$ 0.27	\$ 1.25	\$ 1.42	\$ 1.77	\$ 2.04
Cumulative effect			(0.19)		(0.19)	
Net income	<u>\$ 0.28</u>	<u>\$ 0.27</u>	<u>\$ 1.06</u>	<u>\$ 1.42</u>	<u>\$ 1.58</u>	<u>\$ 2.04</u>
Avg. diluted common shares outstanding	82,228	81,600	82,244	81,605	82,106	81,307
Dividends per common share	\$ 0.18	\$ 0.175	\$ 0.54	\$ 0.525	\$ 0.72	\$ 0.70

QUESTAR CORPORATION AND SUBSIDIARIES
 SELECTED FINANCIAL AND OPERATING RESULTS
 (Unaudited)

	3 Months Ended September 30,		9 Months Ended September 30,		12 Months Ended September 30,	
	2002	2001	2002	2001	2002	2001
OPERATING STATISTICS	(D=10, M=1,000)					
QUESTAR MARKET RESOURCES						
Production volumes						
Natural gas (in MMcf)	19,594	18,451	59,457	50,082	79,949	67,060
Oil and natural gas liquids (in Mbbls)	717	715	2,200	1,732	2,968	2,278
Average daily production (MMcfe)	260	247	266	222	268	221
Average realized selling price						
Natural gas (per Mcf)	\$2.49	\$2.94	\$2.49	\$3.44	\$2.53	\$3.47
Oil and natural gas liquids (per bbl)	\$21.04	\$20.24	\$20.15	\$20.63	\$19.09	\$20.61
Marketing volumes in energy equivalent decatherms (in MDecatherms)						
	17,004	20,758	59,580	68,310	83,061	94,794
Natural gas gathering volumes (in MDecatherms)						
For unaffiliated customers	23,572	21,474	69,610	68,085	93,254	92,810
For Questar Gas	7,881	8,083	29,886	26,989	40,058	37,192
For other affiliated customers	8,828	6,382	25,480	19,782	32,747	26,696
Total gathering	40,281	35,939	124,976	114,856	166,059	156,698
Gathering revenue (per Decatherm)	\$0.17	\$0.13	\$0.15	\$0.13	\$0.14	\$0.13
QUESTAR REGULATED SERVICES - NATURAL GAS DISTRIBUTION						
Natural gas volumes (in MDecatherms)						
Residential and commercial sales	6,954	6,285	61,099	54,411	90,338	87,217
Industrial sales	1,882	1,988	7,678	7,774	10,588	10,844
Transportation for industrial customers	12,774	13,421	34,465	42,706	46,383	56,761
Total deliveries	21,610	21,694	103,242	104,891	147,309	154,822
Natural gas revenue (per Decatherm)						
Residential and commercial	\$6.75	\$8.79	\$5.74	\$7.87	\$5.98	\$7.04
Industrial sales	\$3.42	\$5.45	\$4.34	\$5.39	\$4.50	\$5.15
Transportation for industrial customers	\$0.16	\$0.13	\$0.16	\$0.13	\$0.15	\$0.13
Heating degree days						
Actual	61	32	3,786	3,304	5,969	5,743
Normal	97	97	3,430	3,430	5,609	5,609
Colder (warmer) than normal	(37%)	(67%)	10%	(4%)	6%	2%
Average temperature adjusted usage per customer (Decatherms)						
	10.0	10.2	77.2	80.0	118.2	122.2
Number of customers at September 30,						
Residential and commercial	733,986	714,941				
Industrial	1,281	1,329				
Total	735,267	716,270				
QUESTAR REGULATED SERVICES - NATURAL GAS TRANSMISSION						
Natural gas transportation volumes (in MDecatherms)						
For unaffiliated customers	65,453	53,516	173,699	143,522	225,787	193,000
For Questar Gas	14,704	14,303	91,971	78,735	123,495	113,200
For other affiliated customers	1,228	1,981	2,525	3,986	5,431	6,919
Total transportation	81,385	69,800	268,195	226,243	354,713	313,119
Transportation revenue (per Dth)	\$0.30	\$0.27	\$0.25	\$0.25	\$0.25	\$0.24