Williams Gas Pipeline Update & Strategies

Frank Ferazzi
Vice President and General Manager – Williams Gas Pipeline East

Williams Transco Executive Customer Meeting
September 27, 2012
Forward-Looking Statements

The reports, filings, and other public announcements of The Williams Companies, Inc. and Williams Partners L.P. (WPZ) may 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 Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We make these forward looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. You typically can identify forward-looking statements by various forms of words such as "anticipates," "believes," "seeks," "could," "may," "should," "continues," "estimates," "expects," "assumes," "forecasts," "intends," "might," "goals," "objectives," "targets," "planned," "potential," "projects," "scheduled," "will," "guidance," "outlook," "in service date" or other similar expressions. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

> Amounts and nature of future capital expenditures;
> Expansion and growth of our business and operations;
> Financial condition and liquidity;
> Business strategy;
> Cash flow from operations or results of operations;
> The levels of dividends to Williams stockholders and of cash distributions to WPZ unitholders;
> Seasonality of certain business components; and
> Natural gas, natural gas liquids, and crude oil prices and demand.

Forward-looking statements are based on numerous assumptions, uncertainties and risks that could cause future events or results to be materially different from those stated or implied in this presentation. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

> Whether Williams has sufficient cash to enable it to pay current and expected levels of dividends;
> Whether WPZ has sufficient cash from operations to enable it to pay current and expected levels of cash distributions following establishment of cash reserves payment of fees and expenses, including payments to WPZ’s general partner;
> Availability of supplies, market demand, volatility of prices, and the availability and cost of capital;
> Inflation, interest rates, -- and in the case of Williams fluctuation in foreign exchange and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on our customers and suppliers);
> The strength and financial resources of our competitors;
Forward-Looking Statements continued

> Ability to acquire new businesses and assets and integrate those operations and assets into our existing businesses, as well as expand our facilities;
> Development of alternative energy sources;
> The impact of operational and development hazards;
> Costs of, changes in, or the results of laws, government regulations (including safety and climate change regulation and changes in natural gas production from exploration and production areas that we serve), environmental liabilities, litigation, and rate proceedings;
> Williams’ costs and funding obligations for defined benefit pension plans and other postretirement benefit plans sponsored by its affiliates;
> WPZ’s allocated costs for defined benefit pension plans and other post retirement benefit plans sponsored by its affiliates;
> Changes in maintenance and construction costs;
> Changes in the current geopolitical situation;
> Our exposure to the credit risk of our customers and counterparties;
> Risks related to strategy and financing, including restrictions stemming from our debt agreements, future changes in our credit ratings and the availability and cost of credit;
> Risks associated with future weather conditions;
> Acts of terrorism, including cybersecurity threats and related disruptions; and
> Additional risks described in our filings with the Securities and Exchange Commission ("SEC").

Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to and do not intend to update the above list or to announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.

In addition to causing our actual results to differ, the factors listed above may cause our intentions to change from those statements of intention set forth in this announcement. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise.

With respect to WPZ, limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business.

Investors are urged to closely consider the disclosures and risk factors in Williams’ annual report on Form 10-K filed with the SEC on Feb. 28, 2012, WPZ’s annual report on Form 10-K filed with the SEC on Feb. 28, 2012 and each of our quarterly reports on Form 10-Q available from our offices or from our websites at www.williams.com and www.williamslp.com.
WGP Strategy

- **Safety** - Establish safety as the first threshold in the mind of each and every employee. Safety is integral to and enhances all business goals.

- **Competitiveness / Reliability** - Provide transportation and storage services to markets at costs that consistently beat our competition and with reliability that meets or exceeds our customer’s expectations.

- **Compliance** - Continuously strengthen all of our compliance efforts in a manner that reflects our uncompromised commitment to integrity and enhances our reputation with all key stakeholders.

- **Growth** - Leverage our financial flexibility, our connectivity to emerging supply sources, and the quality and location of our physical assets to maintain our market share and capture new market growth.

- **People** - Model our Core Values and Beliefs to differentiate ourselves in the way we conduct business and to foster an inclusive work environment.
Approximately 15,200 miles of pipeline
3.5 Tcf of total annual throughput
14.7 MMDth of peak-day delivery capacity
Delivers 14 percent of natural gas consumed in the United States
Transco System Overview

System Facts
- Peak design capacity 9.6 MMDth/d.
- ~ 10,200 miles of pipe
  - 2,000 mainline miles
- 40 Mainline Compressor Stations
  - 368 Compressor Units.
  - 1.5 MM HP
- Extensive Offshore Gathering System
- ~ 900 Active Metering Points.
- 193 MMDth Storage Capacity.

WPZ – Gas Pipeline

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Transco Peak Day Deliveries*

*Market area deliveries, which includes Zones 4 through 6.
Pipeline Integrity Update

> TGPL is on schedule to complete all required pipeline segments prior to PHMSA deadline of December 17, 2012
  – 69% of the segments scheduled for completion in 2012 are complete

> By the end of 2012, TGPL will have inspected/remediated:
  – 86% of the total miles of pipelines
  – Which accounts for approximately 97% of the population along our right-of-way

> By 2018, TGPL plans to have inspected 100% of its onshore pipelines
Customer Survey

> Initial observations

- Significant improvement shown in:
  - Timely and accurate information on gas moved on system
  - Accurate information on system maintenance
  - Appropriate level of operating flexibility
  - Designs and builds cost efficient facilities

- Areas of customer concern:
  - Level of communication on storage issues
  - Continued operating flexibility into the future
  - Uncertainty surrounding the rate case
  - Changes to 1Line have lead to some performance issues

Detailed results will be included in the Fall Customer Newsletter
Transco Rate Case – RP12-993

> Filed on August 31, 2012
  - Base Period: June 1, 2011 – May 31, 2012
  - Test Period: June 1, 2012 – February 28, 2013

> New rates to be effective October 1, 2012
  - March 1, 2013 if suspended for the maximum 5 month period.

> Key statistics:
  - Rate base: $3.5 billion
  - Cost of service: $1.286 billion
  - Overall after-tax return in filing is 9.51% (14.20% pretax)
Supply & Demand Outlook
Game-Changing Shale Supplies

Source: Wood Mackenzie H1 2012 Base Case
**Leidy Line Marcellus Interconnects**

![Map of Leidy Line Marcellus Interconnects]

<table>
<thead>
<tr>
<th>In Service</th>
<th>IC Meter Design (Dth/d)</th>
<th>ISD</th>
<th>Proposed ISD</th>
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<tr>
<td>NCL – Penn State</td>
<td>10,661</td>
<td>existing</td>
<td>2,126,304</td>
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<td>XTO – Cabot Clinton</td>
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<td>existing</td>
<td>2,126,304</td>
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<td>PVR NEPA Gas Gathering – Canoe Run</td>
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<td>11/25/08</td>
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<td>PVR NEPA Gas Gathering – Barto</td>
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<td>03/15/09</td>
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<td>Anadarko – Grugan</td>
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<td>10/28/10</td>
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<td>Range Resources – Tombs Run</td>
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<td>Pennsylvania General – Breon</td>
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<td>Anadarko – Bull Run Vista</td>
<td>72,450</td>
<td>07/06/11</td>
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<tr>
<td>Anadarko – Grugan 2</td>
<td>243,225</td>
<td>10/13/11</td>
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<td>Williams Field Services – Puddlefield</td>
<td>724,500</td>
<td>01/09/12</td>
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<td>Great Plains Operating – Rattlesnake</td>
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<td>Anadarko – Guinter</td>
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<td>NFG Midstream Trout Run – Liberty Drive</td>
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<td>05/30/12</td>
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<table>
<thead>
<tr>
<th>In Progress</th>
<th>IC Meter Design (Dth/d)</th>
<th>Proposed ISD</th>
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<td>Anadarko – Miller Hill</td>
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<td>PVR NEPA Gas Gathering – Barto II</td>
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<td>PVR NEPA Gas Gathering – Chapin</td>
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<td>Anadarko – Bull Run Vista 2</td>
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<td>11/2012</td>
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<td>CNYOG – Marc I (Pipeline Interconnect)</td>
<td>571,320</td>
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<td>PVR Marcellus Gas Gathering – Quaker State</td>
<td>38,709</td>
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<tr>
<td>Others</td>
<td>124,200</td>
<td>Various</td>
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**Marcellus Interconnects**

- **Existing Meter Stations**
- **In Service**
- **I/C Agmt. In Place**
- **In Negotiations**
- **Preliminary**
Leidy Line Serves Marcellus Growth

Marcellus Flow Volumes (MDth/d)

Marcellus Interconnect Capacity:
- In Service: 2,919 MDth/d
- In Progress: 2,126 MDth/d
Potential Impact On System

- Marcellus supply connected to Leidy Line can fully serve load downstream of Station 195 during certain shoulder periods

- Situation could be exacerbated once projects are placed into service
  - Spectra NJ – NY project

- Limitations on southbound interruptible and secondary FT will be required
  - No physical capability currently in place to limit southbound flow or flow large volumes south
  - Odorization issues
  - Station piping changes required

- Future projects will include facilities to facilitate southbound flow
  - Virginia Southside (2015)
  - Leidy SE (2015)
  - Dalton (2016)
Projected Demand Growth By Zone

### Zone 4 Demand

<table>
<thead>
<tr>
<th>Year</th>
<th>MMDth/d</th>
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<tbody>
<tr>
<td>2011</td>
<td>4.3</td>
</tr>
<tr>
<td>2021</td>
<td>4.9</td>
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<td>Change</td>
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### Zone 5 Demand

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<td>2021</td>
<td>3.3</td>
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<td>Change</td>
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### Zone 6 Demand

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<th>MMDth/d</th>
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<td>2011</td>
<td>8.5</td>
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<tr>
<td>2021</td>
<td>10.5</td>
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<tr>
<td>Change</td>
<td>2.0</td>
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- **Zone 4 Firm Capacity**: 1,305 MDth/d
- **Zone 4A Firm Capacity**: 634 MDth/d
- **Zone 5 Firm Capacity**: 2,175 MDth/d
- **Zone 6 Firm Capacity**: 5,494 MDth/d

Source: Wood Mackenzie H1 2012 Base Case
Growth Projects
Northern Market Area Projects

Leidy Hub

Northeast Supply Link
- 12 mi. 42-inch loop
- Compression
- Modifications

Leidy Southeast
- 27-42 mi. of 42-inch loop
- Compression

Northeast Connector
- Compression

Northeast Supply Link
- 2013
- 250 MDth/d

Northeast Connector
- 2014
- 100 MDth/d

Rockaway Delivery Lateral
- 2014
- 647 MDth/d

Leidy Southeast
- 2015
- 500 - 800 MDth/d

Project Name | ISD | MDth/d
--- | --- | ---
Northeast Supply Link | 2013 | 250
Northeast Connector | 2014 | 100
Rockaway Delivery Lateral | 2014 | 647
Leidy Southeast | 2015 | 500 - 800
Proposed Leidy Southeast Connects Marcellus To Transco Markets

<table>
<thead>
<tr>
<th>Path</th>
<th>Capacity (MDth/d)</th>
<th>Receipt Point</th>
<th>Delivery Point</th>
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<tbody>
<tr>
<td>Station 520</td>
<td>250 - 450</td>
<td>Grugan</td>
<td>Sta. 85</td>
</tr>
<tr>
<td>Station 517</td>
<td>250 - 350</td>
<td>MARC1</td>
<td>Sta. 85</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>500 - 800</strong></td>
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<td></td>
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> 500 to 800 MDth/d of firm transportation on 2 firm paths
> Provides access to markets in Zones 6, 5 and 4
> Target in-service date for both paths is December 1, 2015
Southern Market Area Projects

- **Mid-Atlantic Connector**
  - 2.8 mi. of 42-inch loop
  - Compression

- **Virginia Southside**
  - ~98 mi. of 24-inch pipe (including lateral)
  - Compression

- **Cardinal Expansion**
  - Compression

- **Dalton**
  - 106 mi. of 20 to 30-inch pipe
  - Compression

- **Mid-South**
  - 22.6 mi. of 42-inch loop
  - Compression

- **Mobile Bay South III**
  - 85 mi.
  - Compression

### Project Name | ISD | MDth/d
--- | --- | ---
Cardinal Expansion | 2012 | 199
Mid-Atlantic Connector | 2012 | 142
Mid-South | 2012/13 | 225
Mobile Bay South III | 2014 | 325
Virginia Southside | 2015 | 250
Dalton | 2016 | 560
Dalton Expansion Project

- Expansion from Transco’s Station 210 to interconnections in northern Georgia.
- Facilities include compression, pipe and new interconnections and mainline modifications.
- Open season closed June 28, 2012 with requests in excess of 500 MDth/d.
- Estimated In-service Date: June 2016.
Mobile Bay South III

> Provides additional firm southbound capacity on Mobile Bay line
  - Begins at Station 85
  - Extends as far south as the interconnection with FGT at Citronelle
> Capacity: 325 MDth/d
> Target in-service date: Fall of 2014
Constitution Pipeline Creates New Market Access For Marcellus Production

> A 120-mile, 30-inch pipeline connecting Williams’ Midstream Gathering System in Susquehanna County, PA, to Iroquois Gas Transmission and Tennessee Gas Pipeline in Schoharie County, NY
> Capacity: 650 MDth/d
> New FERC-regulated interstate pipeline
> Owned (75%) and operated by WPZ; Cabot Oil and Gas owns 25%
> Target in-service date: March 2015
Transco Expansions – 10 Year Review

> Strong track record of successfully building system expansions to meet the customers’ needs…when they need it.

<table>
<thead>
<tr>
<th>Project</th>
<th>In-Service</th>
<th>MDth/d</th>
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<tbody>
<tr>
<td>MarketLink Phase 1</td>
<td>2001</td>
<td>166</td>
</tr>
<tr>
<td>MarketLink Phase 2</td>
<td>2002</td>
<td>130</td>
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<tr>
<td>Leidy East</td>
<td>2002</td>
<td>130</td>
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<tr>
<td>Trenton Woodbury</td>
<td>2003</td>
<td>51</td>
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<tr>
<td>Central New Jersey</td>
<td>2005</td>
<td>105</td>
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<tr>
<td>Leidy to Long Island</td>
<td>2007</td>
<td>100</td>
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<tr>
<td>Sentinel Phase 1</td>
<td>2008</td>
<td>40</td>
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<tr>
<td>Sentinel Phase 2</td>
<td>2009</td>
<td>102</td>
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<td><strong>Total Northern Market</strong></td>
<td></td>
<td><strong>824</strong></td>
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<td>Sundance</td>
<td>2002</td>
<td>236</td>
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<tr>
<td>Momentum Phase 1</td>
<td>2003</td>
<td>269</td>
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<tr>
<td>Momentum Phase 2</td>
<td>2004</td>
<td>54</td>
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<td>Potomac</td>
<td>2007</td>
<td>165</td>
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<td>Eminence Enhancement</td>
<td>2009</td>
<td>46</td>
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<td>Mobile Bay South</td>
<td>2010</td>
<td>253</td>
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<td>Mobile Bay South 2</td>
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<td>85 North</td>
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<td>309</td>
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<td>Pascagoula</td>
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<td>Mid-South Phase 1</td>
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<td><strong>Total Southern Market</strong></td>
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<td><strong>Total Transco</strong></td>
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Questions?