



## Third Quarter 2009 Earnings

**Steve Malcolm**

Chairman, President & CEO

# Forward-looking statements

Our reports, filings, and other public announcements 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 the Private Securities Litigation Reform Act of 1995. You typically can identify forward-looking statements by the use of forward-looking expressions, such as “anticipates,” “believes,” “could,” “may,” “should” “continues,” “estimates,” “expects,” “forecasts,” “intends,” “might,” “objectives,” “planned,” “potential,” “projects,” “scheduled,” “will,” and other similar words. These statements are based on our present intentions and our assumptions about future events and are subject to risks, uncertainties, and other factors. In addition to any assumptions, risks, uncertainties or other factors referred to specifically in connection with such statements, other factors not specifically referenced could cause our actual results to differ materially from the results expressed or implied in any forward-looking statements. Those factors include, among others:

- availability of supplies (including the uncertainties inherent in assessing, estimating, acquiring and developing future natural gas reserves), market demand, volatility of prices, and the availability and cost of capital;
- inflation, interest rates, fluctuation in foreign exchange, and general economic conditions (including the current economic slowdown and the disruption of global credit markets and the impact of these events on our customers and suppliers);
- the strength and financial resources of our competitors;
- development of alternative energy sources;
- the impact of operational and development hazards;
- costs of, changes in, or the results of laws, government regulations (including proposed climate change legislation), environmental liabilities, litigation, and rate proceedings;
- our costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;
- changes in maintenance and construction costs;
- changes in the current geopolitical situation;
- our exposure to the credit risks of our customers;
- 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, and
- additional risks described in our filings with the Securities and Exchange Commission.

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. In addition to causing our actual results to differ, the factors listed above may cause our intentions to change. Such changes in our intentions may also cause our results to differ. We disclaim any obligation to and do not intend to publicly update or revise any forward-looking statements or changes to our intentions, whether as a result of new information, future events or otherwise.

# Oil and gas reserves and resource potential disclaimer



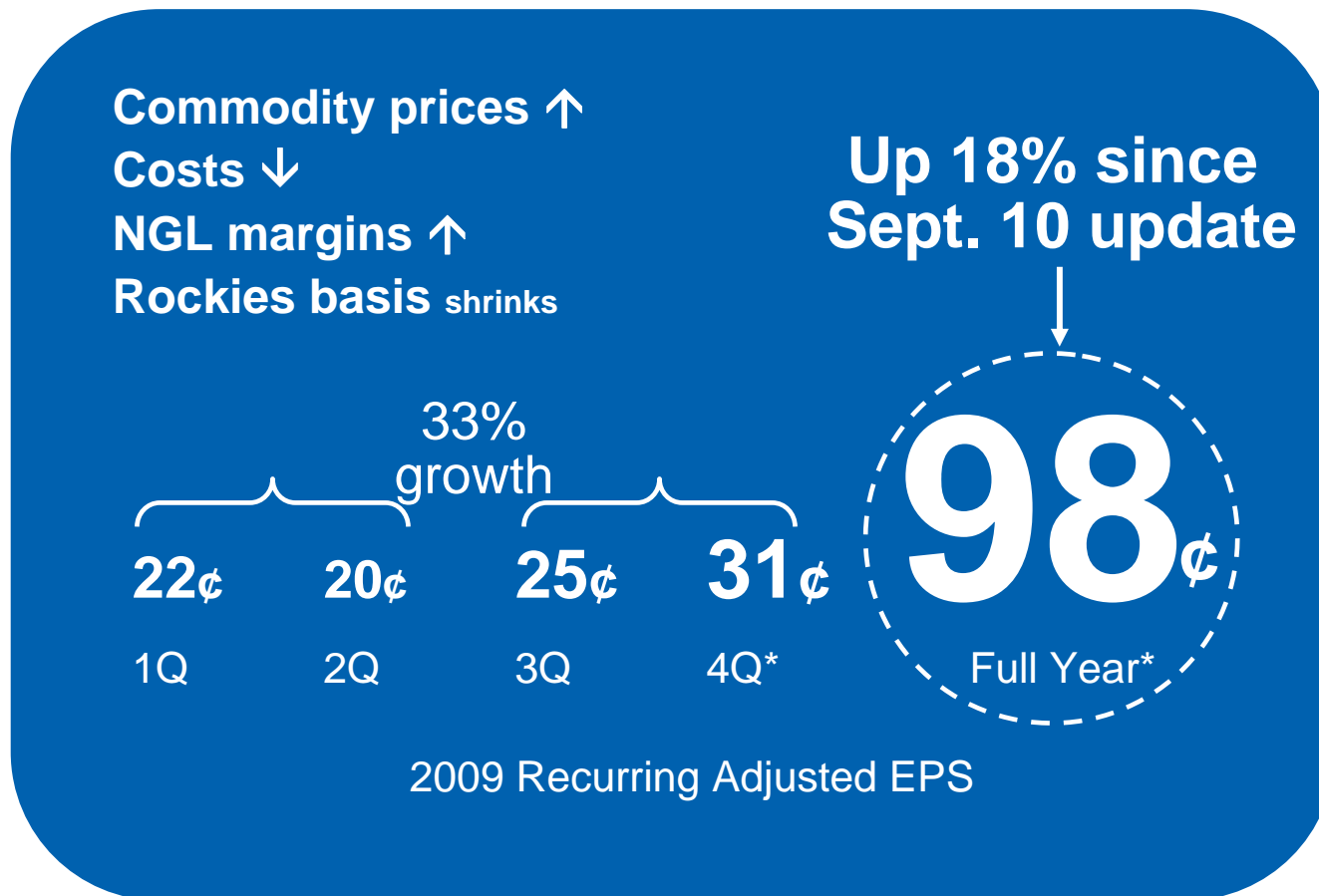
Ingenuity takes energy.™

The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves. We have used certain terms in this presentation such as “probable” reserves and “possible” reserves and “unrisked theoretical resource estimates” that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. The SEC defines proved reserves as estimated hydrocarbon quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known reservoirs under the assumed economic conditions. Probable and possible reserves are estimates of potential reserves that are made using accepted geological and engineering analytical techniques, but which are estimated with reduced levels of certainty than for proved reserves. Generally under such techniques, probable reserve estimates are more than 50% certain and possible reserve estimates are less than 50% but more than 10% certain. Unrisked theoretical resource estimates are even less certain than those for possible reserves and are not risk adjusted. Unrisked theoretical resource estimates include (i) an estimate of hydrocarbon quantities for new areas for which we do not have sufficient information to date to classify the resources as probable or even possible reserves and (ii) the amount by which we have reduced our probable and possible reserves for existing areas to take into account the reduced level of certainty of recovery of the resources. Unlike probable and possible reserves, unrisked theoretical resource estimates do not take into account the uncertainty of resource recovery and are therefore not indicative of the expected future recovery and should not be relied upon.

Reference to “Resource Potential” includes proved, probable and possible reserves as well as unrisked theoretical resource estimates that might never be recoverable and are contingent on exploration success, technical improvements in drilling access, commerciality and other factors.

Investors are urged to closely consider the disclosures and risk factors in our annual report on Form 10-K filed with the Securities and Exchange Commission on Feb. 25, 2009, and our quarterly reports on Form 10-Q available from our offices or from our website at [www.williams.com](http://www.williams.com).

# '09 results, expectations build on upward trend



\* Reflects midpoint of earnings guidance provided Oct. 29, 2009.

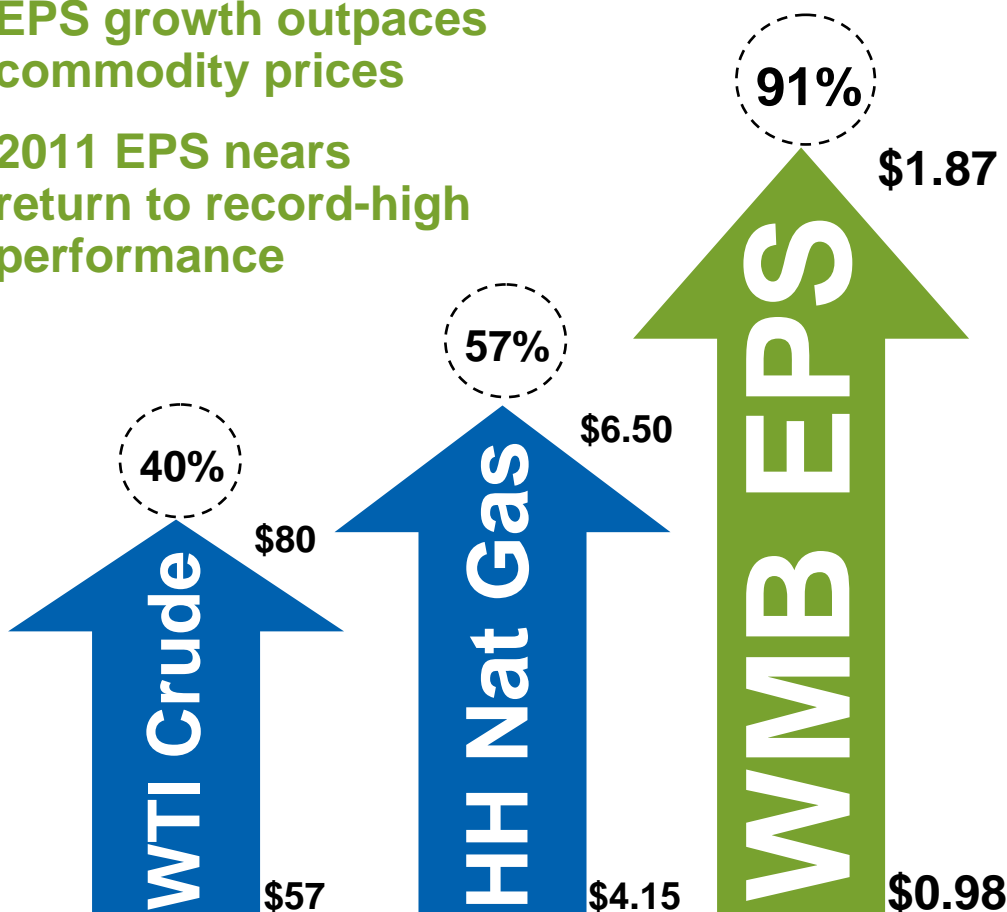
# Rapid return to significant value creation

## WMB 2009-11

### Commodity-Price Assumptions & Earnings Outlook

EPS growth outpaces commodity prices

2011 EPS nears return to record-high performance



Sharply higher profit at levels below recent forward-market prices

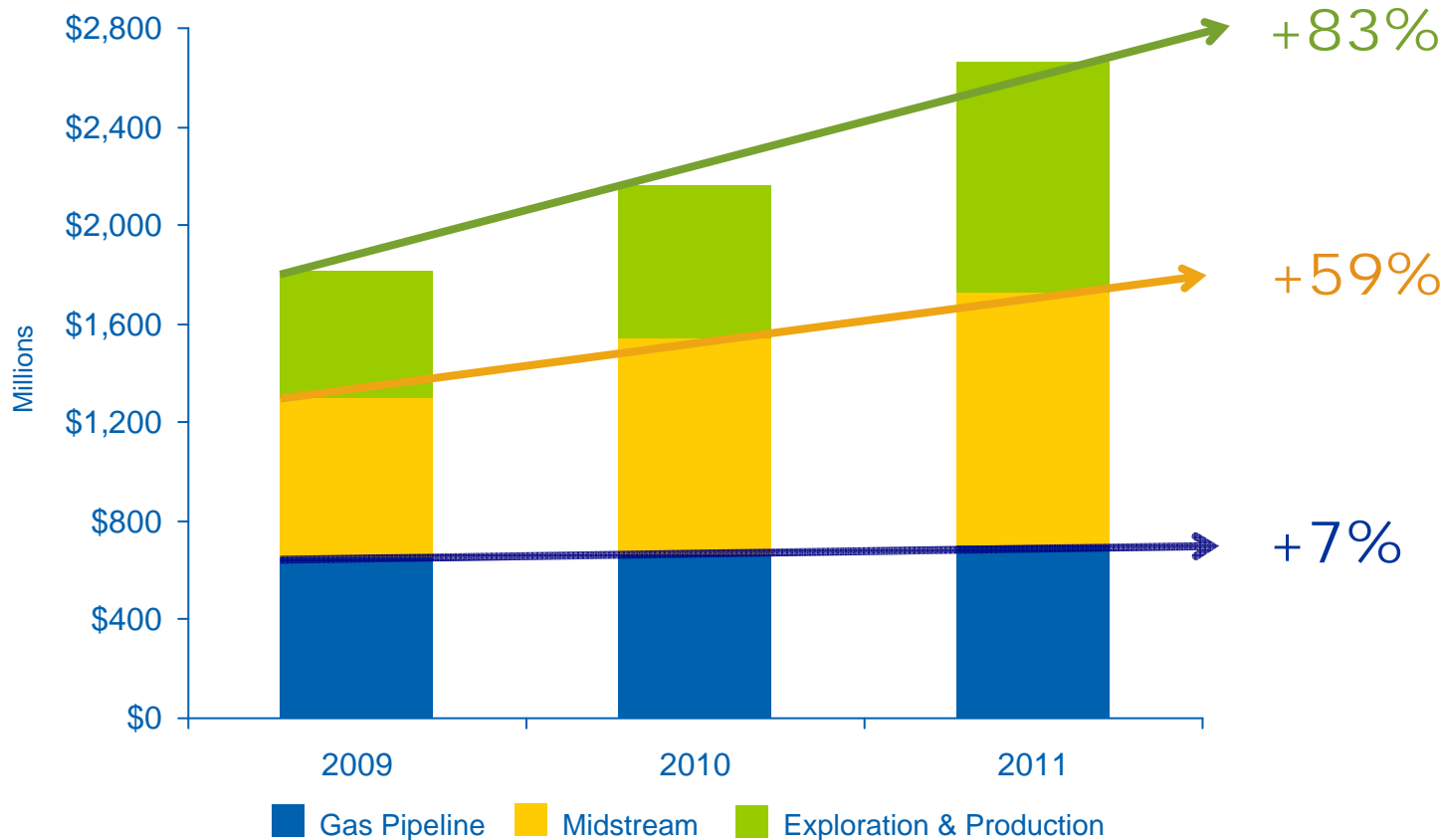
### Natural Gas Price Outlooks

	WMB			NYMEX
	Bottom	Mid	Top	
'09	3.95	4.15 <sup>1</sup>	4.35	4.07 <sup>1</sup>
'10	4.50	5.75	7.00	5.87
'11	5.00	6.50	8.00	6.67

Notes: Arrows represent WMB guidance; bottom is '09; top is '11. EPS guidance is diluted, recurring after mark-to-market adjustment; based on midpoint (see slide 17); reflects midpoint of range of expected NGL margins per gallon: \$0.36 '09 and \$0.51 in '10 and '11. Natural gas prices are \$/Mcf. Crude is \$/bbl. Schedules reconciling diluted EPS – recurring after mark-to-market adjustment are provided in this presentation.<sup>1</sup>These represent '09 average price.

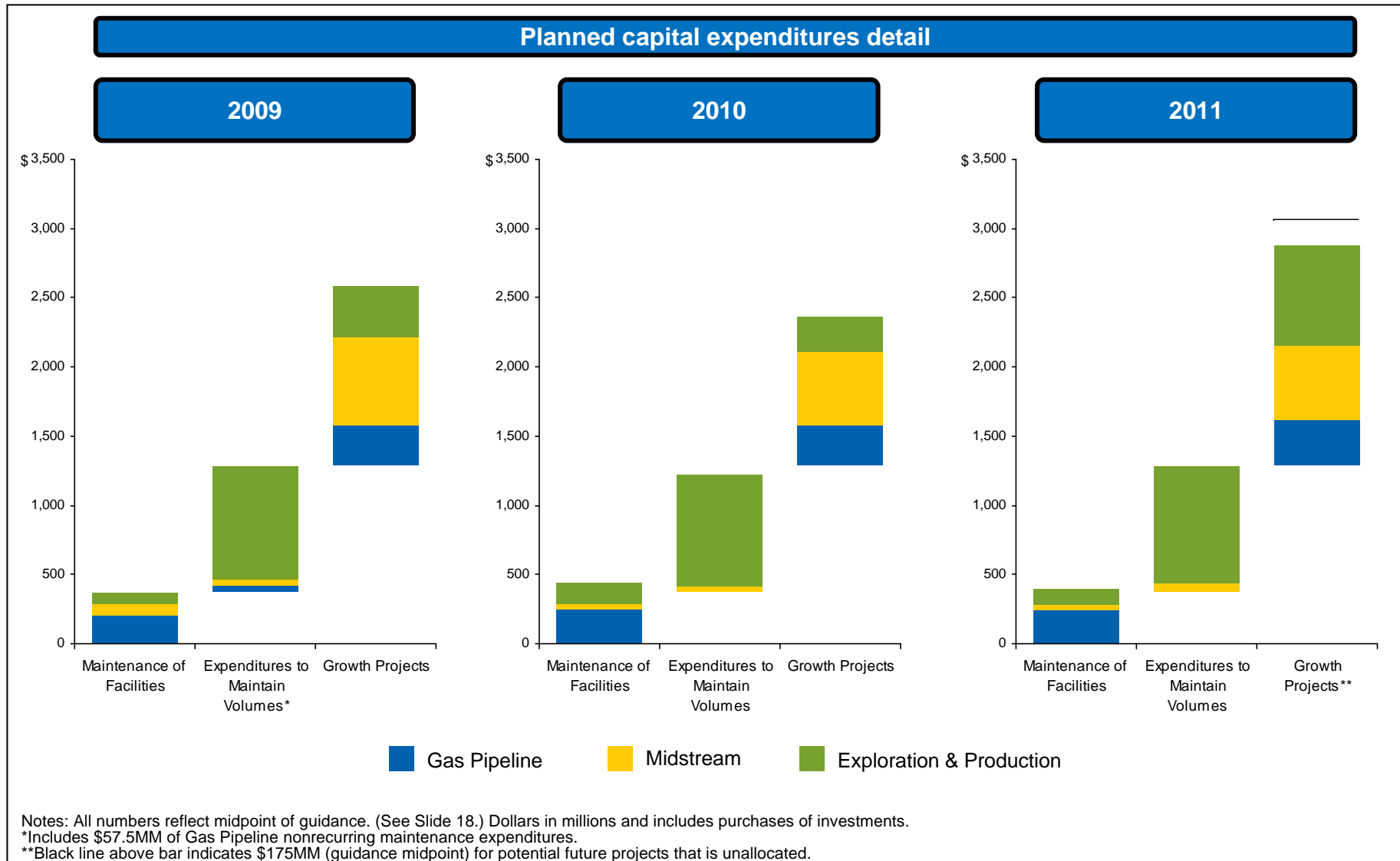
# Sharply higher earnings

**Total recurring adjusted segment profit outlook:  
45%+ increase 2009-11**



Notes: Based on midpoint of guidance (see Slide 19). Percentage growth reflects change from 2009 through 2011. Schedules reconciling reported segment profit to recurring adjusted segment profit are provided in this presentation.

# Expect to invest \$4B+ in growth 2009-11



# Williams' Piceance generates value

World-class resource

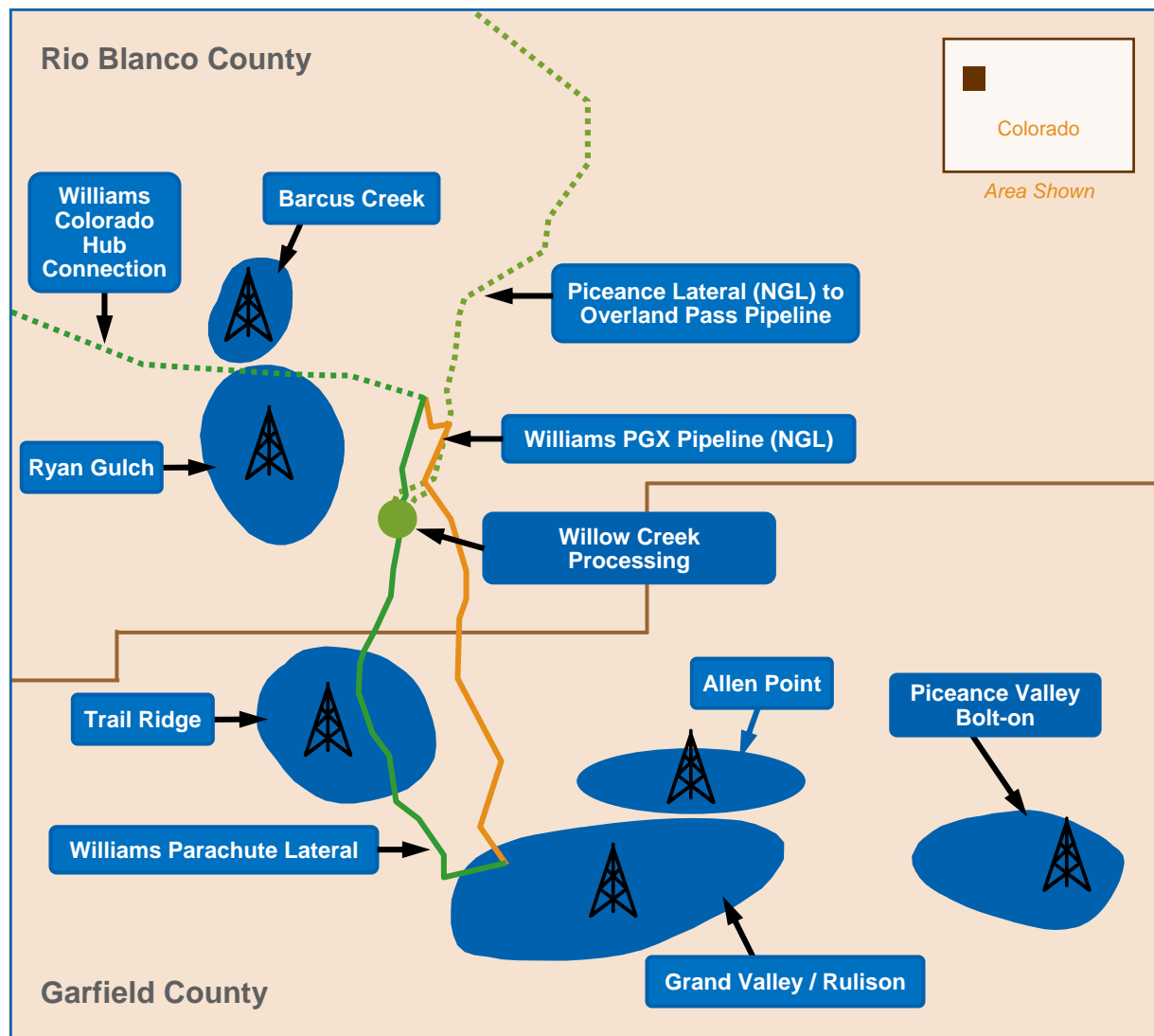
Drilling economics are shale-play strong

Low costs

High returns

Benefits of scale

Opportunistic



# Executing on our 2009 priorities

- **Maintaining strong balance sheet and liquidity**
  - ✓ Liquidity – \$600 million added in March through debt offering
  - ✓ Investment-grade credit rating – agencies removed negative watch
- **Driving down costs through rigorous execution and expense discipline**
  - ✓ Seeing rapid drop in many operating costs
- **Bringing key infrastructure projects online in '09 -'10**
  - Total investment of \$1.6 billion; annual expected segment profit contribution is \$250 million\*
  - Midstream – ✓ Blind Faith, ✓ Willow Creek, ✓ Paradox, Perdido Norte ('10), Echo Springs IV (4Q'10)
  - Gas Pipeline – Sentinel (4Q'09), Colorado Hub (4Q'09)
- **Right-sizing capital spending**
  - ✓ Cut '09 spending to \$2.6 billion\*; primary reduction is in commodity-sensitive business
  - ✓ Retain flexibility
- **Seizing opportunities**
  - ✓ Consistent with focus on spending discipline and financial strength
  - ✓ Geographic diversity – strategic Midstream and E&P deals move us into Marcellus Shale; building on Transco footprint

\*Midpoint of guidance.

# Williams is a winning long-term investment

**Strong natural gas, NGL fundamentals + improving markets**

**Favorably positioned to generate sharply higher earnings**

**Substantial upside to current valuation**

**Sustained growth ahead**

**Attractive risk / reward balance**



*Ingenuity takes energy.™*

# Appendix

# 3<sup>rd</sup> quarter financial results

<i>Dollars in millions, except per-share amounts</i>	3Q		YTD	
	2009	2008*	2009	2008*
Income from Continuing Operations:	\$141	\$360	\$266	\$1,183
Income (loss) from Discontinued Operations:	2	6	(153)	120
Net Income	143	366	113	1,303
Net Income/Share (Diluted EPS)	\$0.24	\$0.62	\$0.19	\$2.19
Recurring Income from Continuing Operations/Share	\$0.24	\$0.61	\$0.62	\$1.83
<b>Recurring Income from Continuing Ops. after MTM Adjustments/Share</b>	<b>\$0.25</b>	<b>\$0.55</b>	<b>\$0.67</b>	<b>\$1.78</b>

Note: \* Amounts have been recast to reflect certain Venezuela operations as discontinued operations. All amounts are attributable to Williams. A more detailed schedule reconciling income from continuing operations to recurring income from continuing operations after mark-to-market adjustments is available on the Williams' Web site at [www.williams.com](http://www.williams.com) and at the end of this presentation. Per-share amounts are presented on a diluted basis.

# 3<sup>rd</sup> quarter segment profit (loss)

<i>Dollars in millions</i>	Reported		Recurring	
	2009	2008*	2009	2008*
Exploration & Production	\$106	\$361	\$102	\$379
Midstream Gas & Liquids	222	229	217	223
Gas Pipeline	157	173	157	163
<b>Subtotal</b>	<b>\$485</b>	<b>\$763</b>	<b>\$476</b>	<b>\$765</b>
Gas Marketing Services	(6)	16	(6)	16
Other	(1)	(2)	(1)	(2)
Total Segment Profit	<u>\$478</u>	<u>\$777</u>	<u>\$469</u>	<u>\$779</u>
MTM Adjustments for Gas Marketing Services			12	(61)
<b>Segment Profit after MTM Adjustments</b>			<b><u>\$481</u></b>	<b><u>\$718</u></b>
Memo:				
Gas Marketing Services after MTM Adj.			\$6	\$(45)

\* Amounts have been recast to reflect certain Venezuela operations as discontinued operations.

# 2009 YTD segment profit (loss)

<i>Dollars in millions</i>	Reported		Recurring	
	2009	2008*	2009	2008*
Exploration & Production	\$303	\$1,287	\$339	\$1,162
Midstream Gas & Liquids	371	737	435	729
Gas Pipeline	498	532	498	513
<b>Subtotal</b>	<b>\$1,172</b>	<b>\$2,556</b>	<b>\$1,272</b>	<b>\$2,404</b>
Gas Marketing Services	(14)	(9)	(14)	(9)
Other	3	(2)	3	(2)
Total Segment Profit	<u>\$1,161</u>	<u>\$2,545</u>	<u>\$1,261</u>	<u>\$2,393</u>
MTM Adjustments for Gas Marketing Services			41	(49)
<b>Segment Profit after MTM Adjustments</b>			<b><u>\$1,302</u></b>	<b><u>\$2,344</u></b>
Memo:				
Gas Marketing Services after MTM Adj.			\$27	\$(58)

\* Amounts have been recast to reflect certain Venezuela operations as discontinued operations.

# Commodity price assumptions and financial impacts

	2009 Guidance	2010 Guidance	2011 Guidance
Crude Oil – WTI	\$55.00 – \$60.00	\$60.00 – \$90.00	\$65.00 – \$95.00
Natural Gas – Henry Hub	\$3.95 – \$4.35	\$4.50 – \$7.00	\$5.00 – \$8.00
- Rockies	\$3.00 – \$3.40	\$3.90 – \$6.10	\$4.35 – \$6.95
- Avg. San Juan / Mid-Continent	\$3.15 – \$3.55	\$4.05 – \$6.35	\$4.55 – \$7.30
Crude to Gas Ratio <sup>1</sup>	13.8x – 13.9x	12.9x – 13.3x	11.9x – 13.0x
Average NGL Margins <sup>2</sup>	\$0.35 – \$0.37	\$0.35 – \$0.67	\$0.38 – \$0.64
Cap Ex & Investments <sup>3</sup>	\$2,450 – \$2,675	\$1,900 – \$2,675	\$2,300 – \$3,800
Recurring adjusted Segment Profit <sup>4</sup>	\$1,750 – \$1,900	\$1,575 – \$2,775	\$1,850 – \$3,450
Recurring adjusted diluted EPS <sup>4</sup>	\$0.95 – \$1.00	\$0.80 – \$1.90	\$1.10 – \$2.65

Notes: <sup>1</sup>Oil = WTI; Natural Gas = Henry Hub. <sup>2</sup>Dollars per gallon. <sup>3</sup>Dollars in millions and includes purchases of investments. <sup>4</sup>Recurring Segment Profit (shown in millions) and Diluted EPS are adjusted to remove the effect of mark-to-market accounting.

# Income guidance

<i>Dollars in millions, except per-share amounts</i>	2009 Guidance	2010 Guidance	2011 Guidance
Reported Segment Profit Before MTM Adjust.	\$1,620 – \$1,770	\$1,595 – \$2,795	\$1,845 – \$3,445
Net Interest Expense	(570) – (600)	(570) – (620)	(560) – (610)
General Corporate / Other / Rounding	<u>(155) – (185)</u>	<u>(140) – (170)</u>	<u>(155) – (185)</u>
Pretax Income	895 – 985	885 – 2,005	1,130 – 2,650
Provision for Income Tax	<u>(335) – (365)</u>	<u>(315) – (690)</u>	<u>(390) – (930)</u>
Reported Income from Continuing Operations	\$560 – \$620	\$570 – \$1,315	\$740 – \$1,720
Net Income Attributable to Noncontrolling Interests	<u>(110) – (140)</u>	<u>(80) – (165)</u>	<u>(85) – (135)</u>
<u>Amounts Attributable to Williams:</u>			
Reported Income from Continuing Operations	\$450 – \$480	\$490 – \$1,150	\$655 – \$1,585
Recurring Income from Continuing Operations	\$550 – \$580	\$490 – \$1,150	\$655 – \$1,585
Diluted EPS – Recurring	<u>\$0.92 – \$0.97</u>	<u>\$0.82 – \$1.92</u>	<u>\$1.09 – \$2.64</u>
<b>Diluted EPS – Recurring After MTM Adjust. <sup>1</sup></b>	<b><u>\$0.95 – \$1.00</u></b>	<b><u>\$0.80 – \$1.90</u></b>	<b><u>\$1.10 – \$2.65</u></b>

<sup>1</sup>Includes MTM adjustment.

A more detailed schedule reconciling income from continuing operations to recurring income from continuing operations after mark-to-market adjustments is provided in this presentation.

# 2009 Income guidance

<i>Dollars in millions, except per-share amounts</i>	2009	
	October 29 Guidance	September 10 Guidance
Reported Segment Profit Before MTM Adjust.	\$1,620 – \$1,770	\$1,396 – \$1,671
Net Interest Expense	(570) – (600)	(560) – (610)
General Corporate / Other / Rounding	<u>(155) – (185)</u>	<u>(140) – (175)</u>
Pretax Income	895 – 985	696 – 886
Provision for Income Tax	<u>(335) – (365)</u>	<u>(260) – (320)</u>
Reported Income from Continuing Operations	\$560 – \$620	\$436 – \$566
Net Income Attributable to Noncontrolling Interests	<u>(110) – (140)</u>	<u>(100) – (140)</u>
<u>Amounts Attributable to Williams:</u>		
Reported Income from Continuing Operations	\$450 – \$480	\$336 – \$426
Recurring Income from Continuing Operations	\$550 – \$580	\$437 – \$527
Diluted EPS – Recurring	<u>\$0.92 – \$0.97</u>	<u>\$0.73 – \$0.88</u>
<b>Diluted EPS – Recurring After MTM Adjust. <sup>1</sup></b>	<b><u>\$0.95 – \$1.00</u></b>	<b><u>\$0.75 – \$0.90</u></b>

<sup>1</sup>Includes MTM adjustment.

A more detailed schedule reconciling income from continuing operations to recurring income from continuing operations after mark-to-market adjustments is provided in this presentation.

# Recurring segment profit guidance

<i>Dollars in millions</i>	2009 Guidance	2010 Guidance	2011 Guidance
Exploration & Production	\$475 – \$550 <i>375 – 450</i>	\$325 – \$925	\$375 – \$1,500
Midstream	615 – 675 <i>475 – 700</i>	625 – 1,175	800 – 1,250
Gas Pipeline	645 – 665 <i>630 – 670</i>	640 – 690	675 – 725
Gas Marketing <sup>1</sup>	(30) – 0 <i>(40)</i>	(20) – 20	(40) – 0
Total Recurring Before MTM Adj. <sup>2</sup>	<u>\$1,720 – \$1,870</u> <i>1,505 – 1,780</i>	<u>\$1,595 – \$2,795</u>	<u>\$1,845 – \$3,445</u>
MTM Adjustment	30 <i>20</i>	(20)	5
Total Recurring After MTM Adj. <sup>2</sup>	<u>\$1,750 – \$1,900</u> <i>1,525 – 1,800</i>	<u>\$1,575 – \$2,775</u>	<u>\$1,850 – \$3,450</u>
Gas Marketing After MTM Adj. <sup>1</sup>	\$0 – \$30 <i>(20) – 20</i>	(\$40) – \$0	(\$35) – \$5

Notes: If guidance has changed, previous guidance from 9/10/09 is shown in italics directly below.

<sup>1</sup>Includes losses on certain contracts related to former Power segment and excludes any gains or losses associated with the exit of legacy positions.

<sup>2</sup>Sum of the ranges for the business units does not match the consolidated total due to the offsetting effect of natural gas prices within our business units. Additionally, corporate and other is not presented separately but is included in the total.

A more detailed schedule reconciling reported segment profit to recurring segment profit is provided in this presentation.

# Capital expenditures guidance

<i>Dollars in millions</i>	2009 Guidance	2010 Guidance	2011 Guidance
Exploration & Production	\$1,225 – \$1,325	\$1,000 – \$1,400	\$1,300 – \$2,100
Midstream	700 – 750 <i>725 – 775</i>	400 – 650	525 – 725
Gas Pipeline	515 – 550 <i>525 – 575</i>	500 – 600	500 – 600
Other/Corporate	10 – 30 <i>25 – 50</i>	10 – 30	10 – 30
Potential Future Projects - unallocated	–	–	0 - 350 <sup>1</sup>
<b>Total</b>	<b>\$2,450 – \$2,675</b> <i>2,500 – 2,750</i>	<b>\$1,900 – \$2,675</b>	<b>\$2,300 – \$3,800</b>

## Notes:

If guidance has changed, previous guidance from 9/10/09 is shown in italics directly below. Sum of ranges for each business line does not necessarily match total range. Includes purchases of investments. <sup>1</sup>Indicates capital available for reinvestment.

# Cash flow and liquidity guidance

<i>Dollars in millions</i>	2009 Guidance	2010 Guidance	2011 Guidance <sup>5</sup>
Cash Flow from Continuing Operations	\$2,100 – \$2,300	\$2,150 – \$2,900	\$2,450 – \$3,800
Dividends	(260)	(260)	(260)
Dividends/distributions paid to noncontrolling interests	(130)	(130)	(130)
Proceeds from distributions/debt offerings <sup>3</sup>	748	-	-
Change in International Cash	-	-	300
Other	(8)	(10) - 15	(60) - 90
Cash Available for Capital Expenditures, Etc.	2,450 – 2,650	1,750 – 2,525	2,300 – 3,800
Capital Expenditures <sup>1</sup>	(2,575)	(1,900) - (2,675)	(2,300) - (3,800)
Change in Cash	(125) – 75	(150)	-
Beginning Available U.S. Cash & Equivalents <sup>2</sup>	\$800	\$675 - 875	\$525 - 725
Change in Cash from Above	(125) – 75	(150)	-
Ending Available U.S. Cash & Equivalents <sup>2</sup>	675 – 875	525 – 725	525 – 725
End of Year Capacity Under Credit Agreements <sup>4</sup>	1,900	1,175	1,175
End of Year Liquidity	<u>\$2,575 – \$2,775</u>	<u>\$1,700 – \$1,900</u>	<u>\$1,700 – \$1,900</u>

Notes: Sum of individual line items does not necessarily match total range. <sup>1</sup>Capital Expenditures include purchases of investments. 2009 numbers are approximately midpoint of guidance range. <sup>2</sup>Cash and cash equivalents reduced for international subsidiaries and certain domestic or margin deposits held on behalf of counterparties. <sup>3</sup>Includes \$148MM distribution from Gulfstream. <sup>4</sup>In October 2010, \$700MM synthetic letter of credit facilities will expire. <sup>5</sup>Guidance assumes debt maturities of \$925MM in 2011 will be refinanced when due.

# Non-GAAP Reconciliation Schedules

# Non-GAAP Disclaimer

This presentation includes certain financial measures, recurring earnings and recurring segment profit, that are non-GAAP financial measures as defined under the rules of the Securities and Exchange Commission. Recurring earnings and recurring segment profit exclude items of income or loss that the company characterizes as unrepresentative of its ongoing operations. Both measures provide investors meaningful insight into the company's results from ongoing operations. This presentation is accompanied by a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses these financial measures because they are widely accepted financial indicators used by investors to compare a company's performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of the company. Neither recurring earnings nor recurring segment profit are intended to represent an alternative to net income or segment profit. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with United States generally accepted accounting principles.

Certain financial information in this presentation is also shown including Gas Marketing Services mark-to-market adjustments, such as recurring income from continuing operations after mark-to-market adjustments and the related per-share measures. This presentation is accompanied by a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses the mark-to-market adjustments to better reflect Gas Marketing's results on a basis that is more consistent with Gas Marketing's portfolio cash flows and to aid investor understanding. The adjustments reverse forward unrealized mark-to-market gains or losses from derivatives and add realized gains or losses from derivatives for which mark-to-market income has been previously recognized, with the effect that the resulting adjusted segment profit is presented as if mark-to-market accounting had never been applied to Gas Marketing Services' derivatives. The measure is limited by the fact that it does not reflect potential unrealized future losses or gains on derivative contracts. However, management compensates for this limitation since derivative assets and liabilities do reflect unrealized gains and losses of derivative contracts. Overall, management believes the mark-to-market adjustments provide an alternative measure that more closely matches realized cash flows for the Gas Marketing segment but does not substitute for actual cash flows. We also apply the mark-to-market adjustment and the recurring adjustments to present a measure referred to as recurring income from continuing operations after mark-to-market adjustments.

# Non-GAAP reconciliation schedule

## Reconciliation of Income from Continuing Operations Attributable to The Williams Companies, Inc. to Recurring Earnings (UNAUDITED)

	2008					2009			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
<i>(Dollars in millions, except per-share amounts)</i>									
<b>Income from continuing operations attributable to The Williams Companies, Inc. available to common stockholders</b>	\$ 411	\$ 412	\$ 360	\$ 123	\$ 1,306	\$ 2	\$ 123	\$ 141	\$ 266
<b>Income from continuing operations - diluted earnings per common share</b>	\$ 0.69	\$ 0.69	\$ 0.61	\$ 0.21	\$ 2.21	\$ -	\$ 0.21	\$ 0.24	\$ 0.45
<b>Nonrecurring items:</b>									
<i>Exploration &amp; Production (E&amp;P)</i>									
Gain on sale of Peru interests	\$ (118)	\$ (30)	\$ -	\$ -	\$ (148)	\$ -	\$ -	\$ -	\$ -
Reserve for receivables from bankrupt counterparty	-	5	4	-	9	-	-	-	-
Impairments of property in the Arkoma basin	-	-	14	129	143	5	-	-	5
Accrual for Wyoming severance taxes	-	-	-	34	34	-	3	(4)	(1)
Penalties from early release of drilling rigs	-	-	-	-	-	34	(2)	-	32
<i>Total Exploration &amp; Production nonrecurring items</i>	(118)	(25)	18	163	38	39	1	(4)	36
<i>Gas Pipelines</i>									
Gain on sale of excess inventory gas - TGPL	-	(9)	-	-	(9)	-	-	-	-
Gain on sale of certain south Texas assets - TGPL	-	-	(10)	-	(10)	-	-	-	-
<i>Total Gas Pipeline nonrecurring items</i>	-	(9)	(10)	-	(19)	-	-	-	-
<i>Midstream Gas &amp; Liquids (MGL)</i>									
Impairment of Carbonate Trend pipeline	-	-	-	6	6	-	-	-	-
Involuntary conversion gain related to Ignacio gas processing plant	-	(3)	(6)	(3)	(12)	1	-	(5)	(4)
Reserve for receivables from bankrupt counterparty	-	1	-	-	1	-	-	-	-
Final earnout payment from 2005 Gulf Liquids asset sale	-	-	(8)	-	(8)	-	-	-	-
Charges from Hurricanes Gustav & Ike	-	-	8	3	11	-	-	-	-
Involuntary conversion gain from hurricane damage at Cameron	-	-	-	(5)	(5)	-	-	-	-
Gulf Liquids litigation partial settlement	-	-	-	(32)	(32)	-	-	-	-
Loss from Venezuela investment	-	-	-	-	-	68	-	-	68
<i>Total Midstream Gas &amp; Liquids nonrecurring items</i>	-	(2)	(6)	(29)	(37)	69	-	(5)	64
<b>Nonrecurring items included in segment profit (loss)</b>	(118)	(36)	2	134	(18)	108	1	(9)	100
<b>Nonrecurring items below segment profit (loss)</b>									
<i>Interest related to Gulf Liquids litigation partial settlement - MGL</i>	-	-	-	(11)	(11)	-	-	-	-
<i>Interest related to Wyoming severance taxes - E&amp;P</i>	-	-	-	4	4	-	-	-	-
<i>Loss associated with Venezuela investment - E&amp;P</i>	-	-	-	-	-	11	-	-	11
<i>Reversal of litigation contingency - Corporate</i>	-	-	-	-	-	-	(5)	-	(5)
<i>Impairment of cost-based investment - Corporate</i>	-	-	-	-	-	-	-	7	7
<i>Total nonrecurring items</i>	(118)	(36)	2	127	(25)	119	(4)	(2)	113
Tax effect for above items	(45)	(14)	1	49	(9)	15	(1)	(1)	13
<b>Recurring income from continuing operations available to common stockholders</b>	\$ 338	\$ 390	\$ 361	\$ 201	\$ 1,290	\$ 106	\$ 120	\$ 140	\$ 366
<b>Recurring diluted earnings per common share</b>	\$ 0.57	\$ 0.66	\$ 0.61	\$ 0.34	\$ 2.18	\$ 0.18	\$ 0.20	\$ 0.24	\$ 0.62
<b>Weighted-average shares - diluted (thousands)</b>	598,627	596,187	589,138	587,057	592,719	582,361	588,780	590,059	588,693

Note: The sum of earnings per share for the quarters may not equal the total earnings per share for the year due to changes in the weighted-average number of common shares outstanding.

# Non-GAAP reconciliation schedule – Recurring segment profit



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

(UNAUDITED)

(Dollars in millions)	2008					2009				
	1st Qtr *	2nd Qtr *	3rd Qtr *	4th Qtr *	Year *	1st Qtr *	2nd Qtr	3rd Qtr	Year	
<b>Segment profit (loss):</b>										
Exploration & Production	\$ 430	\$ 496	\$ 361	\$ (27)	\$ 1,260	\$ 78	\$ 119	\$ 106	\$ 303	
Gas Pipeline	180	179	173	157	689	179	162	157	498	
Midstream Gas & Liquids	238	270	229	134	871	12	137	222	371	
Gas Marketing Services	21	(46)	16	12	3	(2)	(6)	(6)	(14)	
Other	1	(1)	(2)	(1)	(3)	1	3	(1)	3	
<b>Total segment profit</b>	<b>\$ 870</b>	<b>\$ 898</b>	<b>\$ 777</b>	<b>\$ 275</b>	<b>\$ 2,820</b>	<b>\$ 268</b>	<b>\$ 415</b>	<b>\$ 478</b>	<b>\$ 1,161</b>	
<b>Nonrecurring adjustments:</b>										
Exploration & Production	\$ (118)	\$ (25)	\$ 18	\$ 163	\$ 38	\$ 39	\$ 1	\$ (4)	\$ 36	
Gas Pipeline	-	(9)	(10)	-	(19)	-	-	-	-	
Midstream Gas & Liquids	-	(2)	(6)	(29)	(37)	69	-	(5)	64	
Gas Marketing Services	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
<b>Total segment nonrecurring adjustments</b>	<b>\$ (118)</b>	<b>\$ (36)</b>	<b>\$ 2</b>	<b>\$ 134</b>	<b>\$ (18)</b>	<b>\$ 108</b>	<b>\$ 1</b>	<b>\$ (9)</b>	<b>\$ 100</b>	
<b>Recurring segment profit (loss):</b>										
Exploration & Production	\$ 312	\$ 471	\$ 379	\$ 136	\$ 1,298	\$ 117	\$ 120	\$ 102	\$ 339	
Gas Pipeline	180	170	163	157	670	179	162	157	498	
Midstream Gas & Liquids	238	268	223	105	834	81	137	217	435	
Gas Marketing Services	21	(46)	16	12	3	(2)	(6)	(6)	(14)	
Other	1	(1)	(2)	(1)	(3)	1	3	(1)	3	
<b>Total recurring segment profit</b>	<b>\$ 752</b>	<b>\$ 862</b>	<b>\$ 779</b>	<b>\$ 409</b>	<b>\$ 2,802</b>	<b>\$ 376</b>	<b>\$ 416</b>	<b>\$ 469</b>	<b>\$ 1,261</b>	

Note: Segment profit (loss) includes equity earnings and income (loss) from investments reported in investing income (loss) in the Consolidated Statement of Operations. Equity earnings results from investments accounted for under the equity method. Income (loss) from investments results from the management of certain equity investments.

# Non-GAAP reconciliation schedule – EPS after MTM adjustment



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Adjustment to remove MTM impact		
<i>Dollars in millions except per share amounts</i>		
	2009	
	3Q	YTD*
Recurring income from cont. ops available to common shareholders	\$ 140	\$ 366
Recurring diluted earnings per common share	\$ 0.24	\$ 0.62
Mark-to-Market (MTM) adjustments:	12	41
Tax effect of total MTM adjustments	<u>(5)</u>	<u>(15)</u>
After Tax MTM adjustments	7	26
Recurring income from cont. ops. Available to common shareholders after MTM adj.	\$ 147	\$ 392
Recurring diluted earnings per share after MTM adj.	\$ 0.25	\$ 0.67
Weighted average shares - diluted (thousands)	590,059	588,693
	2008	
	3Q*	YTD*
Recurring income from cont. ops available to common shareholders	\$ 361	\$ 1,089
Recurring diluted earnings per common share	\$ 0.61	\$ 1.83
Mark-to Market (MTM) adjustments:	(61)	(49)
Tax effect of total MTM adjustments	<u>23</u>	<u>19</u>
After tax MTM adjustments	(38)	(30)
Recurring income from cont. ops available to common shareholders after MTM adj.	\$ 323	\$ 1,059
Recurring diluted earnings pershare after MTM adj.	\$ 0.55	\$ 1.78
Weighted average shares - diluted (thousands)	589,138	594,630

*Note: All amounts attributable to Williams. \*Amounts have been recast to reflect certain Venezuela operations as discontinued operations.*

# 2009 Forecast Guidance – Reported to Recurring

Dollars in millions, except per-share amounts	October 29 Guidance		
	Reported Low – High	Nonrecurring Items <sup>1</sup>	Recurring Low – High
Segment Profit Before MTM Adjust.	\$1,620 – \$1,770	\$100	\$1,720 – \$1,870
Net Interest Expense	(570) – (600)	-	(570) – (600)
General Corporate / Other / Rounding	(155) – (185)	13	(142) – (172)
Pretax Income	895 – 985	113	1,008 – 1,098
Provision for Income Tax	(335) – (365)	(13)	(348) – (378)
Income from Continuing Operations	\$560 – \$620	100	\$660 – \$720
Net Income Attributable to Noncontrolling Interests	(110) – (140)	-	(110) – (140)
<u>Amounts Attributable to Williams:</u>			
Income from Continuing Operations	\$450 – \$480	\$100	\$550 – \$580
Diluted EPS	\$0.75 – \$0.80		\$0.92 – \$0.97
<b>Diluted EPS After MTM Adjust. <sup>1</sup></b>	<b>\$0.78 – \$0.83</b>		<b>\$0.95 – \$1.00</b>

<sup>1</sup> See detail of Nonrecurring items on slide 24.

<sup>2</sup> Includes MTM adjustment – see slide 19 for guidance

Note: See slide 16 for commodity price assumptions

A more detailed schedule reconciling income from continuing operations to recurring income from continuing operations after mark-to-market adjustments is available at the end of this presentation.

# 2009 Forecast Guidance Contribution

*Dollars in millions, except per-share amounts*

**2009**

<b>Income from Continuing Operations:</b>	<b>\$450 – 480</b>
Non-Recurring Items (Pretax)	113
Less Taxes	13
Non-Recurring After Tax	<u>100</u>
<b>Recurring Income from Cont. Ops</b>	<b>550 – 580</b>
<b>Recurring EPS</b>	<b>\$0.92 – \$0.97</b>
Mark-to-Market Adjustment (Pretax)	30
Less Taxes @ 39%	12
Mark-to-Market Adjust. After Tax	<u>18</u>
<b>Inc. from Cont. Ops after MTM Adj.</b>	<b>568 – 598</b>
<b>Inc. from Cont. Ops after MTM Adj. EPS</b>	<b>\$0.95 – \$1.00</b>

**Note:**

*– All amounts attributable to Williams*

# 2009 Forecast Segment Contribution

<i>Dollars in millions</i>	E&P	Midstream	Gas Pipeline	Gas Mktg <sup>1</sup>	Total
Reported Segment Profit	\$439 – 514	\$551 – 611 <sup>3</sup>	\$645 – 665	\$(30) – 0	\$1,620 – 1,770 <sup>2</sup>
DD&A	800 – 900	225 – 235	325 – 345	0	1,390 – 1,490 <sup>2</sup>
Seg. Profit Before DDA	<u>\$1,239 – 1,414</u>	<u>\$776 – 846</u>	<u>\$970 – 1,010</u>	<u>\$(30) – 0</u>	<u>\$3,010 – 3,260 <sup>2</sup></u>
General Corporate & Other					(155) – (185)
Net Income Attributable to Noncontrolling Interests					(110) – (140)
Rounding					5 – 15
TOTAL					<u>\$2,750 – 2,950 <sup>2</sup></u>

<sup>1</sup> Segment Profit is prior to MTM adjustments

<sup>2</sup> Sum of the ranges for the business units does not match the consolidated total due to the offsetting effect of natural gas prices within our business units

<sup>3</sup> Includes impairments and write-offs associated with Venezuelan operations of \$68 million

Additionally, corporate and other is not forecast separately but is included in the total guidance.

# 2010 - 2011 Forecast Guidance Contribution

<i>Dollars in millions, except per-share amounts</i>	2010	2011
<b>Income from Continuing Operations:</b>	<b>\$490 – 1,150</b>	<b>\$655 – 1,585</b>
Non-Recurring Items (Pretax)	–	–
Less Taxes	–	–
Non-Recurring After Tax	–	–
<b>Recurring Income from Cont. Ops</b>	<b>490 – 1,150</b>	<b>655 – 1,585</b>
<b>Recurring EPS</b>	<b>\$0.82 – \$1.92</b>	<b>\$1.09 – \$2.64</b>
Mark-to-Market Adjustment (Pretax)	(20)	5
Less Taxes @ 39%	(8)	2
Mark-to-Market Adjust. After Tax	(12)	3
<b>Inc. from Cont. Ops after MTM Adj.</b>	<b>478 – 1,138</b>	<b>658 – 1,588</b>
<b>Inc. from Cont. Ops after MTM Adj. EPS</b>	<b>\$0.80 – \$1.90</b>	<b>\$1.10 – \$2.65</b>

Note: All amounts attributable to Williams; Diluted EPS.

# 2010 forecast segment contribution

<i>Dollars in millions</i>	E&P	Midstream	Gas Pipeline	Gas Mktg <sup>1</sup>	Total
Reported Segment Profit	\$325 – 925	\$625 – 1,175	\$640 – 690	\$(20) – 20	\$1,595 – 2,795 <sup>2</sup>
DD&A	850 – 950	240 – 260	340 – 360	0	1,460 – 1,560 <sup>2</sup>
Seg. Profit Before DDA	<u>\$1,175 – 1,875</u>	<u>\$865 – 1,435</u>	<u>\$980 – 1,050</u>	<u>\$(20) – 20</u>	<u>\$3,055 – 4,355 <sup>2</sup></u>
General Corporate & Other					(140) – (170)
Net Income Attributable to Noncontrolling Interests					(80) – (165)
Rounding					(35) – (20)
TOTAL					<u>\$2,800 – 4,000 <sup>2</sup></u>

<sup>1</sup>Segment Profit is prior to MTM adjustments.

<sup>2</sup>Sum of the ranges for the business units does not match the consolidated total due to the offsetting effect of natural gas prices within our business units. Additionally, corporate and other is not forecast separately but is included in the total guidance.

# 2011 forecast segment contribution

<i>Dollars in millions</i>	E&P	Midstream	Gas Pipeline	Gas Mktg <sup>1</sup>	Total
Reported Segment Profit	\$375 – 1,500	\$800 – 1,250	\$675 – 725	\$(40) – 0	\$1,845 – 3,445 <sup>2</sup>
DD&A	950 – 1,050	260 – 280	350 – 370	0	1,610 – 1,710 <sup>2</sup>
Seg. Profit Before DDA	<u>\$1,325 – 2,550</u>	<u>\$1,060 – 1,530</u>	<u>\$1,025 – 1,095</u>	<u>\$(40) – 0</u>	<u>\$3,455 – 5,155 <sup>2</sup></u>
General Corporate & Other					(155) – (185)
Net Income Attributable to Noncontrolling Interests					(85) – (135)
Rounding					(15) – 15
TOTAL					<u>\$3,200 – 4,850 <sup>2</sup></u>

<sup>1</sup>Segment Profit is prior to MTM adjustments.

<sup>2</sup>Sum of the ranges for the business units does not match the consolidated total due to the offsetting effect of natural gas prices within our business units. Additionally, corporate and other is not forecast separately but is included in the total guidance.



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