Williams WE MAKE ENERGY HAPPEN

Williams and Williams Partners First Quarter 2018 Earnings Call

May 3, 2018

NYSE: WMB
NYSE: WPZ
williams.com

WMB/WPZ First Quarter 2018 Results

GAAP Measures:

1Q Net Income and Modified EBITDA

> **1Q 2018 Net Income attributable to WPZ of $360 million** vs. $634 million for 1Q 2017; down $274 million
  – Absence of $269 million gain from March 2017 asset sales; $59 million lower commodity margins primarily due to sale of interest in Geismar Olefins plant; absence of gains on early retirement of debt and contract settlements and terminations; lower equity earnings due primarily to lower volumes at Discovery JV
  – Fee revenue up primarily due to Transco expansion projects; O&M and SG&A costs down due to asset sales

> **1Q 2018 Net Income attributable to WMB of $152 million** vs. $373 million for 1Q 2017; down $221 million
  – Inclusive of WPZ items above and decreased income to noncontrolling interest partially offset by absence of 2017 tax benefit

> **WPZ 1Q 2018 Segment Modified EBITDA** ($MM): Atlantic-Gulf $451; West $413; Northeast G&P $250

WPZ Non-GAAP Measures(1):

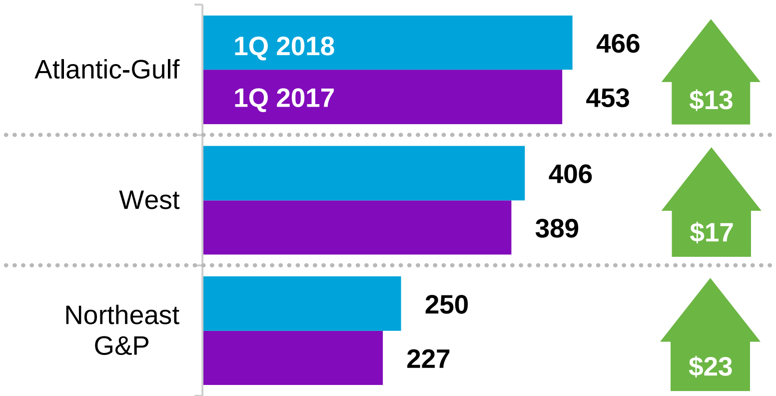
Continued growth in WPZ Adjusted EBITDA at Continuing Businesses

> **1Q 2018 Adjusted EBITDA $1,122 million**
  – **Up $53 million, or 5%, vs. 1Q 2017** for current business segments

> **Adjusted EBITDA by segment**
  – Atlantic Gulf increased fee-based revenue from Transco expansions; partially offset by decreased JV EBITDA and increased expenses
  – West higher gathering volumes and commodity margins, lower expenses; partially offset by decreased JV EBITDA due to asset sales and impact of Northwest Pipeline rate case settlement
  – Northeast G&P increased fee-based revenues on higher volumes, increased JV EBITDA from higher Bradford ownership

> **1Q 2018 DCF $784 million,** with **1.33x coverage**
  – **Up $32 million, or 4.25%, vs 1Q 2017**

Adjusted EBITDA by Segment ($MM): 1Q 2018 vs. 4Q 2017



(1) This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest GAAP comparable financial measures are included at the back of this presentation.

Strong Execution Across All Business Segments

1Q'18 Contributions

Transco – Garden State Phase 2	~180 MMcf/d Transco expansion placed in service March 23, providing additional service to New Jersey Natural Gas Co.
Northeast – Volumes	Gathering volumes continue to increase; up ~260 MMcf/d and ~100 MMcf/d vs 1Q'17 and 4Q'17 respectively
West – Volumes	Gathering volume up 8% vs. 1Q'17 led by Haynesville; 9 of 10 franchises contribute growth

Other Achievements

Transco – Southeastern Trail	FERC application filed April 11; Fully-contracted ~296 MMcf/d expansion serving growing demand in Mid-Atlantic and Southeastern markets; target ISD Q4'20
Transco – Gulf Connector	Construction underway on ~475 MMcf/d expansion serving LNG export; target in-service 1H 2019
Transco – Atlantic Sunrise	~90% stringing & welding complete; making tie-ins to existing pipelines; initiated hydrostatic testing
Northeast – Susquehanna	Record gathering volumes in April facilitated by system expansion

Analyst Day May 17 in New York, NY — **Live webcast and archive to be available**

Key Themes to be Discussed at Analyst Day

- Leading position serving robust natural gas demand growth
- Capitalizing on Northeast natural gas supply growth
- Discussion of projects in execution and under development
- FERC tax policy and regulated pipelines
- Drivers of 2019 growth

Photo Credit: NYSE

Questions

Forward-looking statements

Forward-looking Statements

- **The reports, filings, and other public announcements of The Williams Companies, Inc. (Williams) 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. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this document that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as "anticipates," "believes," "seeks," "could," "may," "should," "continues," "estimates," "expects," "forecasts," "intends," "might," "goals," "objectives," "targets," "planned," "potential," "projects," "scheduled," "will," "assumes," "guidance," "outlook," "in-service date" and 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:**
  - Levels of cash distributions by WPZ with respect to limited partner interests;
  - Levels of dividends to Williams stockholders;
  - Future credit ratings of Williams, WPZ, and their affiliates;
  - Amounts and nature of future capital expenditures;
  - Expansion and growth of our business and operations;
  - Expected in-service dates for capital projects;
  - Financial condition and liquidity;
  - Business strategy;
  - Cash flow from operations or results of operations;
  - Seasonality of certain business components;
  - Natural gas and natural gas liquids prices, supply, and demand;
  - Demand for our services.

- **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 document. 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 WPZ will produce sufficient cash flows to provide expected levels of cash distributions;
  - Whether Williams is able to pay current and expected levels of dividends;
  - Whether WPZ elects to pay expected levels of cash distributions and Williams elects to pay expected levels of dividends;
  - Whether we will be able to effectively execute our financing plan;
  - Availability of supplies, including lower than anticipated volumes from third parties served by our business, and market demand;
  - Volatility of pricing including the effect of lower than anticipated energy commodity prices and margins;
  - Inflation, interest rates, and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on customers and suppliers);
  - The strength and financial resources of our competitors and the effects of competition;
  - Whether we are able to successfully identify, evaluate and timely execute capital projects and other investment opportunities in accordance with our forecasted capital expenditures budget;
  - Our ability to successfully expand our facilities and operations;
  - Development and rate of adoption of alternative energy sources;

Forward-looking Statements (cont'd)

- The impact of operational and developmental hazards, unforeseen interruptions, and the availability of adequate insurance coverage;
- The impact of existing and future laws (including, but not limited to, the Tax Cuts and Jobs Act of 2017), regulations (including, but not limited to, the FERC's "*Revised Policy Statement on Treatment of Income Taxes*" in Docket No. PL17-1-000), the regulatory environment, environmental liabilities, and litigation, as well as our ability to obtain necessary permits and approvals, and achieve favorable rate proceeding outcomes;
- Williams' costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;
- WPZ's costs for defined benefit pension plans and other postretirement 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 financing, including restrictions stemming from debt agreements, future changes in credit ratings as determined by nationally-recognized credit rating agencies and the availability and cost of capital;
- The amount of cash distributions from and capital requirements of our investments and joint ventures in which we participate;
- Risks associated with weather and natural phenomena, including climate conditions and physical damage to our facilities;
- Acts of terrorism, including cybersecurity threats, and related disruptions;
- 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 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 document. 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.**

> **Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in Williams' and WPZ's Annual Reports on Form 10-K filed with the SEC on February 22, 2018.**

Non-GAAP Reconciliations

Non-GAAP Disclaimer

- This presentation may include certain financial measures – adjusted EBITDA, adjusted income ("earnings"), adjusted earnings per share, cash available for dividends, dividend coverage ratio, distributable cash flow and cash distribution coverage ratio – that are non-GAAP financial measures as defined under the rules of the Securities and Exchange Commission.
- Our segment performance measure, modified EBITDA is defined as net income (loss) before income (loss) from discontinued operations, income tax expense, net interest expense, equity earnings from equity-method investments, other net investing income, remeasurement gain on equity-method investment, impairment of equity investments and goodwill, depreciation and amortization expense, and accretion expense associated with asset retirement obligations for nonregulated operations. We also add our proportional ownership share (based on ownership interest) of modified EBITDA of equity-method investments.
- Adjusted EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations. Management believes this measure provides investors meaningful insight into results from ongoing operations.
- For Williams, cash available for dividends is defined as cash received from its ownership in WPZ and adjusted EBITDA from our Other segment, less interest, taxes and maintenance capital expenditures with our Other segment. We also calculate the ratio of cash available for dividends to the total cash dividends paid (dividend coverage ratio). This measure reflects Williams' cash available for dividends relative to its actual cash dividends paid. We further adjust these metrics to include Williams' proportionate share of WPZ's distributable cash flow in excess of distributions paid, resulting in Williams Economic DCF and Economic Coverage Ratio.
- For Williams Partners L.P., we define distributable cash flow as adjusted EBITDA less maintenance capital expenditures, cash portion of net interest expense, income attributable to noncontrolling interests and cash income taxes, plus WPZ restricted stock unit non-cash compensation and certain other adjustments that management believes affects the comparability of results. Adjustments for maintenance capital expenditures and cash portion of interest expense include our proportionate share of these items of our equity-method investments.
- For Williams Partners L.P., we also calculate the ratio of distributable cash flow to the total cash distributed (cash distribution coverage ratio). This measure reflects the amount of distributable cash flow relative to our cash distribution. We have also provided this ratio calculated using the most directly comparable GAAP measure, net income.
- 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 accepted financial indicators used by investors to compare company performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of assets and the cash that the business is generating.
- Neither adjusted EBITDA, adjusted income, cash available for dividends, nor distributable cash flow are intended to represent cash flows for the period, nor are they presented as an alternative to net income or cash flow from operations. 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.

Reconciliation of Non-GAAP Adjusted EBITDA and Distributable Cash Flow to GAAP Net Income

	2017					2018
(Dollars in millions, except coverage ratios)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Williams Partners L.P.						
Reconciliation of "Net Income (Loss)" to "Modified EBITDA", Non-GAAP "Adjusted EBITDA" and "Distributable cash flow"						
Net income (loss)	$ 660	$ 348	$ 284	$ (317)	$ 975	$ 384
Provision (benefit) for income taxes	3	1	(1)	3	6	—
Interest expense	214	205	202	201	822	209
Equity (earnings) losses	(107)	(125)	(115)	(87)	(434)	(82)
Other investing (income) loss - net	(271)	(2)	(4)	(4)	(281)	(4)
Proportional Modified EBITDA of equity-method investments	194	215	202	184	795	169
Depreciation and amortization expenses	433	423	424	420	1,700	423
Accretion expense associated with asset retirement obligations for nonregulated operations	6	11	8	8	33	8
Modified EBITDA	1,132	1,076	1,000	408	3,616	1,107
Adjustments						
Estimated minimum volume commitments	15	15	18	(48)	—	—
Severance and related costs	9	4	5	4	22	—
Settlement charge from pension early payout program	—	—	—	35	35	—
Regulatory charges resulting from Tax Reform	—	—	—	713	713	4
Share of regulatory charges resulting from Tax Reform for equity-method investments	—	—	—	11	11	2
ACMP Merger and transition costs	—	4	3	4	11	—
Constitution Pipeline project development costs	2	6	4	4	16	2
Share of impairment at equity-method investment	—	—	1	—	1	—
Geismar Incident adjustment	(9)	2	8	(1)	—	—
Gain on sale of Geismar Interest	—	—	(1,095)	—	(1,095)	—
Impairment of certain assets	—	—	1,142	9	1,151	—
Ad valorem obligation timing adjustment	—	—	7	—	7	—
Organizational realignment-related costs	4	6	6	2	18	—
(Gain) loss related to Canada disposition	(3)	(1)	4	4	4	—
(Gain) loss on asset retirement	—	—	(5)	5	—	—
Gains from contract settlements and terminations	(13)	(2)	—	—	(15)	—
Accrual for loss contingency	9	—	—	—	9	—
(Gain) loss on early retirement of debt	(30)	—	3	—	(27)	7
Gain on sale of RGP Splitter	—	(12)	—	—	(12)	—
Expenses associated with Financial Repositioning	—	2	—	—	2	—
Expenses associated with strategic asset monetizations	1	4	—	—	5	—
Total EBITDA adjustments	(15)	28	101	742	856	15
Adjusted EBITDA	1,117	1,104	1,101	1,150	4,472	1,122

Reconciliation of Non-GAAP Adjusted EBITDA and Distributable Cash Flow to GAAP Net Income (cont'd)

	2017					2018
(Dollars in millions, except coverage ratios)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Williams Partners L.P.						
Reconciliation of "Net Income (Loss)" to "Modified EBITDA", Non-GAAP "Adjusted EBITDA" and "Distributable cash flow"						
Adjusted EBITDA	1,117	1,104	1,101	1,150	4,472	1,122
Maintenance capital expenditures [1]	(53)	(100)	(136)	(154)	(443)	(100)
Interest expense - net [2]	(224)	(216)	(207)	(208)	(855)	(212)
Cash taxes	(5)	(1)	(4)	(2)	(12)	(1)
Income attributable to noncontrolling interests [3]	(27)	(32)	(27)	(27)	(113)	(25)
WPZ restricted stock unit non-cash compensation	2	1	1	1	5	—
Amortization of deferred revenue associated with certain 2016 contract restructurings [4]	(58)	(58)	(59)	(58)	(233)	—
Distributable cash flow attributable to Partnership Operations	752	698	669	702	2,821	784
Total cash distributed [5]	$ 567	$ 574	$ 574	$ 574	$ 2,289	$ 588
Coverage ratios:						
Distributable cash flow attributable to partnership operations divided by Total cash distributed	1.33	1.22	1.17	1.22	1.23	1.33
Net income (loss) divided by Total cash distributed	1.16	0.61	0.49	(0.55)	0.43	0.65

(1) Includes proportionate share of maintenance capital expenditures of equity investments.

(2) Includes proportionate share of interest expense of equity investments.

(3) Excludes allocable share of certain EBITDA adjustments.

(4) Beginning first quarter 2018, as a result of the extended deferred revenue amortization period under the new GAAP revenue standard, we have discontinued the adjustment associated with these 2016 contract restructuring payments. The adjustment would have been $32 million for the first quarter of 2018.

(5) Cash distributions for the first quarter of 2017 have been decreased by $6 million to reflect the amount paid by WMB to WPZ pursuant to the January 2017 Common Unit Purchase Agreement.

Reconciliation of Modified EBITDA to Non-GAAP Adjusted EBITDA

	2017					2018
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Modified EBITDA:						
Northeast G&P	$ 226	$ 247	$ 115	$ 231	$ 819	$ 250
Atlantic-Gulf	450	454	430	(96)	1,238	451
West	385	356	(615)	286	412	413
NGL & Petchem Services	51	30	1,084	(4)	1,161	—
Other	20	(11)	(14)	(9)	(14)	(7)
Total Modified EBITDA	**$ 1,132**	**$ 1,076**	**$ 1,000**	**$ 408**	**$ 3,616**	**$ 1,107**
Adjustments:						
Total Northeast G&P adjustments	1	1	131	7	140	—
Total Atlantic-Gulf adjustments	3	8	1	529	541	15
Total West adjustments	4	16	1,041	195	1,256	(7)
Total NGL & Petchem Services adjustments	(2)	(7)	(1,083)	3	(1,089)	—
Total Other adjustments	(21)	10	11	8	8	7
Total Adjustments	**$ (15)**	**$ 28**	**$ 101**	**$ 742**	**$ 856**	**$ 15**
Adjusted EBITDA:						
Northeast G&P	$ 227	$ 248	$ 246	$ 238	$ 959	$ 250
Atlantic-Gulf	453	462	431	433	1,779	466
West	389	372	426	481	1,668	406
NGL & Petchem Services	49	23	1	(1)	72	—
Other	(1)	(1)	(3)	(1)	(6)	—
Total Adjusted EBITDA	**$ 1,117**	**$ 1,104**	**$ 1,101**	**$ 1,150**	**$ 4,472**	**$ 1,122**

Adjustments to Modified EBITDA by Segment

Williams

(Dollars in millions)	2017					2018
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr
Adjustments:						
Northeast G&P						
Severance and related costs	$ —	$ —	$ —	$ —	$ —	$ —
Share of impairment at equity-method investments	—	—	1	—	1	—
ACMP Merger and transition costs	—	—	—	—	—	—
Impairment of certain assets	—	—	121	—	121	—
Ad valorem obligation timing adjustment	—	—	7	—	7	—
Settlement charge from pension early payout program	—	—	—	7	7	—
Organizational realignment-related costs	1	1	2	—	4	—
Total Northeast G&P adjustments	1	1	131	7	140	—
Atlantic-Gulf						
Potential rate refunds associated with rate case litigation	—	—	—	—	—	—
Severance and related costs	—	—	—	—	—	—
Constitution Pipeline project development costs	2	6	4	4	16	2
Settlement charge from pension early payout program	—	—	—	15	15	—
Regulatory charges resulting from Tax Reform	—	—	—	493	493	11
Share of regulatory charges resulting from Tax Reform for equity-method investments	—	—	—	11	11	2
Organizational realignment-related costs	1	2	2	1	6	—
(Gain) loss on asset retirement	—	—	(5)	5	—	—
Total Atlantic-Gulf adjustments	3	8	1	529	541	15
West						
Estimated minimum volume commitments	15	15	18	(48)	—	—
Severance and related costs	—	—	—	—	—	—
ACMP Merger and transition costs	—	—	—	—	—	—
Impairment of certain assets	—	—	1,021	9	1,030	—
Settlement charge from pension early payout program	—	—	—	13	13	—
Regulatory charge associated with Tax Reform	—	—	—	220	220	(7)
Organizational realignment-related costs	2	3	2	1	8	—
Gains from contract settlements and terminations	(13)	(2)	—	—	(15)	—
Total West adjustments	4	16	1,041	195	1,256	(7)

Adjustments to Modified EBITDA by Segment (cont.)

(Dollars in millions)	2017 1st Qtr	2017 2nd Qtr	2017 3rd Qtr	2017 4th Qtr	2017 Year	2018 1st Qtr
Adjustments:						
NGL & Petchem Services						
Impairment of certain assets	—	—	—	—	—	—
(Gain) loss related to Canada disposition	(3)	(1)	4	4	4	—
Severance and related costs	—	—	—	—	—	—
Expenses associated with strategic asset monetizations	1	4	—	—	5	—
Geismar Incident adjustments	(9)	2	8	(1)	—	—
Gain on sale of Geismar Interest	—	—	(1,095)	—	(1,095)	—
Gain on sale of RGP Splitter	—	(12)	—	—	(12)	—
Accrual for loss contingency	9	—	—	—	9	—
Total NGL & Petchem Services adjustments	(2)	(7)	(1,083)	3	(1,089)	—
Other						
Severance and related costs	9	4	5	4	22	—
ACMP Merger and transition costs	—	4	3	4	11	—
Expenses associated with Financial Repositioning	—	2	—	—	2	—
(Gain) loss on early retirement of debt	(30)	—	3	—	(27)	7
Total Other adjustments	(21)	10	11	8	8	7
Total Adjustments	**$ (15)**	**$ 28**	**$ 101**	**$ 742**	**$ 856**	**$ 15**