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PRESENTATION

John Porter - ***Williams and Williams Partners L.P. - IR Director***

Well, good morning and welcome to the 2015 Williams and Williams Partners analyst day. I am John Porter. I lead Investor Relations for the Company. It's great to have you guys here today and joining us over the webcast. It's an exciting time for the Company. We've got some important information to share about our businesses today and our continued strong growth outlook.

I did want to mention, as I'm sure most of you know, we did file a release this morning detailing a very important strategic transaction for Williams where Williams will be buying in the public equity that's outstanding on Williams Partners. We also announced a significant dividend increase beginning in the third quarter of 2015, and extended our dividend guidance through 2020. There are some other important details in that release as well.

We did put a supplemental slide deck on our website this morning as well. You can find that in the analyst day section on the website. For those in the room, we're going to print hardcopies and have those out here around lunchtime, and Don Chappel, our CFO, will speak to that deck when he speaks later this afternoon. Alan will have a few brief remarks related to the transaction in his opening here in a moment as well.

So with that, I'll go ahead and get started today with our President and CEO, Alan Armstrong. Thanks for being here. Hope you have a great day.

Alan Armstrong - ***Williams and Williams Partners L.P. - President, CEO***

Thanks, John, and good morning everyone. Really glad to have everybody here today. And I have a very genuine smile on my face today as we completed I think what is a fantastic transaction for us, and really simplifying and really being -- positioning us to extend the duration of the great growth trajectory we've got in front of us. So today, you're going to hear from our leadership team about really I think the very best growth platform in this industry by far and one that we have a very, very clear and identified growth trajectory on. We know exactly where that growth is coming from, and we have stuck with our strategy around connecting the best natural gas supplies to the very best markets and we think that is really delivering for us, so you're going to hear a lot of detail about that today. But we couldn't be more excited about where we are, and the transaction we just got done.

And I will just say a few words on the transaction this morning, and then of course Don will follow up today with quite a bit of detail around that. So, you've all got the statistics out there, a pretty impressive financial move for the Company in terms of driving both very strong accretion, which is equating into higher growth in our dividend, and really, importantly, an extension in our dividend capability as we get the benefits of both lower cost of capital, great tax benefits and extending those tax benefits, and combining that with what we are seeing as continued expansion in the portfolio of opportunities as we are really starting to see the demand side of the natural gas market really start to grow for us. So really couldn't be more excited about what is out there in front of us.

And as you will see, not only have we extended the guidance through 2018, and you will be seeing some of that detail today, but in addition to that, we also are being able to extend our expected growth dividend into 2020 with that 10% to 15% growth trajectory continuing. And you will see a continued growth in our coverage as well on the cash available for dividend coverage at the WMB level. So really bounce to us being able to take that cash flows that was going out the door in the way of what was being distributed in partnership units. We think we've combined that at a lower cost of capital at Williams, and it results in both very strong accretion, greater than 10% accretion, better coverage and better extension of that dividend growth.

But I think, importantly, not just is the transaction important for us, a lot of simplification that comes our way, a lot easier story to tell and really takes some of what would become a lot of jockeying between the IDR waivers at the GP level, it gets a very pure and simple story. And importantly to me, what really let's shine through the tremendous amount of growth that we've got in our business really shine through in a very simple way in terms of increasing dividends for the WMB shareholders.

So with that, I'm going to get into the presentation. You'll see a few bleary-eyed folks on the team here today after a pretty big sprint here over the weekend and the last couple of days of getting this transaction done, and I really appreciate the extraordinary efforts by our team in getting that done. So this presentation, as you'll see today, was designed without this transaction being done. The one supplement you'll see to that is in Don's presentation, but the rest of them you'll see were done without us having the knowledge that we would get that transaction finished.

So a couple of things I'm going to lay out here very quickly. First of all, we are very confident that the natural gas demand is here and it's growing. We certainly think it's been very much supply-led, and we think that, today, the demand side is really starting to roar and take advantage of low price natural gas and, importantly, the confidence that the market has built in North America being able to produce low-priced gas. So we'll show you our evidence of that and our thoughts around that.

Additionally, we're going to also talk today about the very sharp focus that we have on execution and the tremendous growth. We've had a series of very, very complex, very large-scale projects like our Gulfstar One, our first big Deepwater spar that we built at our design. We now have two out there, the Devil's Tower spar and the Gulfstar One spar, that we own. And those are in close proximity.

But we've continued to really deliver on very, very large, complex projects. The Keathley Canyon project in over 8,000 foot of water, a very large diameter Deepwater project, and our Geismer expansion project as well. And so we've had a string of very big complex projects.

And as you look forward, you're going to see, as we talk about the projects that are in front of us today, a lot more of kind of bread and butter of our business in terms of pipeline construction as we really start to build out the demand-side of our business.

And then finally, I would just tell you that the demand pool that you are going to see, you're going to see a lot from Rory today, Rory Miller, about the growth that is going on in the Atlantic Gulf. And we are also seeing that demand pull come on the NGL, the natural gas liquids, side. And we are excited to be a big part of that and we are building out in front of both the natural gas demand and the natural gas liquids demand. And of course, we continue to have supporting supply area projects, and I think the big shift you're going to see in our portfolio is over to more demand-side projects.

And so what we have really seen is great confidence now in these low-cost natural gas reserves, and so I'm going to run through a few slides here that I think demonstrate how well we are positioned up against this demand. First of all, you see here this is the demand side that we are seeing, and you can see the West south-central there, which is really where a lot of that growth is coming from. And basically most of that growth in that south-central area is Texas and Louisiana. So a lot of LNG export, a lot of Mexican export as well as the power generation and industrial market. Importantly there, the pet chem side of that on the industrial side there in the Gulf Coast alone is about 2.5 Bcf a day, so we are very well positioned with our assets to serve that growth.

And then you can also see there the South Atlantic, which is also the area. And I'm going to show a picture a little bit later in this presentation of exactly how our assets are positioned up against this growth and how much of that expected growth that we've already captured. But you can see there about 36 Bcf a day through this 2025 period, and again, this is just the growth increment, so this is the amount of growth in each of those regions, and you can see where we think that will be coming from. And this is sourced out a lot of Wood Mackenzie materials as well as some of our own internal perspective.

And so you can see now, on the supply side, the growth that we are seeing in the really two key areas for us, the Northeast and the Rockies, and we are extremely well positioned in both of these areas. And in fact, in the Northeast, we are gathering now in that Basin, the combined Utica and Marcellus on our assets out there, we are gathering over a third of the natural gas in the Utica and Marcellus volumes. And so really nobody is rivaling that on a gathered volume. You'll see MarkWest talk about it on a processed volume basis, but if you really look at the total gathering volume, we are definitely a leader in that space. And you will see some detail from Jim Scheel on that a little bit later in his presentation.

And then in the purple there, you can also see the Rockies. Of course everybody I think knows we're very well positioned in the Rockies, and we do think the Rockies is positioned when the demand starts to take off here on the natural gas market, we think the Rockies is going to be a critical component of that growth.

So this is a really interesting picture here that shows how the natural gas production has been moving with price here. And so in the yellow line there, that is the natural gas adjusted for NGLs. And this is basically kind of the average processed volume in the Marcellus just as a proxy for wet gas there that you see in yellow. And you can see the impact. We really list that because that's where a lot of the growth in gases come from, as you all know. The rest of the US has been flat to declining on natural gas supplies, while the Northeast has continued to make up that growth wedge. And you can see here a couple of critical point s.

First of all, we've continued to grow supplies despite declining netbacks to the producers. And I think this is pretty impressive that we've continued to be able to, as an industry, that we've been able to continue to grow supplies. Why is that important? Why it's really important is because the power generation markets, the industrial markets are paying close attention to our ability to continue to deliver low-cost gas. We owe a lot to the independent producers here in the US that have learned to get the gas out of the ground cheaper and cheaper and cheaper, but that is exactly what -- that confidence in the industry's ability to do that is exactly what's going to grow demand.

You also can see though, I think another critical issue here is you see the rigs count there in 2015 to down now under 170 rigs. And you can see that, with that, we are starting to see some flattening off in the production side here on natural gas. And so I think we are getting pretty well near a tipping point. I will tell yo u there's a tremendous amount of productive capacity out there as you continue to see producers hit these enormous wells in the Utica dry and of course the capabilities of companies like Cabot in the Susquehanna County area. But nevertheless, we are starting to see, I think, at this limited number of rigs, we are starting to see a tipping point, and I think that's good because I think we need to see some price response on the -- for the supply side to continue the drilling so we don't see a real whipsaw when the demand comes back on and we've weighed down so many rigs and so many capabilities. So from our vantage point, we would love to see gas hitting in the $3.50 range, and we think the market can deliver pretty well up against that kind of pricing level.

This shows another reason why we are so confident in the demand side is how low-cost natural gas is as a feedstock. Really nowhere else in the world have we got such a low priced feedstock up against such better margin and pricing. So you can see here still, even up against crude, up against propane, up against ethylene, propylene, natural gas is still a very low-cost feedstock. And we think the US remains very advantaged long-term, and we think, with that, both the industrial demand will pick up as well as the LNG exports as well.

You can see on this slide, I think this is a really interesting commentary. It's almost very much anecdotal, but I kind of, like you, I kind of bore sometimes with all the pretty Wood Mackenzie graphs and the big long tail graphs that you really don't know what stands behind those graphs. And so we've continued to do a lot of work on our front really trying to look anecdotally at what is really going on and what is really driving that. And if you take just the inefficient coal plants, so these are the very high BTU rate plants that need to come out of service, not just for emission purposes, but just for cost purposes, if you just take those plants out and you take it down to what their actual utilization rate is, it's down to 7.3 Bcf a day.

But importantly, and I think this is something we sometimes miss in this industry, if you really take the pipeline capacity -- so this number is the average annual burn of the gas that would be required to replace these inefficient coal plants. But if you take the actual capacity required, that number would be about -- pipeline capacity, that number just for that coal plant would be about 13.4 Bcf a day because you don't have the luxury of always running these plants at full load. They have to swing with load, and therefore you have to have enough pipeline capacity into these plants to be able to meet this. So even though we show 7.3 Bcf on the annual average demand side, the pipeline capacity actually has to be larger than that.

On the fertilizer side, we are really making big progress here in the US. Today, we are still a net importer of ammonia and urea. And this is how much, if we just go to balance here, this is how much incremental we would get if we would were just producing here for the US. In terms of fertilizer, it's very achievable because we are way below the cost of producing fertilizer elsewhere. And so if we just meet our own demands here locally. And we are seeing those projects. One of those projects is going on in Boise near our Northwest pipeline system, and that is part of the logo capture there.

On the methanol side, huge opportunity to export methanol in effect as a natural gas derivative but it can be transported in bulk carrier or liquid carriers without pressurization required. So a great way for China to import into its petrochemical markets methanol. And we are seeing some v ery large projects we are involved in in the Northwest along our Northwest pipeline system that will take up a big chunk of that 1.4 Bcf a day.

And then finally on fuel oil, and again, this is the annual average amount of gas that would be consumed via pipeline amount, in other words if you take the peak load for a place here in New York City, if you take the actual pipeline amount required for this, it's much higher than that, probably about four to five times higher than that in terms of the pipeline capacity that has to get built to take on that kind of annual average demand on fuel oil. And so certainly our Rockaway Beach lateral that is serving the Brooklyn Queens area is a great example of that, and that will replace about 10,000 residences that are on fuel o il.

Moving on to our execution piece, we have really been bearing down on the safety side of our business, very proud of what we have accomplished as a team. I want to show you how we stack up. Again, this is right out of the PHMSA report, so the PHMSA is the federal regulator over pipeline safety. And this is right out of their ongoing reporting. And you can see, on the left-hand side, it really measures the number of incidents per 1,000 miles of pipeline. And on the right-hand side, it basically measures the size of those incidents, in other words how large was the release in the case of those incidents. And you can see while we certainly are well below the industry average on the number of incidents per 1,000 miles, the severity of those incidents is extremely low relative to the industry. And so we continue to have a very strong record. Here in the first four months of this year, four out of five of our operating areas have not had a lost time injury. And two our operating areas in the same time period have not had any recordable injuries. So we are very, very focused on this as a group. We think it's important because we think, to get all this pipeline and infrastructure built, you have got to have a strong license to operate. The communities are being and the environment that we are operating in today very, very concerned about the safety of the pipelines going through their backyard. And certainly Transco is a pipeline that intersects with the population here on the eastern seaboard in a big way. And we have to maintain a safe record to be able to get the permit to continue to operate and continue to build our expansions in this area.

So we really are very unique from a Williams perspective because we are not only exposed on the supply side, we are very exposed on the demand side as well and we think that's where a lot of the continued growth is going to come from. And about 30% now of the US gas volumes touch our systems. So on the gathering side, and then if you look at mutually exclusive, so in other words some areas we gather and we take the transmission, and we don't count that twice. We only count that once. But uniquely through our systems about 30% of the nation's gas is coming through our system. So intensely focused on natural gas.

This is a picture of how we are positioned up against the growth. As I mentioned earlier, about 22 Bcf a day, as you can see, through 2025, about 22.2 Bcf a day of growth that's hitting the Transco corridor, another 0.7 Bcf a day in Florida where our Gulfstream pipeline serves, and then about 2 Bcf a day. So importantly, 70% of the demand during this period we think we are exposed to via how our assets are positioned in this market. And this really makes me think that our growth trajectory that is being forecast by the industry and by the consultants may be a little low because already today, just on these known projects that we are going forward on, just on these projects alone within that Transco corridor, we've captured 36% of the growth in that space. And that really is just through all of these projects will be online by 2019. So just here in the first four years of what's over a ten-year period, we will have captured 36%. This isn't stuff we are guessing on. This isn't stuff we would like to have. This is stuff that we've developed and we are executing on. So very excited about this, and I will tell you that the growth continues to come our way in this space.

This is a picture of the projects that we have out there. And as you'll note, really if you look up there to the upper right-hand corner in the demand drivers, you can see most of those projects are pipeline investments. And so as I mentioned earlier, most of our projects now are expansions along our existing right-of-ways and within our system markets. And so that is really what is driving our growth is pipeline projects on the demand side of the table versus the supply side here over on the left. So here in 2014 and 2015, we had a tremendous amount of supply driven projects, and as we look over into 2015 through 2017 and 2018, we see things really start to stack up on the right-hand side of the chart, on the demand side.

So what does that all mean from an investor perspective? First of all, this is a really important slide right here. Those that have been around Williams for a while know that we used to enjoy a very large amount of NGL margins in our business, in 2011 about $1.1 billion of NGL margin. And we have rode that down unfortunately as NGL margins decline to about $200 million here forecasted in 2015, so almost $900 million of margin decline that we have endured against the business. But impressively, as you see, we have been able to replace that and more and really start to drive the growth on our fee-based revenues. So we've had continued to invest very heavily in the fee-based projects and in fact looking forward in our $9.3 billion of portfolio that's in front of us through 2017, 99% of those projects are on fee-based projects. And so you will continue to see the blue bar there really continue to move up and to the right. But I think it's important to understand the headwind that those fee-based revenues have been working against as the NGL margin decline that have enjoyed on the commodity side, pretty limited downside I would tell you remains really on the NGL margin. I think we are certainly at a floor there and I think we've really got upside left on that.

This, though, is a picture of what we've been able to do on the dividend side. And you can see from 2010 through 2014 a fivefold increase in our dividend -- sorry, fourfold dividend increase through that period, so about a 400% increase. And then you can see through our guidance a 500% increase.

Now, you can probably just throw this page away because, when Don gets up here today, he's going to show you how we've expanded that again. In 2015, that $2.38 will go up to $2.56. And then about a 20% increase over that versus our earlier 2015 guidance in 2016, so it's another 20% growth there.

You will also see, on the right-hand side, you'll also see our cash coverage in 2015 and beyond continues to expand. And that goes from about 1.12 up to almost 1.2 in the 2018 period. So higher growth rate on dividend and better coverage.

And so this is just very quickly the story that you're going to hear from the team today. And we have five different operating areas that you're going to hear from today. In the Northeast, tremendous growth up there on the supply side, and really a lot of the big investments we've made up there have really got us positioned up there for tremendous growth for the future. Atlantic Gulf, as I've mentioned several times, is really taking advantage of the incredible growth. It's also going to have a big year just having the Keathley Canyon prospect come on our discovery system, the Gulfstar project and many of our pipeline projects that have already started generating revenue like the Leidy Southeast project, the Virginia Southside project, and the Mobile Bay South 3. So a lot of new projects in Atlantic Gulf that we are not waiting on any longer. They are up and producing big cash flows, and will really show their mettle here in the quarter.

On the Access side, continued very strong contracts there and assets that are very, very well positioned in some natural gas growth plays that we think, as this demand picks up, are really going to take off to help meet the growing gas demand.

And then in the West, very reliable operations out there, and you will hear from that. And then the NGL pet chem, a lot of moving parts going on in the NGL pet chem area, but a big move to try to re-contract that business into fee-based areas.

So with that, I'm going to introduce the team here very quickly and just say a few words. First of all, really excited to have this team. And you'll see here a nice combination of both the Williams legacy leaders as well as the Access leaders. Really excited to have a lot of the great talent that's come in from the Access team. So Bob Purgason continues to lead AC&P business for us. Walt Bennett is leading the West for us now, and so Allison Bridges, who was here last year reporting on the West, retired at the end of the year, and Walt is stepping up and taking her role. Really excited to have Walt in this position, a real student of really good operations, and really bringing a lot to our team on that front. And I really look forward to what he will bring to the whole team.

And then John Seldenrust from Access as well. John really was the architect of a lot of the great success that Access had on their E&C side. So they really learned to be very standardized in their approach to installing field compression, field gathering systems, and so really excited to have John's talents brought alongside, and he will be helping out not just in the eastern operations, but he is helping out in the E&C area as well as we take on some of the lessons from Access about doing modular design. So really big addition to our team from the Access side.

And then addition, John Dearborn runs our NGL and pet chem services side. And John just brings a great wealth of knowledge to our team in terms of understanding the international markets, the international players, and what they are looking for in their business model that we really are aligning with very well as a lot of those big international pet chem players try to come over here and take advantage of our very low cost feedstocks.

Jim Scheel is running our Northeast gathering processing. Jim has just done a tremendous job over the last year of really getting a focus on operational discipline up in the Northeast, and we continue to enjoy tremendous volume growth there. And importantly though, I would tell you we've established reliability there in the Northeast in a way that we are used to as The Williams Companies and a lot of that is due to Jim's great leadership in the area.

Rory Miller of course a longtime veteran here at Williams and really has had a tremendous amount of growth under his direction over both Transco and a lot of these big Deepwater assets that I talked about earlier. And really appreciate the commercial strength that Rory brings to any situation and his strong understanding of the markets in commercial terms.

And then of course Don Chappel, you all know John Chappel. He will be speaking today, giving you a lot more detail. And one other person who I think is in here -- there she is -- Sarah Miller back there is in the back is our interim General Counsel. Craig Rainey just retired here about a month ago. Hated to see Craig go, but boy did he do a really nice job of helping develop his team. And Sarah Miller is a great example of that and we are really excited to have her as our interim General Counsel right now. So she is here as well. So obviously we've got a bigger team than that, but that's really the folks that are here with you today.

And the one person I didn't say much about there is Bob Purgason. I just wanted to finish with that. Bob has been in and out of the Williams house many times, or not many times, but he was with the Company many years ago. And I've had the fortune of getting to work with Bob over the years. Really excited. It was a really a very, very nice move on his part. He was with Williams a long time, went outside the Company, learned a lot. And really, when you go outside of a company, you can learn things in a different way and bring a different perspective back. And Bob is really an important part of our leadership team now here at Williams. I'm really glad to have him back and glad to have fresh perspectives on what we can do better here at Williams.

So a really great team, excited about what they're going to continue to deliver and I'm really excited about the message that you're going to hear from them today. And so with that, I will turn it over to Rory -- Bob. That's perfect then, Bob.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Good morning. What a great day to be in New York City. It's a little cooler this morning. But yesterday I got here, I thought I was in Houston. It was like 80 degrees, hot and sweaty.

I'm really excited to be here to talk about the Access business portfolio, and how it melds into the Williams family. And so we'll talk about the Williams combination, about Access and its contract structure, and then I'll focus on what it will look like in 2016 in terms of the business reporting segment as we go forward.

You can see one of these modular facilities that we've built at Access. This one happens to be in the Haynesville area. I think it's our North De Soto compression facility but you can see there the standard skids. And if you went into Pennsylvania, or to Ohio, or even into Oklahoma, you would see something that looked a lot like this when you drove up to an Access facility. We actually have to use the topography in these pictures to kind of figure out is that Pennsylvania, or is that here in Louisiana, as this facility is?

So what is the Access portion of the Williams portfolio? First of all, we are an expanding asset base that you will still see is growing, both through our contractual base that we have, but through new projects and business development. We had a low risk business model that we have been able to maintain, and in fact continue to do projects focused on that low risk business model, even in today's market.

And as Alan mentioned, we have an extreme focus on operational excellence. It's the basic blocking and tackling, the day-to-day execution, the things that our teams do in the field that really matter. And we've got a great team that's doing all that.

We've added a great portfolio to the Williams team here, and as Alan talked about, connecting the best supplies to the best markets. I think what Access was able to do is bring a whole portfolio of best new supplies focused, since we grew up in the shale days, on the key shale plays, adding six new basins on the supply side to the Williams portfolio, and expanding two key basins in the Northeast that will really complement the Williams growth story for many years to come. So it's that expanding asset base in these unconventional plays that are really reshaping the US natural gas, in fact the US industrial business, based on this supply. With over 8 million acres dedicated to us, we've got well over 6,000 miles of pipe focused on day-to-day execution and about 6.5 Bcf this quarter of gas flowing through our pipeline systems.

I'm going to spend some time talking about our contract structure, because some of you may not be as familiar with the Access portfolio as time goes. We've got this, you've seen it before in some of our investor decks. You'll see it in today's package. But I want to basically talk, there's three primary types of contracts that we have. We have a cost of service that is a look back cost of service. In other words, we take the performance from last year, we put it in the bank, and look against a schedule that gives midteens returns. And based on the capital spending and the revenue, we adjust the rates to make sure that we are earning a midteens return on our capital. Our original Barnett and Mid-Continent contracts, those first two on the left, were that kind of redetermination kind of look back contract.

Now, the Mid-Continent contract does this every year and adjusts the fees, and it's capped at a 15% a year increase to manage any rate changes that go forward. But the Barnett has two redetermination periods, but importantly had a ten-year minimum volume commitment so that, irrespective of the drilling environment that this field was developed in, we would have ratable, steady, growing cash flows for the business. After all, we've deployed almost $2 billion in developing this very first shale field in the business. So the Barnett and Mid-Continent are kind of those foundational contracts.

We then move to the Haynesville in the Springridge area where we did another look back contract that is for our Springridge contract. It's the only 10-year contract in our portfolio, and we are three years into that now. It started off with a minimum volume commitment that it needed for the first couple of years, but it's now rights are redetermined based on looking back at last year's performance and adjusting those rates going forward.

In 2012, when we did the Thor transaction and brought Access and actually Williams' first investment into the portfolio in 2012, we bought the Haynesville Mansfield system, the remainder of the Haynesville. And you will see another picture of that here later on, how those two meld together. That contract is a fixed fee contract and has a minimum volume commitment for the first four years, and then has fee tiers that adjust with the volumes so that we have ratable, predictable, growing cash flows from the Haynesville.

Now, the Permian Basin you have not seen broken out previously because it was originally a part of the Mid-Continent contract when we had originally entered into that business. But as Chesapeake sold properties to generate cash and sold to people like Shell and QEP who are major customers in the Permian now, that contract has shifted, and those contracts are look back with key credits like Shell and QEP in the Permian.

In addition to the Permian, with that operated base of contracts, we have two cost of service agreements, one that is -- customer is Shell, and Anadarko, our Delaware Basin joint venture that we own 50% of, and then a 30% interest in a processing venture with Anadarko and with Regency. And I guess it's not any longer Anadarko. They've dropped it down to Western. So it's with West who is our partner in those ventures. So the Permian continues to be a strong opportunity for us, given the continued development, particularly in the Delaware Basin and the Permian.

As you look at the Niobrara contract, the business itself Walt will talk about today as it's going to be reported in our Western segment, and we are starting to consolidate it into the Williams Western operations. But that contract is a cost of service contract based on both processing and gathering. So it, again, produces very predictable cash flows with midteens returns.

And then in the Eagle Ford, we have another crude-based drilling opportunity that Chesapeake is our predominant customer in. That is a cost of service fee based contract, twenty-year dedication and produces very good ratable cash flows for that outstanding system, again, almost $1.4 billion invested in the Eagle Ford generating those midteens returns.

Finally, we have two more cost of service arrangements in the Marcellus in the Northeast where it is a cost of service arrangement in that area not only with Chesapeake but Anadarko, Mitsui, Statoil, and Southwestern, as well as Chief are all customers in our Marcellus Northeast business segment.

And in the Utica, where we've seen tremendous growth this last year, we have Chesapeake and Total as our key customers there. We have a cost of service gathering arrangement, we call it Cardinal Gas Services, that we operate and own 66% of, but then we have a processing arrangement called Utica East Ohio Midstream, UEOM, and we own 49% of that today. It's a fixed fee processing contract. So that contract we in fact have recently announced that we are buying an additional up to 21% interest in that we are buying a big chunk of Enervest fee there, so that's a very important opportunity set that comes to the Williams family through the Access acquisition. Utica again, a very strong growth opportunity, and a great supply base and whose economics continue to improve. That suite of contracts, if you look at it, we've got about $3.5 billion invested in these called look back cost of service contracts, and then about $4.4 billion invested in traditional cost of service contracts.

So, in today's environment, you might ask, with drilling changing, what's happening to our cash flow streams? What's happening to our contracts? So we put a couple of examples in to show you how these contract behave, given different drilling environments, so you can get a feel for how the contracts work and a better understanding of what's happening.

Now, you would've seen this slide last year at Access's investor day where we talked about the base rates of levelized fee that's calculated based on a producer's generally growing volume profile. That volume profile, when it grows with a levelized fee, produces contractual growth even after our capital spend has built out the base infrastructure. That's a feature of these contracts and of our business that continues today. That has not changed.

So the question really becomes what happens in an environment where the volumes are reduced? Let's say there happens to be a low gas price environment. Who would've thought? And with the drilling adjustment, those volumes start to reduce, and we look at recalculating the rates based on the producer's response, which is, hey, we're going to have a lower volume forecast here in for the next few years before we recover.

Well, the first thing we do is recast our capital investment. We've got the base bulk of the infrastructure in, but maybe we will shift some compression investments out in time and adjust our capital forecast to the response of the volume that the producer is now giving us.

Good. Then we recalculate a fee, a new levelized fee, based upon the new capital spend and the volume profile. In this case, the fee will go up, and we will recover our midteens return over the next several years, still making sure we earn our midteens return, but giving us a very predictable cash flow stream to continue to get strong fee-based growth into the business.

Now, it doesn't always happen that there is a downside to cost of service contracts. Some have been critics of this structure in saying this is just something that will not be sustainable and it will not hold through different market environments.

The great thing from a cost of service contract is it can go both ways. And in fact in the Northeast in particular, we've seen that where our producer, in fact our producer group, has some of the lowest fees in northeastern Marcellus because they have actually achieved great volume growth.

Now, improved well production can come from just areas like the Northeast where you see that improved well production, or you can see, as Alan talked about and as John will give you some examples of later, our producers continue to cut drilling days and look for additional volume growth. And if you take an original cash forward levelized fee that we have in our contracts and in fact the volume growth increases, we go through the same process contractually, and the next year, we calculate and look at what kind of new capital does it take to -- let me go back -- adjust the capital somewhat upward. Maybe we need a new compression facility that we hadn't plan. But that's very efficient capital for the producer's volumes. We still earn our midteens return on it but as a result, the producer has a new lower levelized fee. So the benefits, a portion of that goes to the producer. We get the benefit of investing more capital and still earning our midteens returns.

So you can see the cost of service contract works either way depending upon the environment that we are in. And we've got examples of both within the portfolio today. The key thing is it provides us a long-term growing EBITDA across the portfolio of access contracts.

Now let me pause for a minute and talk a little bit about access integration. This has been an area that's been fairly consuming of my time here this first six months, and will continue through the rest of the year. But let's give you an update on some of the things that are really happening as we look at integrating the Access business.

First of all, the Access integration has occurred in three portions. The first portion of that was Phase I we completed at year-end, and it was merging the finance and administration team, the HR team, the legal team, providing those kind of corporate services to the Access business. That was done on time, on schedule, and we've got folks in Oklahoma City reporting up through their functional leads at Williams that's been occurring since January 1.

I'm also happy to report that we got the payroll changed over. Everybody got their first paycheck in January without any glitches. So that's the key piece of integration we've got to make sure happens.

We are right now in the middle of Phase II. In Phase II, we are really getting to the nuts and bolts of what happens to run the business. How do we operate at Access traditionally that's been different than Williams? What kind of best practices can we take from either of the two operating groups and merge those going forward? We've done it with 18 teams focused on every part of our business. Some of them are nearing their completion in terms of integration, say, in our environmental health and safety area. We've completed that, and already made the organizational changes to get our environmental health and safety teams together and as one Williams. In other areas, we still have some time to go and it won't happen until fourth quarter.

And importantly, we will still have systems that we're running in parallel for some time period, because you just can't merge the back offices immediately, and so we will be running these things in parallel. That hasn't stopped us, though, from achieving already the $50 million worth of synergies that Alan talked about when we first announced the merger. We've already got that in the bank, and we've got an eye on additional synergies for 2016 that we will continue to capture as we look at further leveraging our buying power and other types of synergies as we go forward.

And then Phase III will be towards the fourth quarter and into next year, where we actually make the structural changes to do our integration. We are already looking forward to that in today's presentation, because you'll see that the Access Northeast assets will be discussed in the Northeast business segment, because we want you all to appreciate the commercial power and the operating power of that Northeast portfolio. So even though we are running these all still as the Access business, we are very much in a hand-off mode to make sure that the Northeast is being focused and run as one business unit commercially for opportunities, and that we are looking forward to next year when those will all be reported as a single segment in the Northeast in the financials. But those kind of structural changes are just now getting ready to occur not only in the broader organization, say, in the Northeast but also in our technical back-office, our operational excellence organization that supports the day-to-day operations of all of our business units.

Now let me just give you an example of one of the kinds of synergies, and I know it's not as exciting as the big transaction, but it's the nuts and bolts things that make things happen. And it's one Maximo -- one Williams, our Maximo system, and a few highlights of that. Now for those of you who are not familiar, Maximo is not the latest dating service on the Internet. It's an old software product that's been around for maintenance management for many years, and in fact Williams implemented that system many years ago back -- I can still remember over 15 years ago when I was at Williams, we put in that first version of Maximo. It was a system though that was designed for the back office. It helped you automate your maintenance procedures, but it was very kind of cumbersome to use, and it was a pain if you were an operator trying to work on a day-to-day thing. But it gave us back-office synergies. And that was the one that we originally implemented at Williams. It's a legacy system that's been there for many years, very mature. So our maintenance procedures have been written, and they're standardized as we go across the board.

At Access, we were just implementing the latest version of Maximo, but not with a focus on maintenance, but a focus on compliance. How do we track relief valve maintenance, and kind of the mundane stuff you need to do to make sure that you are always in compliance and operating as safely as you can. But in addition to that compliance-focused maintenance, we were implementing with mobility so that our operators didn't have to go back to their PC and do the work once and then enter it. We had handhelds, so they could use their PDA, their tablet, to enter the data as they were intuitively working it. And we also linked it with our GIS system so that we had the ability to run linear assets.

As we looked and stood up how we're going to integrate these two systems, it was pretty apparent that if we would merge the systems immediately and implement the Access implementation, the Access additions on the Williams historic platform, we would have a more robust platform in terms of Williams and all the maintenance procedures. We would bring new features like mobility and a GIS link to the Williams legacy system, and we would save over $2 million in next year's capital versus going on an ongoing forward basis. So we get more system capability, we get best in the state in terms of implementation by the two approaches, and from an Access perspective, I don't have to go write a bunch of maintenance procedures. I've got a catalog that I can pull from that's the history and legacy from Williams. So that's the type of nuts and bolts integration work that's going on in these 18 teams. And I just highlight that one as one to give you an example of the kind of work that the teams are doing, how we are wringing out synergies, but more importantly, we are improving our execution capability as we merge these two strong operating cultures.

Now John Seldenrust is going to talk about another key segment. As Alan said, John has been instrumental at Access in getting us to modular facilities, and John Seldenrust is going to talk about how we are integrating those systems. Thanks John.

John Seldenrust - ***The Williams Companies, Inc. - SVP, Access Eastern Operations***

Thanks a lot, Bob. Good morning, everybody. It's my privilege to talk to you bit today about how we are taking the history of the Access modular compression approach and integrating it into the broader Williams organization. We got our start as Access, actually, as Chesapeake Midstream. It even predated the Access experience back in 2006. I remember it well, as we were building our first compressor station in the Barnett; it was called the Apollo compressor station. And we stick-built that one, built it from scratch. Everything was built on site and everybody was frustrated by how long it was taking. And it was costing more than it should and there was gas waiting on it and all this kind of stuff.

So during the startup, the project engineer and I looked around and we thought, we are going to have to build more stations. And at the time we only knew about, really, the Barnett and the Fayetteville. But we probably had five to 10 stations in our mind that we were going to have to build over the next few years. And we thought, you know, I bet we can take virtually everything in this facility and put it on skids and make this a much easier and more timely process.

And that's exactly what we did over the next year. And so -- and it's fortunate, too, because as we launched into shale play after shale play, having to keep up with the very active drill schedule, we have built over 100 compressor stations over the last eight years around this modular design.

So if you look at -- I included some pictures here to give you a feel for what we're talking about. The top left-hand picture shows the compressor skids that we typically put into our facilities. And this is not unusual; everybody pretty much these days is using a modular design for at least the compressor skids. What is unique about the Access history, though, is everything else in the facility also comes out on modules. And on the top right-hand picture, there is a picture of all of the header skids that we deploy, build in the shops and has all of our compressor suction and discharge piping and all the other utility services. And it all comes out and bolts together pretty quickly.

In the lower left-hand picture, there is a picture of a typical slug catcher that we use in our compression facilities. And virtually everything there, as well, comes out in modules. We use those facilities to catch liquids at the inlet tar facilities before we go into the compression.

And then last, in the lower right-hand corner, would be a typical set of dehy skids. And dehy trains are used to remove water, entrained from natural gas before we take it to market. The top two pictures are from a facility that we built in the Utica a few years ago. The bottom pictures are from some facilities that we built in the Marcellus. And just as Bob said, as you go from facility to facility we use the same components time and time again.

So from my perspective as we have just had this tremendous learning curve associated with ramping up our understanding on how to do modular compression and modular facilities in general, it has been very rewarding to see how large the effort has become. Last year we built over 1,000 skids offsite that we used as the building blocks for both our compression facilities and our pipeline facilities, a lot of pig traps and so forth. And having this modular approach has served us very well. It has created a tremendous amount of flexibility around our ability to adapt to the different types of operating circumstances. It has virtually eliminated the project-by-project engineering approach that we had used initially and greatly accelerates the timeline with constructability. The look and feel of our facilities is virtually the same across the organization. So our operating teams understand how to operate the facilities very well. And then last and probably best of all, we have a repeatable design that is very cost-effective.

So as we've developed our integration strategy around this modular approach, we have taken to calling it the Gathering Compression Integration project, GCI for short. And the goal is to start with the Access standard, our Access history; take the best ideas, the best practices that Williams has also generated from its own experiences; and have a more robust outcome really for both Companies, both Company traditions and legacies as a whole.

I'm the executive sponsor. It's actually what I do in addition to my day job. I'll talk about my day job in the next presentation, but this is what I get to do for fun after hours and in between, so to speak. So, I'm really pleased with how much progress we have been making on this integration effort. We've got a lot of teams that are working across different functional areas and a lot of the piggyback benefit associated with this GCI effort has been that our operating and various other functional leads in various parts of the Company had a chance to learn about the Access legacy and the Williams legacy tradition.

We have also just recently taken a page from the automotive industry and moved our mindset much more to a manufacturing lifecycle. So we are going to revisit the design not every year or frequently but every four to five years, much as an auto manufacturer might do for a major model overhaul or redesign. So when we are done with our process, we will call the design the GEN-15 design. And four or five years from now we will have trouble going a GEN-19 design or a GEN-20 design. It's all about creating a common mindset around what it takes to build these facilities and creating common vernacular and everything else that makes the process that much more effective.

So today we are focused on the larger stations that we build, anywhere from 18,000 to 35,000 horsepower. And a lot of the effort has been deployed in that part of our business, and we expect to be done with that design probably towards the end of third quarter. We are just now getting started on the smaller unit design or the smaller station design and expect that to last until the end of the year or into early next year.

But once we are done, we are very confident that we are going to have an even more enhanced ability to execute on a timely manner, in a timely manner and in a more cost-effective way and really, from my perspective, extending our advantage, our competitive edge that have in this area of modula r compression.

So I also wanted to talk for a few moments about one of the things that I think has given us an even more enhanced strategic edge. In the Chesapeake phase of our experience, Chesapeake had an in-house compression company called MidCon Compression. And then last year, as we became Access, Access purchased the Northeast assets in the Marcellus and Utica from MidCon and that became Access Compression. And nowadays we are calling that business W illiams Compression.

So having an in-house services provider has really created a lot of benefits in our implementation of standardized compression. It has created a very synchronized design, a standard design that is synced well with their modules and the way we install facilities. It has given us the benefits of the very focused business model that are the experts of operating compression in our world but that are also equally committed to our success. It is been a great part of our experience.

So today Williams Compression has about 260,000 horsepower that they either own and lease to us, or that we own at a gathering system level and that they service. And it's the same sort of experience with them either way. But we are currently in internal discussions on how are we going t o take this Williams Compression model and implement it and use it more broadly in the broader Williams organization. So more to come on that. But we certainly expect the influence of that business to increase in the years to come.

And we are already seeing the benefits from an operating cost standpoint of having a larger presence between the Williams legacy and Access legacy experiences around our operating cost structure for things like lube oil and glycol and spare parts and all the things that it takes to r un compression. But as well, in terms of reliability and how reliable our facilities are, we are seeing benefits there as well.

So I appreciate your time. And I will go ahead and turn the presentation back over to Rob. But be glad to answer any question s you have around our compression business and our modular compression during the Q&A.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Thanks a lot, John. So you can see several different types of integration activities that are going on in these 18 teams, focused on driving better performance as well as cost benefits that generate the additional long-term synergies in our business, as compression is a great example where an operating focus gives us leverage across the cost side and the reliability side and then by not having to do custom engineering we are able to leverage that scale across the whole Williams platform. And we have already gone systems that are going on in other parts of Williams legacy areas and in the West for these compression facilities to be deployed and start generating those savings on future projects.

Now, I'm going to run through a few snapshots and pictures about what, in 2016, will be called the Central Operating Area. So the Access operating segment after 2015 will go away and the financial reporting will be the Central region. The Northeast, as I said, will report through the Williams Northeast segment. And that's the way we are going to talk about the business today because strategically that's the way we are executing, that's the way the business should be run.

On the West, we have already taken the Niobrara assets and put back into Walt's business, so he is already continuing; we didn't even have to transition the leadership in the Niobrara. When Walt moved to the West, we moved to Niobrara asset over.

And the remaining assets are by no means and small business, a key piece of what we will call the Central Operating Area. And those unique new supply plays that came into the Williams portfolio are really all captured here in the Central Operating Area. So in addition to the Mississippi Lime in northern Oklahoma and the Granite and Colony Wash plays that people are familiar with, the heart of the business in the Central region is what I like to call t he Tex-La triangle. If you start in West Texas in the Delaware basin and the Permian basin where it's really growing, draw a line straight across the country through the Barnett, through the Fort Worth and onto the Haynesville and then you draw that triangle down to the Eagle Ford, that's a core chunk of business that if you look at the W ood Mac growth in the business, it's a substantial focus and part of the US growing gas picture and the oil picture. And that's where Access has brought that chunk of portfolio to Williams.

And in my history at Williams we never had that kind of the core position in Texas and Oklahoma, even though we were an Oklahoma-based company. So it's a really important piece of, I think, our future that builds a new operating leg to our supply basins. As you look at it, it is built foundationally on the Barnett. The Barnett Shale is the granddaddy of the shale. It is where we developed the beginnings of the shale. George Mitchell discovered just west of Fort Worth the original Barnett Shale. And the industry has, of course, taken that to great lengths from there. We have been in the Barnett Shale, as John mentioned, since about 2006. And in fact, when I left Williams in 2004 and went to Dallas, it was to start working on the early stages of the Barnett Shale. So I'm seeing the shal e business develop from its very grassroots on a very visceral basis.

What we have, though, in the Barnett is about 800 million a day flowing today through a significant almost 1,000-mile pipeline system, 950,000 acres dedicated to us. And even though the volumes are declining right now because it's not the in vogue drilling spot, we are still getting good cash flows from our minimum volume commitment. We expect that through its remaining term, through 2019. So the Barnett is a core piece of our business. And I think, if you want to look at the future of the Barnett you just have to ask yourself what is the gas business going to be doing in 2020. That's an unknown question. I think Alan gave you a lot of great evidence of the call that's going to be on gas by 2020. So we think we are very well positioned in the Barnett Shale for additional growth.

In addition, if you looked at Chesapeake's Investor Day or their earnings call and listened to their conversations about re-fracking wells and the success that they've had recently in doing five and tenfold increases in existing production, you have a new wave of production that's going forward. Let me just mentioned that in the Chesapeake call they talked about some 4,600 understimulated wells that are in the Chesapeake portfolio because they were drilled before -- or completed before 2012.

I can tell you had about 3,700 of those wells are on Access systems and 1,100 of those wells are in the Barnett. So we have a strong base upon which to build not just through the drillbit but through enhanced technology improvements that will come as the price increases because of supplying this new demand that Alan talked about coming through to the US gas business. So we think that the Barnett is am asset that's well-positioned for additional LNG exports and for growth in the Texas industrial gas markets that will continue to come because of the demand side pull.

Our Mid-Continent is similarly positioned but somewhat different because it's spread across several basins. As you can see, the volumes have been declining as the drillbit has shifted off. We are seeing some continued improvement through recompletions and the like in the business. This is a play for the Granite Wash and, more importantly, the Mississippi Lime play that will continue to go forward. But a key system that stretches in several systems across Oklahoma -- we've got just over $700 million invested.

In our Haynesville you can see we've stopped the decline in the Haynesville. And as drilling efficiencies have improved, you can see in the right top that our volumes are on the incline again in the Haynesville. There we have those two different contract structures, the Springridge area that you see the volumes that are shown in the blue and then the Mansfield system, where we have a minimum volume commitment and fixed-fee system. But overall Chesapeake and EXCO and others have been growing the volumes in the Haynesville. And we expect this to be the pivotal basin for LNG exports as you start thinking about additional development on a go-forward basis. But a 500,000-acre development focused with our gathering and our treating facilities being keep pieces of producing this prolific gas play.

We talked about the Permian a little bit, about it now being broken out as a separate segment. You can see the growing volumes of associated gas in the Permian with customers like Shell, Concho, and QEP. And in addition, our 50% interest in the nonoperated side with Anadarko as the key -- Anadarko and Shell, I should say, as the key producers there bring a great growth platform that's oil driven into the Access Central area, a great long-term business with good contract structures.

And finally, the Eagle Ford -- this is an area that we talked about last year as being one where we saw continued producer activity. We have had small connections on a go-forward basis, and we are seeing, of course, producers drill there and then delay completion, waiting. But we are still seeing volume growth. We have just hit another volume record that we expect to tail off here towards the end of the year, waiting on oil price response before people really start to complete again. But that gas business -- we have got 1.4 million acres dedicated to that 20-year cost-of-service area.

And I think the key piece about the Eagle Ford is we told you that there was additional development opportunities to come, that we had a great footprint for growth, and it's one that we have been focusing our business development efforts on. So today I'm really pleased to announce an acquisition we completed on Friday of a new gathering system that expands our Fox Creek gathering system in McMullen County. So let me just describe the components of this. It was an acquisition just over $100 million of an existing producer-owned system that we will now expand an interconnect with our system. We were able to maintain a good contract structure. It's a fixed-fee contract with a minimum volume commitment that gives us midteens return on our capital investment.

In addition, in the gathering agreement we will be building a cost-of-service gas treating equipment for sulfur removal, because this is the sourest portion of the Eagle Ford. That treating facility at the midteens cost-of-service will also give us the flexibility to grow our services to other producers in the area. So we think, overall, we will have nearly $250 million invested in this business, all in the midteens return, all with the kind of contract structure that you have known us to produce in this business. So even in today's gas environment you can still do good fixed-fee, low-risk contracts in the right footprint. And it's one we are very pleased to add to the portfolio and is in our guidance that you've seen already.

So you can see there's lots of different levers for growth in the Central Operating Area and from the Access portfolio. We've got a chunk of the wedge of continued $30 billion worth of existing and potential growth on the Access, on the Williams overall portfolio. And that growth comes from core business development. It comes from people out working the footprint that we have, projects like we just talked about, our Fox Creek expansion and areas in the Permian basin where we've got business development folks beating the pavement and looking for new business opportunities. We are looking for bolt-on acquisitions and for expanding our value chain into processing like we've done with our UEOM purchase that you've seen expanding that processing component.

In addition, we've talked about the contractual growth that comes from our unique portfolio of cost-of-service contracts that have, even in a low capital investment environment, growing EBITDA through that contractual structure and through fee escalators. That long-term cost-of-service structure gives you business development growth, contractual growth, and I think will add a long-term fee-based component to the Williams story for many years to come.

So, summarizing, you have seen the expanding asset base that Access brought to the table and is now a part of One Williams as we continue to grow forward. We have been able to maintain our low-risk business model in addition to the platform that we brought forward. You can see we're focused on operational excellence. The safety coin that was in Alan's picture is something that every Williams employee now carries with them so they know that as One Williams we are focused on doing the right thing every day in terms of our safe operation. And we've got a growing, high-return, low-risk business to go forward and to build and really help us accomplish our high distribution and dividend growth on a go-forward basis.

So with that, I'll stop for a moment and see if you have got any questions, I guess, if there's any that folks wanted to ask.

QUESTION AND ANSWER

Unidentified Audience Member

Thanks, Bob. Apologies -- this question is probably in the realm of I used to know it, I should know it, so I'm going to ask it.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Okay.

Unidentified Audience Member

On the contracts, when you look back and say, okay, this was the volumes, this is the projected volumes, so we are going to set the fee this year. And the volumes are actually lower. So next year comes in, and we reset the fee to theoretically higher fee to make up for -- based on that. Do we basically recapture the loss of fee revenue that we thought we would get in the prior year that we didn't get, so that we are just always like a lag so it kind of balances it out in the year where volumes are higher than what the budget was? Or you are always at a one-year lag and you are subject to the differential between actual versus what anticipated was, even though you have the fee look-back?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes, because -- great question. And others might not be as familiar. That's why we wanted to talk about it. So the recasting is done over the full term of the agreement. So what you see is that one-year dip. It goes down but it takes a couple of years before you get the full cash flow EBITDA immediately back. But you maintain the midteens return. So the return is held constant. It takes a slight time period. And so there's always a slight lag; it's not a year-to-year balancing on those cost-of-service agreements. But easily within our portfolio; it's a size that is something we can easily manage in terms of what's going forward. And it's very predictable. So it's really easy for us to model, and that's so important in looking at our capital spending and all of our other financial needs.

Unidentified Audience Member

Just wanted to confirm what is included in the guidance numbers today, so the $250 million for Fox Creek and the treating -- that's included?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes.

Unidentified Audience Member

But no synergies above $50 million are included, so that would be upside?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

That's right. That's right. Now, we have been very conservative on the way those things are approached and on the guidance side. And we are continuing to execute on additional synergies, yes.

Unidentified Audience Member

When you referred in 2016 to additional possibilities for synergies, you were talking more around additional cost synergies, right?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes.

Unidentified Audience Member

But can you speak in more detail to both the commercial or revenue side and also the CapEx side?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Sure. On the CapEx side, I will just say that our deploying these compression facilities is a lower CapEx than what we have traditionally executed our projects on, 10% to 15%. We are doing that one project at a time, and it will just show up in our efficiencies on a go-forward basis.

On the commercial synergies, I will leave it to the Northeast segment, where they're going to talk about all of the different synergies that are going forward commercially, because the Northeast is where we have all those commercial synergies. And that's why we've chosen to present those two together today.

Unidentified Audience Member

(inaudible - microphone inaccessible)?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

So since we weren't miced, let me just paraphrase the question. So the question was, if we have gotten these kind of capital savings in a contract that we are getting a midteens return on, does the producer get all of that in a fit from the lower CapEx or do we capture a piece of it, say, through renegotiation?

And the real answer is we have already been achieving those kinds of savings on the Access side. So that was planned into our number. And the savings that we see are on future projects in the Northeast where they are not cost-of-service fees that Jim and others will talk about in the core Williams portfolio, where all of those savings will go directly to Williams.

But we will also be able to capture -- it's a very competitive market. So it's helping us grow our market share by being more competitive on the fixed-fee business. So I think what you will see is there's not a change in the traditional Access guidance of our capital spending going down. We already have those savings, I'll call it, built into our portfolio. And the savings we're talking about will be real synergies that come on better returns in the broader Williams portfolio.

Unidentified Audience Member

There has been some legal challenges to these contracts. Can you discuss your indemnification from Chesapeake? And also are you involved in the litigation? If you are, what's the status and procedurally where is the litigation?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Sure. Let me just kind of give it perspective. These are not legal challenges to our contracts but there are -- certainly, there's royalty litigation. It's ongoing. It's not new in the industry. We have been having royalty litigation in the gas business for as long as I've been in the gas business. But there's certainly some additional suits that are out there. Our contracts do have good indemnification provisions. Those are matters of royalty between the producer and their landowners. So those are things that we are generally broadly indemnified for and certainly get named in those suits. You can look at the 10-Ks for additional detail on that. But I would say it's not a big issue from our perspective. It's something that goes on in the gas business and will get sorted out by the courts.

Unidentified Audience Member

Even though you are indemnified, are you in the proceedings or not? Are you sitting in the proceedings?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes, we are certainly monitoring and a part of those proceedings as it is to protecting our interests. But again, you can look at the case for our exposure concerns, which are --

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Unidentified Audience Member

(multiple speakers) can you just fall back on the indemnification and the 10-Ks? I don't think there's the details. I'll look again, but I think you just say you are indemnified.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes, which is in fact the right fact situation. We are indemnified.

Unidentified Audience Member

You mentioned some customers going through each of the regions there. Do you know what percent of your customers' bonds are trading greater than 6%, in terms of understanding the risk of default by those customers?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

On a percentage basis, Chesapeake is about 22% of our business. And I think if you look across the portfolio they are probably the number one -- I'm not sure where some of the other Williams customers are. But they are certainly above 6%. Let me just kind of anecdotally tell you Chesapeake has a long history of being able to outperform or outspend their cash flow and about being able to manage that through asset sales and other things. I was anecdotally saying the other day after the Southwest sale that Chesapeake made in the liquidity that they had, it was the best balance sheet Chesapeake had since I joined Chesapeake as Chesapeake Midstream. So I know, certainly, it's something to be concerned about and to look at their credit spreads. But they have got a ton of levers in which to make their obligations. And we are confident that Chesapeake will meet all of its obligations with us.

Unidentified Audience Member

Is there anyone else, whether on their own or together, in terms of a higher risk? Any other customer besides Chesapeake, either on their own or together, that represent risk to you in terms of -- obviously, you know what's happening in high-yield energy.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Yes. No, no. We have very small customer exposure to anyone who is close to default or any of those provisions.

Unidentified Audience Member

Outside of Chesapeake, is it like under 5%? You said very small. Can you be --?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

I don't have a number. I think we can do some work and get back with the investor team and get you a number on that.

Alan Armstrong - ***Williams and Williams Partners L.P. - President, CEO***

If I could just add to that for a moment certainly on the Williams legacy business most of our customers are very large scale customers. If you look at the 80% on the producer side of our customers, you are going to see it's all the top-five producers. So we are very concentrated at the large-scale, well-financed producers.

But having said that, I will tell you that where we do have producers that are leveraged, that when you have the gathering system -- so in other words, your pipe goes back to the wellhead, we have had situations where producers have gone bankrupt upstream on our systems before. If you are creditor, the one thing you want to make sure continues is the cash flow. And if you want to get your product to market, you have to move it through so many gathering systems. And since we are the only thing connected to those wellheads, we always get paid. So I have been in this business for a long, long time, sometimes longer than I like to admit. And I have not seen a circumstance where we've had a producer that, when they've gone bankrupt, we haven't gotten paid by the creditors because, again, they have to keep the cash flow generated.

And so, that's different on things like long haul pipelines. So take like a REX pipeline, where you have a basis differential pipeline, there you really are dependent on the credit support of the customer because they don't have to necessarily move the gas on the pipeline. So on our pipeline business we pay very, very close attention and make sure we have very strong credit support behind our customers, as anybody in the pipeline business should do.

But on the gathering side, you have the fundamental benefit or fundamental position somebody has got to move the gas to keep their cash flows.

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

I think Alan makes a great point. And that's why we spent so much time focused on the core basins that we are in because it's that underlying basin strength that really provides the cash flow certainty at the fundamental root of the business.

Unidentified Audience Member

The cost-of-service model is obviously great for you. And you talk about how within the basin there are some areas where volumes are tracking better than expected. But when I look at the Barnett and the Mid-Continent, I think those two regions collectively are about 40% of at least Access's business. Volumes there have been declining. I'm not sure. I believe that volume's are going to increase there like they are in the Haynesville with LNG export projects and things like that.

And so with the cost-of-service model you kind of penalize the volumes that are continuing to flow as you keep raising rates to compensate for the declining volumes. And so I would think producers become even more dis-incentivized to drill. So at what point do you renegotiate, especially in an area like the Barnett where the MVCs do roll off and 2019 and you are not going to have that protection anymore? So how do we think about that?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Sure. Well, there's a couple of tools in the portfolio. And with our producers we are always looking for win-win solutions that get the drillbit incented to go forward. So as you look at it, those two contracts both are look-back areas. The Mid-Continent is increasing at about a 15% a year compounded. And so, yes, there can be periods where you would say it just doesn't make sense to drill if that is a ongoing phenomenon.

See you can look at incentive rights to find out where that sweet spot is to get gas flowing again. And we will look at that, but in today's environment it doesn't make a lot of sense with -- we are awash in gas. That's the kind of conversation we should be having in 2019 and 2020, when it looks at the facts and situations at the time to how do we incent the drillbit in those basins going forward. Right now, we have a good contract structure. And in an area like the Barnett, you should think about that, if you are producer, as sunk costs. And it's a very high cash flow business where you say take today's gas price, a lifting cost of maybe $0.50 and you pay severance tax on that -- that generates a tremendous cash flow beyond your sunk costs. And the sunk costs are what it took to build the key infrastructure that gets that gas available for market.

So in today's environment it's a high cash flow on a sunk cost basis. And in 2019, or before if it makes sense, we will look for a win-win solution to restructure the contract to incent the drillbit to come. But in today's environment, why would you be looking at trying to get a Barnett well drilled with -- competing with North Marcellus? Let's wait until the global market opens up and then we will incent that drillbit to go at that point.

Unidentified Audience Member

Just as a follow-on to that question, is there any chance that you could do something to the effect of renegotiating the Barnett contract with Chesapeake in exchange for having them be an anchor tenant on another Transco pipe expansion? And as a part of the broader Williams portfolio, is there a trade you can make such that you give them some relief on the Barnett side but they give you some sort of benefit on the broader system, i.e., Atlantic access, too, or something like that?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

Sure. Let me just say that that's one of the things I love about thing back at Williams. Right? We have a ton of tools and the commercial appetite to grow business. If you listened to the Chesapeake conference call, they talked about let's find win-win solutions. That's the kind of thing we're all about. So if we find that right circumstance aligned where we can incent additional growth, add acreage to our portfolio, add another growth portfolio project to the Williams, and assist Chesapeake at the same time, we are always looking for those types of opportunities. And we will continue to look for those. And with the size of relationship we have, we should be able to find something like that.

Unidentified Audience Member

Just to follow up on the contract redetermination provisions, can you remind us, are there boundaries as far as how much those redeterminations can move up or move down? And then also, if you can remind us, do the redeterminations occur on the anniversary date of when those contracts were signed? Or is it like -- is there a fixed calendar date like January 1 or what --?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

So it varies from contract to contract. In the Barnett there are two opportunities to we determine the rates. One has already occurred. We are in the middle of one redetermination period that either party can trigger and neither one of us has because we don't expect the rate to move other than just escalation. So neither party has moved that rate and I don't expect it to change.

In the Mid-Continent it changes January 1 of every year. And we get the base data. It goes into effect January 1, but it's generally March before we get the rate agreed to and then by the time first quarter comes out it's all locked in.

So that's the rhythm on those contracts. And those are the only ones. On our cost-of-service contracts, the other $4.4 billion, they all occur on an annual basis. And we renew the rates in the November kind of timeframe and we put them in effect January 1.

Unidentified Audience Member

Is there a bound on (multiple speakers)?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

There's a bound on the Mid-Continent contract and the Springridge contract only of 15% per year. On all the other contracts -- and a 15% on the Barnett, too; it could move more than that. On the other cost-of-service they are not bounded. But because they are a 20-year look, you couldn't move them very great in any one year at a time.

Unidentified Audience Member

Okay. And then just remind us, on a separate topic, on all the different technology initiatives and synergies and so on, what is the approximate, quantifying what you expect those initiatives to result, in terms of savings and so on, if you could just give us a rough idea?

Bob Purgason - ***Williams and Williams Partners L.P. - SVP, Access Operating Area***

I'd say, beyond the $50 million that we have already put in the bank, we are not really saying much beyond that. It's a not insignificant opportunity, but we want to capture it before we put it in our guidance.

John Porter - ***Williams and Williams Partners L.P. - IR Director***

Our plan was to take a 15-minute break. Let's go ahead and do that, take a 15-minute break and just be back here by 10:35. Thanks.

PRESENTATION

John Porter - ***Williams and Williams Partners L.P. - IR Director***

All right. We can go ahead and get to our seats, guys. And we need to get started with our Northeast presentation. So, as was mentioned earlier, this is going to be a bit of a tag team between Jim Scheel, who is Senior Vice President of our Northeast Gathering and Processing; and John Seldenrust, who you heard from earlier. They are going to tag team this, and we're going to go ahead and get started. Thanks.

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

Thanks, John. And I'm Jim Scheel. This is my colleague, John Seldenrust, and we are very excited today to talk to you about what's going on in the Northeast operating area.

Last year, I spent a lot of time walking you through the tremendous growth footprint that Williams had in the area. And, you know, this year, the story only gets better, as we add ACMP to the mix.

When we think about our strategy, we clearly are executing on it. You're going to see a tremendous large-scale position in the Northeast that's going to help us connect to the very best markets. John and I look forward to describing in some detail this franchise -- all the franchises within the Northeast, and how they are going to come together to serve our customer needs.

We also really want to talk to you about the great growth opportunities, both from our new customers, our existing customers, as well as our new business opportunities. And we want to share with you the exciting opportunities around expanding our supply hubs, linking our large-scale gathering positions with supply hubs that connect to the best markets, so that we add value for our customers.

Now, as we look at the Northeast, I just want to remind everybody what was the Williams legacy assets? If you think about Williams, obviously, a lot of folks think about the Susquehanna supply hub up in Northeast Pennsylvania. Tremendous growth area in the robust dry gas area of the Marcellus.

As you move further to the South and the West, you have Laurel Mountain Midstream. That's a great asset in the dry gas area of the Southern Marcellus.

And then we have the Ohio Valley Midstream, which is in the heart of the wet Marcellus, and also has exposure to the dry Utica. Complementing that is Blue Racer Midstream. This is our joint venture that we have supplying or serving the Southern Utica wet gas area. And then we have the Three Rivers Midstream franchise, which is just an acreage dedication today. And we'll talk about that more in just a minute.

As we think about bringing in access, this is a tremendous group of franchises as well, when we have the Bradford Midstream assets. And, you know, look at those. Those cuddle up real nicely with our Susquehanna assets. And I think that's going to be a very powerful growth area. John is going to go through that in just a minute, but it's going to tell you about the power that we've got in this area in order to move gas out to meet the big demand pull that Alan was already talking about.

As you move over, they've got the Utica Midstream operations. Now this is a great set of assets that includes Utica East Ohio -- Bob referenced that. It also has the Cardinal gathering system as well as the Utica dry system. And then last but not least, is the Southern Marcellus. Again, very complementary to the OVM assets and it makes a great map.

Now, if you think about how we're going to combine, this is really one of the things that I know you all are going to be interested in. Bob talked about the fact that we are going to operate these together right now. And this is really important to capture synergies and enhance our customer experience.

So we are going to have two franchises in the Northeast. We are going to have the Susquehanna supply hub and we're also going to have the Bradford supply hub. And this is going to be a very powerful two franchises serving the dry Marcellus. And I think we're going to get a lot of operational synergies between the two, as we really think about it. But as Bob referenced, we haven't put any of those into guidance yet. That's an area that's going to develop over the course of this year as our operations teams get together and find opportunities to effectively work together.

In Central Ohio, we are going to have the Utica supply hub. Again, this is a great group of assets serving the robustly growing wet Utica area, as well as some dry Utica acreage. And then, as we move further to the south, we are going to combine the three assets, Laurel Mountain, Ohio Valley Midstream, as well as Marcellus South, into something we now call the Ohio River Supply Hub. You know we've got lots of opportunities for those three franchises that we have today to work together to exceed our customer expectations, to really leverage upon one another in order to build operating synergies.

And then, as we keep going, we have the Blue Racer Midstream. Again, this is a joint venture, so this will be operated separately. But as we talk about the supply hub concept coming forward, you're going to see there's going to be lots of opportunity for us to work together in order to maximize customer value. And finally, our growth area in Northeast Pennsylvania associated with the Three Rivers Midstream assets.

So with that quick overview, I'm going to turn it over to John. And he's going to give a little bit more detail about the assets in the Northeast and the Utica supply hub.

John Seldenrust *- The Williams Companies, Inc. - SVP, Access Eastern Operations*

Thanks, Jim. Before I talk about the franchises, I just want to direct your attention to the picture. Here's another example of a modular compressor station that Access built about four years ago in the Marcellus. And if you look closely, you can see a lot of those same components that I showed you pictures of a minute ago. If you can see over the top of the building, there's even compressor header skids that correspond to those white header skids I showed you on the other pictures.

Well, let's talk about franchises a little bit. And I think before I jump into talk about the franchises, this is my day job that I was talking about a minute ago. It's -- I've been involved with the Marcellus and Utica pretty much over the entire life of our growth and development there on the Access side. I remember going out and seeing the first stick of pipe that we built in the Marcellus about five or six years ago.

So it's near and dear to my heart. It's been a great, fun experience to be part of the ramp-up and the experience of it. And I've worked closely with Jim over the last six months or so to really contemplate how we are going to combine the assets in the Northeast. And you know, this is sort of on the frontline of our operations sort of integration efforts.

There's no other part of the Access/Williams overlap that has nearly the amount of sort of patchwork put together effort that's going to need to take place to bring it all together into a cohesive hold. So, in many ways, we're really on the cutting edge, so to speak, in this integration effort. And it's been a great experience.

So, I'd like to start with a discussion on the two franchises up in Northeast Pennsylvania. The Bradford supply hub, which as Jim mentioned, was an Access legacy franchise and a set of gathering systems. And then the Susquehanna supply hub, which is a Williams legacy set of gathering systems.

These are two world-class sets of gathering systems or franchises. And as we say here, in the heart of low-cost Marcellus. This is an extremely prolific area. And in fact, almost 7% of the US gas supply originates on the systems that are shown on this map.

And our customers have really been working hard and really have done an incredible job of improving their economics. Recently, Chesapeake announced some of its own results over the last four or five years of progress towards improving economics. And so, I just have a few to share with you.

They recently shared that the drilling days per well dropped from 26 days to 12 days. They also have experienced a 30% increase in the reserves per well that they recovered. And all of this and many other things contributed to a significant decrease in the needed netback pricing to achieve a 30% rate of return from the upstream perspective. It's dropped from $3.00 four years ago per MMBtu to $1.50 today.

So, it's an incredible base to be a part of. There's a lot of really neat things happening. But this incredible success has also overwhelmed the takeaway pipes in the area and created ancillary challenges for our producers.

So, the producers currently have, at times, difficult decisions to make around marketing their gas that they would want to produce in excess of the firm transportation contracts that they hold. And, as a result, in our gathering assets that are shown on the map, even today, some of our producers have 10% to 15% of their production currently curtailed voluntarily until pricing recovers.

We believe our customers currently have about 4.5 Bcf of takeaway capacity from these assets. And we expect that to increase to close to 5 Bcf towards the end of the year. And we'll talk about the expected increases in downstream takeaway capacity here in a slide or two. But suffice it to say that as that downstream capacity becomes available, we are very confident that our customers have a lot of running room, so to speak, to increase their volume on their existing leasehold.

So, let's talk for a moment about the Susquehanna supply hub and focus on it. This franchise is owned 100% by Williams. At current system pressures, the capacity is about 2.2 Bcf per day. And we expect that to grow by a lot in the future. As I said a minute ago, the downstream takeaway becomes available.

Constitution and Atlantic Sunrise are two pipeline projects that Williams is currently involved in installing as part of our Transco sort of assets. And I'm going to let Rory Miller, our Senior VP of Atlantic Gulf, talk about those a little bit later.

So, turning a little bit to the west, the other franchise, the Bradford supply hub has capacity today of about 2.5 Bcf a day, and is currently the largest gathering footprint that we are aware of in all of the Marcellus, and both in terms of geography as well as volumes moved on-system. And as I said a minute ago, we expect that to increase as the year moves on. We are installing a station we are calling the Wilmont station, Wilmont compression facility in Southern Bradford County, that will take that capacity to close to 3 Bcf per day.

So, while we operate all of the systems shown in blue on the map here, we currently have partners in all these systems as well. And generally, they are the same parties that are shown below as key customers with the exception of Chesapeake and Chief. And so we have a lot of alignment between the upstream perspective and the midstream perspective that exists in our sort of asset base.

And as Bob discussed for the Access OA, the gathering fees for this area, and any other area that we talk about today, in terms of access legacy -- with the exception of UEO -- has some form of cost of service calculation associated with their fee determination. And just as we talked about for Susquehanna, the Bradford supply hub has a lot of running room as well in terms of volume growth, as pipeline capacity becomes available.

So, let's talk about this very significant issue of takeaway capacity. We've put together a map here. It's, from my perspective, a really simplistic view of the takeaway pipes from this region of the Marcellus. And in addition to the Constitution and Atlantic Sunrise pipelines that we talked about, there's a lot of other expansion projects that have either been discussed or proposed, or in some form of process by the other pipeline companies in the area.

And we generally try to represent these. If there was a pipe with an expansion concept associated with it, it's got a plus sign next to it.

So with all these expansion sort of opportunities, whether it be Williams or another company, we believe that there will be 5 to 6 Bcf a day of incremental takeaway capacity installed for this part of the Marcellus, sometime between now and 2018. And it will be several sequential steps of increase.

And producers in the area will certainly benefit both from the ability to move more gas, but also, we believe, the stabilization of pricing for their gas. And so it's our perspective that, just based on kind of a gut feel, that we could easily see our customers, on our systems between the two supply hubs, being able to add an incremental 3 to 4 Bcf a day over that time period as capacity becomes available.

Well, let's move a little bit to the West and South, and talk about Ohio a little bit. So, this is the Utica supply hub. And this area can be a little confusing, because it's got both wet and dry gas available to move, but also we have joint ventures that overlap one another here that are kind of different. One is for gathering, one is for processing. And I'm going to talk about both of them.

So, I'll talk about the gathering on this slide, and then I'll talk about the processing JVs on the next slide. So, our acreage position -- our current acreage dedicated position is very, very large. And yet, even with that very large position, there's still a lot of what I would consider to be medium-sized packets of gas, medium-sized packets of acreage, that are not dedicated and currently available to pursue.

And we are always evaluating and pursuing, it seems like, two or three opportunities at any given time. So we are very optimistic that the growth in this area will be driven by our existing customer base, but by future opportunities that we contract as well.

So, I'm going to focus initially on the Utica dry gathering system. And on the map, that area is shown by that blue oval that surrounds that area to the north and east. And -- so this is our Utica dry development area. And there's not a lot of gas flowing currently. And, in fact, most of the pipe that's shown in that area hasn't been installed yet.

But we've got a system development plan in place, and we are currently moving ahead to develop the core of the gathering system, and expect to have a much more significant gas on-system status by the end of the year; at the very latest, the first of next year. So we are currently designing that system for about 700 million a day of capacity, and certainly, it could go up from there, but that's kind of where we are at today.

And then the gathering system that's shown to the West -- you know, the rest of the gathering pipe on the map, is related to our Cardinal gas gathering system. And that's a wet gas gathering system that we own 66% of and have a partner in. And so, on that system, we gather the gas -- the rich gas to central delivery points. And then move that gas, once we compress it, into our processing joint venture.

So, if you look at the map here, the processing joint venture, as you've heard, is called Utica East Ohio -- UEO for short. Sometimes people add an M to it, so, UEO/UEOM are interchangeable. But today, you can see that the pipes and the facilities for UEO overlap our Cardinal gas gathering system. And the two are really designed to work hand-in-hand as a more cohesive whole.

So, in the UEO asset, we currently own a 49% interest. But as mentioned earlier, several weeks ago, we announced the acquisition of one of our partners. M3 is the operator and an active partner in the system. And so EnerVest was the party that we've announced the acquisition of. And depending on M3's participation election, we'll end up with an additional 13% to -- or 21% of interest.

So, within UEO, there's two plant sites, Kensington and Leesville. And then a fractionation facility, Harrison hub. So, Kensington started up in 2013. Today, there are three 200 million a day cryo trains at Kensington. And in late 2014, we started up our first 200 million a day cryo train -- cryogenic plant train at Leesville. And we have the ability to add at least two more plants at Leesville, taking our ultimate expected buildout to at least 1.2 Bcf a day of nameplate capacity.

So, once we process the gas in one of these plants, then the natural gas liquids that result from the processing go through a pipeline to the Harrison hub. And we currently have 135,000 barrels per day of C2+ frac capacity. And from there, we provide excellent outlets in terms of rail and pipeline outlets for the different NGL products.

Well, I'd like to turn the presentation back over to Jim, so he can cover our other franchises that we have in the Northeast.

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

Thanks, John. Well, as we continue to progress south on the map, we are going to get to the Ohio River supply hub. And as I mentioned before, this is a combination of Laurel Mountain Midstream, Ohio Valley Midstream, as well as the Southern Marcellus assets that were legacy Access. And we are really excited to see these come together, because I think there's going to be lots of great opportunities for these three areas to really interact very positively.

The first of the three assets that I want to describe is Laurel Mountain Midstream. Obviously, we've talked about this before. Laurel Mountain is our joint venture with Chevron. A key takeaway from this slide for you all is that Williams now owns 69% of Laurel Mountain Midstream. And I also want to highlight that the acreage dedication is about 275,000 acres. That's smaller than what you saw last year. It's in the heart of the dry gas footprint in Southwest Wyoming -- or Southwest Pennsylvania.

But the funny thing about that is, is we got a lot of the acreage dedication, that was previously tied to LMM, released to Williams exclusively. And I'll talk about that more as part of the Three Rivers dedication in Northern Pennsylvania and Northeast Ohio.

We continue to see very good volume growth coming from Laurel Mountain. Chevron has been actively engaged in improving their drilling program over the course of the last 24 months. It's been a marked improvement in the way we are working together.

We've really got the backbone built at Laurel Mountain. And today, what we're working with Chevron about is just where to locate the extra compression to bring their gas to market. So we've really been working to optimize the capital deployment around Laurel Mountain to meet their volume growth forecast. As we think about the exit rate for the year, we anticipate being right at about 700 million a day of takeaway capacity to meet their growth needs.

As we move on to the Marcellus South, this is our gathering joint venture with Statoil and it's operated by Williams. It has an expansive dedication. You know, I'm really pleased to have these in the portfolio of assets coming into the Northeast. It's 900,000 dedicated acres. And like Laurel Mountain, we'll have about 700 million of capacity as we end the year.

And, you know, as we talked about, Bob talked about acreage changing hands; we are very excited to have Southwestern in this portfolio mix. They are coming in. They are very interested in this particular area. And we look for great growth opportunities as they get their arms around this new acreage position for them.

And you can also see the proximity to the OVM assets. They are kind of fuzzed out down below the dark lines there. And we have a patch of the Southern Marcellus right in the middle of the OVM assets. I do believe, and I've said this before -- I think, as we go through the integration process, we're going to have a lot of opportunities for our teams to work together to optimize the growth opportunity, not just for our existing customers, but also to capture new business.

John talked about, at the Utica supply hub, there's a good bit of undedicated acreage available to go capture. And I would tell you today, we are working very aggressively as a company to continue that also in this particular franchise area, in order to continue to grow our volumes. This is an area, for years to come, we're going to see volume growth. And right now, we are working to lock up as much acreage as we possibly can with new customers as well.

The final component, again, as the Ohio -- of the Ohio River supply hub is Ohio Valley Midstream. And this is an extensive gathering and processing system in the heart of the rich Marcellus. And we've talked a lot about that in the past. But it also has a great exposure to the dry Utica as well. And this is going to be a gift that is really going to keep on giving for us for years to come, as we see both of these great shale plays become developed over the course of the next several years.

Today, OVM has over 700 million a day of processing capacity between Oak Grove and Fort Beeler. Great footprint for growth for our existing producers, and even the ability to have some surplus cryo capacity to quickly ramp up and be able to serve new customers. We also have about 100,000 barrels of processing capacity for condensate and NGLs through the OVM system. And we serve 240,000 acres with seven key customers.

Now, I think we all have to acknowledge that, over the course of the last 6 to 12 months, we've seen price compression around NGLs. And, you know, that has impacted our production forecast for OVM in particular. I would tell this group that we've taken out of our volume forecast all of our uncontracted business. We've tried to be much more conservative with the way we see this moving forward.

Alan said already we see probably -- we've seen bad commodity prices coming out of these areas and there's probably upside potential. So, as we see price rebound both on gas and NGL, we are perfectly positioned with large-scale infrastructure to really grow business. And I would say grow very quickly, because the footprint is built out, and grow very cost-effectively.

To let you know, at Oak Grove, we have the ability now -- you saw last year, the expansive 90-acre footprint we've got in West Virginia, which I tell you is a meaningful piece of real estate -- we have the ability to grow that by 1.6 Bcf a day by adding incremental trains. And our plan would be to add 200 million a day incremental trains as volume comes online. And we can do that about every 12 months. So this will be a great cycle for us to continue with the growth trajectory on the wet Marcellus.

Now, as I shift over a little bit and talk about the dry Utica, it's something probably two or three years ago, we really didn't have a focus on. But our customers have been talking to us and are very focused on having a dry gas solution. And to that end, we have a new project that we are proposing and putting in front of a number of customers called the Liberty Pipeline.

And the Liberty Pipeline is represented in red on this map. It's a little hard to see, but it's a very valuable connection. It would cross from our footprint in the dry Utica over to the Clarington hub. And we'll talk a little bit more about the benefits that will give us. But it will serve as the foundation of a segregated dry gas gathering system within the footprint of OVM.

You know, OVM's customers have dedicated both their rich and their dry gas to us, and because they need a segregated system in order to cost-effectively get that to market. This will be the backbone of that. And I think this will be an area that will continue to grow for years to come in order to supply the growing need for natural gas in the United States.

Not only will it serve as that backbone of the segregated system, but it also provides market connectivity to Clarington for the gas coming out of Oak Grove and Fort Beeler. So it will give us more market options for our wet Marcellus customers as well.

Now as we move on to the -- through the areas in this part of the operating area, we can't forget our joint venture with Caiman Energy. And Williams owns 58% of Caiman Energy II. It's a little complicated. And then Caiman Energy II owns 50% of Blue Racer. The other 50% is owned by Dominion, which gives us an effective ownership position of 29%.

You know, it's a great asset serving the Southern wet Utica. And they are going to end the year with 1.5 Bcf a day of capacity for gathering; about 1 Bcf a day of processing capability; and fractionation of over 125,000 barrels a day. And now this gives us obvious economic exposure to a great part of this overall basin that we do feel is the fastest-growing in the nation. And it also complements our other franchises.

I will say that Blue Racer is already supplying the Kensington plant with over 100 million a day of gas for their processing that ultimately gets fractionated at the Harrison hub facility. Great complementary assets working together.

Now, Williams has a great footprint in this particular market area for gathering and processing. And I think you can see that from the map. It's a great map. But we really need to work on continuing to develop our market hubs. And now I want to take just a few minutes to talk to you about that, both around ethane, NGLs, and natural gas. We plan to continue to enhance the market hub philosophy, just as we have in other parts of the country in order to optimize our customer netbacks.

As we look at our ethane connectivity, you can see that we are well-positioned with the existing assets that are in place. We can reach the key markets on -- in Canada, Sarnia, the East Coast, as well as the Gulf Coast. So, we have the ability with the ethane takeaway that exists today to get that product to market. But we also see the evolution of some additional local demand.

And I would say that, today, you know, as we think about that, we can reach all the markets that are out there today via the pipeline infrastructure we are connected to, or will be connected to, but we also want to look forward and think about how we are going to connect to the crackers that are currently proposed. And I would tell you we are actively discussing opportunities to connect to each and every one of those.

If you just take Shell or PTT as an example of local demand that we could see increasing for ethane in that local market, that could add another 175,000 barrels a day. Kinder Utopia's pipeline project is one we are very interested in. It would be more capacity to Canada that would add an additional 50,000 barrels a day.

And then, you know, what's interesting is we even have demand from some local power producers in the range of 5,000 to 10,000 barrels a day. And we are aware of all of these and working to make sure that we have interconnects for our customers. Because as we look into the future, we believe that the combination of these assets will have over 260,000 barrels a day of ethane available to fill this market hub. And so, Williams is all about creating these and helping to fill them, facilitate the pipeline projects -- that's what we're all about. Ultimate market connectivity.

As we shift gears a little bit, I want to talk about the NGL story a bit. I mean, Williams has a diverse portfolio of pipeline and logistical outlets -- rail, truck outlets in the Northeast for our NGLs. But we are actively working to foster additional pipeline interconnects. We think this is really important for our customers and the improved economics of the area to see connectivity across all the -- across incremental demand centers.

And I want to tell you we, as Williams, want to facilitate these new opportunities to connect. We worked on the Bluegrass Pipeline. That wasn't as successful, so we are going to help facilitate these additional pipeline projects to meet the market need. Total market access is our goal. And we want to make sure that using our premier footprint in this area, we can help drive the right answers for our customers.

So as we think about our market hub today, we want to reach all of the markets that are proposed today. And I just want to talk to about some of these as well, just so you are aware of them.

UTMP has the potential to add about another 175,000 of takeaway capacity for NGLs. Mariner Ace II, that we'd be connected to, could add another 100,000 barrels a day of takeaway capacity. Utopia West would be another 75,000 barrels a day. Cornerstone could add 90,000 barrels a day. And then incremental barge traffic, barge loading could be 15,000 to 25,000 barrels a day.

So it's something that is on our radar screen, we're helping to facilitate. And you are going to see this, over the course of time, some or many of these projects come to fruition. They are all entering open season right now, and I want you to know we are actively engaged in evaluating their merits for our customers.

In the meantime, however, we're going to continue to optimize the local takeaway capacity we've got through our rail and truck distribution facilities to reach multiple markets. It's an interesting factoid. We actually deliver rail to 37 states in the United States from the combined asset base that we've got in the Northeast. And that is -- you know, that reach will only get better as we continue to add volume, and can actually get scale around some of our rail logistics in order to minimize costs for our customers.

Now the gas story, though, we continue to see robust growth not only in the wet Marcellus, the dry Marcellus, the wet Utica, the dry Utica -- we're going to need more market outlets for our gas. And you know, that's something we have a compelling story about today.

Today, between our facilities, we have about 4 Bcf a day of takeaway capacity, through TETCO, Dominion South, Tennessee, NFG and EQT. That's where we are today. But what I want to really excite you about -- because I was excited, and we spent a lot of time working on these various additional pipeline opportunities to make sure we have the best connectivity -- we've been working with TECO, both the Leach XPress project and the Mountaineer project, to make sure they connect to our facilities.

Leach XPress will add 1.5 Bcf a day of capacity, hitting the TECO pool and Gulf Coast by November 2017. You'll have Mountaineer XPress adding upwards of 2.5 Bcf a day, adding more TECO pool access. We'll even have Dominion Atlantic Coast connecting North Carolina power markets to our area, adding about 1.5 Bcf a day by November of 2018. And those are coming without the Liberty Pipeline.

When you think about the Liberty Pipeline interconnections that I previously talked about there at Clarington, we also gain access to Energy Transfer Rover's project with 3.2 Bcf of takeaway capacity December of 2016. That will give us access to the Gulf Coast and Midwest markets. By mid-2017 -- and I'm sorry, there's a whole list of these, but you guys need to know we can clear gas -- it hits Canada, Michigan, and Chicago. And then when you have that coupled with the Rex reversal and Clarington West expansion, that's another 2.6 Bcf a day by mid-2016, hitting Michigan, the Gulf Coast, and the Mid-Continent.

So, it's an expansive suite of pipeline projects that are well underway. We also have the Transco Appalachia connector, which is about 800 million a day, that Rory is going to talk about more in his presentation. But we are excited about that ability to potentially leverage our assets with Transco access that could hit the Northeast, Mid-Atlantic, Southeast, and Gulf Coast markets as well.

So, the punchline to this is, today, we are at 4 Bcf a day of capacity from this overall market hub area. By 2016, it will be right at 9 Bcf a day of takeaway capacity. And by 2018, it will be at 14 Bcf a day. So, we are working to make sure we are connecting our customers to the very best markets available.

Now we can't forget, you know, good things are happening today, but good things can happen in the future too. Here I'm showing you an empty map. It's an empty map with 530,000 acres of dedicated-to-Williams acreage. Shell has 81,000 acres in this area. Rex has 165,000 acres in this area. Chevron has 285,000 acres I referenced earlier -- 40,000 in Northern Ohio and 245,000 in Trumbull and Mahoning County.

So, it's a great opportunity for future growth for Williams in the Northeast. And I know we have proven ourselves with our customers to cost-effectively serve their needs. So, lots of growth opportunities.

And, with that, I want to turn it back to John to talk about growth in the Northeast.

John Seldenrust - ***The Williams Companies, Inc. - SVP, Access Eastern Operations***

Let's talk for a few moments about these incredible growth opportunities that we have in the Northeast. You know, Bob had a slide similar to this one. I think you will see this for each of the OA presentations today. But in that sort of $30 billion space of potential growth CapEx, a significant portion or a significant set of the opportunity spend will be in the Northeast.

And as we move towards consolidating our financials for the Access legacy sort of footprint and the Williams legacy footprint, our customers -- or, excuse me, our growth on those assets will largely be driven by the positive economics that our customers see in their upstream sort of world. And we think that there will be sort of compelling reasons for the continued development for many years and, I think, even decades to come.

So, in the bullets on the right-hand side, you know, we've talked a lot about these. I'm just going to summarize them quickly. But first, I would say that a lot of our growth is going to be driven by the linkage between our gathering system development in Northeast PA and the emergence of pipeline capacity, like we talked about. There's just a tremendous ability on the part of our customers to grow their volume base above where they are at today.

And then all the other bullets are really tied more to all the things that we talked about in Western PA, Southwestern PA, in Ohio and in West Virginia. And there's tremendous opportunities both around existing customers and future customers.

So, all told, the assets that we've talked about today, not including our position in Blue Racer -- or our ownership in Blue Racer, close to 10% of the US gas supply -- the US gas supply is currently about a little over 70 Bcf a day -- but almost 10% of the US gas supply originates on the systems that we own an interest in, in the East. And what's incredible to me is that it's incredible that it's 10%, but it's also incredible that it's all happened in about the last five years.

I remember when we first started working in the North Marcellus, in the Access side, we thought, hmmm, I wonder maybe the system might get to a Bcf a day some day. But it's way down the road and so forth. So we've far exceeded sort of our expectations in terms of volume on the systems in this area.

So, as you can see on the chart, we've experienced about a 50% annual growth rate on the systems, both on the Access legacy side and the Williams legacy side. And we've had continuous increases in capacity or throughput for the last 12 or 13 quarters. And even today, with the curtailments I talked about earlier, that 10% to 15%, we even had growth in this first quarter of 2015.

So, we expect the growth to continue for many years to come. Certainly, we have some headwinds in terms of commodity pricing, and in terms of that takeaway capacity issue that we've talked about, really across the whole region. But we are very confident that the growth is going to continue for many years to come.

And the growth that we've seen isn't unique to Williams. There's really tremendous growth across the whole Marcellus Utica basin. And in the first quarter of 2015, there was approximately 18 Bcf a day of gas that flowed in the Marcellus and the Utica. And through our ownership position in the various gathering systems that we talked about today, we had economic exposure to almost 40% of that gas.

So, hopefully, our goal today of really sharing with you guys as to why we are so excited about having the premier gathering footprint in really the most prolific onshore gas basin in North America, has been achieved. We are very excited about the growth that lies ahead.

So, as I close, I just want you to have a few sort of key takeaways. I want you to remember that Williams has a large and growing infrastructure in place in the Northeast, and that we are positioned to capture value both from existing customers but future opportunities as well.

And we are passionately focused on delivering optimal value to our customers and to you, our investors. And then, probably the one that really means the most to me personally, is that all the things that we've talked about today align well with our stated goal of being the premier provider of large-scale infrastructure, connecting the best supplies to the best markets.

So, thanks for your time today. And Jim and I would be glad to answer any questions that you might have in relation to the Northeast. We are going to tag team this one.

QUESTION AND ANSWER

Unidentified Audience Member

First one is just what are actually your volume growth assumptions that underlie the guidance that you have out through 2017? You used to have guidance and it seems like you've suspended that.

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

For the Williams assets, as I said before, we've taken out all of our uncontracted volumes. We've been looking at the volume growth forecast that we have for Susquehanna. I guess I'd ask Don -- in our volume forecasts or our earnings forecasts, we have just come back to our base contracted volumes coming out of OVM for the Williams trajectory from LMM and from Susquehanna, just based upon our most recent producer forecast, based on all of the headwinds that we've seen both around NGL pricing and around takeaway capacity.

John Seldenrust - ***The Williams Companies, Inc. - SVP, Access Eastern Operations***

And for the Access legacy side, one of the benefits of the cost of service approach is that it's a very integrated planning process between our customers and our midstream planning. So, every year and oftentimes even more often than that, we get updated volume forecasts from Chesapeake and Chief and our other operators on systems that we are planning around. So, I would say we are closely tied to their volume assumptions with some level of risking.

Unidentified Audience Member

And then can I just ask also on -- you alluded to a lot of acreage that's up for bid or that's available. Can you just quantify how much that is and where that might be?

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

Well, you know there's a lot of RFPs out there right now. I would just tell you that Williams is actively pursuing opportunities associated with the wet gas gathering in the Marcellus. There's at least five different opportunities to capture new gas packages. At this point, I'm not really comfortable going into which ones we are chasing, because we are right in the middle of the chase.

But it would be a significant perhaps volume growth in the near-term. We see a lot of customers in that area looking for incremental cryo capacity. You know, the good news and the bad news about the OVM assets is that we do have some surplus cryo capacity. That's the bad news. Well, the good news is, that's what's going to give us a unique competitive advantage around some of these gas packages that we are currently chasing, in order to capture them quickly.

And I believe we are in a leading position around several of those, in order to capture them. Sorry to be so vague, but I think you can understand we don't really want to talk about the specifics of each new business opportunity.

Unidentified Audience Member

Two quick questions. The first is, when you think about the pipeline expansion projects or newbuild projects, are you folks actually underpinning any of those projects with firm commitments on your side?

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

At this point, around -- and I think what you're talking about is the gas and probably the NGL takeaway -- it is not our expectations right now for Williams to be underpinning those. But I would tell you that we've been going back to our producer base. And, in certain circumstances, a lot of those projects are working with the demand side as well. Williams is working very aggressively to link the supply and demand, so that we can address some of that credit exposure associated with the pipeline infrastructure build.

So we are working to connect the dots, not take on additional credit or capacity exposure on our balance sheet, but I would say broker the marriages that are going to make that possible, explain the economics that make it work for both sides, and work with the pipeline systems in order to make sure that we understand their timing, the cost structure, and can represent to our customer base how that is good for them.

John Seldenrust - ***The Williams Companies, Inc. - SVP, Access Eastern Operations***

And I would just add that, in addition to marrying those two, also syncing it with our midstream development capacity, it becomes a very mild discussion to make it all work well together.

Unidentified Audience Member

And the second question, how would you handicap the possibility that we see a petrochemical complex developing in the Northeast? Thank you.

John Seldenrust - ***The Williams Companies, Inc. - SVP, Access Eastern Operations***

That sounds like a good question for Jim.

Jim Scheel - ***The Williams Companies, Inc. - SVP, Northeast Gathering and Processing***

Well, you know, and I would just say, at first, I was a bit skeptical. If you asked me five years ago how I felt about that, I didn't personally feel really good about that. But I've had a numerous discussions on -- and you know we are under confidentiality with several folks -- but I have talked to numerous very creditworthy developers in the area who seem very committed to giving this their final push to the final investment decision they will be coming up with, in the next 12 to 18 months.

And so, we have the potential to see that. We didn't put it on the map because we didn't think it was going to happen. We are in active negotiations to talk about supply for those, talk about how we could help balance out the demand during their downtime. There's a lot of things they need to understand from a midstream provider in order to make that happen.

So we are actively engaged. We are working with them. And I think there is a good chance you could see that in the near future.

John Porter - ***Williams and Williams Partners L.P. - IR Director***

All right. It looks like -- thanks a lot, Jim, John. Next up we've got John Dearborn at NGL & Petchem Services. Thanks.

PRESENTATION

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

Thank you very much, John, and well, that is a hard act to follow. Here you have got John and Jim talking about this exciting basin that they are working in, one of the most prolific basins here in North America delivering gas as it is.

Before that, we had Bob talking about the integration of Access into Williams and how well that is going, how well it fits. And, of course, the day starts with Alan standing up here and saying we're going to restructure the whole corporation here in the earth shattering way that he did. So I'm going to try and do my best between now and lunch to do my part. And it is with that that I am very pleased to stand here before everyone and report the continued good news that Geismar is operational. It has been operating for about the last six weeks, and it continues to operate quite well. And I'm going to bring quite a bit more color to that in a few moments. But that is where the plant is today.

Perhaps, that work feels like it has been a little slower than we would have all liked or would have liked or would have expected, but I assure you that the people at Geismar, the broader Williams network of folks that went to help the folks at Geismar and our contractors all worked tirelessly to bring and restore that plant into operations over the last year or year and a half since the, of course, terrible accident that occurred there.

But, importantly, in this operating area, we have redoubled our efforts at bringing forward the operational discipline that will bring the safe and reliable operations that is necessary to build a solid business. We all know that if you have safety and you have reliability, you have a chance to be low cost. If you have low cost, you have a chance to have -- to gain share and a chance to be able to buy customer loyalty. All of those are critical to operating a solid business. So we have really redoubled our efforts in that regime.

So all the while, and that stated, we are very cognizant of the fact that we need to rebuild the trust of our customers and your trust that we can be a reliable supplier of olefins again. And we are only going to do that by delivering products to our customers and delivering the value that we promised.

And so today, my high desire is to bring forward a compelling vision for our plans in this operating area as we continue to march and put behind us the shadow of Geismar and bring forward a solid future of solid cash flows and growth prospects.

Today's discussion is going to focus again on really three significant matters. The first is going to be an articulation of our strategic intent. The second is going to be a focused discussion of the world of feedstocks. Once again, world of feedstocks in a changing pricing environment and olefins competitiveness in that environment. And then, lastly, we are going to take a walk through several of our significant project activities that are underway in each of the franchises.

So first, some comments on the strategy. This energy megatrend has created quite an opportunity for all of us. We have heard about much of it here earlier today, and it is powering our nation's economy.

But the production of this natural gas and the associated gas with oil production brings with it liquids, and these liquids need to find a market. They generally find a market in two places. One is fuels and the other is petrochemical feedstocks.

And so in the short-term, the takeaway options need to include things like export, but in the long run, we need to be thinking about demand creation. And it is the creation of the infrastructure and the demand that is necessary to consume and add value to these liquids in their local environments. But it is exactly that that creates the heart of the strategy for this business because our strategy and our strategic intent is that we envision and develop and deliver valuable solutions to our customers that connect the low-cost NGL supplies to the growing markets for fuels and petrochemicals. But all the while, we do that with an eye toward providing the best netback back to our GMP -- our GMP customers.

And so the idea is that there is a pull through of the entire chain here from my business all the way through to the GMP team. But there are really three legs to this strategy stool. The first is to execute with the impeccable discipline that is required to operate safely, reliably, and with low cost that maximizes the value of our existing assets. The second is to grow our asset base, but really with a fee-for-service mentality or fee-for-service business model that is so complementary to Williams' dividend growth model.

And, thirdly, when we find a truly sustainable advantage and one that we get paid for taking the risk, we will take a position with some commodity exposure. The bottom line is that our strategy is tightly interwoven into the Williams strategy. It is completely complementary with the GMP crowd, and it is very complementary to the gas transmission group.

As we examine this chart, we take a look at some of the opportunities for our existing businesses while there are some future opportunities that we are considering and as last year trying to paint a picture for you of where these opportunities lie on the continuum of taking large commodity risk versus lesser risk in fee-for-service type arrangements.

So if you look at our pipelines, our storage, and our fractionation businesses, those businesses, yes, they are subject to a bit of volume risk, but generally they could be considered quite solidly fee-for-service businesses.

Looking at Geismar I, at the other end of the spectrum, Geismar I holds a fair bit of commodity risk exposure, but still yielding some very impressive returns even in this environment today. And you will notice a bit of grayness even trending toward the blue side of the fee-for-service picture. That would say that part of our Geismar facility today is delivering some volume on a fee-for-service basis, and we are continuing to talk to customers about how we might be able to increase that proportion.

So the Canadian off gas and the processing that we do there, that is largely exposed to the commodity price deck. But if you think about our floor price on ethane, that is more akin to a fee-for-service arrangement in that facility. And as we look forward to our proposed projects, the Canadian PDH, which is really a new line of propylene manufacturing for Williams, Canadian PDH is largely fee-for-service because it will deliver propylene to a derivative on a fee-for-service basis. But because we believe we have a truly sustainable advantage there, we will sell some of that product -- about 15% of the product from that facility into the commodity market as propylene railed from Canada to customers across North America.

And then, of course, Geismar II is largely driven to a fee-for-service arrangement as we look forward to that. But one thing is always in common, and that is the linkage of the low-cost supplies to absolutely the best markets.

So now I want to hit this pretty hard early on in the presentation. And the main theme of my presentation today is that this leadership team -- and I am quite proud to be representing the leadership team that I lead here at Williams -- is returning its focus to its progress against plan. And a couple of the examples, of course, having Geismar moving behind us, that is pivotal to us taking our step forward on the exciting things we have lying ahead.

But if we look up in Canada, we are maximizing our value from our current assets. We have got the Horizon Offgas project. We were up in Canada last week. I will say more about that in a moment. It is slated for startup in the fourth quarter. We are advancing PDH-1 to sanction. We really want to go forward with that project. And we are further in discussions with Syncrude as we advance our LEP and our Offgas processing business there in order to maximize it and grow it out with a third liquid extraction plant connected to the oil sands there in Alberta.

Shifting to the Gulf Coast, our pipelines are really progressing quite well. In the last year, we brought Texas Belle into service, and we are pursuing new business opportunities around it. We brought Bayou Ethane into service, providing physical connectivity between Mt. Belvieu and the river. More on that in a moment. And we are progressing the Promesa pipeline, which last year was not clear exactly how that was going to play out. We are progressing that into construction with sufficient commercial arrangements signed up that allow us to build the backbone of that system.

Last year, at the very end of the year, we also completed a relatively small acquisition, but an acquisition of the Hutchinson Rail Terminal. But it makes a lot of sense in the strategy for the franchise in the Mid-Continent. Again, more on that in a moment.

And Geismar II, large as it is, we are progressing with discipline.

So I hope you feel the energy and the excitement that I have got around all of the opportunities that we are bringing forward to Williams here in the coming years.

But, first, let's turn our attention to the market for a few moments and the promised discussion here about olefins' competitiveness and olefins feedstocks, particularly in light of the supply shop that we saw in the oil market and the shift in price trends that we saw.

So I want to start here today with a look at some IHS data that illustrates several points. And the first and the most important point for me is take a look at the Tyler bar there on the left-hand side, above the word world. This is about a 330 billion pound market for ethylene in the globe. And what is shown here is several different feed slates that currently today feed the production that is delivering that 330 billion pounds.

Now, I will draw your attention to the blue bar and the green bar, just to reference ourselves. The blue bar, of course, being ethane and the green bar being naphtha. But you see there a continually growing over the next decade market for olefins production. In fact, the forecasts say that we will grow about 100 billion pounds in the next decade.

Now, if you think notionally -- and we will use big round numbers for this math. If you think notionally that a world scale ethylene cracker today is about 3 billion pounds, that means generally the world needs about 30 new crackers over the next 10-year period. And those 30 crackers need to be fed by some feedstock.

Well, generally, the cheapest configuration for feeding that growth is an ethane cracker. However, we although we all know that ethane is limited in its supply, and so the world then turns to the next most plentiful resource for fueling these crackers and that is naphtha. But important to that is naphtha is not going away from the supply slate in crackers into the future, and it is certainly not going away from what we believe is going to be the pricing structure going forward.

I turn your attention now to the smaller bars next to those large global bars. Those are the North American supply side. So that shows the North American deliveries. And, notionally, it is about 20% of the globe. But look at the predominance of ethane feeding the North American crackers.

And so as we take a look at both of those bars, I guess the real question is, where do we want to place our bets? Do we want to place a bet on a feedstock that is sitting out there that is riding on oil prices, which, as we know, can be quite volatile, or do we want to place a bet on crackers and feedstocks that are driven by ethane that are more connected to the low-cost gas that we are focusing our strategy on. Certainly, you have an impression from the tone of my remarks that we certainly believe that naphtha and its connectivity to oil prices are going to drive the increment in the market, which is going to drive, I believe, the competitiveness of the ethane supplies and the ethane supplied olefins here in North America.

And the final point I want to make before moving from this chart is, you also need to look at the stability of the growth of the olefins here. There are really no huge supply shocks that, if I look back over my shoulder for the last 10 years, we always imagined that the Middle East was going to build a great number of crackers all at one time, and there would be a global supply shock out there. We really don't see that in our future. So that can only create, I believe, a stabilizing force to ethylene prices generally in the globe and certainly more specifically in our market area that are important to us.

Now, this slide attempts to paint another picture of the same competitiveness matter but perhaps with a little different flavor. What we try to point out here -- and this is a typical supply stack for olefins, I will focus you on the North American ethane stack and the Asia naphtha stack because, in fact, that is where the incremental pound of ethylene is going to go. It is going to go to Asia. It is going to compete with Asian naphtha. And what you see here is in the range of ethane between current prices around $0.19 a gallon to about $0.50 a gallon, you see that ethylene produced under those price regimes is certainly competitively advantaged to ethylene produced by naphtha over a broad range of oil prices between $58 and $100 as used in this example.

Now, on the next slide, I'm going to explain the relevance of the $0.50. This is a chart we are all more or less familiar with. It moves a little bit every year. But, nonetheless, what it shows is what we are all recognizing is a fact in the industry, and that being that ethane remains in rejection. In fact, if you take a look at this chart, it certainly acknowledges all of the crackers that are forecast in our future that are being built here in North America. And it still says we have room for another four or five crackers, even after you consider that ethane that might be -- not rejected, but rather exported into the global market.

But I want to point out one important matter that we don't always reflect on. About -- I guess back at the end of the last decade, there were a number of contracts that were put in place that got the infrastructure built as the shale gas gain was coming forward and they had demand payments. And those demand payments essentially became some cost to the customer at that time.

And so we see ethane today being delivered at extraordinarily low values to the market. We believe and we believe we need to be thinking about this a bit differently as we look forward, but in the next, let's say, three to five, seven years, many of those contracts are going to fall off, and over time that ethane is going to have to pay the full freight and fracking fees in order to get it to market.

So if you are thinking about ethane that would be coming from the Rockies, that might require one feed to get it there, if you are thinking about it from the -- anywhere in Texas, that would require a different fee structure. But, as you grow your demand for ethane, of course, the supply has to come from further and further away. The Bakken, perhaps the Marcellus. And that is the relevance of the $0.50.

Now, I provide that number as an illustrative number, not a very specific member, but the fact of the matter is that at $0.50 you can tell from the last chart that the petrochemical industry could afford to pay for that industry -- for that infrastructure. Of course, we are in the infrastructure business. But it also, I think, assures the fact that in time that infrastructure will get fleshed out, it will get built, and the ethane molecules will move.

So now I want to take and turn your attention to some of our franchise snapshots. But I use this slide just for the purpose of simplifying your analysis, but also it shows the wedge of petrochemical services and NGL projects that are there. I guess it won't matter much more about what is PZ and what is MB before long, but nonetheless, this is our wedge.

And, I guess the only point I want to make as we examine this data is that you recognize those projects that are, in fact, in guidance today and recognize that those projects -- the very large ones that are truly EBITDA moving for us -- the Geismar II, the PDH-1 and the PDH-2 projects -- that those projects are not in guidance and they are in this growth wage that is yet to be delivered.

But, nonetheless, let's take a look at what is going on. So this is simple slide that I bring forward of what the Geismar plant looks like if you were to kind of take a plot plan, looking at it from above. Just give you a sense of this plot plan, this plot plan sits on about 19 acres of land. That, for us, being here from New York -- and I am from right across the river here. That is about eight square blocks, just to give you an idea of how big the property is that Geismar is sitting on.

And just to kind of simplify things a bit, one time someone said, you know, John, ethylene is a real easy thing to make. It consists of cracking, packing, and then fracking. So kind of a real simple thing. Well, if I take and I point your eyes to the kind of the right side of the chart there and that road and you see a couple of bits of equipment that look like they are lined up nicely, those are the cracking furnaces. That is where we do our cracking. If you move more toward the middle of the plant where you see some of the red and the blue modifications that were made to the plant, that is more or less where we do the packing. We actually do compression. We compress the gas. We compress that gas and then we send it on to the row of equipment that runs along the top of the diagram there, and that is really where we do all of the fracking at the Geismar plant.

Now, as we take a look at this chart, I want to point out a few other things, just to ground people. And I hate talking about the accident, but I will point out that much of the damage -- in fact, all of the damage of the accident was in that section of the plant designated as Area 20 up there in the upper right-hand corner. You will notice that was hardly even touched by the expansion because it was really around the water systems that provide water to our steam system in the plant, but it also burnt through the electrical wires and the like.

THOMSON REUTERS

But that is where most of the damage was. The second point and third point I want to make around this chart is that if you look at the green and the red marks on the chart, it gives you an idea of where we added new equipment and where we modified or changed some equipment. The green marks are where we added equipment. The red marks on where we retrade or did some other modification or demolish some existing equipment that would no longer be needed as part of the expansion.

But giving you a sense, maybe a feeling for what this project was, we installed -- I couldn't say how many feet, but that doesn't matter -- about 30 miles of pipe in this project. We installed steel, but steel weighing about the same as 413 Escalades. We installed cable -- new cabling new through the plant, about 150 miles of cable and a great number of instruments and about 5500 valves in putting this project across the line.

So now I am going to simplify it up a little bit further, and this is a simplified flow diagram, and it shows where we did make some more of the modifications along the road here. But, for instance, you see the cracking furnaces. We had 13 cracking furnaces. We added two more, so we have 15. Now the two new ones are part of the expansion. We put a new quench tower. Obviously, more volume. We needed that tower to be larger.

We added a booster compressor. You see the new booster compressor there. That is in line with the existing charge gas compressor. That is part of that packing part of the plant that I was talking about. And then you go on to the separators or we go on to the, call it, fractionation part of the train. And there you see the grade box called the EBR system, and EBR stands for ethylene binary refrigeration. But it is the EBR system that provides the heat capacity that lets us run at the expanded capacity, and it is, in fact, the transformer that powers that motor on that EBR system that, today, is off being rebuilt and that we communicated in our recent communications.

That transformer, by the way, and motor were both tested before we tried to bring it into operation. Both tested out well, and the motor ran all the way up to full speed, though not full load.

The last point I want to make, though, as we take a look at this chart -- and we colored the chart in green. What is colored in green is all the parts of the plant that have been expanded and/or are part of the pre-existing plant that are today in operation.

So that part of the plant is still in operation. And so it is only the increment of between what is up in operation today and the full expanded capacity that is being held back by the fact that this EBR system is not operating today.

So what are the important scheduling implications here? Well, that transformer is out. It is being rebuilt. They found the root cause. It has been dried. It has been put back in its case. The case needs to be put back together. And then, it needs to be refilled with oil and then transported. But, just to give you an idea of this transformer, someone asked me at the break, why didn't you just go buy another one?

Well, this transformer is specifically designed for this particular motor that powers that system. It weighs about 94,000 pounds. Give you an idea of how big it is, its dimensions are about 5 feet wide, it is about 13 feet tall, and it is about another 10 feet or 10.5 feet deep. Just to give you an idea of how big it is. And when they put the heat exchanger on the side of it to keep it cool, then the width -- that five-foot width -- actually grows out to about 10 feet.

So you get the sense that this is a very large, highly engineered piece of equipment. It is due back on site sometime early in June. We are remaining with our current guidance that we are going to bring the plant back into operation -- into full operation, the expanded capacity operation in the June timeframe. Whether that is the early part of the June or the latter part of June, I hesitate to put a prediction out here today. We are certainly working to expedite that transformer back into the plant.

Once it is back in the plant, we need about nine or 10 days to put it -- to reconnect it to put it back on its foundation, reconnect it and bring it into operation. But I hope that gives you a flavor of where we are in the Geismar asset and, of course, we are very pleased with the safety results here and the fact that it is operating today.

So as we look forward, at Geismar, we know that we have the important and very difficult job of restoring the confidence in the market of our ability to deliver reliably. When I say the market, that is our customers; that is you, our stakeholders and our owners; and it is the community in which we operate. And I think it is only with time and with positive results that we are going to prove to you again that we are a reliable supplier, but we have no doubt and every confidence that we will bring back that confidence in this plant.

And, of course, in closing on this particular issue, we highly desire to deliver the returns that we promised to our owners.

While on the Gulf Coast, let's continue to think about the Gulf Coast and move, though, toward the pipelines and, importantly, to the two pipelines that we brought into operation -- the Texas Belle and the Bayou Ethane pipelines. Today, Texas Belle is moving isobutane between Mt. Belvieu down to Texas Petrochemical Corporation's renewed dehydrogenation plant. They brought a plant back into operation. We are delivering isobutane to them today.

Over the next year and a half, we are going to be bringing new business onto that pipeline: some additional isobutane business, but also some natural gasoline business. So the mantra of the team working on that pipe is going to be to maximize and bring as much volume to that pipe as absolutely possible.

Bayou Ethane is the line that connects Mt. Belvieu all the way to the Geismar cracker. And Bayou Ethane, though, in doing that, drops ethane off to a couple of customers along the way. That project is well underway. Phases 1 and 2 are in operation. Today it is delivering ethane over to Geismar, and Phase 3 will be done before the end of the year. Phase 3 amounts to adding a few pumps to that line in order to maximize its full potential, and we will have that in place by the end of this year.

Staying with the theme of ethylene, I am very pleased to announce that Promesa, the pipeline that is targeted at relieving some of the constraints of both supply and demand for ethylene in the Gulf Coast. We have managed in recent months to gain enough subscriptions in order that we could take this project over the line and move it into the next phase of finalizing its engineering and finally bringing it into construction.

It is a project that takes advantage of length in the Golden Triangle in the Lake Charles area and moves that ethylene to the short positions, both on the Houston ship channel and over at the river. So it connects up to the Evangeline pipeline that transports ethylene over to the river. We have gotten some excellent subscriptions, and we believe, once we build this backbone, that this backbone is going to create great new opportunities for further growth on that particular pipeline.

I want to say that there is one small risk. This pipeline is made up of really three components. One component is a piece of pipe that we bought a couple of years ago. It is made up of a piece of pipe that we are leasing, and it is made up of several new build pieces of pipe that are used to interconnect it and connect it to the Williams hub as well. And we do have to do some integrity pipeline, integrity testing on some of those pipes, but we think it is a very low risk. It is a risk that stands ahead, and it is worth mentioning, only in keeping the transparent relationship that we have with you about our projects.

Let's move to Canada now, if I can. Go up north. And, in fact, we were just up in Canada to visit with the team there on several points, mainly around the Horizon project. But let's start first with the Canadian assets today. Our assets in Canada are running very reliably. Very reliably. The team there has really put an enormous amount of effort to enhance the reliability, to put some advanced process control to optimize its operation, and it is operating very well.

Built into our guidance -- already built into our guidance is a substantial increase in processing and, in fact, through the first quarter, we have been on plan to delivering that substantial increase. However, that asset has been hit hard by the commodity price deck. And if we take a look at that, propane from that asset is struggling to contribute, but the propylene and the alki feed that we make on that asset is contributing very nicely.

And, of course, remember that we have a floor price on ethane that keeps ethane profitable for us regardless of what happens to the ethane price in the Gulf Coast. And so the existing project there is delivering what it promised, though, boy, we could use some help from commodity prices in terms of increasing its profitability. Because, certainly, the asset is ready to operate hard.

While up in Canada, though, we focused our efforts on taking a look at the Horizon project. We visited both sites, and I am quite pleased to report that the project is on target for a fourth-quarter startup. Not without its stresses, of course. All projects have some stresses. But it is on track for the fourth-quarter startup. I can report that we are about 80% complete both sites. The Redwater site and the Fort McMurray site are waiting for the last modules to be delivered, after which time, of course, we are going to be in full swing and construction on each of those sites.

I can report that the pipeline is done. The pipeline connector is done, and they are running now the cable support its control. So the project is progressing very, very nicely. And it is very important, of course, to meeting our promises for 2016.

And, lastly -- and I don't mean to give it short shrift, but not an awful lot of news yet, but we want to flesh out our full growth potential up in Canada by building a third LEP unit. Of course, attached to the Syncrude asset there, the Syncrude upgrader, and those dialogs are still underway, though nothing particularly new to report from the efforts on that on that point.

Next, though, I want to take a moment to spend on our propylene dehydrogenation project, affectionately known to us as PDH-1, and this project is progressing well. Remember, it is a largely fee-for-service project, but we will deliver some propylene from that plant to the market with some market exposure. We are moving that project toward full sanctioning next year, but the project is progressing quite nicely.

We have been very disciplined -- extraordinarily disciplined in the execution and development of this project because of its large size and the fact that it is new to Williams. It is an existing market. We are making propylene, we are very deep in the propylene market, but it is new to us that we will be making on purpose propylene using this new technology.

But, it also recognizes what we believe is a sustainable competitive advantage, and it is not too hard for all of us to recognize that propane in North America is long. And, importantly, as you look up to Alberta, Alberta is landlocked and, therefore, propane in Alberta should be most distressed on price. If you look recently, the differential between Alberta and the Gulf Coast and Mt. Belvieu has actually been in the range of about $0.45 per gallon. And I think that proves out our thesis on which we are moving forward on this project.

But our vision here is grander than the first one. Our vision here is to build the first one with a view toward perhaps there is another and another that might follow it somewhere here in North America. So it would be a first in the stream of others.

Now, here I want to take a moment and refresh on the Mid-Continents on moving you back now out of Canada down to the Mid-Continent. As we go there, let's start first with the OPPL pipeline. That is the Overland Pass Pipeline. It starts up in Wyoming, runs down to Kansas, passes through Colorado, picks up Y grade all along the way from our assets, as well as it is connected up to the Niobrara and to the Bakken, where it picks up Y grade coming down the ONEOK pipe. We own this pipe, in half ownership with ONEOK, and we are the operator of that line. But, certainly, the flows are continuing to increase on that line, largely driven by growth that remains in the Bakken and the Niobrara. And we believe that those -- both those basins will remain sustainable even through this recent price movement that we have seen in the market with oil prices as they have.

That pipeline is then connected to our assets and our storage and rail and truck facilities that we have got in Conway, and we have got in excess of 20 million barrels of storage there in the Conway area. It is really connected to three sites, or it is across three sites in the Mid-Continent. And I will say that this year that storage is fully subscribed as well the rail and truck loading is fully subscribed and, in fact, we expect this business unit or this franchise to deliver a little bit more than what we have got in guidance today. But I want to see how that plays out coming through the year before going further with comment on that.

But, as we go further from that, we look at the fractionater that we have got there. It is a part owned between three parties fractionater. And recently this past year, we connected that fractionater. It had not been connected to the OPPL pipeline. But, by making that connection, we now have the opportunity to operate the Conway fractionater, at least our share of the Conway fractionater, at full capacity. And it is just one of the examples where we are looking to maximize the value of our assets, get the most return on those assets that we already have.

In fact, that pipeline connector pays back in about three months. So I look for projects like that all the time.

But, lastly -- and I guess I want to turn to the top point on this chart -- the business -- or this franchise witnessed the reversal of the Cochin pipeline and some of the other dynamics that are going on in the Mid-Continent. And as a result of seeing the dynamics there of the Mid-Continent with the Midwest, not being able to see adequate supplies of propane and other fuels that they might need, the business went ahead and made, as I mentioned, a relatively small acquisition, but an acquisition of the Hutchinson Rail Terminal from NGL supply.

Today, we are building a pipeline that is going to interconnect all three of our sites now. And with that interconnect, we will be able to deliver all of our customers' needs and make the full connectivity between all three sites. We emerged by this acquisition as the largest and the premier supplier of truck unloading and loading capacity, and you can imagine our unloading rack is getting quite a bit of business. In fact, it is oversubscribed, bringing propane down from Conway and at times bringing it down from the Marcellus.

And our outbound truck and rail slots are also fully subscribed because now, with this acquisition, we are connected to two railroads, the K&O and the BNSF.

So we think we are bringing a bit of value here. But we are maximizing, again, the full potential of what we have to participate in here in the Mid-Continent.

And, lastly, but not least, let me give a bit of remark on the Geismar II project. As we take a look at Geismar II, it is a very large projects. It is inherently complex and, of course, with the shadow of Geismar I and the focus that we brought to Geismar I, we have been slowing this project just a bit over the last year, but it hasn't stopped. We have continued to progress it.

We are also approaching this project very cautiously -- extraordinarily cautiously and in a very disciplined manner because of its mega-capacity and its mega-size, we can ill afford to improperly estimate it or improperly be able to deliver it on budget and on time.

But recall that this project is a fee-for-service project -- largely fee-for-service, at least for that portion of the cracker that we will own, and we intend to run this project in a joint venture format with another party.

I am pleased to report that our discussions with potential joint venture partners has been whittled down to two very strong companies, and within the next couple of months, I would say, we're going to be making a close on which of the companies we want to move forward with and jointly then develop the feed and we will begin to negotiate with our customers on the fee-for-service basis, sell the ethylene, and then move the project, of course, through sanctioning likely next year as we progress this work.

But we remain confident in its location on the Mississippi River with the Mississippi River being short. Ethylene, as it is, and that additionally, the Mississippi River and our location on the river is ideal for export shipments because rather clear that when we or our partner that will be bringing new derivative demand would be needing to export from that facility.

Nonetheless, we are very excited about continuing to promote the project, and it is a real mover to our financial performance in that growth wedge looking forward.

So in closing, our focus is to, of course, bring forward all of that operating discipline and safe operating performance that leads to low cost and maximizing of our existing asset base. Bringing the Geismar plant into full operation is a very significant mantra and is the mantra for the business right now, and more news on that in June.

Of course, optimizing the value of the Horizon Offgas startup here is scheduled for the fourth quarter, bringing all the resources and all that we have learned from the Geismar project and other projects about starting up will be critical there. And delivering the Gulf Coast pipelines over the next 12 to 18 months, bringing more business onto whether it is Texas Belle or Bayou Ethane or the Promesa project in order to be able to drive those solutions and drive the incremental revenue that we expect there.

And, finally, delivering the PDH program value, again, a needle mover for this business as we begin to develop and deliver on the wedge of growth opportunities that the business has to offer.

So with that, I thank you for your kind attention, and I am very happy to take questions.

QUESTION AND ANSWER

Unidentified Audience Member

Two Canadian questions, actually, if I could. The first is on Syncrude and others, not much to report here, incremental. But can you give us a sense of what the sticking points might be? Is this just simply economics? I mean there isn't any concern over the process anymore, is that correct?

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

No, I don't think there are any technical issues with the program. I think at the root of what makes these projects go a little bit slowly is when you look at the relative size of this project versus keeping their existing assets running full, we are really rather a very small portion of value that we can add, and, in fact, what we are bringing to the off gas processor is, in fact, some environmental performance and a little bit of an upgrade on value.

And so when you think about it in the context of the priorities, if you think companies that are running these enormous upgraders, I think our project just ends up being a little bit not on the highest of priority for them, and so they take a little longer to develop. I think it is nothing more than that.

Unidentified Audience Member

Okay. That's helpful. Thank you. And then, just a quick follow-up on the PDH. Looking at the 15% that you all would retain from a market standpoint, is -- because I have always kind of thought about this is really being more fee-based, but maybe it was just the majority fee-based. But I guess I'm wondering, is that purposeful on your end, or if it is not, what does that say for the potential of joint venturing with other parties to make a PDH-2, et cetera?

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

Great question. I appreciate it. I love the way you are thinking about it as well. Let me say, at first, we are trying to build that asset in Canada as big as we possibly can in order to get the biggest cost leverage, both on the asset and our fixed cost of operations. And so, we are limited -- because of the size of the vessels that we can move up into Alberta, we are limited to this 525,000 metric ton capacity.

The building of the derivative asset that will be fence lined to us and offtaking from this facility, that project can't be built any larger than about 450,000 tons. But, as we take a look at that facility, and the opportunity to take the remaining propylene to the market, and the sustainable advantage we believe we will have there, we are very happy to take that commodity risk in order to facilitate the system that we think brings the maximum value to that stranded resource there in Alberta, but then still take that. We will sell some into the market and enjoy those returns.

Now, someone coming along wanting to build some other assets there, we have to buy them away from us, and we are happy to sell them to someone.

But as we envision a PDH-2, we would then be thinking about building that PDH-2, again with a derivative unit next to it. Because, again, rather than shipping those molecules off to the Gulf Coast to turn into a derivative, which then gets shipped back up to the Midwest or the Northeast, it is just a much smarter supply chain that you would build the derivatives out much as Alberta did a couple of decades ago on the ethane side as Alberta recognized the ethane advantage that they had, built the crackers and the derivatives, really for North American deliveries, but they take some product across the Rockies out to the West Coast and they deliver it into Asia.

So I said a lot in answering your question. I thank you for the question. It let me say a lot about the project, but I think we are advantaged both for deliveries in North America and to the Far East. But it is exactly those constraints on the capacity and the volume of our asset and the derivative asset that creates the need to sell some product into the merchant market.

Unidentified Audience Member

Previously, there has been some talk about eventually trying to move Geismar I off the commodity exposures and contract that out. Now that it is back online, as we look toward the contracting on the Geismar II, is some of this in tandem? Is that for later in the decade? How should we think about that?

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

Yes. And I think the way to be thinking about it is in the conversations we are having with our potential offtakers on Geismar II, some of those players would like to get into the market a bit early, and so we are offering to bridge Geismar I into Geismar II and bring more of a fee-for-service basis to Geismar I.

There should be no mistake out there that we sit ready to entertain any pricing mechanism that would be smarter and better for Williams in the market, and we have been offering everything from fixed-price ethylene sales to cost of service sales to the market.

Of course, when margins are at $0.45, it is kind of hard to entice someone to come, unless they believe they are going higher, and it is hard to entice someone to come in and fix that up for you. But, now as margins move a bit into the 25 or $0.25 range, perhaps we can entice some people to do more.

But our team is charged with looking to secure maximum value from the Geismar asset toward our shareholders. So that will always be a mix, I think, of fee-for-service and commodities on that unit.

Unidentified Audience Member

And on the subjects since you brought up some specific pricing, how would you handicap the margins on the fee base against, say, $0.30 spreads between ethane and ethylene? In other words, because it is consistent and safe and fee based, obviously getting higher multiples, but would it be perhaps something south of what you would normally get at 30% spreads between ethane and ethylene?

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

I mean, I could just -- I know for a fact and could just imagine that we would have to give someone a bit of a haircut -- a bit of a discount in order to entice them in. But, I will say even today, the $0.25 or $0.30 margins are rather healthy as compared to historical margins in the olefins business. And so getting someone to lock up for a long period of time, you would have to be having someone that wanted to make an investment that wanted very secure ethane that was looking at this as an alternative to building, and then you might be able to entice them in. But you could end up giving someone a little bit of a haircut from where we are today in order to get them into a fixed price situation or a fixed margin situation on Geismar I. Hope that helps.

Shneur Gershuni - ***UBS - Analyst***

Shneur Gershuni with UBS. A follow-up to [Carl's] question about the project in Canada. There was a seismic shift in the political landscape in Alberta. Would that have any impact at all given the fact that you have a NPP government versus a conservative government?

John Dearborn - ***The Williams Companies, Inc. - Senior Vice President***

Great question. Yes. And the Canadian government is very encouraging of this project or had been very encouraging of this project. And so we also are investigating and continuing to engage with the government to assess their continued interest.

We believe, though, that the new government there in Canada, of course, will be very favorable toward creating new jobs, creating new value chains and, in fact, their platform calls for adding value to Canadian or Alberta resources in the Alberta market and exporting higher value-added products.

Well, our project plays to all of those points, and so we believe that our projects should be favorably viewed there.

Second point that I will make is as well this government, we believe, is, of course, very favorable and sensitive to the environment as we are as well. And if you think about our Offgas processing projects, our Offgas processing projects give back clean, natural gas to be burned in the upgraders. And we take the liquids and we purify them and/or add value to them as we take those to market. And, in fact, much of the benefit of our Offgas processing there in Canada accrues to the environmental improvement there. And so that should be favorably received by the government.

But, of course, until we are engaged with the new government and all of the bureaucrats that stand behind it -- and I say that in a very kind way because that is what the staff people are called up in Canada. Until we have our full relationships restored with the new government, I hesitate to say one way or another, but I think that gives you a taste or a flavor of where we think it is going.

Unidentified Audience Member

Sorry. I think we are going to have to go ahead and cut things off. We are running a little bit behind. We're going to take a break now, grab our box lunches. Thank you, John. You can grab John during lunch. We're going to take about a 20-minute break, grab our box lunches. The supplemental decks are now available out in the lobby if you want to grab one of those. Those binders are available.

So we will come back about 12:35-ish. Thank you.

PRESENTATION

John Porter - ***Williams and Williams Partners L.P. - IR Director***

Next up please welcome Walt Bennett with the West.

Walt Bennett - ***The Williams Companies, Inc. - SVP, West***

Thank you, John. I'm Walt Bennett. I am now managing the West operating area, and I wanted to run through what's going on in the West. But first, since I am new to the Williams leadership team, I wanted to just spend a couple of minutes, give you a little background on myself and my experience.

So in 1992 I graduated with a mechanical engineering degree from the University of Wisconsin and right after that started working for Coke Industries at one of their facilities in Indiana -- went into operations management right off the bat. I've always had a love for operations.

So I did that for a few years. And then in 1995 was when I got the opportunity to get into the pipeline industry. Coke owned a pipeline system which is now Gulf's pipeline. So I went down to Lafayette, Louisiana; managed some field operations there; and then from there had various different roles that kind of led me into all various parts of the operation, leading various groups like engineering and construction; gas supply; pipeline integrity; measurement; environmental health and safety; gas control -- kind of all the things that are associated with running a pipeline.

And that ultimately led up to my role as Senior Vice President of Operations for Boardwalk Pipelines, managing all their day-to-day operations and maintenance. And then in 2011, in September of 2011, made the move over to Chesapeake and took the role managing their internal midstream group, Chesapeake Midstream Development. So led that group for a little over a year, and then along the way Chesapeake made the decision to divest the midstream operation or the midstream business.

And so I was on the management team that worked through that divestiture and then, ultimately, standing up the separate company of Access. And then, as you know, Williams bought into that initially and then bought the remaining controlling interest of it. And I became part of the Williams team.

And then first of the year, I got the opportunity to replace Allison Bridges, who was managing the West operating area. And so I've been in that role since the beginning of this year.

So there's three main things I want to focus on today when you think about the West operation. First is the vast scale and reliable operations that we have. As you know, Williams has a history of investing in the infrastructure in the West, and we have very large scale there -- to the point that, consistent with the Williams strategy, we have leading positions in each of the basins that we operate. And we are very focused on safe, reliable, and efficient operations, and leveraging our large footprint to drive competitive fees for our customers and create value for them.

Second, we have significant and stable high-quality revenue. The West is a large contributor to Williams's bottom line. In fact, in 2014 the West area contributed 36% or $631 million to Williams Partners' segment profit. And that is underpinned by high-quality long-term contracts.

And, lastly, we are seeing more demand pull and demand growth throughout the West. So as I said, we have a large footprint that connects really good supply with some premium markets. And now, with the abundant low-cost natural gas that we are seeing, we are seeing the emergence of new demand markets in the West that we feel we are uniquely positioned to serve.

So a little bit closer look at the assets that we have in the West. Here we have a map of all our assets and facilities, and you can see that we have that significant scale. On the gathering and processing side we have 4.4 Bcf a day of gathering capability and 5.2 Bcf a day of processing capability, and we also produce a tremendous amount of NGL liquids.

One thing we are very proud of is the reliability we have on the gathering and processing side. In first quarter of 2015, very pleased to report that we achieved over 99% reliability for our producer customers. So in addition to the competitive fees that we offer to our producers that creates value for them, we also create significant value through the high reliability that we offer.

You can also see the Northwest Pipeline system on our map, which is our interstate natural gas transmission system in the Northwest. The Northwest Pipeline system spans six states, serving a lot of local distribution load in the Pacific Northwest as well as meeting the industrial and power generation needs in the Pacific Northwest.

Once again, very proud of the reliability that we have in the Northwest system. In 2014 we achieved 99.9% reliability in our firm transport, meaning that for our firm transport customers, they were able to nominate their preferred path and flow 99% of the time reliably. So very strong reliability numbers.

We are also expanding the footprint of the West. Through the Access integration, as Bob mentioned earlier, we've taken the assets that we had in what we call the Niobrara area and integrated that into the West. And just recently we commissioned a plant called the Bucking Horse Plant to create additional processing capacity for our key customer up there, Chesapeake.

I think this is a great example of how Access and Williams can integrate and collaborate to bring on high-quality assets and create additional services for our customers. So I'd like to show this video to show you exactly how we brought this plant online and the value that we're creating with it. If you could roll the video.

(video playing)

So I think a really good example of how we've been able to merge the two cultures together and create additional value for the greater Williams. And now the volumes that we see from that Bucking Horse Plant and the associated revenues are part of the strong stable revenues that we see in the West operating area.

So we've been increasing fee-based revenue over the last several years. And for 2015, we anticipate having fee-based revenues of 87% of the revenues in the West out of the $1.2 billion gross margin that we expect. So we've been -- continue to focus on fee-based contracts and looking at ways to expand that and grow that business.

Looking at a little closer at the gathering and processing side and the stability of the revenue that we have there, we have very large scale throughout the West, and there are prolific reserves. So we're very optimistic and confident that over time, these reserves will continue to get developed just because of the size and magnitude of the reserves that we have in the West. And we're very well positioned to capture those reserves. We have large-scale competitive positions, and we can link up our gathering and processing with NGL solutions as well as downstream pipeline solutions as well with our other assets.

We generate strong cash flows from these. And as we continue to operate these assets and grow these assets, we continue to find and capture additional operating efficiencies. We also have the ability to quickly ramp up or throttle up our capability to meet the producer's need. So as they look at this acreage, and develop it, and throw more rigs back at it, we definitely have the capability to go provide the services that they need so they can produce -- so they can bring on their production.

Lastly, we're always also looking at ways that we can expand the midstream services throughout this region and provide more value to our customers. So we're looking at things like liquids gathering and also collaborating more closely with the producers as they look to develop new shale plays, especially oil shale plays.

So in looking at the volumes that we have on the gathering and processing side, you can see this quarter-over-quarter chart that looks at the last couple of years. You can see the very stable volumes. There's a little bit of fluctuation, but really that's just some seasonality, because you have some impact from the winters.

So the thing that really underpins this and creates that stability is that 96% of the volumes that we flow are coming off the dedicated acreage. And so those are dedicated volumes that are committed to us under longer-term contracts. So we see a lot of consistency in the volumes that we flow. Also, we also have price escalators on our contracts. So that further reinforces the revenue stability that we're seeing in the West.

So now we'll look at it from a producer's perspective. On the left on this chart on this netback analysis, you can see we have in yellow the gathering, and then the processing, and then the T&F fees or transportation and fractionation fees that a producer would typically pay for gas that's coming into our Opal facility.

So that totals up to somewhere a little over $0.75. And then if you look on the right side of it, you can see the commodity value of the products they are producing. You see the gas and then the NGL uplift, and that is definitely north of $3.00.

So when you look at the margin that a producer makes, he has definitely strong incentives, strong cash flows, and wants to keep producing this. Obviously, they want to keep the cash coming in the door. So we see very little concern in the West for the types of contracts that we have for any sort of curtailments or producers shutting in production. So we really see our revenues as very strong and stable.

Now, looking at the Northwest Pipe side and the ways that we create value for our customers: first, the Northwest Pipe system creates a lot of optionality for our customers. You can see on the map our customers are able to source their supply either from British Columbia or Alberta, or also from the Rockies or San Juan areas. So that creates a lot of value for our customers, as they are able to look across those areas and figure out how they want to source the supply to get it to their customers.

Actually, we have a very competitive, strong position in the Northwest. And in a number of areas we are the sole provider or the main provider. In fact, in Washington we deliver 88% of all the natural gas needs in that state. So we have very key assets, very strategic assets.

Also, this is a very expensive place to build pipe, so the existing infrastructure that we have is very valuable. It's very difficult for anyone to come in and replicate, so it is a very competitive strategic advantage for us.

Lastly, the reliability that we provide on the system creates an advantage for us as well. It's also a lot of value for our customers. The quality that we have on the Northwest Pipeline is very high-quality revenue. So we have very high-credit customers; specifically, for the ones that are publicly traded, 88% of the customers are investment grade, so very high-quality credit.

We're also very focused on working with our customers and looking at what their needs are, and looking at opportunities to extend contracts to continue to meet their needs. So very pleased to say that we are a fully contracted pipe and we have an average contract life of greater than nine years. So very strong, steady, stable revenue.

As I said, we work very closely with our customers, and we very much value strong relationships with our customers. One thing I'm very proud of is the rankings that we get in some of our surveys. As an example, we just received a number two ranking out of 22 pipelines in the mega or major category by the Mastio survey. So very proud of that ranking.

And then on the Energy Insights survey that we also perform, 100% of our customers came back and said that our service was as good or better than our competitors. In fact, 42% said we're better, and then another 44% said we are much better. So very pleased with the results that we get there. Very proud of how our team works very closely with our customers to meet their needs.

Some interesting market dynamics that we've seen recently on the Northwest Pipeline is the basis spreads and the power generation. So we've seen a lot of Canadian supply being somewhat disadvantaged and lower price on the market; so we've seen a lot more throughput on our system, on the Northwest system, of people playing the basis spreads. And we anticipate that going forward. It seems like there's going to be continued long supply in Canada, so we see that's going to be slightly disadvantaged. And our customers will continue to play those basis differentials and transport gas primarily from Canada to the South, as well as sourcing their delivery markets.

So we continue to see that increased throughput going forward. And the other thing that we anticipate as an increase is power generation. As you may know, it was a pretty low snowpack year in the Pacific Northwest, and that drives a lot of the hydropower generation. So we anticipate seeing much lower levels of hydropower generation, and that will actually increase the throughput on our systems for gas power generation. So that kind of leads us into a longer-term view of opportunities that we see within the West.

You've seen the slide before for some of the other areas. And this focuses in on the growth opportunities that we see in the West. I'll hit some of the specifics on Northwest Pipe in a minute, but first I wanted to focus on the gathering and processing.

As I mentioned a few minutes ago, we are focused on ways to expand the services that we provide the producers in the GMP space. Some of those things are looking at liquid gathering opportunities in Wyoming; and then we also see opportunities to better partner and collaborate with producers, especially in plays such as the Mancos Shale in our Four Corners area, and working more closely with them in a new play to think more efficiently about how we spend the capital between the upstream and the midstream to effectively build out the infrastructure to exploit that play. So we're working with producers and trying to create deals so that we can more efficiently bill that infrastructure and provide services for our upstream customers as well as enhance our revenue opportunities.

Looking specifically at the Northwest Pipeline system, we see a lot of the demand picking up and a lot of the demand heating up in the Northwest. We'll talk about the LNG opportunities in a moment, but we see a number of different opportunities as well with methanol export. We see some increased industrial load with fertilizer plants, and then also some coal conversions that we see increasing the natural gas power generation load.

We're very excited about the methanol export opportunity. We see this as a really strong potential and viable project. What we're seeing there is a desire to take the low-cost abundant natural gas we have here, convert it into methanol, and at these terminals then ship it over into the Asian market. And then over in the Asian market, particularly in China, use that methanol to make olefins -- which is a far more cost-effective and environmentally-friendly way than what is currently being done, and it helps to meet the ongoing growth needs that they have for olefins.

So it's definitely more cost-effective than some of the oil-based olefins and far more environmentally friendly than the coal-based olefins that they are currently making. So we see that this market definitely has strong potential. And it's definitely well situated for us to be able to serve that need.

So you can see that we also have some expansion opportunities associated with LNG. You have the Oregon LNG project, and then we have our Washington Expansion project that would come down the I-5 corridor and create additional capacity on our system to be able to serve that LNG terminal.

And then we also have our Pacific Connector Gas Pipeline project, which would help serve the load for the Jordan Cove LNG project. Jordan Cove is a terminal that's being developed by Veresen. And the Pacific Connector Gas Pipeline project is a joint venture between Veresen and Williams to be able to supply that terminal. It's a 232-mile, 36-inch high-pressure gas pipeline that would deliver approximately 1 Bcf of capacity.

This pipeline would also give good supply options to the LNG customers, because they would be able to source their supply either from Canada or US supplies. So it gives some good flexibility and really creates some incentive for them to go forward with this project. So we have Veresen, and they are finalizing design, and permitting, and approvals and everything on the terminal project. And then Williams is working on approvals and design and everything on the pipeline side. So we see still good potential for this project and are optimistic that we'll be able to get a deal in place and move forward.

So when you're thinking about the West operating area, a few things I want you to keep in mind. First, we have very large-scale, great infrastructure in place with safe, reliable, efficient operations. We have strong, consistent reliable revenue that's underpinned by long-term contracts and dedications.

And lastly, we are seeing increased demand, which is going to create additional opportunities for growth, especially on our Northwest Pipeline system. So in summary, this really is a good example of how we're trying to match very good supply with the best markets -- a key to Williams strategy. And with that I'll open it up for any questions.

QUESTION AND ANSWER

Unidentified Audience Member

You showed the supply that was actually running through the gathering pipelines early on. How much capacity have you added since the beginning of 2012? How much has gathering capacity gone up as those volumes have stayed flat? I'm just trying to get a sense for -- you are putting more capital into an area that is -- looking at other midstream operators -- just seem flat to declining in production. Thanks.

Walt Bennett - ***The Williams Companies, Inc. - SVP, West***

So there has been -- I don't have the exact number -- there has been a small amount of growth. We continue to put in kind of satellite compression stations in areas to create some additional capacity, in some cases just lowering pressure that the producer wants to see, just because as their wells mature and they bring on other wells, they just need to bring the overall field pressure down.

So I don't have an exact number. We continue to kind of grow to meet the needs of the producers that we have and the dedicated acreages that they have that we are getting off of. We see some going forward, but -- you know, over the next couple of years. But what we anticipate, similar to what Alan hit on later, is that longer-term, as you have bigger and bigger demand coming on, is that the Rockies will grow more at that point to meet the needs of the market.

Unidentified Audience Member

I'll just take one more. You were mentioning as part of the basis trading that you are expecting AECO to stay at a discount. Do you see any of the Rex reversal pushing any of the discount back to the Rockies? How might that impact netbacks for your customers?

Walt Bennett - ***The Williams Companies, Inc. - SVP, West***

Sure. It definitely has the potential, once that Rex reversal goes in service -- it definitely could push back some of the Rockies' supply and kind of keep it in the area. So that could definitely make it more preferable for our customers to source some supply from more Rockies gas instead of the BC or Alberta gas. We'll just have to see how that plays out.

I bring that up to say it's flexibility and good optionality for our customers. On the Northwest Pipe system, it doesn't have a huge impact in terms of our revenues. But we like to, as we've talked about in other areas, make sure that we are kind of creating that flexibility for our customers as they can realize the best netbacks and the best values.

Unidentified Audience Member

That's not your base expectation, for instance, to see whether Opal or Cheyenne start trading at a big discount again, if you will, which could then in turn pressure your gathering volumes in the region? I guess that's what I was trying to get to.

Walt Bennett - ***The Williams Companies, Inc. - SVP, West***

Yes. It could have pressure on it. We still see that consistent volumes going forward. That's the reason why we we're looking at that netback analysis, because even with prices coming down a little bit, there is still strong incentive for the producer to keep that production going. In the conversations that we have with our producers, we still see volumes staying pretty consistent.

Unidentified Audience Member

Could you just give us a little bit more on the timing for the design and approval process for that Jordan Cove LNG plant, and where it stacks up with all the other plants that we hear about on a cost basis? Even though it sounds like it has a little geographic advantage there, how are other costs overall?

Walt Bennett *- The Williams Companies, Inc. - SVP, West*

Sure. That's been heavily regulatory -- dependent on approvals. And it's been a little bit of a moving target. You know, we anticipate that it could be in the 2019, 2020 in-service timing, between the terminal and the pipeline. But once again, it's very dependent on all the regulatory approvals that are needed.

There is a big competitive advantage from a shipping perspective when you look at going to the Asian market. The same is true for the methanol terminals, as well, when you look at the Pacific Northwest. Because if you look at the shipping time from the Pacific Northwest over to -- whether it be Japan, or China, or wherever it is, it's half the time that it is from the Gulf Coast. So that really creates a big advantage for LNG terminals in the Pacific Northwest versus Gulf Coast or methanol terminals. Either way.

The one difference I guess that we have with Jordan Cove is there is going to need to be additional pipeline infrastructure that's built for it, whereas some of the Gulf Coast terminals -- they have a lot of existing, legacy capacity that's there that they are able to leverage off of. So exactly where those things wear out, or how they shake out, and the viability of which really comes down to kind of the total delivered cost -- that we think Jordan Cove is competitive with Gulf Coast projects when you look at it from delivered standpoint to the Asian markets. And Veresen right now is actively working on getting those customers signed up into long-term contracts, and we hope to see that soon.

John Porter *- Williams and Williams Partners L.P. - IR Director*

Thank you all. Next up is Rory Miller with the Atlantic Gulf. Thank you.

PRESENTATION

Rory Miller *- The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area*

Good afternoon my name is Rory Miller; I'm the Senior Vice President of the Atlantic/Gulf operating area. I guess I better get my presentation queued up here.

Just a brief overview of what I'm going to be talking about: our large-scale assets in the Gulf of Mexico, particularly the Deepwater assets -- I'll touch on those a little bit. And then I'll probably spend the majority of the time, though, talking about our Eastern Interstates group; the projects that are underway; and maybe a little flavor on what is to come there.

That term, Eastern Interstates -- I'll just maybe stop right here and say that is a new term that we started using at Williams about four months ago. It was getting a little awkward with Transco, and Gulfstream, and Constitution, and Pine Needle, and Cardinal. All those assets are in the same franchise, per se, and we are calling that Eastern Interstates.

Just some key themes that I am going to be touching on is as we move through the deck, maybe starting on the left -- left to right. Obviously a lot of growth on Transco -- I'm going to be spending a lot of my time in today's presentation talking about the growth on Transco. I know we've been beating that drum for a long time, but it's a great story. And I think the bottom line there is somebody 60 years ago put this pipeline in a fabulous spot on the Eastern side of the Appalachians, and we're harvesting the benefits of that now.

I also want to talk a little bit about our track record of execution. And I realize we're in the state of New York right now, but if we excepted out our projects in the state of New York, I think we'd have some really good performance to show in execution.

I guess in general I'm talking about Constitution and our Rockaway project, which was about seven years to get that done. So a couple of slow movers there. But what I'm referring with my team for 2015 is the Magnificent Seven. We've got seven projects in the Atlantic/Gulf -- seven major projects that are going to be coming online. And those make a big difference in our earnings potential throughout the year.

The good news is four of those are finished. Mobile Bay South II and CPV Woodbridge -- those were finished in mid-March and started flowing April 1. Northeast Connector started flowing partially last year. That project is all finished out. Rockaway is all finished out as well, and those I believe will start flowing tomorrow.

So we've got three more to go. Four of the Magnificent Seven are underway and online. And then that last panel there talks about the unique capabilities we've got down in the Gulf of Mexico. And this may come as a surprise; I know I was having a conversation with David this morning, and he referenced that, well, surely things have slowed down in the Gulf of Mexico.

And interestingly enough, the latest issue of Upstream talks about the drilling and the number of rigs that are deployed in the Deepwater Gulf of Mexico. And if you compare back to last year, it hasn't moved a bit. I think we are seeing rigs moving more to drill developmental wells and maybe away from expiration wells, and drilling smaller, maybe middle-Miocene type wells that are great for tiebacks.

So I look at the environment; I look at some of the cash flow issues the producers are having. It's really a pretty good climate for our business plan. I think it's a time where producers would be very interested in laying off some capital, and I think we are well positioned to keep that business moving forward.

I had a slide very similar to this last year. And I talked a lot about supply push and demand pull. I said that over and over again. And I think things have changed a little bit this year.

If you go back to whenever that was -- third quarter of last year, when we saw the commodity prices take that nosedive -- that doesn't mean there's not a lot of supply there to push, but I think it has put producers in a situation where they are probably not feeling comfortable enough to go out and sign up 15- and 20-year deals with folks like Transco.

Nevertheless, it says up there we're taking the best supplies to the best markets. We really do have fabulous markets on the Transco system. And I'm going to be talking a lot more about that. We continued to see the sales funnel at Atlantic/Gulf full of potential projects. And we always win our fair share of those. So I think there will definitely be more to come.

This is just a little transition slide here, but I think since Alan talked a little bit about Devils Tower this morning, I might just make a comment here. On the right-hand side, that's our Devils Tower spar. We built and have owned that since its inception, and that went online in 2004. So it was a full decade later that Gulfstar came online. And we've been talking a lot about Gulfstar the last couple of years, and it's doing great. But this asset is still a very important asset for us. And when I get a little deeper in, I'll talk about some of the tiebacks that are coming to that this year and next.

The headline there says the fastest growing interstate pipeline systems. Transco, by the way, is the biggest interstate pipeline system. So that's a nice combination -- being the biggest, being the fastest-growing. This lineup of projects is our latest look at what the pipeline of pipeline expansions looks like.

If you look on the bar on the left-hand side of the screen, you'll see the capital that is put into service in 2015, 2016, and 2017. So that Magnificent Seven that I talked about for 2015, that's that $1.4 billion worth of projects that we're going to put in service this calendar year. Actually, that's six of the Magnificent Seven. So I'll get to the seventh when we get a little deeper in.

And then you can see 2016, not a lot to talk about there. In 2017 we have a whopping $3.3 billion of projects that we're going to put into service on our Eastern Interstates asset group. So we just keep marching on there.

Let me change gears on you a little bit here. I'm going to move into our midstream franchises. Gulf West I'll start with, and maybe just a brief overview of how we make money out here -- what the business is.

The lion's share of the profitability starts out in the Deepwater. We have oil pipelines, gas pipelines. We gather it into the beach, we process it, and we send it down the road for fractionation. That's where we make most of the money today. And in fact, you can see the line goes all the way down to the international border there with Mexico.

That field at the end there is collectively called Perdido. That's a Shell development, and that's an important part of our earning power out here. That field has been online almost 5 years now, and it's making 90,000 barrels a day, 175 million cubic feet a day of gas. And it's making more today than it ever has in its five-year life. So just a fabulous producer for Chevron and for us.

The other way we make money out here is we process Eagle Ford rich gas. And we don't process any from Bob's area, but maybe one day we will. You can see on the extreme left-hand side, it says Eagle Ford shale -- if you are not too far back, you might be able to see it. But that's the Access Midstream assets. And hopefully one day we'll get a chance to process some of that at the plants as well, but right now we are processing Eagle Ford shale that's being gathered up by other parties.

And then kind of a third opportunity here, or a collection of opportunities, are being driven by the energy reform in Mexico. Just south of the Shell Perdido field -- I mentioned the international border -- just on the south side of that border, there have been five discoveries made by PEMEX in just the extension of that same play. That's a lower tertiary discovery, there; all five of those are.

They are going through round one later this year. And so once they get those concessions let, development will start up. And we think we are in an absolutely fabulous position to either supply Gulfstar's; or, if we don't do that, at least provide the pipelining to clear those barrels to the refineries in the US, and into the gas system, and hopefully back to Mexico eventually.

The other Mexican project that I want to just mention briefly -- you see the dotted line that comes by Markham and then skirts along the Outer Continental Shelf -- that's an export line to Mexico. They are coming out with an RFP on that project in June, and we think that perfectly fits our skill sets. There aren't a lot of people that do this kind of work anymore in the Gulf of Mexico. And this project actually looks like almost a little longer mirror image of Gulfstream, where you are compressing everything at the beach and then sending it a long ways offshore to a distant beach approach. This one ends down in Tuxpan.

Let me move on to the Gulf East -- this is just south of Mobile. Probably the biggest story here is what's going on at our Gulfstar facility. That piece of equipment is performing extremely well, and I'm happy to say the wells that are tied in -- the Tubular Bells wells are performing very well as well. I think we are doing around 40,000 barrels a day and about 85 million cubic feet a day of gas out of that facility.

And the wells are still ramping up. You don't want to pull them too hard; you can pull water in. And I'm not an expert at that, but I've been told by the operator that they are ramping those up. And then they've got a fourth well that is going to be coming on the summer. So that whole project is going extremely well.

The Kodiak: I mentioned the Devils Tower floater. We saw a picture of that. The Kodiak prospect or discovery, actually, is being tied back. And our target is to get that on by the end of the year, and it looks really good so far. I think we have a great chance of making that. When you are working offshore, anything can come up. But things look good on that project right now.

And then on Gunflint, that would be another tieback that would feed to the Gulfstar One project. And we're shooting for something towards the middle of 2016 on that project. And then we've got additional potential out here, where we are working hard to try to participate in the Appomattox development out there as well as Taggart, which would be another tieback to Devils Tower. And we'll just have to see how those turn out, but I feel like we're in very good position on those projects.

The next Gulf Coast franchise that we've got is the Discovery system. What's on this slide is mainly about the Keathley Canyon Connector, and that's our new project that just came online right at the first of this year. It's got a 400 million a day capacity on the pipeline, and today we are doing about 385 million a day. I believe there are some limitations -- and the facility is not on our pipe -- but that are holding it right at 385 million. And that's a volume that can be maintained for quite a while.

So, anyway, everything is going exceedingly well there. It feels great to be up and running. Our plant at Larose -- it's an onshore gas processing plant. We've had 700 million a day there at the front end of the plant the last couple of days. And the plant is nominally sized for 600 million a day. So the guys are working hard, and they are delighted when -- nothing makes an operations guy happier than to have a full facility, and so we've got a lot of happy people down in Larose, Louisiana.

As you can see, there are a number of prospects and discoveries along the route of the pipeline, and this really understates what's going on out there, but it just started getting too busy.

The next thing that will come on will be Heidelberg and that's going to be next year, 2016, and just a whole bunch of additional projects coming up. Probably, I am guessing, we would see those starting to first flow around maybe 2019, but more likely 2020, 2021.

And I have talked a little bit about some of these big, large-scale, complex, highly technical projects that we've been doing for years in the Gulf of Mexico. I've got a video here I want to show you and I think this will give you a good idea the scale and the scope of some of these projects. So, let's roll that video.

(video playing)

That fellow on the video there was [Kevin Rheim]. He is our general manager over that asset, has been for probably, I think, eight years. It's been quite a while, but he does a great job, and I was glad Kevin got to be on film and tell about that project. That's definitely near and dear to his heart.

Just a quick comment here. I don't know if anybody recognizes the skyline, maybe the people on the front row can recognize that skyline on the left-hand side of the screen. That look familiar? Yes, that was the offshore spread that we used when we were drilling the Rockaway Beach. That was a project for National Grid.

We also looked at that junction platform on the last video and that's the jacket that goes underneath that topside that we saw those men out working on.

I love this slide. It's one that has been here before, but it just keeps getting better and better so I'm bringing it back. Along the bottom, it shows the years. It runs from 2003 over to 2017 and that's what we have issued guidance through is 2017, so we are taking it out that far. And then, we got dollars on the vertical axis there.

So, what those bars show is how much capital we are putting into service each year and what that orange line shows is what the firm capacity of the pipeline is each year. I think it is an end-of-year number.

And there's a little factoid there. You saw our peak day. We reached another one on January 7 of 13.4 Bcf a day. That's a lot. And then, I will also ask you to just look at that number in 2014, that 10.8 Bcf, and then in 2017 you see the capacity going up to 17.7 Bcf a day. That delta there is 6.9 Bcf, so I want you to hang onto that 6.9 Bcf.

This slide shows how we got from that 10.8 Bcf to the 17.7 Bcf, and if you went back and looked at the long history of Transco, you would see that almost all the contracts were with LDCs and hardly any producers or anything else on the system, and it has really changed quite radically.

And this pie chart here shows what the different mix looks like, and the producers -- a lot of these new projects do have producers in them. 29% of these projects are driven by producers. 34% are power plants. Those would be direct connected power plants. 25% is going to LNG export and then 12% to the LDCs. We don't know what goes into that LDC number, but it's -- there are probably some power plants in there as well.

These are all contracts 15 to 30 years in duration, and we think that's a very nice and well-balanced customer group there that is helping to drive this growth.

Probably the newest project that we have got, we did press release this not too long ago. This is our New York bay project. This starts at Station 195 and then there are two delivery points in New York, the Narrows and the Rockaway delivery point. So the Rockaway project that we have been telling you about for seven years, it is only 3-1/2 miles long, but this is a project to bring more gas to the front end of that 3-1/2 miles of pipe.

So this is with the customer National Grid. It should be in service late 2017, so it does make it onto the bar chart on the previous table. And interestingly enough, this was -- we did provide negotiated rate on this project. The customer has taken the recourse rate and so this will be a cost-of-service deal. It's a little lower rate, but we don't have the exposure to a cost overrun under that scenario.

Atlantic Sunrise, I did want to talk a little bit about Atlantic Sunrise. This is our biggest project that we are doing in the Atlantic Gulf right now. If you look at that red shaded area, that's the path of the -- that the contracts are issued under. In other words, you can flow your gas along that path if you have a contract in Atlantic Sunrise.

And the little T up at the very top of the picture, that east-west part of the T, that's the Leidy line. So when you saw John and Jim up here talking about northeast Pennsylvania, the gas that is going to be going in, a lot of the gas that will be going into the project will be gathered either by Jim's system, the legacy Williams system up there, or the new access system that has been brought into the Williams family in Bradford County, so a lot of that gas is coming out of there and other points.

Then the bottom of the T that runs down to 195, that's all new greenfield pipe, and we have about 85% of that land optioned right now and making good progress on the rest. We have already filed for a FERC certificate on this project and we have got a second-half target of 2017. Right now, that date is looking very good. Everything on this project is looking in the green right now. It's -- knock on wood.

This runs down to Station 85, so remember that and we will come back to that in just a minute.

This next slide is about our project that we call the Appalachian Connector, and I know a lot of you have asked me about this at least on the sidebars, the breaks, and this morning. But this is a project that we are still looking to fully define.

We went out with an open season for this pathway that is shown on the map last year and we got a lot of people that bid on this capacity. The problem was just about the time that was all going on, then the prices dropped and I would say the producers, as I mentioned before, in this market are pretty reluctant to make these dedications to these long-term deals.

Nevertheless, the market hasn't slowed down a bit. The market side is definitely looking for new projects, new way to get supply into their systems and into their plants.

So this is still a work in progress. The thing that we hold that we think is a very valuable currency is an inexpensive expansion from Station 165 down to Station 65, so this one goes a little further than Atlantic Sunrise. It goes all the way down to Station 65.

We have had opportunities -- we have had projects we could have done out there. We just want to make sure when we decide to use that space that we are using it in the most effective and efficient and valuable way for Williams and our shareholders. So, more to come on that. It's been worked hard, but it hasn't been fully defined yet.

I am going to go kind of quickly through these next slides. It just shows by area which projects go where, and I think this is included maybe on some of the other slides as well, but these colorings on the lines, those show the pathways that the contracts provide. And so, you can get a little idea of just how convoluted some things are up there.

Certainly that orange line that comes straight down for Atlantic Sunrise, that's all new greenfield pipe and that's relieved a lot of pressure on that part of our system that goes in to New Jersey there.

Projects that are going to be online this year, as well as those four that I mentioned right off the bat, Leidy Southeast is going to be coming on very late in the year, and you can see CPV Woodbridge, that's already online, Rockaway and Northeast Connector done as well.

Moving a little further down the line into the southeast, this part of the system is really being driven by new power plants and power generation loads. Also, down at the bottom of the screen there, you can see the Mobile Bay South III project. That came on in April, so that's where that one is located.

And then, Virginia Southside. We have some portion of this project already online. The rest of it is going to finish up, I think, around the third -- end of the third, start of the fourth quarter, Virginia Southside will be finishing up.

And this is a very good project, probably a nice project that is representative of what a Transco project might look like, a little compression add. This particularly had some greenfield pipe on a lateral that's heading over to the plant.

So, I've got a movie on this one, too, and let's go ahead and roll this and see what we can learn.

(video playing)

If that guy sounds like a guy on the news, that's because he used to work for one of the local stations. He works for Williams now, but he's got a great newscaster-sounding voice.

The last area on the pipeline that I wanted to touch on was the Gulf Market area and we announced quite a while ago our Gulf Trace project. That is a 1.2 billion a day project serving Cheniere's facility in the Johnson Bayou area. That South Louisiana market project is for a methanol plant that is being built down there.

And then, there is probably a little confusion here. There is a project there named Gulf Connector. We had been calling that Gulf Market. We have been through the open season. We are perfecting the precedent agreements on that project right now, but we found out about a week or two ago that somebody was using the name Gulf Market, so we changed it to Gulf Connector, just so there is not any confusion. That's a project that is well underway, and hopefully in the not-too-distant future we will be able to announce something got done there, but we're just going through the process of the open season right now.

In summary, I think maybe it's best to just take a look at this growth, what have we already got in guidance, what have we got that is under negotiation, and what is in potential. Everybody that preceded me went through this. You can see we have got a very good-sized chunk of this $30 billion beach ball, so I will just hit some of the growth opportunities where I see that yellow piece of pie coming from.

So the first one, numerous demand-driven Transco projects. I think of those as the singles and the doubles up and down the pipeline, and there are a lot of those still coming, so we got the team working hard on those.

That second bullet, infrastructure to connect Marcellus/Utica supply to Transco's southeast markets. That's a strategic objective. Jim talked a lot about it. I think Alan talked about it as well. We would love to find a way to get connectivity from that gathering area in West Virginia and southwest Pennsylvania and bring that down to the Transco system, so we are continuing to work on that.

There continues to be a lot of LNG opportunity, more so in the Gulf Coast than other areas, but there is some along the Atlantic Coast as well. And then, industrial customers, but that's never been a big load for Transco, but we are seeing more and more opportunity in that area. And then, I am hoping it doesn't take another 10 years to sell our next floating production system and we have got some good leads we are working right now, so I suspect it won't be that long.

The tiebacks are probably the best business that we have at all of everything we do in the Atlantic Gulf, and we will be looking opportunistically to find places to tie back wells to our existing facilities.

And then, I mentioned the Mexican projects and I think those are real this time. I know we have been talking about projects in Mexico for a long time, but these feel like they're really about to get off the ground.

So in terms of wrapping up, stable, repeatable cash flows. We looked at project after project, most of those are demand charges. Even the offshore projects have very significant demand charge components or fixed fee components that go with them. We have got a proven record of execution and we have got a big lineup this year and we are well on our way to retiring all those projects.

And maybe the best news of all, the hits keep coming. I don't see any reason why next year I can't be sitting here and us continuing to show that we are winning new business and new opportunities in this part of the business.

So I am going to stop right there, see if there are any questions. It looks like there is a couple back there.

QUESTION AND ANSWER

Carl Kirst - ***BMO Capital Markets - Analyst***

Couple of questions on sizing. Is it possible to say at this point, for instance, what a bookend or ZIP Code for investment might be if the Markham to Mexico project went forward, given that it's underwater and it looks like a fairly lengthy distance?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Were you asking for the capital --

Carl Kirst - ***BMO Capital Markets - Analyst***

The capital, yes.

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

The capital, yes, that's going to be an RFP and that is going to be bid, but I will just tell you that would probably be the biggest energy project we would had ever done. It's multiple billions. It's not just a couple billion; it's a couple of couple billion.

Carl Kirst - ***BMO Capital Markets - Analyst***

Fair enough. And then, just a follow-on with the market connector market, your Gulf Connector, I guess we're calling it. If I think about that from Station 65 down south, and I guess I am thinking of Appalachian Connector going down to 65, but Station 165, if I recall correctly, is pinched. It needs to be debottlenecked.

Is one contingent on the other? Is Gulf Connector contingent on Appalachian Connector debottlenecking Station 165 and coming down, or would that just be linked to whatever local supplies, for instance?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, one is not contingent on the other. Those projects can be sold out separately, and there is just so much connectivity and we have got so much supply optionality, they really don't need to come.

I was making that point about showing you, though, that the project -- one project goes to 65. The Gulf supply area projects start at 65. There is a little bit of elegance to it. it basically means you turned around the whole system and there is a completeness to it, but, no, Carl, they wouldn't need to be done together.

Carl Kirst - *BMO Capital Markets - Analyst*

Thank you.

Unidentified Audience Member

I have two questions. First, earlier today during the northeast part of this presentation, Jim and John talked about going after new packages, new acreage. Can you guys offer a bundled service, saying we will gather and process your gas and we will also take it away through the Appalachian Connector, or are those independent processes?

Rory Miller - *The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area*

They are independent in the sense that the interstate pipeline projects have to -- there are certain rules, but it doesn't mean you can't right alongside it negotiate for the unregulated business as well. So, in essence, you could put package deals together.

There's a few complications in that normally you have got an open season involved in there somewhere and you have got to make sure that you are doing it in an open access kind of way and meeting those rules and policies that are out there, but there's no reason you couldn't put them together, to answer your question. It probably sounds easier than it is, though.

Unidentified Audience Member

The second question is how difficult would it be -- from the producer perspective, isn't it cheaper to go through another pipeline that interconnects with Transco and eventually get onto Transco that way? Or can you talk about the cost advantage of actually directly connecting to Appalachian Connector versus, I don't know, connecting to TEPCO and then to Transco?

Rory Miller - *The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area*

Yes, good question. It is almost always cheaper to travel somewhere on a pipeline that was built 60 years ago than one that was built last year. Those are huge differences, okay, and I wasn't trying to be glib.

So if you can get a ride on an old system, that's best. I think some of the issue, though, is in areas where there's just been this huge explosion of new gas supply in an area that typically didn't have any. The new supply is overwhelming the physical ability of the legacy systems to clear the gas out of the area.

So, yes, everybody would love to be on the old system. You guys go pay for the new system; I am going to ride on the old system. That's where you want to be. Unfortunately, there is just not enough old system to go around for everybody.

Unidentified Audience Member

Okay, and then the last question. Let's say Appalachian Connector does go through. Would you have to expand the mainline as well or is the flow of the gas changing where there is not as much south to north capacity and you are essentially just displacing that?

THOMSON REUTERS

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, we would have some investment on the mainline or brownfield investment, but it's mainly on -- because we would be reversing the flow of the gas or at least potentially change the plumbing on the system so that if we needed to reverse the flow, we could. The system is becoming quite complex where you have sold capacity to go south to north, which is the original design, and then you also sell capacity to go north to south.

There is a large portion of the pipeline where there is going to be a null point. On each given day when the gas is flowing, there is going to be some point where the gas isn't moving, right? And so, you need to make those investments so that the system can be bidirectional.

But that's what I was talking about earlier. It's a very -- it's much, much less expensive than building a new line. And so, we think that's a real competitive advantage to create a solution that really takes you to real markets, as opposed to just dumping you into the next problem area.

Unidentified Audience Member

And looking at your pipeline map, you have nothing in the middle of the country. Many, many, many years ago, you had something in the middle of the country. Do you need to have something in the middle of the country?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

It would make a better looking map, I know that.

Unidentified Audience Member

And so, what are going to do about it?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, I don't know that's a driver. Certainly, as Bob Purgason mentioned this morning, with the combination of Access and Williams, we are back in Oklahoma. We are back in the heartland of the country and we've had our headquarters there for 108 years or whatever it is and we don't have a single asset, other than the building we own, in Oklahoma.

But I don't think there would be any strategic driver there, unless we just saw a project that from a risk and return perspective matched up well with all of our other opportunities. So, I don't think there is any desire to paint the landscape with Williams assets.

Unidentified Audience Member

Just a question for clarification, same direction over here. You used an interesting word. You talked about projects. Hopefully, this time next year you will be able to talk about your projects in Mexico.

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes.

Unidentified Audience Member

The booklets talked about pipelines Texas to Mexico, different -- big difference in the prepositions. There is a couple small other competitors who have several projects to Mexico, but not in Mexico.

Are you actually actively pursuing participating in the in-country buildout with the -- in Mexico itself, to be able to take from the US-Mexico border south into Mexico, beyond just transporting to the border?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, good question. I think I understand your question.

I think the way that the RFP is going to come out, there would be a portion of the pipeline that would be on the US side and a portion that would be on the Mexican side, and, of course, all I can tell you about is intent right now because the RFP hasn't come out, but we're interested in looking at both of them, okay?

And as I understand it of the information that has been made public, there would be beach approaches. It is not going deep into the interior of the country, but you would have 98% of the assets would be underwater. Good question, though.

Unidentified Audience Member

Are you seeing or do you anticipate having any federal permitting challenges on FERC-regulated pipeline projects, such as securing right-of-ways across public lands at this point? I guess, specifically, are there any right-of-ways that you need that need some sort of congressional -- presidential approval that could get hung up in DC, so looking at Atlantic Sunrise and those types of projects?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, I wouldn't say that there is no chance. The Rockaway project, which we talked a lot about today and we saw the picture of, that required an act of Congress. Those are not easy to get. It was one of the many reasons that project has taken seven years to build.

But I will just tell you in general when we are working with the federal government, the federal government has a -- I know nobody likes to say anything good about the federal government, but they have rules. They are published. They follow the rules.

The FERC, for instance, has a charter. They are apolitical. They just look to see if assets are in the general public convenience. It's a really healthy process, in general.

When you get things that are handed down to the state level, it's a wild card, and so those would be the areas that I would be most concerned about. I do think -- we just talked about the Mexican project, for instance, where there is that little piece of pipe that attaches the US side to the Mexican side. I think that takes a presidential order to do that, so that's an example of something that would be unusual.

Some of the projects you mentioned, Atlantic Sunrise, there could be a state park we are crossing through and I think there is some new legislation out there addressing gas pipelines in state parks. That may clear itself up here before long.

Unidentified Audience Member

When might we know that we are in the clear on that, or when you get better visibility on that, what kind of timeline before you'll actually understand whether that's a risk or not?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Until it's retired, it is always a risk. It may be something that you feel like is not too risky, but until work is retired, it is always a risk.

Usually by the time you get your certificate back -- we've filed for the certificate, for instance, on Atlantic Sunrise -- by the time you get your certificate back, you have gotten a lot of that kind of risk in the rearview mirror. On most of these, the construction risk is less than just the risk of getting through the permitting process and the siting process.

Unidentified Audience Member

Hi, just a quick one for me. For the portion of Leidy that's currently down in support of the expansion project, can you tell us when that is expected back online and also how much on the volume side do you think is impacted?

Rory Miller - ***The Williams Companies, Inc. - SVP, Atlantic/Gulf Operating Area***

Yes, I don't know the exact particulars on that, but I do know that the work that we are doing here in the summer seasons, we are able to -- we have got multiple lines in the rights-of-way. Up in the area that you're talking about, there is probably at least four lines there.

So, taking a line out of service or even two lines out of service at this time of the year is not problematic and there wouldn't be -- as far as I know, and I will check on this, because you may have something very specific that you're questioning, but generally speaking the pipeline is open for business. All of our contracts are being served and I will check on that. If there is anything that's not true about that, we can get you updated.

John Porter - ***Williams and Williams Partners L.P. - IR Director***

All right, thanks, Rory. Appreciate it. Next up, our Chief Financial Officer, Don Chappel. Thanks.

PRESENTATION

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

Good afternoon. Thanks for spending the day with us, and I'll run through these slides fairly quickly and try to leave as much time for questions as we can. So I'm going to hit some of the old slides that are in the book. Not so old, but a little older than the news we announced this morning, and then we'll go to the news of the day.

So I want to jump through these because they are a little less relevant now, but I did want to mention we've presented this slide before, but again I'd like to highlight the fact that during this three-year horizon that we painted here, 2015 to 2017, we expect more than 88% of our revenue to come from fee-based business. And you can see the breakout here, with 29% of that from regulated gas pipelines, I've already described that, that long-term contracts with take-or-pay arrangements. So very, very solid revenues and margins on that.

Next is the Access Midstream. Bob and John spoke to the Access element as well as Walt did as well, and how stable the revenues are from those contracts. A bit of variability but relatively stable. So again, you'd add those two together and get almost 60% in very low risk, stable contracts.

We then move to the next piece of the pie here, and you have 31% that's in the traditional gathering and processing side of the business, where we typically have some volumetric risk. There are some demand payments there as well, particularly the deepwater. But again, we're sitting on some amazing reserves with amazing systems that give us unique competitive advantages. But there will be more variability in that 31% slice than we might see in the regulated pipelines or ACMP with cost of service and [MBCs].

And then finally you can see the commodity exposed piece there, which is now only 11% of the business. And that yields us 88%. For 2015 it will be considerably higher than that in terms of fee-based percentage because the Geismar plant wasn't operating in the first quarter and it wasn't operating at full capacity in the second quarter.

So, the Geismar margins will be lower in 2015 than we would have expected in terms of a full-year performance or that we might see or expect to see in 2016 and 2017. But nonetheless, 2016-2017, about 88% with 2015 being somewhat higher than that in terms of our fee-based percentage.

Just turn a couple of slides. And again, we've spoken to this slide before, but about 99% of our capital spending is going into fee-based business, and so the in guidance in this 2015 to 2017 period, $9.3 billion of the total picture that we've painted of over $30 billion, but over $9.3 billion over this three-year period, 99% of it fee-based. You heard from our business unit leaders as well as Alan today, our focus is really on building that fee-based business. And you can see here again the split of that, with 52% of it in the regulated gas pipeline. And that's really driven largely by the Transco expansion as well as the new Constitution Pipeline.

And then, moving over to that 21% continued growth in that Access portion of the business. And then finally, other fee-based businesses. So, again, with 99% of our capital going into fee-based, we expect that that 88% will continue to grow over time.

Going to jump forward here to this slide in your book, and just going to walk forward a little bit from 2014 to 2015. You can really see what some of the drivers are. So you had 2014 adjusted EBITDA of about $3.2 billion. We're adding about $700 million related to Access and we have highlighted here that the largest share of that is related to the fact that we acquired controlling interest in Access, and then we consolidated it fully on our books.

So that's the largest piece here, but nonetheless we also have a nice piece of growth there: $130 million of year-over-year growth. And again, Bob spoke to the growth in the business.

Just moving to the right, the $575 million increase is other fee revenues, and that's excluding ACMP. Some of the big drivers there we talked about earlier today as well. Gulfstar, that's really Gulfstar coming into service, albeit at not a full-year contribution this year, but very large contribution this year. Keathley Canyon went into service here in 2015. A significant contribution in 2015. And a variety of other projects; growth in the Northeast and growth throughout our systems.

Moving over further to the right is the increase in the gas pipeline fee revenue. Again, Rory talked about some of the projects that went into service in late 2014 or service in 2015, like Rockaway that's driving the growth in that category.

The next big driver here is the increase in the Geismar olefins about volumes. And that's primarily related to the fact that that Geismar plant was down for all of 2014 and we had a model here to be operating in 2015.

Offsetting that we have the Geismar business interruption insurance that we assumed would be paid to us and we included in our adjusted EBITDA back in 2014 and a lesser amount in 2013. So that amount was included in 2014, therefore it's not included in 2015. The good news is we've now collected about $425 million of our $500 million of limits, and we still have $20 million of limits to collect. The balance was related to settlements. But we've collected about 85% of our insurance limits. We're pleased by that. We have only one insurer left that is holding out and we're aggressively pursuing collection of the remaining portion of those limits.

Just continuing to move to the right, you can see the decrease in NGL margins. So we had all this contribution from our fee-based business and we had a very significant decline in NGL margins along with a variety of commodities. And then, some additional expenses as we've grown the business.

So that walks you from 2014 to 2015. That whole increase there, as you can see, it's up $1.2 billion or 38%. So, as you well know, we had a tremendous backlog of major projects. We've placed many of those in service now. We still have many, many more to go, but that shows you exactly how much contribution we have. There is a contribution, again I'll acknowledge, of $570 million from the acquisition of Access.

Let's now take a look at the next walk here from 2015 to 2016, and then 2016 to 2017. So again, the first is the $425 million increase in other fee revenues. When I say other, that means not Access, not regulated pipelines, so that's our traditional midstream business. That's really a full-year contribution from Gulfstar, full-year contribution from Keathley Canyon, full-year contribution from Rockaway, and a variety of other projects. The Rockaway, excuse me, is over in the pipe sector.

As well, we have a $250 million increase in the ACMP segment as that business continues to grow and those fees grow, as Bob described. We have the increases in our gas pipeline segment again, with projects going into service. We have an anticipated increase in commodity margins but it's relatively modest: $175 million, as we see oil and related commodities moving up. We don't have direct oil exposure, but to the extent that oil moves up, we think some of our other products where we're long -- propane, butane, natural gasolines -- will move up somewhat as well.

And then finally, an increase in operating expenses again as we grow the business. So that walks from the $4.465 billion to $5.315 billion, and let's just take that up to 2017 now. Very similar. Growth in ACMP revenues as well as growth in our other aspects of our midstream business. Again, we talked about growth in the Northeast, as well as growth throughout other elements of our system.

Move over to gas pipelines and we start to see the benefits of the Constitution Pipeline as well as a variety of other projects coming into service. Commodity margin is really not much of a factor from 2016 to 2017. And then, again, an increase in cost as the business continues to grow. So an increase there at the midpoint of our guidance of $5.315 billion to $5.985 billion, or a 12% increase year over year, really with almost no benefit from commodity price change.

So again, very strong growth over this period again this year looking at $4.465 billion. I think we've indicated we expect to be on the low end of our guidance range, so we would expect to be below the midpoint somewhat, driven largely by the fact that Geismar was not operating at the level of capacity that we expected in the first half of the year.

THOMSON REUTERS

And as well, some of the production with Gulfstar and Keathley Canyon came on slower than we expected. Second half of the year, we expect to be quite a bit stronger than the first half of the year, which leads us nicely into 2016 as well as into 2017. So, I wanted to touch on these slides before we walked into some of the other elements of the path forward.

I'm going to flip over to the Williams slides here and again this is very familiar. Projects slide, really nothing new here, but you can see a variety of large projects and what those in-service dates look like. And you can anticipate beyond that, the EBITDA contribution that comes with those.

So the top line, as an example, you can see that $1.9 billion Atlantic Sunrise project with an in-service date there ranging from mid to late 2017. So we really have little to no earnings in 2017 that were counting on. It's really 2018 and beyond where we expect that project to really contribute to earnings, cash flows, and cash dividends. So that's how that schedule works.

I think I've mentioned earlier that, about a year and a half ago, we put in place a new project lifecycle process within our E&C and Williams organization to really ensure that we had better defined projects, where the construction costs and schedule were highly reliable. Since that date, I think our project performance has improved sharply and we would expect to be hitting well inside the mark largely on projects.

Not to say that occasionally we're going to have some projects that go over or take longer, but I think the bulk of the projects we believe now should come in on time and on budget.

Just turning the slide -- again, this is a slide you are familiar with, but again, over $30 billion of either contracted projects or well-defined projects that are in the state of development. Our business leaders today spoke about many of those and this is just the progression. It's been a pretty steady progression where we've continued to take these prospective projects, get them contracted, move them into our guidance. So that lays it out here and I think we spent some time on that today, but that's the picture that I wanted to leave you with in terms of the enormous potential that we see ahead. As Alan indicated, enormous growth in the natural gas business. We are right in the middle of all that. Requires a lot of infrastructure. We have a lot of competitive advantages, and we're getting a lot of business coming our way.

Alan spoke to this slide. I won't spend more time on it. It's there for your reference. And with that I'm going to jump into the new slides. Have to jump through a few of these old slides. And I will note that the deal that we announced this morning came together fairly late, relative to this meeting. We weren't sure we were going to both be able to pull it along across the line before the meeting, so we had to publish a book that did not include that transaction that we described this morning.

So we've had some supplemental materials posted on our website, available here today. I'm sure you picked those up, but that was kind of the explanation of why we have two sets of materials. Because again, that transaction was just finally agreed yesterday and until it was agreed we just didn't have opportunity to publish it.

So, this is a transaction we're very excited about. We think it's going to create tremendous value for Williams investors and it's already creating value for Williams investors as well as WPZ investors and I'll speak about that here as we march forward.

So again, we announced the transaction this morning, where Williams will buy all of the public outstanding units of WPZ, and will do so for stock, 100% stock for those outstanding units. And the transaction was valued at about $13.8 billion based on yesterday's close. The value of the transaction is up somewhat today.

The exchange ratio that we agreed to was 1.115 Williams share for every WPZ unit. The exchange ratio implied by that was about 14.5% based on a 10-day average closing price or 12.6% based on the 20-day average closing price of WPZ. The premium relative to yesterday's close was somewhat higher, as WPZ traded off relative to Williams in the days right before we finalized the deal and made the announcement.

But nonetheless, a very attractive transaction for us and one that we're really excited about. And we think it's beneficial both to the WPZ unitholder and to the Williams shareholder.

Again, a $13.8 billion transaction based on the closing price preannouncement. That's up quite a bit since announcement. It will be a taxable transaction to WPZ unitholders, and it will provide a step up in tax basis to Williams and significant reduction in future cash taxes. More about that to come. The transaction was approved by the WPZ Conflicts Committee, which is comprised entirely of independent directors that have no affiliation with Williams, and they engaged their own legal and financial advisors and very independently scrutinized the transaction. We negotiated with them and we reached an agreement with them yesterday and we signed a merger agreement.

The transaction was then approved by the WPZ Board as well as the Williams Board. And in connection with the closing of that transaction, we announced our plan to boost the third quarter 2015 dividend to $0.64. The second-quarter dividend was at $0.58. Our plan was $0.60 for the third quarter, so that's up about 6.7%. And that annualizes at $2.56, so nice increase in the dividend that we think was certainly supported by this transaction as well and, importantly, we increased our dividend guidance for 2018 -- excuse me, 2016, to $2.85, up about 6.5% from our prior guidance for 2016. And as well, the benefits of the transaction allowed us to extend our view on our dividend growth and extend the 10% to 15% dividend growth rate all the way through 2020.

Felt that that was a nice round number to stop at there, but again, given the kind of opportunity set that we have and now with a substantially lower cost of capital, the kind of coverage we have, we think that's a high level of confidence about our ability to do that.

We structured the transaction to maintain the strong credit metrics and credit ratings. And in fact all the agencies came out with a very supportive commentary, and we would expect when we close the transaction that Williams will be rated mid-triple, stable, by all three agencies -- BBB stable by S&P and Fitch, and BAA2 stable by Moody's. And I think they all published notes this morning indicating their ratings outlook for Williams, post-transaction.

We targeted those ratings because we think it's important as a large-scale infrastructure company with the kind of capital needs that we have and particularly be able to access the market in a very reliable, low-cost way, whether the financial markets are turbulent or stable. And we did the all-equity transaction with WPZ in order to achieve those ratings goals.

As well, we'll have some equity needs. We had some equity needs at WPZ before the transaction. We'll have some equity needs now at Williams in 2015-2016. The amount of equity is, I'd say, relatively modest relative to the market cap of the Company, and we believe it can be satisfied either entirely or primarily through a new Williams ATM program.

And I think you've seen from an example at Kinder how powerful C Corp ATM programs can be. And we certainly don't have an appetite today to that level, but nonetheless a very powerful tool for us, given the capability of the C Corp ATM program with a company that has as much trading volume as Williams.

So, let's talk about some of the more specific value for investors. Again, we come out with a significant increase in cash available for dividend, something in excess of 10% for the three-year period 2015 through 2017. Coverage is also up nicely from more than 1.1 times in 2016 to nearly 1.2 times by 2018. Again, provides a significant amount of excess cash flow to reinvest in the business therefore reducing equity requirements, as well as reducing risk around our dividend increase.

Moving on, the transaction enabled us to extend the duration of our high dividend growth. Again, looking at 10% to 15% growth rate in the dividend through 2020 now, that we previously guided to 2017. And again we now expect that 10% to 15% growth rate all the way through 2020. We have an enhanced growth profile as a result of this lower cost of capital and the incentive -- the absence of incentive distribution rights, which were a nice benefit to Williams but really increased the cost of capital at WPZ, and that was really our capital raising vehicle in a prior form. Taking that away makes the cost of capital that much better, quite a bit better, which we think will drive even greater value.

The good news is we had projects that had very attractive returns and I think the cost of equity capital didn't really get in the way of capturing that organic growth, but we think that the sharply lower cost of capital we'll enjoy as Williams in this simplified C Corp. form will provide even greater spread between return on capital and cost of capital, and enable us to be even more competitive, relative to our competition.

Just to move on here again. Simplified organizational structure. I've got a slide on that in a moment, but it's a beautiful thing in terms of simplicity on a relative basis, and we certainly created a lot of the complexity and we enjoyed many of the benefits of it over the years. But nonetheless the simplicity is something that I think will be appreciated by investors who -- most of you in this room understand the MLP C Corp. parent structure very well, but certainly there's a lot of investors on the fringe that would like to come into the stock but they are a little bit baffled by structure. So I think that will be helpful in terms of the way we trade as well as in managing the business.

We expect some modest synergies. We've only modeled $5 million a year. We think the synergies are likely something more than that. It's largely the elimination of some public company costs and related costs.

Again, we're targeting something in the range of $84 billion enterprise value, and we will talk about that in a moment, how we get to that number and $5.4 billion of EBITDA in 2016. We're targeting debt to EBITDA in the low to mid 4s. Something that allows us to achieve and hold those mid-BBB ratings.

And again, that will eliminate the structural subordination between WPZ and Williams as well as -- and I'd just note that there were some questions regarding guarantees. There will be cross guarantees between Williams and WPZ. The interstate pipelines, Transco, Northwest, will not be involved in the cross guarantees, so their debt will remain independent. And I think that's a point of differentiation that debt holders in those two securities will appreciate.

We received a large step-up and the step is growing from what we presented here. We estimated a $6 billion step-up that would generate $2.1 billion of cash tax savings to be realized over about 15 years. We wouldn't expect to actually utilize any of that until about 2019 or perhaps 2020 because we're not currently a cash tax payer.

I think we've explained that to this audience before as we certainly weren't a big cash tax payer in the near term as a result of a high level accelerating depreciation from the major investments we've made, as well as the cash tax benefits resulting from the Access acquisition. But this provides even more cash tax deferral benefits that will provide a shield for many, many years. And again, we don't expect to utilize much of that until 2019 at the earliest.

In terms of WPZ, I think you can see on the screen how WPZ has reacted today, and obviously investors are excited about the transaction. Again, I talked to the premium, kind of a midteens premium based on the 10- and 20-day closing prices. Something more based on yesterday, given the fact that Williams outperformed WPZ here over the last week or so. Again, PZ went ex-dividend. Williams doesn't go ex-dividend for another week or 10 days, so again that spread widened I think a bit when PZ went ex-dividend.

Moving on to the additional upside. Again, we expect to be able to move that dividend up nicely and we'll have a little bit more on that here in just a moment, and the coverage is very stout with more than 1.1 times growing to 1.2 times by 2018. We expect a valuation uplift. We're seeing some of that today. We believe that we'll see more of that as the transaction closes and investors broadly get to have a great appreciation for the benefits of this transaction.

Let's turn the page here to structure and you can see the existing structure on the left. We're pretty happy and proud of that structure, and we actually like the structure with Williams as the GP parent of an MLP with all the IDRs that we enjoy.

However, the burden of those IDRs to WPZ was getting to a level that was causing WPZ's cost of capital to get to a point where the spread between WMB and WPZ was too wide, and it was time for us to do something about it. And that's what we announced this morning, such that we'll have, one, a simplified capital structure; two, a much lower cost of equity capital and higher cash available for dividends and ability to boost of the dividend, maintain our credit ratings.

So on the right you can see here Williams' much simplified corporate structure, one that we think again will attract a broader base of investors. I think investors will enjoy the enhanced liquidity, relative to what they enjoyed within a partnership like WPZ's. So we had a lot of liquidity in PZ, but obviously at times that liquidity was more challenged then we would expect it to be, given the multiple that Williams trades that. A much higher volume of trading at Williams, relative to WPZ and, therefore, much greater liquidity for investors. And we think again that's a real plus in terms of our valuation.

To get down to some really important metrics here again, accretive -- significantly accretive to Williams' dividend per share, cash available for dividend. And this graphic here is on the dividend per share. You can see on the left there, our second quarter dividend at $0.59, moving up to $0.64 relative to our prior guidance of $0.60. And then in the fourth quarter, moving up to $0.66 versus our prior guidance of $0.61. So, big increase here in the second half of this year, leads us right into 2016.

You can see our track record on the right. We've had some amazing increases in the dividend over the last several years, and our 2015 guidance was at $2.38 and now we're looking at $2.47, with the third quarter actually annualizing at $2.56. And then, 2016 at $2.85 versus our prior $2.68.

And if I look at 2014 just versus 2019, just over the course of several years we more than doubled the dividend. That's a pretty amazing growth rate while building coverage at the same time, and still having a tremendous amount of runway for high growth in the future. So, really excited about the growth in the cash available for dividend and what that does for our ability to pay the dividend while also growing coverage.

Here we go. So, let's talk a little bit about valuation. This slide depicts, first on the top, enterprise value. The Williams pro forma is a forecast, and that's based on some of the math we see down below, but you can see one of the largest energy infrastructure companies. Behind Kinder Morgan in terms of size; kind of tied there, more or less, too close to call for second, third, and fourth, just in terms of scale.

But importantly Williams would have the highest long-term growth rate on this chart. So, there are some with higher growth rates, but I think among this chart you'll see that we have the highest long-term growth rate.

So, we're calibrating in terms of our dividend yield at about 4% to 4.5% and that's based on the peer set to the right. You can see the first couple of peers. Kinder Morgan and [Energy Transfer] own their assets now directly versus through any structure, as does Magellan. So we think those are pretty good peers from a structure standpoint. Energy infrastructure assets, large cap, and own their assets directly.

We've got a couple of other peers here: Enbridge, TransCan, and Spectra. They have a bit more structure involved, but nonetheless large-cap companies with very similar infrastructure assets.

To the left there, you can see the expected dividend growth rate at 10% to 15% for Williams. And as you move across the page you can see a couple at that general level, but I don't think you'll see any that extend that growth rate at that level out to 2020.

So I think as we look through this we get pretty excited about our valuation opportunity. And as well, I'd like to point out that the debt to EBITDA that you see down at the bottom, we're doing this really without applying a significant amount of leverage. So really holding the leverage constant to achieve our goals.

So we're growing that cash available for dividend by more than 10% a year, growing the coverage, and holding our credit metrics steady at a very attractive sub-4.5 times by 2016. So again, we think that this risk/reward profile is very, very attractive and that Williams and Williams investors should be rewarded nicely by the market for the investment opportunity that we've described for you here today.

Let's look at our cash available for dividend guidance calculation over the next several years. We ran this out through 2018, despite the fact that we're expecting continued dividend growth of 10% to 15% through 2020. But through 2018, we provided some of the details here. The adjusted EBITDA came right out of our prior guidance, so these aren't new numbers. These are the midpoints of our guidance.

You can see the maintenance capital. We combined some of the corporate CapEx with what was traditionally the WPZ maintenance capital, deducting out some of the noncontrolling interests related to some of the joint ventures that we're involved in. Back out interest expense and then a very low level of cash taxes, and again we expect those cash tax benefits to continue for an extended period of time in light of a heavy investment level, accelerated depreciation, benefits from Access, and now benefits from this WPZ buy-in.

So, that yields both a coverage greater than 1.1 times in 2016 growing to nearly 1.2 times by 2018, and a very significant increase in the dividend on a per-share basis to $2.85, which is up 15.6%. And then, growing at 12.5% a year, kind of the midpoint of that 10% to 15% range.

So again, we think this is a very exciting investment opportunity, driven by great fundamentals in the business. And then I think this financial restructuring will drive even greater value, not just today but over years to come.

Finally, a couple of comments on timing. We would expect to complete and file the initial S-4 filing with the SEC during the month of June. We would then work through SEC comments. That would go effective. We'd have a mailing to Williams shareholders and then a shareholder vote and closing in the third quarter of 2015.

There's no risk around the WPZ vote because Williams has majority of the votes, so the outcome of the WPZ vote is already known.

So that wraps up my commentary. Again, a very exciting transaction, very exciting underlying business that we spent a lot of time talking about today. But couldn't be more excited about the opportunities I had. So with that, let's take some questions. Craig?

QUESTION AND ANSWER

Unidentified Audience Member

(inaudible - microphone inaccessible)

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

We're on hold for a microphone.

Unidentified Audience Member

Thanks. Don, two questions. First on taxes. The way this is presented on the $6 billion is, I think, conservative relative to how Kinder Morgan presented it originally when they announced their [rollup] strategy. I just want to get clear on this. If I understand it, this is the amount of tax -- it's a difference between your estimated public basis and what you are paying, so that's what the public will have -- capital gains, and then you'll get the step-up. But the fact that the public has a higher original tax basis than the retained units at MB, it's kind of lost in the shuffle here. In other words, on an all-in blended basis, you'll have more tax shield than just the step-up. Am I saying that correct?

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

No, I don't think that's correct. I think the step-up is the tax benefits that we will get. So, here we have estimated a $6 billion tax step-up. WPZ traded up significantly today, so that tax step is going to grow more or less proportionate to what we saw in the market today, so we're going to see quite a bit more. So it's closer to $7 billion than $6 million today, and we'll see where that is when we actually get to closing. So the $2.1 billion based on today's trading would move up pretty nicely.

So that's incremental cash tax benefits, and again we're not a cash tax payer, US federal cash tax payer in 2015, 2016, and 2017, pursuant to our current views on the future. And I think we previously discussed we had an expected cash tax rate in 2018 and 2019 of 4%. So now we're going to [buy in] these units, so we're going to have some additional income, so obviously with additional income comes additional potential taxes. This will shield a significant amount of that, but really as we approach 2020, I would expect that we'll have nearly $2 billion of still available cash tax benefits that we'll enjoy over the period 2020 and beyond.

Unidentified Audience Member

And second question, I don't know if Alan wants to chime in on it, but are you all for the foreseeable future now committed to the C Corp. structure? Or given the opportunity to acquire a GP for a very mature, accretive transaction -- GP for an existing MLP, would you pursue that and possibly go back to that kind of structure two or three years down the road?

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

I'd say, one, we're real excited about our current -- our planned structure and what we announced today. Having said that, though, we certainly believe in the benefits of the structure that we have currently, had previously, but with an underlying MLP that enjoys an advantaged cost of capital and then the parent enjoys some amazing growth through its incentive distribution rights.

So, we just got to the point in the cycle where perhaps the GP burden and other factors was causing the LP yield to be at a level that was less attractive -- still obviously very powerful, but not nearly as powerful as it was, when the LP yields were quite a bit lower.

So, that could argue for another MLP either being created or acquired in the future. But if we were to do so, I think the goal would be to target either creation or acquisition of an MLP that had a relatively low cost of capital and would make it worth our while. Yes?

Shneur Gershuni - ***UBS - Analyst***

Hi. Shneur Gershuni with UBS. I guess I have two questions. The first one is with respect to the timing. I was wondering if there's any NPV that's been given up on the tax shield by doing this today versus waiting two or three years so that you'd be able to extend the accelerated depreciation beyond -- it seems you are overlapping with the GIP deal. I was wondering if you can talk to that. Does it create NOLs that you'd be able to carry as a result? I was just wondering if you can give us some color about the timing today versus waiting a year or two.

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

Yes, the PV of the tax shield is -- obviously, we didn't need the tax deferral all over the next couple of years. However, we thought there were other benefits that were -- outweighed the potential of waiting. And that really related to seizing opportunities today, really funding our organic growth and potential M&A with a much more attractive combination of debt and equity than we might enjoy, absent this transaction.

So, rather than wait with WPZ -- and I'll just use it with a 7% yield for many years, potentially. The loss of some of the opportunity set or the fact that the cost of capital is going to be quite a bit higher during that period require a significant amount of IDR waivers on incremental opportunities. We just felt that it was more timely to act today than to wait.

Shneur Gershuni - ***UBS - Analyst***

Great. And a follow-up question. In your slide, you just mentioned that the cash available for dividends, there's a 10% accretion benefit by doing this deal. I imagine that's a function of the fact that the existing WPZ unitholders will effectively be receiving less cash on a go-forward basis as WMB shareholders. Is there a plan to pay all of that out going forward or do you plan to retain some of that cash benefit to help fund the capital projects?

Alan Armstrong - ***Williams and Williams Partners L.P. - President, CEO***

Yes, Shneur, I would say yes, we are. We paid a premium to buy in the WPZ units, or will pay a premium when we close. The WPZ unitholders will enjoy the benefits of that premium. They'll enjoy the benefits of the dividend increase that we announced today. We expect they'll enjoy the uplift in Williams stock, so will enjoy all those things.

But they will have a tax bill to pay and they will have a lower cash dividend than they had a cash distribution. But we think that that turns around within a year or two.

So, we think all in all that's a net positive. In terms -- again, this is all built into a pretty complex model, but at the bottom it spits out more than 1.1 times coverage up to 1.2 times coverage by 2018.

All that excess cash flow would be reinvested in the business and we think it's a pretty big pile of excess cash flow in light of the scale of the Company and the scale of the planned dividends. So again, that would all be reinvested in the Company, and I think that certainly creates even more value in the future. Does that answer your question?

Shneur Gershuni - ***UBS - Analyst***

It does, thank you.

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

Any other questions?

Unidentified Audience Member

Hi. Just wanted to follow up on the why now question. I guess recent commentary suggested that maybe waiting a little bit for the structure to work itself out. Did anything transpire recently that changed your mind that now is the time to do it? Or just any thoughts there.

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

Yes, I would say -- obviously, we are well aware of the opportunity. We'd studied it for a while. I would say we look forward to the WPZ-ACMP merger and February as being an event that would cause a re-rating of WPZ. We designed that to have robust coverage. Then the world changed when oil prices got cut in half and NGL prices dropped, as you saw. The coverage evaporated, at least in this year. Planned coverage moved back up next year, but nonetheless a pretty big game-changer there. And so, we were very hopeful that WPZ would trade at a much more attractive level.

But given how much the world changed and the effects of that that we found ourselves here with WPZ with a 7%-ish yield. So, that's something that we really couldn't test until after the merger closed. So the merger closed in February, expect a little time for that to season.

But we hadn't really seen the improvement, and I think that's largely as a result of the changing landscape in commodities and felt that it was a good time to take another look at it. So, I would say that that's probably what's changed the most here is the fact that WPZ's yield didn't tighten the way we would have expected this time last year.

Unidentified Audience Member

That makes sense. And then, just a follow-up there. With a lower cost of capital, does this increase your opportunity set of what you could go after now that you have this improved cost of capital? Or how do you think about that?

Alan Armstrong - ***Williams and Williams Partners L.P. - President, CEO***

Well, I would say that -- I think we always had the relatively low cost of capital at Williams. We exercised that with the Access acquisition. We bought Access using Williams currency, so we exercised it there. But the day-to-day currency that we plan to use and would use for organic growth is really WPZ. And that WPZ cost of equity was relatively high.

So, we are already able to be opportunistic using the Williams currency but I will call it the organic growth was expected to be through WPZ with a relatively high cost.

So I think it's mostly about driving a lower cost of equity into the WP -- well, what was formerly the organic growth of the Company and enhancing valuation through higher and extended cash available for dividend and dividends. So I think that's the big thing. Obviously with Williams being able to increase its dividend, enhance its evaluation, lower its yield, that too is a real positive I'll say for M&A, but that wasn't job number one.

Unidentified Audience Member

Okay. I just wanted to make sure I understood one of your takeaways, and obviously every investor's tax position is different. It's worse for a long-term holder than a more recent acquirer of WPZ because they have much more deferred income to be recaptured and a bigger tax bite and everything. But putting that all aside and the impact of that, is it fair to take away from one of your earlier comments that you guys have crunched some numbers and looking at what the growth profile of the yield would have been on WPZ as a standalone company -- starting at 7% and growing how you saw it growing, longer term maybe even in the public models that you shared with us in the past -- compared to the new WMB -- that within a couple of years, forgetting about the other tax bite and impact to cash flow, that your annual cash flow being a new WMB holder two, three years in a row, is going to be equal to if not higher than where you would've been if the old structure and ownership of WPZ had stayed in place?

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

Yes, it does turn around because of significant higher growth rate, that 10% to 15% at Williams, versus something that was more 9%-ish at the partnership. So again, I think the shareholders, the unit holders today are seeing an immediate, very sharp uplift. But I think from a cash standpoint as well it will turn around in a period of time and there will be, I'm sure, a lot written on that subject. In the back?

Unidentified Audience Member

(inaudible - microphone inaccessible)

Don Chappel - ***The Williams Companies, Inc. - CFO and SVP***

The question is, does the parent have a tax hit? No. The parent has only tax benefits. It's a beautiful thing. It looks like questions are slowing down. I think I'm going turn it back to Alan. I will be around as the meeting wraps up for questions, or I can team up with Alan here to take any additional questions.

Alan Armstrong - ***Williams and Williams Partners L.P. - President, CEO***

Great. Well, thank you very much, Don, and thank you all so much for being here today. I think just to be clear, this is, I think, the spot in the natural gas space to be in. Obviously we've made the case. We think the natural gas market is going to continue to expand. We've worked very, very hard to have ourselves exposed to the very best growing markets and the very best supply basins.

We think we're in those spots and we have a very identified set of growth trajectory and growth projects that drive this trajectory for a very long time. And frankly, I think we're very unique in that regard in terms of having so much of that growth actually pinned down in identified projects. So there's a lot of people with [wedges] and prospective, but I tell you in terms of the next two or three years in terms of identified projects, we know exactly where that growth is coming from. And I'll be very disappointed if we don't exceed that in terms of the growth opportunities that are out there in front of us.

So, I really like where our strategy is today. Appreciate everybody being here today. Very excited about the transaction and the very sustainable trajectory that this puts us on for growth.

And so before you leave, I just want to tell you how much we appreciate you all as investors, being there, and we look forward to continuing to reward you in the future. And to the team today that presented, fantastic job. Thank you all for being so well prepared.

And to the Investor Relations team under John Porter: terrific job, John, and thank you all very much. So, thanks again for coming and look forward to telling you more good news next year.

Editor

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