UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 16, 2004

The Williams Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-4174	73-0569878
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Williams Center, Tulsa, Oklahoma	74172
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 918/573-2000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240-14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Copy of Press Release

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On November 16, 2004, the Board of Directors (the “Board”) of The Williams Companies, Inc. (“Williams”) increased the size of the Board to eleven and elected Juanita H. Hinshaw to the Williams Board of Directors as a Class I director, to serve until the next Annual Meeting of Stockholders. The Board also appointed Ms. Hinshaw to serve on the Audit Committee and the Finance Committee. Ms. Hinshaw was identified through an external executive search firm.

Ms. Hinshaw, 59, joined privately held Graybar Electric Co. of Clayton, Missouri, in May 2000 as senior vice president and chief financial officer. Graybar distributes lighting, cable and wire products from more than 4,500 manufacturers.

Prior to Graybar, Ms. Hinshaw was with Monsanto for 15 years, opting for early retirement in 1999 after serving as treasurer. As Monsanto’s treasurer, her duties included worldwide cash management, banking, worldwide finance and investments, financial planning and risk management.

There are no arrangements or understandings between Ms. Hinshaw and any other person pursuant to which she was selected as a director of Williams.

Ms. Hinshaw has no prior relationships or other transactions with Williams or its management.

A copy of the press release publicly announcing Ms. Hinshaw’s election is furnished as Exhibit 99.1 and is incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

The Williams Companies, Inc. (“Williams”) wishes to disclose for Regulation FD purposes its slide presentation, filed herewith as Exhibit 99.2, utilized during a public Power tutorial conference call and webcast on the morning of November 18, 2004.

The slide presentation discloses certain financial measures, EBITDA and recurring earnings and recurring segment profit, that are non-GAAP financial measures as defined under the rules of the Securities and Exchange Commission. EBITDA represents the sum of net income (loss), net interest expense, income taxes, depreciation and amortization of intangible assets, less income (loss) from discontinued operations. Recurring earnings and recurring segment profit provide investors meaningful insight into the Company’s results from ongoing operations. The slide presentation includes a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses these financial measures because they are widely accepted financial indicators used by investors to compare company performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of the Company’s assets and the cash that the business is generating. Neither EBITDA nor recurring earnings and recurring segment profit are intended to represent cash flows for the period, nor are they presented as an alternative to net income or cash flow from operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with United States generally accepted accounting principles.

Certain financial information in the slide presentation is also shown including Power mark-to-market adjustments. The slide presentation includes reconciliations of these non-GAAP financial measures to their nearest GAAP financial measures. Previously the Company did not qualify for hedge accounting with respect to its Power segment as a result of the Company's stated intent to exit the Power business. The Company ceased efforts to market the sale of Power during the third quarter 2004, and now qualifies for hedge accounting. Hedge accounting reduces earnings volatility associated with Power's portfolio of certain derivative hedging instruments. Prior to the adoption of hedge accounting, these derivative hedging instruments were accounted for on a mark-to-market basis with the change in fair value recognized in earnings each period. Management uses the mark-to-market adjustments to better reflect Power's results on a basis that is more consistent with Power's portfolio cash flows and to aid investor understanding. The adjustments reverse forward unrealized mark-to-market gains or losses from derivatives and add realized gains or losses from derivatives for which mark-to-market income has been previously recognized, with the effect that the resulting adjusted segment profit is presented as if mark-to-market accounting had never been applied to designated hedges or other derivatives. The measure is limited by the fact that it does not reflect potential unrealized future losses or gains on derivative contracts. However, management compensates for this limitation since reported earnings do reflect unrealized gains and losses of derivative contracts. Overall, management believes the mark-to-market adjustments provide an alternative measure that more closely matches realized cash flows for the Power segment.

Item 8.01 Other Events.

On November 16, 2004, Williams announced that it has completed the purchase and retirement of approximately $200 million in 5.935 percent senior notes due 2007. Approximately $1.1 billion of these notes were issued in January 2002 as a component of Income PACSSM, in connection with Williams' FELINE PACS (NYSE:WMB PrI) offering. A copy of the press release publicly announcing the note purchase and retirement is furnished as Exhibit 99.3 and is incorporated by reference herein.

On November 17, 2004, the Williams Board declared a quarterly cash dividend of five cents per share on its common stock payable December 27, 2004, to the holders of record of shares of such common stock at the close of business on December 10, 2004. A copy of the press release publicly announcing the dividend is furnished as Exhibit 99.4 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(a) None

(b) None

(c) Exhibits

Exhibit 99.1	Copy of press release dated November 16, 2004, publicly reporting the election of Juanita H. Hinshaw to the Williams Board as discussed herein.
Exhibit 99.2	Copy of Williams' slide presentation utilized during the November 18, 2004, public Power Tutorial conference call and webcast.
Exhibit 99.3	Copy of press release dated November 16, 2004, publicly reporting the purchase and retirement of approximately $200 million in 5.935 percent senior notes due 2007.
Exhibit 99.4	Copy of press release dated November 17, 2004, publicly reporting the declaration of a quarterly cash dividend as discussed herein.

Pursuant to the requirements of the Securities Exchange Act of 1934, Williams has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE WILLIAMS COMPANIES, INC.

Date: November 19, 2004

/s/ Brian K. Shore

Name: Brian K. Shore

Title: Secretary

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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Exhibit 99.4	Copy of press release dated November 17, 2004, publicly reporting the declaration of a quarterly cash dividend as discussed herein.

Exhibit 99.1

NewsRelease

NYSE:WMB

Date: Nov. 16, 2004

Juanita Hinshaw Joins Williams' Board

TULSA, Okla. – Juanita H. Hinshaw has been elected to the Williams (NYSE:WMB) board of directors. The action increases the size of the Williams board to 11.

Hinshaw, 59, joined privately held Graybar Electric Co. of Clayton, Mo., in May 2000 as senior vice president and chief financial officer. Graybar has annual sales of approximately $4 billion, distributing lighting, cable and wire products from more than 4,500 manufacturers.

Prior to Graybar, Hinshaw was with Monsanto for 15 years, opting for early retirement in 1999 after serving as treasurer. As Monsanto's treasurer, her duties included worldwide cash management, banking, worldwide finance and investments, financial planning and risk management.

"Juanita has considerable credentials in money, finance and management. She comes to Williams at an opportune time," said Steve Malcolm, chairman, president and chief executive officer.

"We are poised for growth again after a two-year effort to strengthen our balance sheet. We've driven down our expenses, dramatically reduced our debt and recently increased our expected cash flow for 2004," said Malcolm.

Hinshaw has a bachelor's degree in business administration and economics from the University of North Carolina and completed Harvard's advanced management program.

Hinshaw, who resides in St. Louis, is a native of Asheboro, N.C. In addition to the Williams board, she serves on boards for a Missouri-based pipeline services firm and an Illinois-based steel producer.

She also has served as the chairman of the National Association of Corporate Treasurers and a board member of the Conference Board's Council of Corporate Treasurers and The American Management Association's Board and Finance Council.

In the community, Hinshaw has been honored by the YWCA of Metropolitan St. Louis and remains active in the United Way, where she has served for the past 15 years in various leadership roles.

About Williams (NYSE:WMB)

Williams, through its subsidiaries, primarily finds, produces, gathers, processes and transports natural gas. The company also manages a wholesale power business. Williams' operations are concentrated in the Pacific

Northwest, Rocky Mountains, Gulf Coast, Southern California and Eastern Seaboard. More information is available at

www.williams.com.

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Portions of this document may constitute "forward-looking statements" as defined by federal law. Although the company believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Any such statements are made in reliance on the "safe harbor" protections provided under the Private Securities Reform Act of 1995. Additional information about issues that could lead to material changes in performance is contained in the company's annual reports filed with the Securities and Exchange Commission.

Exhibit 99.2

Williams Power Tutorial

November 18, 2004

Forward Looking Statements

Williams' reports, filings, and other public announcements might contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" with in the meaning of Private Securities Litigation Reform Act of 1995. You typically can identify forward-looking statements by the use of forward-looking words, such as "anticipate," "believe," "could," "continue," "estimate," "expect," "forecast," "may," "plan," "potential," "project," "schedule," "will," and other similar words. These statements are based on our intentions, beliefs, and assumptions about future events and are subject to risks, uncertainties, and other factors. Actual results could differ materially from those contemplated by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such statements, other factors could cause our actual results to differ materially from the results expressed or implied in any forward-looking statements. Those factors include, among others:

- changes in general economic conditions and changes in the industries in which Williams conducts business;
- changes in federal or state laws and regulations to which Williams is subject, including tax, environmental and employment laws and regulations;
- the cost and outcomes of legal and administrative claims proceedings, investigations, or inquiries;
- the results of financing efforts, including our ability to obtain financing on favorable terms, which can be affected by various factors, including our credit ratings and general economic conditions;
- the level of creditworthiness of counterparties to our transactions;
- the amount of collateral required to be posted from time to time in our transactions;
- the effect of changes in accounting policies;
- the ability to control costs;
- the ability of each business unit to successfully implement key systems, such as order entry systems and service delivery systems;
- the impact of future federal and state regulations of business activities, including allowed rates of return, the pace of deregulation in retail natural gas and electricity markets, and the resolution of other regulatory matters;
- changes in environmental and other laws and regulations to which Williams and its subsidiaries are subject or other external factors over which we have no control;
- changes in foreign economies, currencies, laws and regulations, and political climates, especially in Canada, Argentina, Brazil, and Venezuela, where Williams has direct investments;
- the timing and extent of changes in commodity prices, interest rates, and foreign currency exchange rates;
- the weather and other natural phenomena;
- the ability of Williams to develop or access expanded markets and product offerings as well as their ability to maintain existing markets;
- the ability of Williams and its subsidiaries to obtain governmental and regulatory approval of various expansion projects;
- future utilization of pipeline capacity, which can depend on energy prices, competition from other pipelines and alternative fuels, the general level of natural gas and petroleum product demand, decisions by customers not to renew expiring natural gas transportation contracts;
- the accuracy of estimated hydrocarbon reserves and seismic data; and
- global and domestic economic repercussions from terrorist activities and the government's response to such terrorist activities.

In light of these risks, uncertainties, and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time that we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The Road Ahead

3Q '04 Earnings Call

Key Points

3Q '04 Earnings Call

Williams

- Portfolio continues to generate positive cash flows
- Market conditions continue to slowly rebound
  - Improving market liquidity
  - Spark spreads are stabilizing
  - Favorable political messages from California and FERC
- Cash management continues to improve
- New risk-reducing contracts
- Favorable California PUC decision
- Adoption of hedge accounting
  - Lowers earnings volatility
  - Residual MTM impact lowers future reported earnings
  - Segment profit after MTM adjustments unchanged
  - No effect on cash flow guidance

Today's Agenda

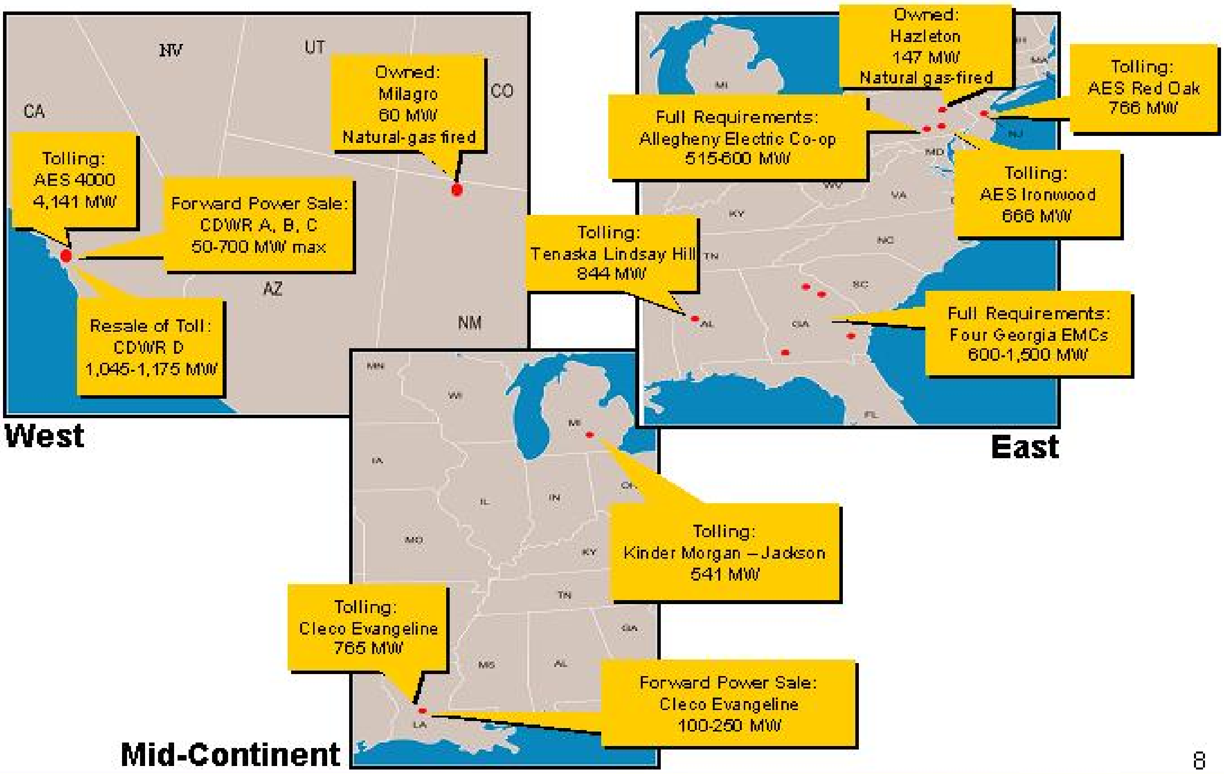
- **Business overview**
- **Accounting discussion**
  - Terms
  - History
  - Revenue recognition standards
  - Financial measures
  - Examples
- **Updated financials**
- **Q&A**

Business Overview

Physical Natural Gas

- **Average annual requirements**
  – 2.8 Bcf/d with peak of 3.5 Bcf/d
    - 40% for Power
      – 20% power-plant supply
      – 20% third-party transactions
    - 60% for Williams' core businesses
- **Transportation**
  – 2.5 Bcf/d
    - 30% for gas marketing (including power-generation fuel)
    - 70% for Williams' core businesses
- **Storage**
  – 17 Bcf
    - 67% for gas marketing (including power-generation fuel)
    - 33% for Williams' core businesses
- **Improving market liquidity and credit**

Power Portfolio



Portfolio Characteristics

- **Asset-based power business with long-term contractual commitments**
  - 6 tolling contracts and 2 owned facilities
    - Approximately 7,900 megawatts
    - Approximately $400 million in annual demand charges
  - 8 key offsetting contracts
  - Over-the-counter (OTC) hedges
  - Current estimated demand payment coverage is 98% through 2010*

* See appendix for detailed estimate as of 9/30/04

Regional Discussions

Key Messages
West

- **Pro-competitive environment**
  - Demonstrated political support of stable, competitive markets
  - CPUC vote to accelerate by 2 years reserve margin requirements of 15 percent
  - CPUC order for utilities to secure capacity to ensure reliability instead of relying on CalSO
- **Potential for financial upside**
  - Record peak loads indicative of economic recovery
  - Locational marginal pricing implementation in early 2007 adds value to in-city generation capacity; not reflected in cash flow forecasts
  - Aging units in strategic load pockets
- **Price caps on generation and capacity could limit value, hinder supply growth, narrow spark spreads in short term**

Key Messages
Mid-Continent

- **Favorable market developments, but no significant impact on portfolio value expected**
- **Kinder Morgan Jackson**
  - Midwest ISO expected to begin locational marginal pricing (LMP)-based market in 1Q05
  - Capacity and ancillary markets likely in 2006
  - Grid redesign allows access to new, more liquid markets
  - Depressed spark spreads expected for several years
- **Cleco Evangeline**
  - Southwest Power Pool (SPP) regional transmission organization recognized Oct. 4
  - Increasing pressure on utilities to support competition
  - Participating in requests for proposal

Key Messages
East

- **Pennsylvania-New Jersey-Maryland (PJM) footprint continues to expand, increasing market size, efficiency and liquidity**
- **Market redesign will improve capacity prices and recognize locational value of capacity**
  - Filing expected mid-2005
  - Potential significant impact to portfolio value; not reflected in cash flow forecasts
- **Transmission-related issues adding value to Red Oak**

FAQs

- **What is your view of re-regulation?**
  – Re-regulation really means utilities build/acquire generation
  – RTOs, market-based rates and wholesale competition are here to stay
  – Existing capacity with current locational advantages may not be replaced by new generation
  – Formal competitive solicitation rules are improving

FAQs

- **What about the imputed debt for purchased power agreements?**
  - S&P formula imputes debt in ‘buy’ scenario; burdens ‘build’ scenarios with debt as projects are financed
  - Other ‘build’ risk factors and costs must be considered
  - Properly structured requests for offer (RFOs) will include build and buy risks/costs
  - Objective evaluation of bids is vital for consumers
  - Formal competitive solicitation rules are improving

FAQs

- **How will higher gas prices impact your power portfolio?**
  – Current hedges reduce impact
  – Generally power and gas prices have moved in tandem, minimizing the impact to the portfolio
  – Williams manages natural gas risk at the enterprise level


Accounting Discussion

Power Portfolio History*

Pre-2003

- **SFAS 133** – derivatives marked-to-market
- **EITFs 98-10 and 00-17** – all other energy-trading contracts marked-to-market

2003

- **SFAS 133** – derivatives still marked-to-market, but not eligible for hedge accounting due to stated intent to exit business
- **EITF 02-3** – non-derivatives (tolling, full requirements, etc.) changed to accrual accounting

Q404

- **SFAS 133** – adopt hedge accounting**

* Excludes E&P hedges
** Exceptions include interest rate hedges, non-qualifying hedges and certain other positions.

Pre-Hedge Accounting

Williams

- **Power did not previously qualify for cash flow hedge accounting because of stated intent to exit**
  - Derivative instruments accounted for on a fair value (MTM) basis
    - Changes in the forward value of these instruments are recorded as unrealized gains / losses on the income statement and balance sheet
  - Non-derivatives reported on an accrual basis
- **Result is that GAAP earnings were volatile, one-sided, and did not track cash flows or economic results**

Adoption of Hedge Accounting

- **Hedge accounting has no impact on cash flows or economic value**
- **Application of hedge accounting will significantly reduce Power's mark-to-market (MTM) earnings volatility**
- **But MTM earnings will not be eliminated**
  - Economic hedges that do not qualify for SFAS 133 hedge accounting
  - Speculative positions
- **Residual MTM lowers future guidance**

Hedge Accounting Example

Williams

Event 1 on Dec. 1, 2003: ***Tolling agreement in place; no fixed-price hedge***

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition					
								Income Statement			Bal. Sheet		Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/ (Loss)	Realized Hedge Rev.	OCI Gain/ (Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-

Hedge Accounting Example

Event 2 on Jan. 1, 2004: ***Enter into fixed-price derivative to hedge power***

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition					
								Income Statement			Bal. Sheet		Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/(Loss)	Realized Hedge Rev.	OCI Gain/(Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-
Jan04	15	40	40	-	25	-	25	-	0	-	-	0	-

Hedge Accounting Example

Event 3 on Sept. 30, 2004: ***Report market movement since date of hedge***

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition					
								Income Statement			Bal. Sheet		Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/ (Loss)	Realized Hedge Rev.	OCI Gain/ (Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-
Jan04	15	40	40	-	25	-	25	-	0	-	-	0	-
Sep04	15	30	40	-	15	10	25	-	10	-	-	10	-

Hedge Accounting Example

Event 4 on Dec. 31, 2004: ***Adoption of hedge accounting on Oct. 1 reported in year-end results***

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition: Income Statement			Bal. Sheet		Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/ (Loss)	Realized Hedge Rev.	OCI Gain/ (Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-
Jan04	15	40	40	-	25	-	25	-	0	-	-	0	-
Sep04	15	30	40	-	15	10	25	-	10	-	-	10	-
Dec04	15	22	40	-	7	18	25	-	-	-	8	18	-

Hedge Accounting Example

Event 5 on Jan. 31, 2005: ***Settle and realize the hedge and the forecasted sale of power***

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition: Income Statement			Financial Statement Recognition: Bal. Sheet		Financial Statement Recognition: Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/ (Loss)	Realized Hedge Rev.	OCI Gain/ (Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-
Jan04	15	40	40	-	25	-	25	-	0	-	-	0	-
Sep04	15	30	40	-	15	10	25	-	10	-	-	10	-
Dec04	15	22	40	-	7	18	25	-	-	-	8	18	-
Jan05	15	22	40	-	7	18	25	7	-	8	-	-	25

Hedge Accounting Example

Events 1 through 5: *Summary*

	Forecast of Jan05 Sale			Est. Tutorial Cash Flows				Financial Statement Recognition					
								Income Statement			Bal. Sheet		Cash Flow Stmt.
	Var. Cost of Gen.	Market Price	Fixed-Price Hedge	Merch. Cash Flows	Tolling CF Assoc. w/Hedges	OTC Hedges	Net	Accr. Rev.	Unreal Gain/ (Loss)	Realized Hedge Rev.	OCI Gain/ (Loss)	Deriv. Asset	CFFO
Dec03	15	40	-	25	-	-	25	-	-	-	-	-	-
Jan04	15	40	40	-	25	-	25	-	0	-	-	0	-
Sep04	15	30	40	-	15	10	25	-	10	-	-	10	-
Dec04	15	22	40	-	7	18	25	-	-	-	8	18	-
Jan05	15	22	40	-	7	18	25	7	-	8	-	-	25

Key Takeaways from Example

- **Cash flows unaffected**
- **Residual MTM impact lowers future reported earnings**
- **Disconnect between cash flows and income statement**
  – Example: 2005 segment profit guidance of ($200) million to ($100) million; cash flow from operations of $50 million to $150 million

Revenue Recognition Today

Williams

Summary of Accounting Treatment by Contract Type

Contract Type	Acctg "Bucket"	Acctg Method	Income =Cash?	Revenues Gross/Net
Tolling	Non-Derivative	Accrual	Yes	Gross
Full Requirements	Non-Derivative	Accrual	Yes	Gross
Storage	Non-Derivative	Accrual	Yes	Gross
Transportation	Non-Derivative	Accrual	Yes	Gross
Transmission	Non-Derivative	Accrual	Yes	Gross
Firm Service	Non-Derivative	Accrual	Yes	Gross
CDWR Product D	Non-Derivative	Accrual	Yes	Gross
Spot Physical Trxs	Non-Derivative	Accrual	Yes	Gross
CDWR ABC	Derivative	Normal P&S	No	Gross & Net
OTC/NYMEX Fins	Derivative	MTM/Hedge	No/Yes*	Gross & Net
Forward Physicals	Derivative	MTM/Hedge	No/Yes*	Gross & Net

* Due to existing day-1 value of hedges on date of adoption date of hedge accounting, income will not equal cash. Over time, however, as new hedges are put on with day-1 fair value of zero, hedge accounting treatment will result in income = cash.

Financial Discussion

Financial Measures

- Segment profit
- Segment profit after MTM adjustments
- Cash flows from operations
- Portfolio cash flows

Segment Profit

3Q '04 Earnings Call

Williams

Dollars in millions	3rd Quarter 2004	3rd Quarter 2003	YTD 2004	YTD 2003
Gross Margin	$131	$60	$202	$198
SG&A	(20)	(26)	(56)	(107)
Op. Exp. & Other Inc / (Exp)	(3)	4	(25)	150
Equity Earnings (Losses)	1	(1)	0	(5)
Segment Profit	**$109**	**$37**	**$121**	**$236**
Includes:				
Aux Sable Impairment	-	6	-	14
Regulatory Settlement	-	-	-	20
Prior period correction*	-	(1)	-	(108)
Gains on sale of assets/contracts	-	(27)	-	(208)
Reduction in force costs	**-**	**-**	**-**	**12**
Recurring Segment Profit	**$109**	**$15**	**$121**	**($34)**

* 2003 amounts reflect corrections as disclosed in 2003 10-K

Segment Profit After MTM Adjustments

- **What does this measure mean and why do we use it?**
  - Reflects financial results as if Power had never recorded any prior mark-to-market earnings; that is, if Power had always used accrual-based accounting for its portfolio
  - Because hedges had value on date of hedge designation, this will result in difference between economic and reported results until hedges roll off
  - Does not include working capital changes as does CFFO
  - Approximates forecasted future portfolio cash flows
  - Non-GAAP measure

Note: See example in appendix.

Segment Profit After MTM Adjustments Forecast

3Q '04 Earnings Call

Williams.

Dollars in millions

Combined Power Portfolio *Estimated as of 9/30/04*	3Q04 A	YTD 2004 A	4Q04 F	2004 A+F	2005 F	2006 F
Net Revenues	$257	$515	$41	$556	$310	$351
Tolling Demand Payment Obligations	(126)	(313)	(84)	(397)	(397)	(401)
Gross Margin	$131	$202	($43)	$159	($87)	($50)
SG&A & Other	(22)	(81)	(31)	(112)	(67)	(65)
Segment Profit	$109	$121	($74)	$47	($154)	($115)
MTM Adjustments: [1]						
Reverse Forward Unrealized MTM Gains / Losses	(187)	(279)		(279)		
Add Realized Gains / Losses from MTM Previously Recognized	45	192		192		
Add Expected Realization of Prior Period MTM Gains / Losses:						
Designated Hedges			83	83	347	285
All Other Derivatives			(63)	(63)	(93)	(16)
Segment Profit after MTM Adjustment	($33)	$34	($54)	($20)	$100	$154

[1]Schedule of expected realization of MTM gains/losses previously recognized is included in the Appendix.

Segment Profit to Cash Flow

3Q '04 Earnings Call

Dollars in millions

	Power	Legacy	Other	3Q Total	YTD 2004
Gross Margin	$161	($30)		$131	$202
SG&A	(20)			(20)	(56)
Oper Exp & Other Inc / (Exp)			(2)	(2)	(25)
Segment Profit	$141	($30)	($2)	$109	$121
MTM Adjustments:					
Reverse Forward Unrealized MTM Gains / Losses	(168)	(19)		(187)	(279)
Add Realized Gains / Losses from MTM previously recognized	56	(11)		45	192
Segment Profit after MTM Adjustments	$29	($60)	($2)	($33)	$34
Total Working Capital and Other			343	343	476
Power Segment CFFO	$29	($60)	$341	$310	$510
Est. Working Capital Recv'd for Other BU's			(186)	(186)	(312)
Power Segment Standalone CFFO	$29	($60)	$155	$124	$198

Undiscounted Cash Flows
Combined Segment Portfolio

Combined Power Portfolio *Estimated as of 9/30/04*	Q1 A	Q2 A	Q3 A	2004 A+ F	2005 F	2006 F	2007-2010 F	2011-2022 F
Tolling Demand Payment Obligations	($88)	($99)	($126)	($397)	($397)	($401)	($1,637)	($3,896)
Resale of Tolling	41	35	29	144	124	103	196	0
Full Requirements	(1)	11	4	18	24	9	52	153
Long-term Physical Forward Power Sales	27	21	18	78	65	47	114	0
OTC Hedges	36	37	44	167	107	143	43	(26)
Estimated Hedged Tolling Revenues	7	34	80	130	177	278	880	333
Subtotal	$22	$39	$49	$140	$100	$179	($352)	($3,436)
Merchant Cash Flows	0	0	0	4	34	46	1,175	5,843
Est. Combined Power Portfolio Cash Flows	$22	$39	$49	$144	$134	$225	$823	$2,407
Forecasted Direct SG&A	(8)	(14)	(13)	(64)	(50)	(47)	(200)	(500)
Forecasted Indirect SG&A	(8)	(6)	(7)	(15)	(17)	(18)	(100)	(300)
Subtotal	$6	$19	$29	$65	$67	$160	$523	$1,607
Residual Portfolio and Other Working Capital	81	94	281	364	137	115	9	103
Estimated Cash Flows After SG&A	$87	$113	$310	$429	$204	$275	$532	$1,710
Capacity Available (in MW)					7,723	7,723	7,723	7,723
Expected Output (in MW)					1,879	2,501	3,219	3,595
Total Volume Hedged (in MW)					1,572	2,123	1,373	156
Percentage Volume Hedged					93%	85%	42%	6%

Undiscounted Cash Flows
Residual (Legacy) Portfolio

Residual Portfolio (Legacy) *Estimated as of 9/30/04*	**2004 A+F**	**2005 F**	**2006 F**	**2007-2010 F**	**2011-2022 F**
Interest Rates [1]	($40)	($13)	($8)	($7)	$3
Crude and Refined Products	($19)	$1	$0	$0	$0
Transport [1]	($13)	($13)	($12)	($36)	($7)
Storage [1]	($6)	$9	$2	$6	$6
Owned Generation [1]	($5)	$14	$10	$6	$76
Other Residual Power and Gas [1]	$6	$2	$12	$40	$25
Total Residual Portfolio Estimated Cash Flows	($78)	$0	$4	$9	$103

[1]**Some positions within these portfolios will be part of on-going business operations going forward.**

2004-2006 Guidance

Williams

3Q '04 Earnings Call

Dollars in millions	2004	2005	2006
Previous Segment Profit Guidance	$0 - $150	$50 - $150	$50 - $200
Current Forecast:			
Segment Profit after MTM Adjustment	(20)	100	154
MTM Adjustments	67	(254)	(269)
Segment Profit	$47	($154)	($115)
Revised Segment Profit Guidance	**$0 - $100**	**($200) – ($100)**	**($200) – ($50)**
Cash Flow from Operations	**$150 - $350**	**$50 - $150**	**$50 - $200**
Capital Expenditures	**$0**	**$0**	**$0**

Summary

Summary

- Portfolio continues to generate positive cash flows
- Market conditions continue to slowly rebound
- Cash management continues to improve
- New risk-reducing contracts
- Favorable California PUC decision
- Adoption of hedge accounting
  - Lowers earnings volatility
  - Residual MTM impact lowers future reported earnings
  - Segment profit after MTM adjustments unchanged
  - No effect on cash flow guidance

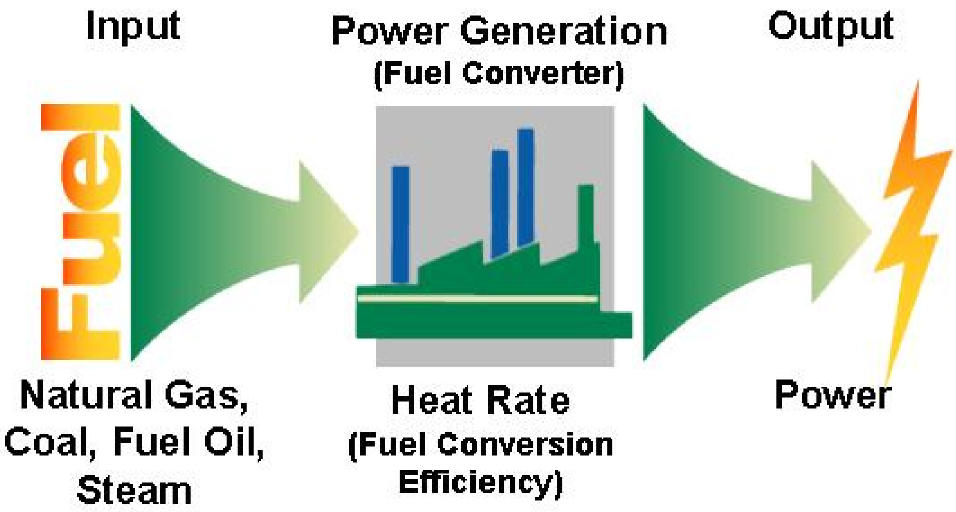
Q&A

Appendix

Business Background

Tolling Concept

Tolling - Fuel conversion arrangement. Williams supplies fuel to plants and markets electricity output. Plant owner receives fixed fee and retains operational responsibility.



Heat Rate Concept

Heat rate – The amount of fuel a power plant requires to produce one unit of power. A measure of the efficiency of generating plants.

$$\frac{\text{MMBtu}}{\text{MWh}} = \text{Heat Rate}$$

Key concepts

- The lower the heat rate, the more efficient the power-generation unit.
- Heat rate, when considered in conjunction with a unit's input fuel, generally determines a power-generation unit's economic viability in a given market.

Spark Spread Concept

Spark spread - The difference between the price of power and the cost it takes to produce it at a given facility.

$$\text{Power Price} - \left[\overset{\text{Power Cost:}}{\text{Fuel Cost} \times \text{Heat Rate}} \right] = \text{Spark Spread}$$

Example:

$$\$42/\text{Mwh} - \left[\$4/\text{MMBtu} \times 10\text{MMBtu/MWh} \right] = \$2/\text{MWh}$$

Key concepts

- **The higher the spark spread, the higher the margin.**
- **A negative spark spread indicates it is more economical to purchase power to meet commitments than run generating facilities "out of the money."**

* Variable O&M costs typically included in spark-spread calculation, but not reflected here for sake of simplicity.

Types of Hedging Transactions

Resale of Tolling Rights

- **Resale of all or part of rights under tolling arrangements**
- **Example**
  - – California Department of Water Resources (CDWR) Product D
    - Essentially mirrors underlying tolling contract

Types of Hedging Transactions
Full Requirements

- **Counterparty-tailored arrangement where Williams …**
  - Serves counterparty's power demand requirements
  - Dispatches counterparty's power plants / resources
  - Markets excess energy produced by these resources and covers short positions
- **Examples**
  - Georgia Electric Membership Corporations
    - Four individual contracts
  - Allegheny Electric Cooperative

Types of Hedging Transactions

Forward Power Sales

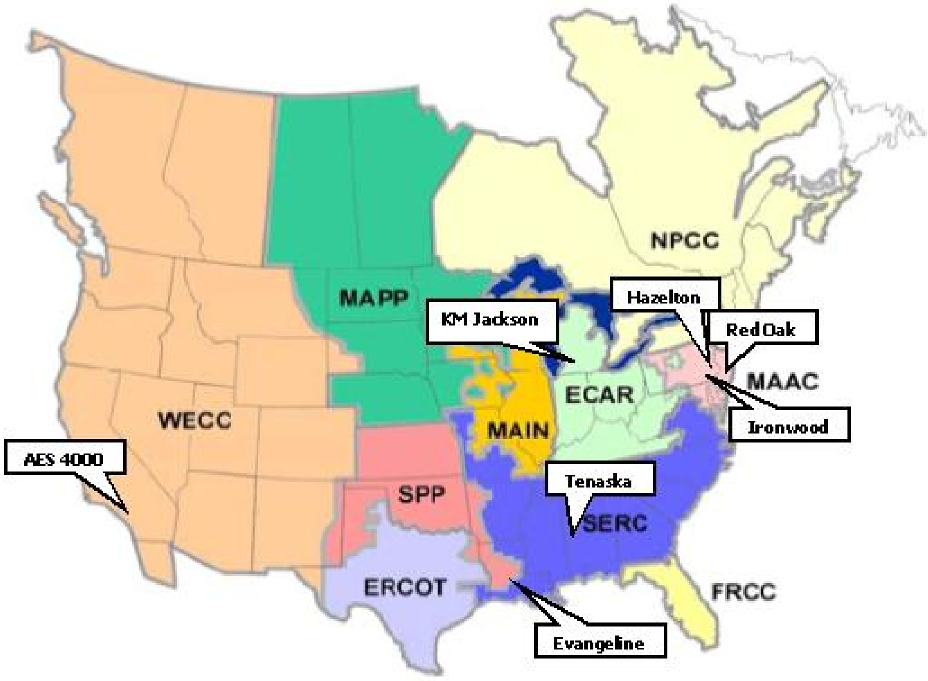
- **Physical or financial sale of a defined quantity of power over a set period of time**
- **Examples**
  - CDWR Products A, B and C
  - Cleco Utility Group
  - Standard OTC transactions
- **Typical counterparties**
  - Power marketers
  - Financial institutions
  - Utilities
- **Time horizon for hedging with forward contracts has lengthened as credit and liquidity have improved**

Types of Hedging Transactions

Mid-Market Structured Sales

- **Non-standardized, near-term transactions**
  - Customized to meet customer/counterparty needs
  - Term less than 3 years
- **Examples**
  - Resale of tolling, full requirements, load serving, capacity
- **Typical counterparties**
  - Utilities, municipalities and cooperatives
  - Power marketers and retail aggregators
  - Financial institutions
- **Opportunity to hedge near-term volumes over next 2 to 3 years**

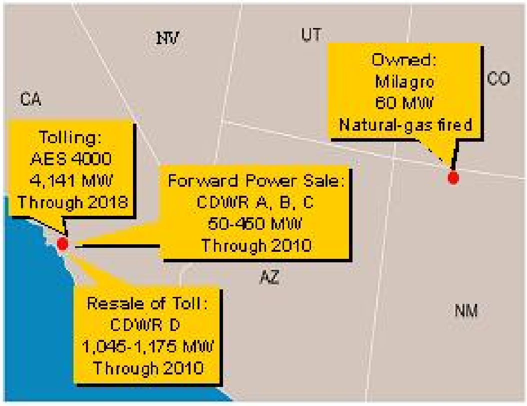
NERC Regions



West

AES 4000 Tolling Arrangement

- Capacity: 4,141 MW*
- Base term: June 2013
  - 5-year option for either party to extend to 2018
- Annual demand payment:
  - $153 million in 2004-05
  - Escalates 1.0% annually until 2013; flat after 2013
- Variable O&M payment $2.28/MWh in 2004
  - Annual escalator is lesser of 2.5% or CPI



* Receiving non-availability payments for 266 MWs that have been retired

AES 4000 Capacities and Heat Rates

	Capacity (MW)	Heat Rate (MMBtu/MWh)
Alamitos		
– Unit 1	184	10.7
– Unit 2	184	10.6
– Unit 3	336	9.5
– Unit 4	336	9.7
– Unit 5 *	504	9.4
– Unit 6 *	504	9.5
– Unit 7 **	133	16.5
Huntington Beach		
– Unit 1 *	226	9.8
– Unit 2	226	9.8
– Unit 5 **	133	16.5
Redondo Beach		
– Unit 5	184	11.8
– Unit 6	184	11.8
– Unit 7	504	9.4
– Unit 8	504	9.4
AES 4000 Total	**4,141**	**9.84*****

* CDWR Product D; ** Unavailable due to environmental limitations; *** Excludes unavailable units
Note: Based on AES 4000 tolling agreement.

AES 4000 Offsetting Contracts

- **CDWR Products A, B, C**
  - Forward power sale
  - Product A
    - 200 MW - July 1, 2003 to Dec 31, 2007
    - 7x24 @ $62.50/MWh
  - Product B
    - 450 MW - July 1, 2003 to Dec 31, 2007
    - 275 MW – Jan 1, 2008 to Dec 31, 2010
    - 6x16 @ $87.00 to $74.07/MWh
  - Product C
    - July 1, 2003 to Dec 31, 2010
    - 50 MW 6x16 @ $70.00/MWh

Contract terms: http://www.cers.water.ca.gov/power_contracts.cfm

AES 4000 Offsetting Contracts

- **CDWR Product D**
  - Resale of tolling rights
    - Essentially, a mirror-image toll
  - Term
    - Jan. 2003 to Dec. 31, 2010
  - Quantity
    - 1,175 MW through Dec. 31, 2007
    - 1,045 MW through Dec. 31, 2010
  - Price
    - $140/kW-year (to Dec. 31, 2007) to $117/kW-year (Jan. 1, 2008, to Dec. 31, 2010)
  - Includes availability guarantees and potential penalties

Contract terms: http://www.cers.water.ca.gov/power_contracts.cfm

Fuel Management
West

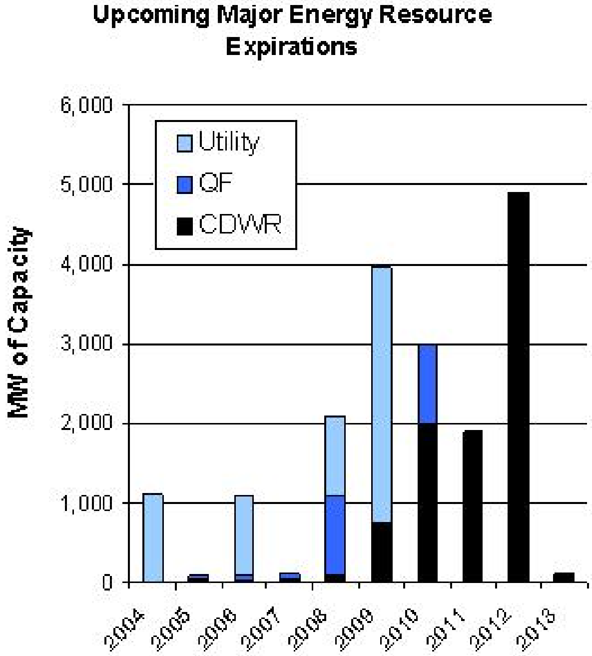
- **AES 4000**
  - Transportation agreements cover 95% of 650,000 MMBtu/d peak need
    - Kern: 107,625 MMBtu/d
    - El Paso: 5,484 MMBtu/d
    - SoCal: 506,794 MMBtu/d
- **CDWR contract**
  - CDWR Product D contract gas management

AES 4000 Locational Advantages

- **AES 4000 generation "in-city" with premium Los Angeles locations**
- **Serves constrained load pocket**
- **Williams sells critical ancillary services to California ISO**
- **AES 4000-generated energy could benefit from accelerated schedule to enhance reserve margins and/or locational marginal pricing (LMP)**
  – No premium associated with LMP included in projections
- **Development of capacity market**

WECC reserve margins not reflective of unique Southern California fundamentals

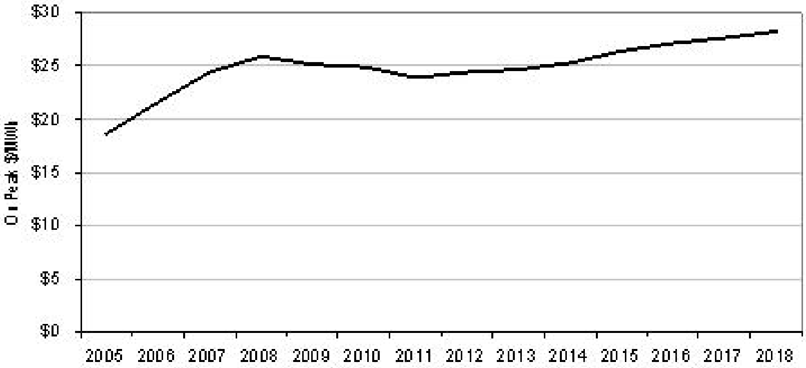
California Contract Expirations



Source: CA PUC Staff Report, A Core/Noncore Structure for Electricity on California. March 15th 2004. P.19

Forward Spark-Spreads
SP-15 (AES4000)

As of 9/30/04



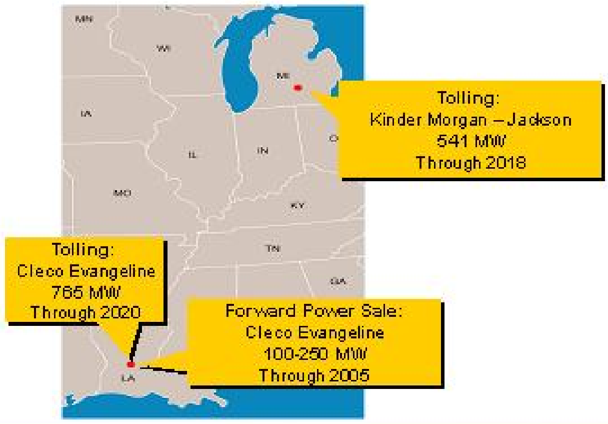
- Spark-spread represents the variable net margin per MWh of energy production
- Curve assumes a 7 heat rate conversion efficiency and assumes no VO&M
- Spark-Spread = Power Price – (7 × Gas Price)

Note: Current curves presented above represent market conditions as of 9/30/2004

Mid-Continent

Portfolio Characteristics
Mid-Continent

- **Tolling agreements**
  - 1,306 MW
  - 7,700 average heat rate
  - Accounts for approximately 22% of approximately $400 million annual demand charges



Offsetting Contracts
Mid-Continent

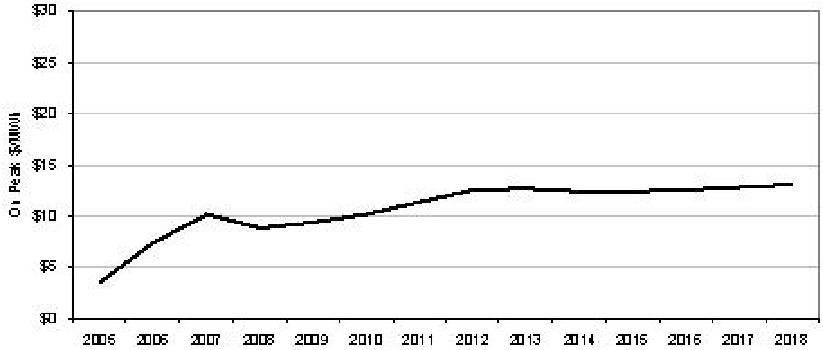
- **Forward power sales**
  - Capacity sold from Cleco Evangeline
    - 250 MW through 2004
  - Call option from Cleco Evangeline
    - 200 MW through 2004
    - 100 MW through 2005

Fuel Management
Mid-Continent

- **Cleco Evangeline (Entergy)**
  - 145,000 MMBtu/d Columbia Gulf firm transportation capacity
  - Peak day needs of 110,000 MMBtu/d
  - 1 Bcf Egan (storage)
- **KM Jackson (ECAR)**
  - 75,000 MMBtu/d full-requirements supply agreement
  - Balancing account provided
  - Gas Daily index price

Forward Spark-Spreads
Entergy (Cleco Evangeline)

As of 9/30/04

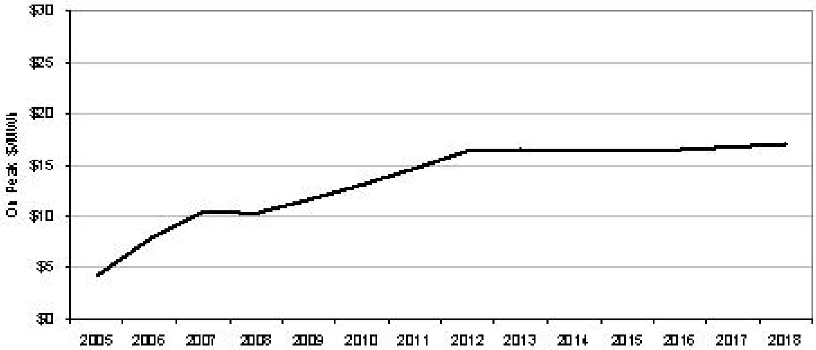


- Spark-spread represents the variable net margin per MWh of energy production
- Curve assumes a 7 heat rate conversion efficiency and assumes no VO&M
- Spark-Spread = Power Price – (7 × Gas Price)

Note: Current curves presented above represent market conditions as of 9/30/2004

Forward Spark-Spreads
ECAR/MI (KM Jackson)

As of 9/30/04



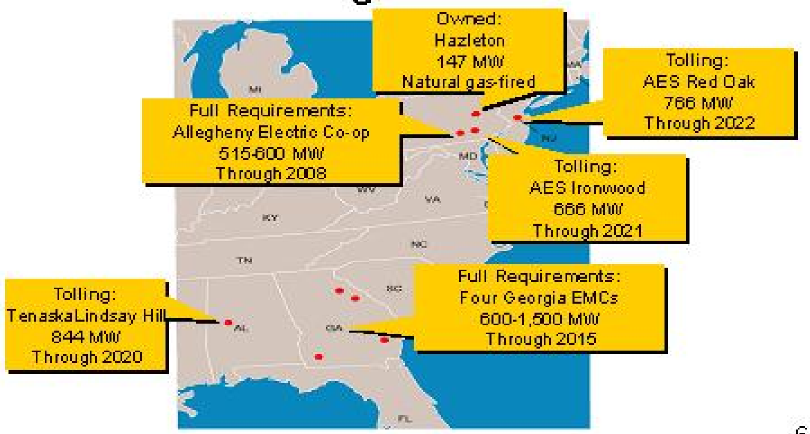
- Spark-spread represents the variable net margin per MWh of energy production
- Curve assumes a 7 heat rate conversion efficiency and assumes no VO&M
- Spark-Spread = Power Price – (7 × Gas Price)

Note: Current curves presented above represent market conditions as of 9/30/2004

East

Portfolio Characteristics
East

- **Tolling agreements**
  - 2,276 MW
  - 7,000 average heat rate
  - Accounts for approximately 40% of approximately $400 million annual demand charges



Offsetting Contract
East - PJM

- **Full requirements**
  - Agreement with Allegheny Electric Cooperative
    - Not affiliated with Allegheny Energy Supply (AYE)
  - Term
    - December 2008
  - Capacity sold
    - Approximately 600 MW peak demand

Offsetting Contracts
East – SERC

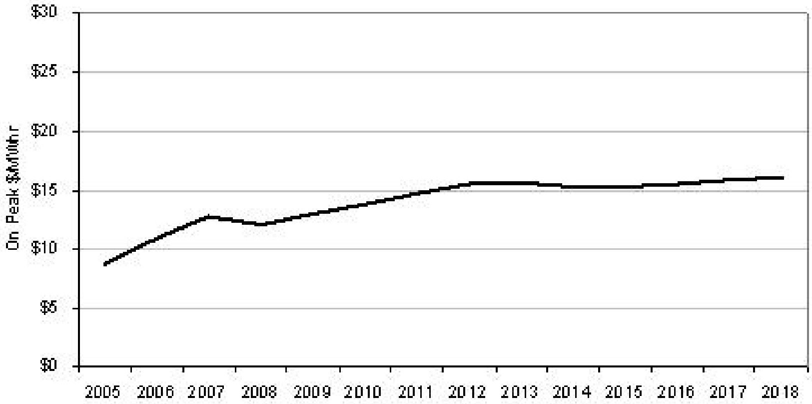
- **Full requirements**
  - 4 agreements with Walton, Colquitt, Satilla and Rayle EMCs
  - Term
    - December 2015
  - Capacity sold
    - 600 MW in 2005, growing to 1,500 MW in 2015

Fuel Management
East

- **AES Ironwood (PJM)**
  - Peak daily requirement - 130,000 MMBtu/d
  - 80,000 MMBtu/d no-notice supply agreement
- **AES Red Oak (PJM)**
  - Peak daily requirement - 130,000 MMBtu/d
  - 50,000 MMBtu baseload supply agreement
  - Supplemental supply agreement
- **Tenaska Lindsay Hill (SERC)**
  - Peak daily requirement - 110,000 MMBtu/d
  - 65,000 MMBtu/d seasonal transportation agreement
  - Hedging of heating oil fuel requirements

Forward Spark-Spreads
PJM-West (Red Oak / Ironwood)

As of 9/30/04

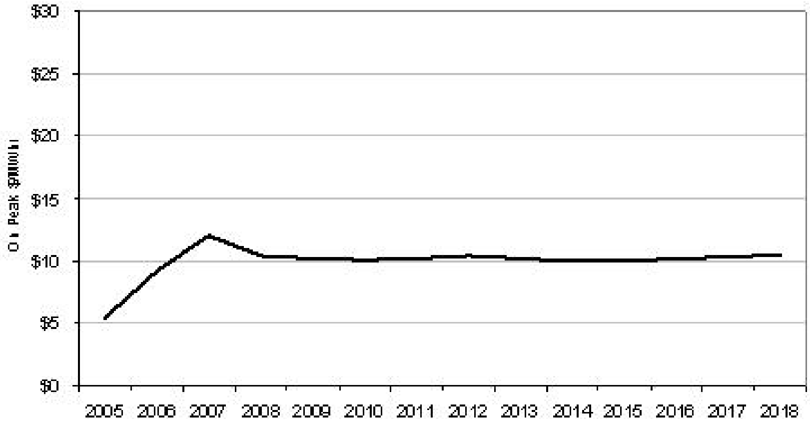


- Spark-spread represents the variable net margin per MWh of energy production
- Curve assumes a 7 heat rate conversion efficiency and assumes no VO&M
- Spark-Spread = Power Price – (7 × Gas Price)

Note: Current curves presented above represent market conditions as of 9/30/2004

Forward Spark-Spreads
Southern (Tenaska)

As of 9/30/04



- Spark-spread represents the variable net margin per MWh of energy production
- Curve assumes a 7 heat rate conversion efficiency and assumes no VO&M
- Spark-Spread = Power Price – (7 × Gas Price)

Note: Current curves presented above represent market conditions as of 9/30/2004

Financials & Accounting

Estimated Demand Payment Coverage

Dollars in millions

As of 9/30/2004															
COMBINED	TOTAL		4Q 2004		2005		2006		2007		2008		2009		2010
Demand Payments	$(2,519,534)	$	(85)	$	(397)	$	(401)	$	(405)	$	(409)	$	(414)	$	(409)
		$	-	$	-	$	-	$	-	$	-	$	-	$	-
Resale of Tolling	$ 461,257	$	39	$	124	$	103	$	81	$	42	$	41	$	32
Full Requirements	$ 89,241	$	4	$	24	$	9	$	7	$	6	$	17	$	22
L-T Physical Fwd Power Sales	$ 238,594	$	13	$	65	$	47	$	47	$	20	$	23	$	23
OTC Hedges	$ 343,173	$	51	$	106	$	142	$	8	$	25	$	2	$	9
Merchant Tolling Revenue Hedged	$ 1,343,418	$	8	$	177	$	278	$	285	$	181	$	196	$	218
Total CF	$ 2,475,683	$	114	$	496	$	580	$	428	$	274	$	279	$	304

Dmd Pmt Coverage through 2010 - hedged	
Total Hedged in Cash Flows	$ 2,476
Total Demand Payments	$ (2,520)
Cost Coverage	0.98

Undiscounted Cash Flows
Line Item Clarification

- **Tolling cash flows associated with hedges**
  - Represents a percentage of the value of the underlying tolling option
  - Includes value associated with optionality, such as volatility, that is not effectively hedged with all products; thus, actual cash flows may vary from estimates provided
- **Merchant cash flows**
  - Represents unhedged cash flow from expected generation associated with underlying tolling option
  - Includes value associated with optionality, such as volatility; thus, actual cash flows may vary from estimates provided

Total Undiscounted Cash Flows
West Power Portfolio

West Power Portfolio *Estimated as of 9/30/04*	Q1 A	Q2 A	Q3 A	2004 A+F	2005 F	2006 F	2007-2010 F	2011-2018 F
Tolling Demand Payment Obligations	($39)	($39)	($38)	($154)	($154)	($155)	($637)	($1,248)
Resale of Tolling	41	35	29	144	124	103	$196	$0
Long-term Physical Forward Power Sales	29	24	19	93	63	47	$114	$0
OTC Hedges	15	24	33	97	80	106	$23	($5)
Tolling Cash Flows Associated With Hedges	12	26	51	94	97	175	$612	$18
Subtotal	$58	$70	$94	$274	$210	$276	$308	($1,235)
Merchant Cash Flows	0	0	0	4	22	4	580	2,663
Estimated Cash Flows	$58	$70	$94	$278	$232	$280	$888	$1,428
Capacity Available (in MW)					4,141	4,141	4,141	4,141
Expected Output (in MW)					981	1,288	1,705	1,855
Total Volume Hedged (in MW)					797	1,258	888	12
Percentage Volume Hedged					81%	98%	52%	1%

Note: Actual cash flows realized upon liquidation or sale of the portfolio may differ materially from those shown. Also, please note that proprietary positions, storage, transportation, transmission, crude and refined products, interest rates, option premiums and margins are not included.

Total Undiscounted Cash Flows
Mid-Continent Power Portfolio

Mid-Continent Power Portfolio *Estimated as of 9/30/04*	Q1 A	Q2 A	Q3 A	2004 A+F	2005 F	2006F	2007-2010 F	2011-2022 F
Tolling Demand Payment Obligations	($13)	($21)	($41)	($87)	($88)	($89)	($363)	($845)
Long-term Physical Forward Power Sales	(2)	(3)	(1)	(15)	2	0	$0	$0
OTC Hedges	1	9	10	33	(9)	(9)	($15)	$0
Tolling Cash Flows Associated With Hedges	(3)	1	1	(1)	19	18	$42	$0
Subtotal	($17)	($14)	($31)	($70)	($76)	($80)	($336)	($845)
Merchant Cash Flows	0	0	0	0	7	28	261	981
Estimated Cash Flows	($17)	($14)	($31)	($70)	($69)	($52)	($75)	$136
Capacity Available (in MW)					1,306	1,306	1,306	1,306
Expected Output (in MW)					277	378	500	590
Total Volume Hedged (in MW)					199	149	72	0
Percentage Volume Hedged					72%	40%	14%	0%

Note: Actual cash flows realized upon liquidation or sale of the portfolio may differ materially from those shown. Also, please note that proprietary positions, storage, transportation, transmission, crude and refined products, interest rates, option premiums and margins are not included.

Total Undiscounted Cash Flows
East Power Portfolio

East Power Portfolio *Estimated as of 9/30/04*	Q1 A	Q2 A	Q3 A	2004 A+F	2005 F	2006 F	2007-2010 F	2011-2022 F
Tolling Demand Payment Obligations	($36)	($39)	($47)	($156)	($155)	($157)	($637)	($1,803)
Full Requirements	(1)	11	4	18	24	9	$52	$153
OTC Hedges	19	4	1	37	36	46	$35	($21)
Tolling Cash Flows Associated With Hedges	(1)	7	28	37	61	85	$226	$315
Subtotal	($19)	($17)	($14)	($64)	($34)	($17)	($324)	($1,356)
Merchant Cash Flows	0	0	0	0	5	14	333	2,199
Estimated Cash Flows	($19)	($17)	($14)	($64)	($29)	($3)	$9	$843
Capacity Available (in MW)					2,276	2,276	2,276	2,276
Expected Output (in MW)					621	835	1,015	1,150
Total Volume Hedged (in MW)					575	715	413	144
Percentage Volume Hedged					93%	86%	41%	13%

Note: Actual cash flows realized upon liquidation or sale of the portfolio may differ materially from those shown. Also, please note that proprietary positions, storage, transportation, transmission, crude and refined products, interest rates, option premiums and margins are not included.

Undiscounted Cash Flows Variance Analysis

3Q '04 Earnings Call

Williams

Dollars in millions

Combined Power Portfolio				
Actual Q3'04 v. Forecast Q3'04	**3Q04 A**	**3Q04 F**	**YTD'04 A**	**YTD'04 F**
Tolling Demand Payment Obligations	($126)	($125)	($313)	($307)
Resale of Tolling	29	25	105	102
Full Requirements	4	0	14	1
Long-term Physical Forward Power Sales	18	12	66	62
OTC Hedges	44	57	117	140
Merchant Cash Flows	80	93	121	124
Total Cash Flows	**$49**	**$62**	**$110**	**$122**
Legacy Portfolio and Other Working Capital	281	37	456	32
Direct SG&A	(13)	(14)	(35)	(41)
Indirect SG&A	(7)	(6)	(21)	(18)
Estimated Cash Flows After SG&A	**$310**	**$79**	**$510**	**$95**

Note: Q3 2004 forecast estimated as of 6/30/04.

Key Terms & Definitions
Accounting Methodologies

Williams

- Mark-to-Market Accounting **is the process of estimating, recording, and reporting the** fair value **of physical and financial transactions. SFAS 133 requires that all** derivatives **be accounted for at** fair value **under mark-to-market accounting.**

- Accrual Accounting **is the process of measuring, recording and reporting transactions as they are** realized, **i.e. upon physical delivery or financial settlement.**

- Hedge Accounting **is a special election under SFAS 133 that allows** unrealized gains/losses **from designated derivatives to be recorded in** OCI **on the balance sheet rather than in earnings, and then reclassified from OCI to earnings in the same period in which the** hedged item **affects earnings.**

- Normal Purchases & Sales Election **under SFAS 133 allows certain derivative contracts to be accounted for under** accrual accounting **rather than** mark-to-market accounting**.**

Key Terms & Definitions
Derivatives

- Non-Derivative **contracts are those not meeting SFAS 133 derivative criteria. Power's non-derivative contracts include tolling, full requirements, storage, transportation, and transmission. Non-derivative contracts may include executory contracts as well as leases.**

- Derivative **contracts are those which has all three of the following characteristics:**
  - One or more **underlyings** and one or more **notionals**
  - Requires no initial investment or an initial net investment that is smaller than would be required for other contracts that would be expected to have a similar response to changes in market factors
  - Its terms permit or require net settlement or involve delivery of an asset that can be readily convertible to cash (e.g. commodity).

Key Terms & Definitions
Revenue-Related Terms

- Recognized Revenue **is the amount of revenue reported or "recognized" in the financial statements for a given period. Recognized revenue may include both** unrealized **and** realized **revenue from both** mark-to-market **and** accrual accounting**.**

- Unrealized Gains/Losses **represent the changes in forward** fair value **of an instrument before that instrument has reached maturity.**

- Realized Gains/Losses **represent the amounts for which an instrument or transaction are ultimately settled once the deal has reached maturity or the transaction has occurred (physical delivery or service rendered). Prior to being realized, any gains or losses on derivatives are reported as** unrealized.

- OCI **represents "Other Comprehensive Income", a component of stockholders' equity in the balance sheet in which** unrealized gains/losses **from hedges are reported instead of in earnings, i.e. Under hedge accounting unrealized gains/losses are deferred in OCI instead of being recognized in earnings until the hedged transaction affects earnings.**

Key Terms & Definitions

Other

- Fair Value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- Hedged Item is a either a recognized asset or liability or a forecasted transaction meeting certain criteria (e.g. future purchase of gas or future sale of power).
- Underlying a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, or other variable. An underlying may be a price or rate of an asset or liability but is not the asset or liability itself.
- Notional a number of currency units, shares, bushels, pounds, megawatts, MMBTU's, or other units specified in a derivative contract.
- Segment Profit After Mark-to-Market is a non-GAAP measure that Power reports outside of the financial statements in order to provide stakeholders with an alternative measure that estimates Power's segment profit if Power had never applied mark-to-market accounting, i.e. all unrealized gains/losses are reversed and all realized gains/losses are included in segment profit in the period in which realized.

SFAS 133

- All derivatives recognized on balance sheet at fair value, and unrealized gains/losses on derivatives reported in earnings.
- Hedge accounting is an option, not a requirement.
- To elect hedge accounting, certain criteria must be met and formal hedge documentation required.
- Hedge accounting can only be elected on a prospective basis.

SFAS 133

- To qualify for hedge accounting treatment, the derivative instruments must meet the following criteria:
  - High historical correlation with instruments being hedged
  - High prospective correlation with instruments being hedged
  - High probability that forecasted hedged transactions will occur (i.e. if it is probable that an underlying contract/asset will be sold, the derivative instruments cannot qualify for hedge accounting treatment)
- Under hedge accounting unrealized forward gains and losses are deferred on balance sheet (OCI) until underlying is realized, thus earnings volatility is greatly reduced
- Note that an "economic hedge" does not always receive hedge accounting treatment

EITF 02-3

- **EITF 02-3 eliminated use of MTM accounting for all <u>non-derivative</u> contracts:**
  – Tolling
  – Full requirements & load serving
  – Storage
  – Transportation
  – Transmission
- **These types of contracts are now accounted for on an accrual basis after January 1, 2003 charge for cumulative change in accounting principle.**

EITF 02-3

- **Derivative instruments**
  - Financial transactions
    - Options
    - Swaps
    - Futures
  - Forward physical transactions
- **Non-derivative instruments**
  - Tolling
  - CDWR Product D
  - Full requirements
  - Storage
  - Transportation
  - Transmission
  - Firm service
  - Spot physical transactions

EITF 02-3

Other changes mandated by EITF 02-3

- **Before EITF 02-3**
  - Inventory accounted for on MTM basis
  - All trading revenues reported on a net basis
- **After EITF 02-3**
  - Inventory accounted for on a Lower of Cost or Market (LCM) basis
  - Revenue reporting mixed
    - Unrealized derivative revenues reported net
    - Financially settled realized derivative revenues reported net
    - Non-derivative revenues reported gross
    - Physically settled realized derivative revenues reported gross

Normal Purchases & Sales Election

- Special election under SFAS 133
- Permits certain qualifying derivative contracts to be accounted for on an accrual basis
- Elected for CDWR ABC & Gas contracts effective April 1, 2003
- Fair value at time of election frozen on balance sheet and rolled-off as realized
- Subsequent changes in fair value not recognized

Future Hedge Realization

3Q '04 Earnings Call

Williams

Dollars in millions (estimated as of 9/30/04)

	Designated Hedges[1]
2004	$83
2005	347
2006	285
2007	127
2008 & Beyond	137
Total	$979

[1]Represents the fair value and expected future realization of those derivatives which qualify for hedge accounting under SFAS 133. Future changes in fair value will be reported in OCI on the balance sheet, and then re-classified into earnings in the period in which the hedged transaction, or underlying, affects earnings.

Derivative Net Asset Reconciliation

Williams

Dollars in millions

	Balance at 9/30/04
Power - Fair Value of Designated FAS 133 Hedges[1]	$979
Power - Other Derivatives	(134)
E&P - Fair Value of Designated FAS 133 Hedges	(612)
Corporate	12
Net Derivative Assets Per Balance Sheet	**$244**

[1]Represents the fair value of those derivatives which qualify for hedge accounting under SFAS 133. Future changes in fair value will be reported in OCI on the balance sheet, and then re-classified into earnings in the period in which the hedged transaction, or underlying, affects earnings.

Non-GAAP Reconciliation Schedule

3Q '04 Earnings Call

Williams.

Dollars in millions except for per share amounts

	2004 1Q	2004 2Q	2004 3Q	2003 1Q	2003 2Q	2003 3Q
Recurring income from continuing operations available to common shareholders	$ 3	$ 54	$ 136	$ (44)	$ (12)	$ (0)
Recurring diluted earnings per common share	*$ 0.00*	*$ 0.10*	*$ 0.26*	*$ (0.08)*	*$ (0.02)*	*$ (0.00)*
Mark-to-Market (MTM) adjustments for Power:*						
Reverse forward unrealized MTM gains/losses	(23)	(69)	(187)	40	(232)	54
Add realized gains/losses from MTM previously recognized	137	10	45	(55)	45	(45)
Total MTM adjustments	114	(59)	(142)	(15)	(187)	9
Tax effect of total MTM adjustments (at 39%)	44	(23)	(55)	(6)	(73)	4
After tax MTM adjustments	70	(36)	(87)	(9)	(114)	5
Recurring income from cont. operations avail. to common shareholders after MTM adjust.	$ 73	$ 18	$ 49	$ (53)	$ (126)	$ 5
Recurring diluted earnings per share after MTM adjustments	*$ 0.14*	*$ 0.03*	*$ 0.09*	*$ (0.10)*	*$ (0.24)*	*$ 0.01*
weighted average shares - diluted (thousands)	525,752	521,698	529,525	517,652	534,839	524,711

** Adjustments have been made to reverse estimated forward unrealized MTM gains/losses and add estimated realized gains/losses from MTM previously recognized, i.e. assumes MTM accounting had never been applied to designated hedges and other derivatives.*

Mark to Market Adjustments

3Q '04 Earnings Call

Williams

Dollars in millions, except for per-share amounts

	3rd Quarter 2004	3rd Quarter 2003	YTD 2004	YTD 2003
Recurring income from continuing operations available to common shareholders	$ 136	$ (0)	$ 193	$ (56)
Recurring diluted earnings per common share	*$ 0.26*	*$ (0.00)*	*$ 0.37*	*$ (0.10)*
Mark-to-Market (MTM) adjustments for Power: [1]				
Reverse forward unrealized MTM gains/losses	(187)	54	(279)	(138)
Add realized gains/losses from MTM previously recognized	45	(45)	192	(55)
Total MTM adjustments	(142)	9	(87)	(193)
Tax effect of total MTM adjustments (at 39%)	(55)	4	(34)	(75)
After tax MTM adjustments	(87)	5	(53)	(118)
Recurring income from cont. operations avail. to common shareholders after MTM adjustments	$ 49	$ 5	$ 140	$ (174)
Recurring diluted earnings per share after MTM adjustments	*$ 0.09*	*$ 0.01*	*$ 0.27*	*$ (0.33)*

(1) Adjustments have been made to reverse estimated forward unrealized MTM gains/losses and add estimated realized gains/losses from MTM previously recognized, i.e. assumes MTM accounting had never been applied to designated hedges and other derivatives.

Note: 2Q recurring income has been reduced by $10.5 mm (pretax) for Devil's Tower to reflect the third quarter change from recognizing revenues on the fixed fee received over a defined term to a units-of-production method that recognizes revenues as volumes are delivered for the life of the reserves.

A more detailed schedule reconciling income (loss) from continuing operations to recurring income from continuing operations after MTM adjustments is available on Williams' Web site at www.williams.com.

Segment Profit After MTM - Example

Sequence of Events:
1. January 1, 2004 enter into first fixed price hedge expected to settle in April 2004
2. February 1, 2004 enter into second fixed price hedge expected to settle May 2004
3. April 2004 settle Hedge #1
4. May 2004 settle Hedge #2

	Deal Assumptions			Financial Statements				MTM Adjustments		Segment
				A	B			C	D	A+B+C+D
	Hedge # 1	Hedge # 2	Market Price	Unreal Gain	Realized Gain	Deriv. Asset	CFFO	Reverse Unreal Gain	Add Real. Gain Prev. MTM	Profit After MTM Adj
Jan-04	25		25	-	-	-	-	-	-	-
Feb-04	25	30	30	5	-	5	-	(5)	-	-
Mar-04	25	30	35	10	-	15	-	(10)	-	-
Apr-04	25	30	40	5	5	10	15	(5)	10	15
May-04	25	30	45	-	5	-	15	-	10	15
				Income Statement		Balance Sheet	Cash Flow Stmt			

Note: Assumes no hedge accounting treatment

Power Accounting Summary

Williams

	Examples	2001 - 2002	1/1/2003 - 9/30/2004	beginning 10/1/2004	10-K ref
Governing Document		SFAS 133 EITF 98-10	SFAS 133 EITF 02-03	SFAS 133 Hedge Acctg	
Accounting Treatment					
Derivatives					
Trading	limited trading activities remain	MTM	MTM	MTM	p. 96, 106
Non-trading					
CF Hedges	E&P Hedges	hedge accounting[1]	hedge accounting[1]	hedge accounting[1]	p. 106
CF Hedges	Power & gas hedges	MTM	MTM	hedge accounting[1]	p. 106
not designated as hedge	other gas & power derivatives	MTM	MTM	MTM	p. 106-107
Normal purchase & sale	CDWR A, B & C contracts	MTM	MTM/NP&S[4]	/NP&S[4]	p. 106-107
Non-derivatives					
Service Contracts	Tolling, full requirements, transportation, storage, transmission, firm service, CDWR Product D, spot physical transactions (entered & settled in same month)	MTM	accrual[2]	accrual	p. 103-107
Commodity trading inventories	natural gas, crude, refined products	MTM	LCM[3]	LCM[3]	p. 100

Accounting Treatments

MTM - Contracts are marked to market each period, the assets and liabilities are listed on the balance sheet and the change in fair value (FV) is recognized in the P&L stateme

Hedge accounting - The FV is reflected on the balance sheet and the change in FV flows through Other Comprehensive Income (OCI) to the extent the hedges are effective.

Accrual - There is no FV on the balance sheet and the earnings are recognized as they are realized.

LCM - Lower of cost or market - Inventories are valued at the lower of cost or market on the balance sheet and any impairments impact the P&L statement

NP&S - Normal purchase or sale - An accrual method of accounting. Contracts meeting certain criteria that would otherwise have to be accounted for as a derivative and marked to market may be treated as if they were not a derivative and therefore no longer MTM.

[1] *Goes through OCI to the extent the hedges remain effective; otherwise recognized in current income*

[2] *MTM written off*

[3] *FV less cost basis written off*

Note: Effect of footnotes 2 & 3 was a $702.5 mm after-tax charge in the first quarter of 2004

[4] *Effective 4/1/2003, Williams elected normal purchase & sales (NP&S) accounting, froze the fair value (FV) at approximately $500 million and began to recognize realized income in P&L net of the scheduled frozen writeoff.*

Exhibit 99.3

NewsRelease

NYSE:WMB

Date: Nov. 16, 2004

Williams Cuts Another $200 Million of Debt

TULSA, Okla. – Williams (NYSE:WMB) has completed the purchase and retirement of approximately $200 million in 5.935 percent senior notes due 2007.

Approximately $1.1 billion of these notes were issued in January 2002 as a component of Income PACS^{SM}, in connection with Williams' FELINE PACS (NYSE:WMB PrI) offering.

Williams previously retired $827 million of the notes through an exchange offer that expired in October. Only $73.1 million of the original $1.1 billion obligation remains outstanding and is due on Feb. 16, 2007.

With today's action, Williams has reduced its total long-term debt from approximately $8.1 billion to $7.9 billion.

About Williams (NYSE:WMB)

Williams, through its subsidiaries, primarily finds, produces, gathers, processes and transports natural gas. The company also manages a wholesale power business. Williams' operations are concentrated in the Pacific Northwest, Rocky Mountains, Gulf Coast, Southern California and Eastern Seaboard. More information is available at www.williams.com.

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Portions of this document may constitute "forward-looking statements" as defined by federal law. Although the company believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Any such statements are made in reliance on the "safe harbor" protections provided under the Private Securities Reform Act of 1995. Additional information about issues that could lead to material changes in performance is contained in the company's annual reports filed with the Securities and Exchange Commission.

Exhibit 99.4

News Release

NYSE: WMB

Date: Nov. 17, 2004

Williams Increases Common Dividend Five-Fold

TULSA, Okla. – Williams’ (NYSE:WMB) board of directors today approved a regular dividend of 5 cents per share on the company’s common stock, payable on Dec. 27, 2004, to holders of record at the close of business on Dec. 10, 2004.

“Our restructuring is nearly complete. We’ve driven down our debt. We’ve increased our cash flow from operations. And we’ve made disciplined investments in our businesses,” said Steve Malcolm, chairman, president and chief executive officer.

“Raising the dividend is another sign of our financial progress. The board is confident in our cash flow and our ongoing ability to increase shareholder value while continuing to improve our credit ratings,” Malcolm added.

Today’s declaration by the board raises the dividend five-fold. The company previously had paid a penny per share since the third quarter of 2002, when Williams reduced its dividend to conserve cash.

Since late 2002, Williams has reduced its debt by more than $6 billion. Williams’ businesses also have produced net cash from operations of approximately $770 million in 2003 and $1.1 billion for the first nine months of 2004.

About Williams (NYSE:WMB)

Williams, through its subsidiaries, primarily finds, produces, gathers, processes and transports natural gas. The company also manages a wholesale power business. Williams’ operations are concentrated in the Pacific Northwest, Rocky Mountains, Gulf Coast, Southern California and Eastern Seaboard. More information is available at www.williams.com.

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