Williams Partners L.P.
Form 10-K/A
April 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from______to______

Commission file number 1-32599

WILLIAMS PARTNERS L.P.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-2485124**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
One Williams Center, Tulsa, Oklahoma	**74172-0172**
(Address of Principal Executive Offices)	*(Zip Code)*

918-573-2000

(Registrant s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

The aggregate market value of the registrant s common units held by non-affiliates based on the closing sale price of such units as reported on the New York Stock Exchange, as of the last business day of the registrant s most recently completed second quarter was approximately $3,968,507,019. This figure excludes common units beneficially owned by the directors and executive officers of Williams Partners GP LLC, our general partner.

The registrant had 305,008,540 common units outstanding as of February 23, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

None

Explanatory Note

This Amendment No. 1 on Form 10-K/A for the fiscal year ended December 31, 2011, is filed to revise the Report of Independent Registered Public Accounting Firm related to the financial statements of Gulfstream Natural Gas System, L.L.C. contained in Item 8 of the original Form 10-K. The revisions relate solely to the deletion of the word auditing in reference to the standards of the Public Company Accounting Oversight Board (United States) and a clerical correction of the report date. Note 17 of the Notes to Consolidated Financial Statements has been revised to include information subsequent to the date of the report of our Independent Registered Public Accounting Firm. No changes have been made to the audited financial statements.

Item 8. ***Financial Statements and Supplementary Data***

MANAGEMENT S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a 15(f) and 15d 15(f) under the Securities Exchange Act of 1934). Our internal controls over financial reporting are designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and board of directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations including the possibility of human error and the circumvention or overriding of controls. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our general partner s Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2011, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework.* Based on our assessment we concluded that, as of December 31, 2011, our internal control over financial reporting was effective.

Ernst & Young LLP, our independent registered public accounting firm, has audited our internal control over financial reporting, as stated in their report which is included in this Amendment No. 1 on Form 10-K/A.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors of Williams Partners GP LLC

General Partner of Williams Partners L.P.

and the Limited Partners of Williams Partners L.P.

We have audited Williams Partners L.P. s (the Partnership) internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Williams Partners L.P. s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Williams Partners L.P. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Williams Partners L.P. as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2011, and our report dated February 27, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Tulsa, Oklahoma
February 27, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of Williams Partners GP LLC

General Partner of Williams Partners L.P.

and the Limited Partners of Williams Partners L.P.

We have audited the accompanying consolidated balance sheets of Williams Partners L.P. (the Partnership) as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Gulfstream Natural Gas System, L.L.C. (Gulfstream) (a limited liability corporation in which the Partnership has a 49 percent interest). The Partnership s investment in Gulfstream constituted three percent of the Partnership s assets as of December 31, 2011 and the Partnership s equity in the net income of Gulfstream constituted four percent of the Partnership s net income for the year ended December 31, 2011. Gulfstream s financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the 2011 consolidated financial statements, insofar as it relates to the amounts included for Gulfstream, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Williams Partners L.P. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Williams Partners L.P. s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Tulsa, Oklahoma
February 27, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of Gulfstream Natural Gas System, L.L.C.

We have audited the balance sheet of Gulfstream Natural Gas System, L.L.C., (the Company), as of December 31, 2011, and the related statements of operations, cash flows, and members equity and comprehensive income for the year then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Gulfstream Natural Gas System, L.L.C. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Houston, Texas

February 23, 2012

WILLIAMS PARTNERS L.P.

CONSOLIDATED STATEMENT OF INCOME

	Years Ended December 31,		
	2011	**2010**	**2009**
	(Millions, except per-unit amounts)		
Revenues:			
Gas Pipeline	$ 1,678	$ 1,605	$ 1,591
Midstream Gas & Liquids	5,051	4,110	3,011
Total revenues	6,729	5,715	4,602
Segment costs and expenses:			
Costs and operating expenses	4,672	3,984	3,100
Selling, general, and administrative expenses	290	281	300
Other (income) expense net	13	(15)	(34)
Segment costs and expenses	4,975	4,250	3,366
General corporate expenses	112	125	109
Operating income:			
Gas Pipeline	615	599	600
Midstream Gas & Liquids	1,139	866	636
General corporate expenses	(112)	(125)	(109)
Total operating income	1,642	1,340	1,127
Equity earnings	142	109	81
Interest accrued third-party	(425)	(392)	(207)
Interest accrued affiliate	(1)	(1)	(52)
Interest capitalized	11	29	58
Interest income third-party	2	1	1
Interest income affiliate		3	19
Other income (expense) net	7	12	9
Net income	1,378	1,101	1,036
Less: Net income attributable to noncontrolling interests		16	27
Net income attributable to controlling interests	$ 1,378	$ 1,085	$ 1,009
Allocation of net income for calculation of earnings per common unit:			
Net income attributable to controlling interests	$ 1,378	$ 1,085	$ 1,009
Allocation of net income to general partner and Class C units (a)	308	517	857
Allocation of net income to common units	$ 1,070	$ 568	$ 152
Basic and diluted net income per common unit	$ 3.69	$ 2.66	$ 2.88
Weighted average number of common units outstanding (thousands) (a)	290,255	213,539	52,777
Cash distributions per common unit	$ 2.96	$ 2.72	$ 2.54

(a) Calculated as discussed in Note 2.

See accompanying notes.

WILLIAMS PARTNERS L.P.

CONSOLIDATED BALANCE SHEET

	December 31, 2011	December 31, 2010
	(Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 163	$ 187
Accounts and notes receivable:		
Trade	484	404
Affiliate	9	8
Inventories	148	195
Regulatory assets	40	51
Other current assets	70	53
Total current assets	914	898
Investments	1,383	1,045
Property, plant, and equipment net	11,627	11,001
Regulatory assets, deferred charges, and other	456	460
Total assets	$ 14,380	$ 13,404
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 554	$ 322
Affiliate	57	154
Accrued interest	105	105
Asset retirement obligations	66	35
Other accrued liabilities	166	139
Long-term debt due within one year	324	458
Total current liabilities	1,272	1,213
Long-term debt	6,913	6,365
Asset retirement obligations	503	460
Regulatory liabilities, deferred income, and other	464	290
Contingent liabilities and commitments (Note 15)		
Equity:		
Common units (290,477,159 units outstanding at December 31, 2011 and 289,844,575 units outstanding at December 31, 2010)	6,810	6,564
General partner	(1,580)	(1,485)
Accumulated other comprehensive income (loss)	(2)	(3)
Total equity	5,228	5,076
Total liabilities and equity	$ 14,380	$ 13,404

See accompanying notes.

WILLIAMS PARTNERS L.P.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Williams Partners L.P.					
	Limited Partners Common	Limited Partners Class C	General Partner	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
	(Millions)					
Balance December 31, 2008	$ 1,620	$	$ 5,901	$ 4	$ 342	$ 7,867
Comprehensive income:						
Net income	145		864		27	1,036
Other comprehensive income (loss):						
Net unrealized change in cash flow hedges, net of reclassification adjustments				(2)		(2)
Total other comprehensive income (loss)						(2)
Total comprehensive income						1,034
Cash distributions	(134)		(10)			(144)
Dividends paid to noncontrolling interests					(23)	(23)
Distributions to The Williams Companies, Inc. net			(384)			(384)
Reclassification of notes receivable			(253)			(253)
Other			5		1	6
Balance December 31, 2009	$ 1,631	$	$ 6,123	$ 2	$ 347	$ 8,103
Comprehensive income:						
Net income	558	156	371		16	1,101
Other comprehensive income (loss):						
Net unrealized change in cash flow hedges, net of reclassification adjustments				(5)		(5)
Total other comprehensive income (loss)						(5)
Total comprehensive income						1,096
Cash distributions	(432)	(87)	(141)			(660)
Dividends paid to noncontrolling interests					(18)	(18)
Issuance of units (203,000,000 Class C units)		6,946	(6,946)			
Distributions to The Williams Companies, Inc. net		(3,357)	(679)			(4,036)
Excess of purchase price over contributed basis of business purchase from affiliate			(244)			(244)
Conversion of Class C units to Common (203,000,000 units)	3,658	(3,658)				
Issuance of units due to Williams Pipeline Partners L.P. merger (13,580,485 common units)	343				(343)	
Issuance of units to public (18,637,500 common units)	806					806
Contributions from general partner			29			29
Other			2		(2)	
Balance December 31, 2010	$ 6,564	$	$ (1,485)	$ (3)	$	$ 5,076
Comprehensive income:						
Net income	1,088		290			1,378
Other comprehensive income (loss):						
Net unrealized change in cash flow hedges, net of reclassification adjustments				1		1

Total other comprehensive income (loss)							1
Total comprehensive income							1,379
Cash distributions	(842)		(282)				(1,124)
Excess of purchase price over contributed basis of investment purchase from affiliate			(123)				(123)
Contributions from general partner			31				31
Other			(11)				(11)
Balance December 31, 2011	$ 6,810	$	$ (1,580)	$	(2)	$	$ 5,228

See accompanying notes.

WILLIAMS PARTNERS L.P.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended December 31, 2011	2010	2009
		(Millions)	
OPERATING ACTIVITIES:			
Net income	$ 1,378	$ 1,101	$ 1,036
Adjustments to reconcile to net cash provided by operations:			
Depreciation and amortization	611	568	553
Cash provided (used) by changes in current assets and liabilities:			
Accounts and notes receivable	(80)	(23)	(93)
Inventories	47	(66)	17
Other assets and deferred charges	(8)	37	8
Accounts payable	163	28	2
Accrued liabilities	56	72	(73)
Affiliate accounts receivable and payable net	(98)	72	16
Other, including changes in noncurrent assets and liabilities	97	27	17
Net cash provided by operating activities	2,166	1,816	1,483
FINANCING ACTIVITIES:			
Proceeds from long-term debt	1,596	5,029	
Payments of long-term debt	(1,184)	(1,203)	(2)
Payment of debt issuance costs	(16)	(66)	
Proceeds from sales of common units		806	
General partner contributions	31	29	
Dividends paid to noncontrolling interests		(18)	(23)
Distributions to limited partners and general partner	(1,124)	(660)	(144)
Excess of purchase price over contributed basis of business and investment	(123)	(244)	
Distributions to The Williams Companies, Inc. net		(152)	(384)
Other net	2	(4)	9
Net cash provided (used) by financing activities	(818)	3,517	(544)
INVESTING ACTIVITIES:			
Purchase of business and investments from affiliates	(174)	(3,884)	
Property, plant and equipment:			
Capital expenditures	(991)	(837)	(907)
Net proceeds from dispositions	5	64	46
Purchases of business and investments	(228)	(626)	(131)
Purchase of ARO trust investments	(41)	(47)	(46)
Proceeds from sale of ARO trust investments	56	31	41
Other net	1		78
Net cash used by investing activities	(1,372)	(5,299)	(919)
Increase (decrease) in cash and cash equivalents	(24)	34	20
Cash and cash equivalents at beginning of period	187	153	133
Cash and cash equivalents at end of period	$ 163	$ 187	$ 153

See accompanying notes.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

Unless the context clearly indicates otherwise, references in this report to we, our, us, or similar language refer to Williams Partners L.P. and its subsidiaries.

We are a publicly traded Delaware limited partnership. Williams Partners GP LLC, a Delaware limited liability company wholly owned by The Williams Companies, Inc. (Williams), serves as our general partner. As of December 31, 2011, Williams owns an approximate 73 percent limited partner interest, a 2 percent general partner interest and incentive distribution rights (IDRs) in us. All of our activities are conducted through Williams Partners Operating LLC (OLLC), an operating limited liability company (wholly owned by us).

Description of Business

Our operations are located in the United States and are organized into the following reporting segments: Gas Pipeline and Midstream Gas & Liquids (Midstream).

Gas Pipeline is comprised primarily of the following interstate natural gas pipeline assets:

- Transcontinental Gas Pipe Line Company, LLC (Transco), an interstate natural gas pipeline extending from the Gulf of Mexico region to the northeastern United States;

- Northwest Pipeline GP (Northwest Pipeline), an interstate natural gas pipeline extending from the San Juan basin in northwestern New Mexico and southwestern Colorado to Oregon and Washington;

- A 49 percent equity interest in Gulfstream Natural Gas System, L.L.C. (Gulfstream), an interstate natural gas pipeline extending from the Mobile Bay area in Alabama to markets in Florida.

Midstream is comprised primarily of:

- Large-scale natural gas gathering, processing, and treating facilities in the Rocky Mountain, Four Corners, Piceance basin, and Pennsylvania s Marcellus Shale regions;

- Offshore deepwater oil and natural gas production platforms, gathering, and transportation facilities in the Gulf of Mexico, as well as significant natural gas gathering, processing, and treating facilities on the Gulf Coast;

- A natural gas liquid (NGL) fractionator and storage facilities near Conway, Kansas;

- Various equity investments in domestic natural gas gathering and processing assets and NGL fractionation and transportation assets.

Basis of Presentation

In May 2011, we closed the acquisition of a 24.5 percent interest in Gulfstream from a subsidiary of Williams in exchange for aggregate consideration of $297 million of cash, 632,584 of our limited partner units, and an increase in the capital account of our general partner to allow it to maintain its 2 percent general partner interest. As the acquired equity interest was purchased from a subsidiary of Williams, the transaction was accounted for as a combination of entities under common control whereby the investment acquired is combined with ours at its historical amount as of the date of transfer. The excess of the cash purchase price over the historical carrying amount is recognized as a reduction of general partner equity. This investment is reported in our Gas Pipeline segment.

In February 2010, we closed a transaction (the Dropdown) with our general partner, our operating company, Williams and certain of its subsidiaries, pursuant to which Williams contributed to us the ownership interests in the entities that made up its gas pipeline and midstream businesses to the extent not already owned by us, including Williams limited and general partner interests in Williams Pipeline Partners L.P. (WMZ), but excluding its Canadian, Venezuelan, and olefins operations, and 25.5 percent of Gulfstream, collectively defined as the Contributed Entities.

Accounting standards issued but not yet adopted

In June 2011, the FASB issued Accounting Standards Update No. 2011-5, Comprehensive Income (Topic 220) Presentation of Comprehensive Income (ASU 2011-5). ASU 2011-5 requires presentation of net income and other comprehensive income either in a single continuous statement or in two separate, but consecutive, statements. ASU 2011-5 requires separate presentation in both net income and other comprehensive income of reclassification adjustments for items that are reclassified from other comprehensive income to net income. The new guidance does not change the items reported in other comprehensive income, nor affect how earnings per share is calculated and presented. We currently report net income in the Consolidated Statement of Operations and report other comprehensive income in the Consolidated Statement of Changes in Equity. In December 2011, The FASB issued Accounting Standards Update No. 2011-12, Comprehensive Income (Topic 220) Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 (ASU 2011-12). ASU 2011-12 defers the effective date for only the presentation requirements related to reclassifications in ASU 2011-5. During this deferral period, ASU 2011-12 states that we should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before ASU 2011-05. All other requirements in ASU 2011-05 are not affected by ASU 2011-12, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Both standards are effective beginning the first quarter of 2012, with retrospective application to prior periods. We will apply the new guidance for both standards beginning in 2012.

Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of Williams Partners L.P., OLLC, and our other wholly owned subsidiaries. We apply the equity method of accounting for investments in unconsolidated companies in which we and our subsidiaries own 20 percent to 50 percent of the voting interest or otherwise exercise significant influence over operating and financial policies of the company. We also apply the equity method of accounting for investments where our majority ownership does not provide us with control due to the significant participatory rights of other owners.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Significant estimates and assumptions include:

- Impairment assessments of investments and long-lived assets;
- Litigation-related contingencies;
- Environmental remediation obligations;
- Asset retirement obligations.

These estimates are discussed further throughout these notes.

Regulatory accounting

Transco and Northwest Pipeline are regulated by the Federal Energy Regulatory Commission (FERC). Their rates established by the FERC are designed to recover the costs of providing the regulated services, and their competitive environment makes it probable that such rates can be charged and collected. Therefore, our management has determined that it is appropriate to account for and report regulatory assets and liabilities related to these operations consistent with the economic effect of the way in which their rates are established. Accounting for these businesses that are regulated can differ from the accounting requirements for non-regulated businesses. The components of our regulatory assets and liabilities relate to the effects of deferred taxes on equity funds used during construction, asset retirement obligations, fuel cost differentials, levelized incremental depreciation, negative salvage, and postretirement benefits.

Cash and cash equivalents

Cash and cash equivalents includes amounts primarily invested in funds with high-quality, short-term securities and instruments that are issued or guaranteed by the U.S. government. These have maturities of three months or less when acquired.

Accounts receivable

Accounts receivable are carried on a gross basis, with no discounting, less an allowance for doubtful accounts. We estimate the allowance for doubtful accounts based on existing economic conditions, the financial condition of our customers, and the amount and age of past due accounts. We consider receivables past due if full payment is not received by the contractual due date. Interest income related to past due accounts receivable is generally recognized at the time full payment is received or collectability is assured. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. The allowance for doubtful accounts at December 31, 2011 and 2010 was insignificant.

Inventory valuation

All *inventories* are stated at the lower of cost or market. We determine the cost of certain natural gas inventories held by Transco using the last-in, first-out (LIFO) cost method. We determine the cost of the remaining inventories primarily using the average-cost method. There was no LIFO inventory at December 31, 2011. LIFO inventory at December 31, 2010 was $9 million.

Property, plant, and equipment

Property, plant, and equipment is recorded at cost. We base the carrying value of these assets on estimates, assumptions, and judgments relative to capitalized costs, useful lives, and salvage values.

As regulated entities, Northwest Pipeline and Transco provide for depreciation using the straight-line method at FERC-prescribed rates. Depreciation for nonregulated entities is provided primarily on the straight-line method over estimated useful lives, except for certain offshore facilities that apply a declining balance method. (See Note 8.)

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gains or losses from the ordinary sale or retirement of property, plant and equipment for regulated pipelines are credited or charged to accumulated depreciation; other gains or losses are recorded in *other (income) expense net* included in *operating income*.

Ordinary maintenance and repair costs are generally expensed as incurred. Costs of major renewals and replacements are capitalized as property, plant and equipment.

We record an asset and a liability equal to the present value of each expected future asset retirement obligation (ARO) at the time the liability is initially incurred, typically when the asset is acquired or constructed. The ARO asset is depreciated in a manner consistent with the depreciation of the underlying physical asset. As regulated entities, Northwest Pipeline and Transco record the ARO asset depreciation offset to a regulatory asset. We measure changes in the liability due to passage of time by applying an interest method of allocation. This amount is recognized as an increase in the carrying amount of the liability and as a corresponding accretion expense included in *costs and operating expenses*, except for regulated entities, for which the liability is offset by a regulatory asset as management expects to recover amounts in future rates. The regulatory asset is amortized commensurate with the collection of those costs in rates.

Measurements of AROs include, as a component of future expected costs, an estimate of the price that a third party would demand, and could expect to receive, for bearing the uncertainties inherent in the obligations, sometimes referred to as a market-risk premium.

Contingent liabilities

We record liabilities for estimated loss contingencies, including environmental matters, when we assess that a loss is probable and the amount of the loss can be reasonably estimated. These liabilities are calculated based upon our assumptions and estimates with respect to the likelihood or amount of loss and upon advice of legal counsel, engineers, or other third parties regarding the probable outcomes of the matters. These calculations are made without consideration of any potential recovery from third-parties. We recognize insurance recoveries or reimbursements from others when realizable. Revisions to these liabilities are generally reflected in income when new or different facts or information become known or circumstances change that affect the previous assumptions or estimates.

Cash flows from revolving credit facilities

Proceeds and payments related to borrowings under our credit facility are reflected in the financing activities of the Consolidated Statement of Cash Flows on a gross basis.

Derivative instruments and hedging activities

We may utilize derivatives to manage a portion of our commodity price risk. These instruments consist primarily of swap agreements and forward contracts involving short- and long-term purchases and sales of physical energy commodities. We report the fair value of derivatives, except those for which the normal purchases and normal sales exception has been elected, in *other current assets; regulatory assets, deferred charges, and other; other accrued liabilities;* or *regulatory liabilities, deferred income, and other*. We determine the current and noncurrent classification based on the timing of expected future cash flows of individual trades. We report these amounts on a gross basis. Additionally, we report cash collateral receivables and payables with our counterparties on a gross basis.

The accounting for the changes in fair value of a commodity derivative can be summarized as follows:

Derivative Treatment	Accounting Method
Normal purchases and normal sales exception	Accrual accounting
Designated in a qualifying hedging relationship	Hedge accounting
All other derivatives	Mark-to-market accounting

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We may elect the normal purchases and normal sales exception for certain short- and long-term purchases and sales of physical energy commodities. Under accrual accounting, any change in the fair value of these derivatives is not reflected on the balance sheet after the initial election of the exception.

We have also designated a hedging relationship for certain commodity derivatives. For a derivative to qualify for designation in a hedging relationship, it must meet specific criteria and we must maintain appropriate documentation. We establish hedging relationships pursuant to our risk management policies. We evaluate the hedging relationships at the inception of the hedge and on an ongoing basis to determine whether the hedging relationship is, and is expected to remain, highly effective in achieving offsetting changes in fair value or cash flows attributable to the underlying risk being hedged. We also regularly assess whether the hedged forecasted transaction is probable of occurring. If a derivative ceases to be or is no longer expected to be highly effective, or if we believe the likelihood of occurrence of the hedged forecasted transaction is no longer probable, hedge accounting is discontinued prospectively, and future changes in the fair value of the derivative are recognized currently in *revenues* or *costs and operating expenses*.

For commodity derivatives designated as a cash flow hedge, the effective portion of the change in fair value of the derivative is reported in *accumulated other comprehensive income (loss)* (AOCI) and reclassified into earnings in the period in which the hedged item affects earnings. Any ineffective portion of the derivative s change in fair value is recognized currently in *revenues* or *costs and operating expenses*. Gains or losses deferred in AOCI associated with terminated derivatives, derivatives that cease to be highly effective hedges, derivatives for which the forecasted transaction is reasonably possible but no longer probable of occurring, and cash flow hedges that have been otherwise discontinued remain in AOCI until the hedged item affects earnings. If it becomes probable that the forecasted transaction designated as the hedged item in a cash flow hedge will not occur, any gain or loss deferred in AOCI is recognized in *revenues* or *costs and operating expenses* at that time. The change in likelihood of a forecasted transaction is a judgmental decision that includes qualitative assessments made by management.

For commodity derivatives that are not designated in a hedging relationship, and for which we have not elected the normal purchases and normal sales exception, we report changes in fair value currently in *revenues* or *costs and operating expenses*.

Certain gains and losses on derivative instruments included in the Consolidated Statement of Income are netted together to a single net gain or loss, while other gains and losses are reported on a gross basis. Gains and losses recorded on a net basis include:

- Unrealized gains and losses on all derivatives that are not designated as hedges and for which we have not elected the normal purchases and normal sales exception;

- The ineffective portion of unrealized gains and losses on derivatives that are designated as cash flow hedges;

- Realized gains and losses on all derivatives that settle financially other than natural gas derivatives for NGL processing activities;

- Realized gains and losses on derivatives entered into as a pre-contemplated buy/sell arrangement.

Realized gains and losses on derivatives that require physical delivery, as well as natural gas derivatives for NGL processing activities and which are not held for trading purposes nor were entered into as a pre-contemplated buy/sell arrangement, are recorded on a gross basis. In reaching our conclusions on this presentation, we considered whether we act as principal in the transaction; whether we have the risks and rewards of ownership, including credit risk; and whether we have latitude in establishing prices.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gas Pipeline revenues

Gas Pipeline revenues are primarily from services pursuant to long-term firm transportation and storage agreements. These agreements provide for a reservation charge based on the volume of a contracted capacity and a commodity charge based on the volume of gas delivered, both at rates specified in our FERC tariffs. We recognize revenues for reservation charges ratably over the contract period regardless of the volume of natural gas that is transported or stored. Revenues for commodity charges, from both firm and interruptible transportation services, and storage injection and withdrawal services are recognized when natural gas is delivered at the agreed upon delivery point or when natural gas is injected or withdrawn from the storage facility.

In the course of providing transportation services to customers, we may receive different quantities of gas from shippers than the quantities delivered on behalf of those shippers. The resulting imbalances are primarily settled through the purchase and sale of gas with our customers under terms provided for in our FERC tariffs. Revenue is recognized from the sale of gas upon settlement of the transportation and exchange imbalances.

As a result of the ratemaking process, certain revenues collected by us may be subject to refunds upon the issuance of final orders by the FERC in pending rate proceedings. We record estimates of rate refund liabilities considering our and other third-party regulatory proceedings, advice of counsel and other risks.

Midstream revenues

Natural gas gathering and processing services are performed under volumetric-based fee contracts, keep-whole agreements and percent-of-liquids arrangements. Revenues under volumetric-based fee contracts are recorded when services have been performed. Under keep-whole and percent-of-liquid processing contracts, we retain the rights to all or a portion of the NGLs extracted from the producers natural gas stream and recognize revenues when the extracted NGLs are sold and delivered.

We also market NGLs that we purchase from our producer customers as part of the overall service provided to producers. Revenues from marketing NGLs are recognized when the products have been sold and delivered.

Oil gathering and transportation revenues and offshore production handling fees are recognized when the services have been performed. Certain offshore production handling contracts contain fixed payment terms that result in the deferral of revenues until such services have been performed.

Storage revenues under prepaid contracted storage capacity contracts are recognized evenly over the life of the contract as services are provided.

Impairment of long-lived assets and investments

We evaluate our long-lived assets of identifiable business activities for impairment when events or changes in circumstances indicate, in our management s judgment, that the carrying value of such assets may not be recoverable. When an indicator of impairment has occurred, we compare our management s estimate of undiscounted future cash flows attributable to the assets to the carrying value of the assets to determine whether an impairment has occurred and we apply a probability-weighted approach to consider the likelihood of different cash flow assumptions and possible outcomes, including selling in the near term or holding for the remaining estimated useful life. If an impairment of the carrying value has occurred, we determine the amount of the impairment recognized in the financial statements by estimating the fair value of the assets and recording a loss for the amount that the carrying value exceeds the estimated fair value.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For assets identified to be disposed of in the future and considered held for sale, we compare the carrying value to the estimated fair value less the cost to sell to determine if recognition of an impairment is required. Until the assets are disposed of, the estimated fair value, which includes estimated cash flows from operations until the assumed date of sale, is recalculated when related events or circumstances change.

We evaluate our investments for impairment when events or changes in circumstances indicate, in our management s judgment, that the carrying value of such investments may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, we compare our estimate of fair value of the investment to the carrying value of the investment to determine whether an impairment has occurred. If the estimated fair value is less than the carrying value and we consider the decline in value to be other than temporary, the excess of the carrying value over the estimated fair value is recognized in the financial statements as an impairment charge.

Judgments and assumptions are inherent in our management s estimate of undiscounted future cash flows and an asset s or investment s fair value. Additionally, judgment is used to determine the probability of sale with respect to assets considered for disposal.

Interest capitalized

We capitalize interest during construction on major projects with construction periods of at least three months and a total project cost in excess of $1 million. Interest is capitalized on borrowed funds and, where regulation by the FERC exists, on internally generated funds. The later is included in *other income (expense) net* below *operating income.* The rates used by regulated companies are calculated in accordance with FERC rules. Rates used by nonregulated companies are based on the average interest rate on debt.

Income taxes

We generally are not a taxable entity for federal or state and local income tax purposes. The tax on net income is generally borne by individual partners. Net income for financial statement purposes may differ significantly from taxable income of unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under our partnership agreement. The aggregated difference in the basis of our net assets for financial and tax reporting purposes cannot be readily determined because information regarding each partner s tax attributes in us is not available to us.

Earnings per unit

We use the two-class method to calculate basic and diluted earnings per unit whereby net income, adjusted for items specifically allocated to our general partner, is allocated on a pro-rata basis between unitholders and our general partner. Basic and diluted earnings per unit are based on the average number of common and subordinated units outstanding. Additionally, subsequent to April 1, 2010 we consider Class C units as common units for purposes of the calculation. Basic and diluted earnings per unit are equivalent as there are no dilutive securities outstanding.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Allocation of Net Income and Distributions

The allocation of net income among our general partner, limited partners, and noncontrolling interests, as reflected in the Consolidated Statement of Changes in Equity, for the years ended 2011, 2010, and 2009, is as follows:

	Years Ended December 31,		
	2011	2010 (Millions)	2009
Allocation of net income to general partner:			
Net income	$ 1,378	$ 1,101	$ 1,036
Net income applicable to pre-partnership operations allocated to general partner		(223)	(857)
Net income applicable to noncontrolling interests		(16)	(27)
Net reimbursable costs charged directly to general partner	(2)	(4)	3
Income subject to 2% allocation of general partner interest	1,376	858	155
General partner s share of net income	2 %	2 %	2 %
General partner s allocated share of net income before items directly allocable to general partner interest	28	17	3
Incentive distributions paid to general partner (a)	260	127	7
Net reimbursable costs charged directly to general partner	2	4	(3)
Pre-partnership net income allocated to general partner interest		223	857
Net income allocated to general partner	$ 290	$ 371	$ 864
Net income	$ 1,378	$ 1,101	$ 1,036
Net income allocated to general partner	290	371	864
Net income allocated to Class C limited partners		156	
Net income allocated to noncontrolling interests		16	27
Net income allocated to common limited partners	$ 1,088	$ 558	$ 145

(a) In the calculation of basic and diluted net income per limited partner unit, the net income allocated to the general partner includes IDRs pertaining to the current reporting period, but paid in the subsequent period. The net income allocated to the general partner s capital account reflects IDRs paid during the current reporting period.

The *net reimbursable costs charged directly to general partner* may include the net of both income and expense items. Under the terms of omnibus agreements, we are reimbursed by our general partner for certain expense items and are required to distribute certain income items to our general partner.

For purposes of calculating the year-to-date 2010 basic and diluted net income per common unit, the weighted average number of common units outstanding are calculated considering Class C units as common units effective April 1, 2010, and net income allocated to the Class C units prior to that date is based on the distributed earnings paid to the Class C units for first-quarter 2010. For the allocation of 2010 net income for the Consolidated Statement of Changes in Equity, net income was allocated based on the number of days the Class C units were outstanding as Class C units during 2010.

17

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth the partnership cash distributions paid on the dates indicated (in millions, except for per unit amounts):

	53333336	53333336	53333336	53333336	53333336	53333336
				General Partner		
Payment Date	**Per Unit Distribution**	**Common Units**	**Class C Units**	**2%**	**Incentive Distribution Rights**	**Total Cash Distribution**
2/13/2009	$ 0.6350	$ 33	$	$ 1	$ 8	$ 42
5/15/2009	$ 0.6350	$ 33	$	$ 1	$	$ 34
8/14/2009	$ 0.6350	$ 33	$	$ 1	$	$ 34
11/13/2009	$ 0.6350	$ 33	$	$ 1	$	$ 34
2/12/2010	$ 0.6350	$ 33	$	$ 1	$	$ 34
5/14/2010 (b)	$ 0.6575	$ 35	$ 87	$ 3	$ 30	$ 155
8/13/2010	$ 0.6725	$ 172	$	$ 4	$ 45	$ 221
11/12/2010	$ 0.6875	$ 192	$	$ 5	$ 53	$ 250
2/11/2011	$ 0.7025	$ 204	$	$ 5	$ 59	$ 268
5/13/2011	$ 0.7175	$ 208	$	$ 5	$ 63	$ 276
8/12/2011	$ 0.7325	$ 213	$	$ 6	$ 67	$ 286
11/11/2011	$ 0.7475	$ 217	$	$ 6	$ 71	$ 294
2/10/2012 (c)	$ 0.7625	$ 227	$	$ 6	$ 78	$ 311

(b) Distributions on the Class C units and the additional general partner units issued in connection with the closing of the Dropdown, as well as the related incentive distribution rights payments, were prorated to reflect the fact that they were not outstanding during the first full quarter period of 2010.

(c) On February 10, 2012, we paid a cash distribution of $0.7625 per unit on our outstanding common units to unitholders of record at the close of business on February 3, 2012.

Note 3. Related Party Transactions

The employees of our operated assets are employees of Williams. Williams directly charges us for the payroll and benefit costs associated with operations employees and carries the obligations for many employee-related benefits in its financial statements, including the liabilities related to employee retirement, medical plans and paid time off. Our share of those costs is charged to us through affiliate billings and reflected in *costs and operating expenses* in the accompanying Consolidated Statement of Income.

In addition, employees of Williams provide general and administrative services to us, and we are charged for certain administrative expenses incurred by Williams. These charges are either directly identifiable or allocated to our assets. Direct charges are for goods and services provided by Williams at our request. Allocated charges are based on a three-factor formula, which considers revenues; property, plant and equipment; and payroll. Our share of direct administrative expenses is reflected in *selling, general, and administrative expenses*, and our share of allocated administrative expenses is reflected in *general corporate expenses* in the accompanying Consolidated Statement of Income. In management s estimation, the allocation methodologies used are reasonable and result in a reasonable allocation to us of our costs of doing business incurred by Williams.

In connection with Williams contribution of ownership interests in certain entities to us in February 2010, we entered into an omnibus agreement with Williams. Under this agreement, Williams is obligated to reimburse us for (i) amounts incurred by us or our subsidiaries for repair or abandonment costs for damages to certain facilities caused by Hurricane Ike, up to a maximum of $10 million, (ii) maintenance capital expenditure amounts incurred by us or our subsidiaries for certain U.S. Department of Transportation projects, up to a maximum of $50 million, and

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(iii) an amount based on the amortization over time of deferred revenue amounts that relate to cash payments received by Williams prior to the closing of the contribution transaction for services to be rendered by us in the future at the Devils Tower floating production platform. In addition, we will be obligated to pay to Williams the proceeds of certain sales of natural gas recovered from the Hester storage field pursuant to the FERC order dated March 7, 2008, approving a settlement agreement. Net amounts received under this agreement for the years ended December 31, 2011 and December 31, 2010 were $31 million and $2 million, respectively.

We have a contribution receivable from our general partner of $7 million and $8 million at December 31, 2011 and December 31, 2010, respectively, for amounts reimbursable to us under omnibus agreements. We net this receivable against equity on the Consolidated Balance Sheet.

On December 31, 2011, Williams spun-off its former exploration and production business, WPX Energy, Inc. (WPX). We were affiliated with WPX prior to this separation so transactions between us and WPX are included below.

Gas Pipeline revenues include revenues from transportation and exchange services and rental of communication facilities with WPX. The rates charged to provide sales and services to affiliates are comparable to those that are charged to similarly-situated nonaffiliated customers.

Midstream Gas & Liquids revenues include revenues from the following types of transactions with affiliates:

Sales of feedstock commodities to Williams Olefins, LLC (Williams Olefins), a wholly owned subsidiary of Williams, for use in their facilities. These sales are generally made at market prices at the time of sale.

Gathering, treating and processing services for WPX under several contracts. We believe that the rates charged to provide these services are reasonable as compared to those that are charged to similarly-situated nonaffiliated customers.

Costs and operating expenses also include charges for the following types of transactions with affiliates and equity method investees:

Our Midstream segment purchases NGLs for resale from WPX, Discovery Producer Services LLC (Discovery), and Williams Olefins at market prices at the time of purchase.

Our Midstream segment purchased natural gas for shrink replacement and fuel from WPX at market prices at the time of purchase or contract execution.

Our Midstream segment pays Overland Pass Pipeline Company LLC (OPPL) for transportation of NGLs from certain natural gas processing plants.

We transferred a transportation capacity agreement to WPX in a prior year. To the extent that WPX did not utilize this transportation capacity for its needs (primarily transporting third-party gas volumes), we reimbursed WPX for these transportation costs.

Historically, we periodically entered into derivative contracts with WPX to hedge forecasted NGL sales and natural gas purchases. These contracts were priced based on market rates at the time of execution.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Below is a summary of the related party transactions discussed above.

	Years Ended December 31,		
	2011	2010	2009
		(Millions)	
Gas Pipeline revenues	$ 42	$ 25	$ 29
Midstream revenues			
Product sales	114	121	75
Gathering and processing	270	225	143
Costs and operating expenses			
Product purchases	923	863	602
Employee costs	208	191	206
Other	55	53	39
Selling, general and administrative expense			
Employee and other allocated costs	232	208	234
General corporate expense	112	125	109

The *accounts and notes receivable affiliate* and *accounts payable affiliate* on the Consolidated Balance Sheet represent the receivable and payable positions that result from the transactions with affiliates discussed above. Included in the Consolidated Balance Sheet are certain obligations of $12 million at December 31, 2011 related to the WPX spin-off. In addition, we have $1 million and $2 million accounts receivable and $23 million and $20 million accounts payable with our equity method investees at December 31, 2011 and December 31, 2010, respectively.

We also have operating agreements with certain equity method investees. These operating agreements typically provide for reimbursement or payment to us for certain direct operational payroll and employee benefit costs, materials, supplies, and other charges and also for management services. Williams supplied a portion of these services, primarily those related to employees since we do not have any employees, to certain equity method investees. The total gross charges to equity method investees for these fees are $57 million, $38 million, and $23 million for the years ended 2011, 2010, and 2009, respectively.

Mr. H. Michael Krimbill, a member of our Board of Directors, has served as the Chief Executive Officer of NGL Energy Partners LP, formerly Silverthorne Energy Partners LP, and as a director of its general partner since 2010. We recorded $62 million in revenues from NGL Energy Partners LP primarily for the sale of propane at market prices and $9 million in costs and expenses for the purchase of propane at market prices for the year ended December 31, 2011. We have $2 million in accounts receivables and $1 million in accounts payable with NGL Energy Partners LP at December 31, 2011. We also recorded $20 million in revenue from Silverthorne Energy Partners LP primarily for the sale of propane at market prices and $5 million in costs and expenses from the purchase of propane at market prices for the year ended December 31, 2010 and have $1 million in accounts receivable at December 31, 2010.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Investments

Investments accounted for using the equity method include:

	December 31, 2011	December 31, 2010
	(Millions)	
OPPL 50%	$ 433	$ 429
Gulfstream 49%	355	185
Laurel Mountain Midstream, LLC (Laurel Mountain) 51% (1)	291	170
Discovery 60% (1)	182	181
Other	122	80
	$ 1,383	$ 1,045

(1) We account for these investments under the equity method due to the significant participatory rights of our partners such that we do not control the investments.

The difference between the carrying value of our equity investments and the underlying equity in the net assets of the investees is $62 million at December 31, 2011, primarily related to impairments we previously recognized. These differences are amortized over the expected remaining life of the investees underlying assets.

In May 2011, we acquired a 24.5 percent interest in Gulfstream from a subsidiary of Williams. (See Note 1.) We also invested $30 million in Aux Sable Liquid Products LP (Aux Sable) in 2011. In September 2010, we purchased an additional 49 percent ownership interest in OPPL for $424 million. In June 2009, we purchased a 51 percent ownership interest in Laurel Mountain for $133 million and invested $137 million and $43 million in Laurel Mountain in 2011 and 2010, respectively.

Dividends and distributions, including those presented below, received from companies accounted for by the equity method were $169 million, $133 million, and $168 million in 2011, 2010, and 2009, respectively. These transactions reduced the carrying value of our investments. These dividends and distributions primarily included:

	Years Ended December 31, 2011	2010	2009
		(Millions)	
Gulfstream	$ 60	$ 39	$ 109
Discovery	40	44	32
Aux Sable	35	28	15
OPPL	19		

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarized Financial Position and Results of Operations of Equity Method Investments (Unaudited)

	December 31, 2011	December 31, 2010
	(Millions)	
Current assets	$ 293	$ 235
Noncurrent assets	4,409	3,976
Current liabilities	235	156
Noncurrent liabilities	1,257	1,294

	Years Ended December 31, 2011	2010	2009
		(Millions)	
Gross revenue	$ 1,242	$ 1,050	$ 785
Operating income	623	566	359
Net income	460	402	295

Note 5. Asset Sales, Impairments and Other Accruals

The following table presents significant gains or losses reflected in *other (income) expense net* within *segment costs and expenses*.

	Years Ended December 31, 2011	2010	2009
		(Millions)	
Gas Pipeline			
Capitalization of project feasibility costs previously expensed	$ (10)	$	$
Accrual of regulatory liability related to overcollection of certain employee expenses	9	10	
Midstream			
Involuntary conversion gains	(3)	(18)	(4)
Gains on sales of certain assets		(12)	(40)
Impairments of certain gathering assets	4	9	

The reversal of project feasibility costs from expense to capital in 2011 at Gas Pipeline is associated with a natural gas pipeline expansion project. This reversal was made upon determining that the related project was probable of development. These costs will be included in the capital costs of the project, which we believe are probable of recovery through the project rates.

In 2009, we sold our Cameron Meadows plant, which had a carrying value of $16 million and recognized a $40 million gain at Midstream.

Additional Item

We detected a leak in an underground cavern at our Eminence Storage Field in Mississippi on December 28, 2010. We recorded $15 million and $5 million of charges to *costs and operating expenses* at Gas Pipeline during 2011 and 2010, respectively, primarily related to assessment and monitoring costs incurred to ensure the safety of the surrounding area.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Benefit Plans

Certain of the benefit costs charged to us by Williams associated with employees who directly support us are described below. Additionally, allocated corporate expenses from Williams to us also include amounts related to these same employee benefits, which are not included in the amounts presented below.

Pension plans

Williams has noncontributory defined benefit pension plans (Williams Pension Plan, Williams Inactive Employees Pension Plan and The Williams Companies Retirement Restoration Plan) that provide pension benefits for its eligible employees. Pension expense charged to us by Williams for 2011, 2010 and 2009 totaled $30 million, $30 million and $37 million, respectively. At the total Williams plan level, the pension plans had a projected benefit obligation of $1.4 billion and $1.3 billion at December 31, 2011 and 2010, respectively. The plans were underfunded by $476 million and $296 million at December 31, 2011 and 2010, respectively.

Postretirement benefits other than pensions

Williams provides certain retiree health care and life insurance benefits for eligible participants that generally were employed by Williams on or before December 31, 1991 or December 31, 1995, if they were employees or retirees of Transco Energy Company and its subsidiaries. The allocation of cost for the plan anticipates future cost-sharing changes to the plan that are consistent with Williams expressed intent to increase the retiree contribution level, generally in line with health care cost increases. We recognized a net periodic postretirement benefit credited to us by Williams of $2 million and $4 million for 2011 and 2010, respectively, and a net periodic postretirement benefit charged to us by Williams of $4 million for 2009. At the total Williams plan level, the postretirement benefit plans had a projected benefit obligation of $339 million and $289 million at December 31, 2011 and 2010, respectively. The plans were underfunded by $180 million and $127 million at December 31, 2011 and 2010, respectively.

Any differences between the annual expense and amounts currently being recovered in rates by our FERC-regulated gas pipelines are recorded as an adjustment to revenues and collected or refunded through future rate adjustments. A regulatory asset can be recorded only to the extent it is currently funded.

Defined contribution plan

Williams charged us compensation expense of $15 million, $13 million and $14 million in 2011, 2010 and 2009, respectively, for Williams matching contributions to this plan.

Employee Stock-Based Compensation Plan information

The Williams Companies, Inc. 2007 Incentive Plan (Plan) provides for Williams common-stock-based awards to both employees and nonmanagement directors. The Plan permits the granting of various types of awards including, but not limited to, stock options and deferred stock. Awards may be granted for no consideration other than prior and future services or based on certain financial performance targets being achieved.

Williams bills us directly for compensation expense related to stock-based compensation awards based on the fair value of the awards.

Total stock-based compensation expense, included in administrative and general expenses, for the years ended December 31, 2011, 2010 and 2009 was $9 million, $11 million and $11 million, respectively.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Inventories

	December 31, 2011	December 31, 2010
	(Millions)	
Natural gas liquids	$ 79	$ 61
Natural gas in underground storage	1	62
Materials, supplies, and other	68	72
	$ 148	$ 195

Note 8. Property, Plant and Equipment

	Estimated Useful Life (a) (Years)	Depreciation Rates (a) (%)	December 31, 2011	December 31, 2010
			(Millions)	
Nonregulated:				
Natural gas gathering and processing facilities	5 -40		$ 5,769	$ 5,486
Construction in progress	(b)		318	100
Other	3 -45		485	456
Regulated:				
Natural gas transmission facilities		.01 - 6.67	9,593	9,066
Construction in progress		(b)	199	240
Other		.01 - 33.33	1,391	1,359
Total property, plant, and equipment, at cost			$ 17,755	$ 16,707
Accumulated depreciation and amortization			(6,128)	(5,706)
Property, plant, and equipment net			$ 11,627	$ 11,001

(a) Estimated useful life and depreciation rates are presented as of December 31, 2011. Depreciation rates for regulated assets are prescribed by the FERC.

(b) Construction in progress balances not yet subject to depreciation.

Depreciation and amortization expense for *property, plant and equipment net* was $608 million, $567 million and $548 million in 2011, 2010 and 2009, respectively.

Regulated *property, plant and equipment net* includes approximately $865 million and $906 million at December 31, 2011 and 2010, respectively, related to amounts in excess of the original cost of the regulated facilities within Gas Pipeline as a result of our prior acquisitions. This amount is being amortized over 40 years using the straight-line amortization method. Current FERC policy does not permit recovery through rates for amounts in excess of original cost of construction.

Asset retirement obligations

Our accrued obligations relate to underground storage caverns, offshore platforms, fractionation and compression facilities, gas gathering well connections and pipelines, and gas transmission facilities. At the end of

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the useful life of each respective asset, we are legally obligated to plug storage caverns and remove any related surface equipment, to restore land and remove surface equipment at gas processing, fractionation and compression facilities, to dismantle offshore platforms, to cap certain gathering pipelines at the wellhead connection and remove any related surface equipment, and to remove certain components of gas transmission facilities from the ground.

The following table presents the significant changes to our *asset retirement obligations*. The current portion included in *asset retirement obligations* at December 31, 2011 and 2010, respectively, is $66 million and $35 million:

	December 31, 2011	December 31, 2010
	(Millions)	
Beginning balance	$ 495	$ 497
Accretion	39	36
New obligations	3	1
Revisions(1)	78	(22)
Property dispositions/obligations settled	(46)	(17)
Ending balance	$ 569	$ 495

(1) The revision in 2011 is primarily due to increases in the inflation rate and estimated removal costs, which are among several factors considered for revision in the annual review process. The revision in 2010 is primarily due to a decrease in the inflation rate. The 2011 and 2010 revisions include increases of $39 million and $31 million, respectively, related to changes in the timing and method of abandonment on certain of Transco s natural gas storage caverns that were associated with a leak in 2010.

Pursuant to its 2008 rate case settlement, Transco deposits a portion of its collected rates into an external trust (ARO Trust) that is specifically designated to fund future asset retirement obligations. Transco is also required to make annual deposits into the trust through 2012. (See Note 14.)

Note 9. Regulatory Assets and Liabilities

The regulatory assets and regulatory liabilities included in the Consolidated Balance Sheet at December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
	(Millions)	
Regulatory assets:		
Grossed-up deferred taxes on equity funds used during construction	$ 103	$ 105
Asset retirement obligations	122	108
Fuel cost	26	33
Levelized incremental depreciation	33	32
Other	24	32
	$ 308	$ 310
Regulatory liabilities:		
Negative salvage	$ 158	$ 100
Postretirement benefits other than pension	39	30
Other	9	5
	$ 206	$ 135

Regulatory assets are included in *regulatory assets* and *regulatory assets, deferred charges and other*. Regulatory liabilities are included in *other accrued liabilities* and *regulatory liabilities, deferred income and other*. Our regulatory asset and liability balances are recoverable or reimbursable over various periods.

Grossed-up deferred taxes on equity funds used during construction: Regulatory asset balance established to offset the deferred tax for the equity component of the allowance for funds used during the construction of long-lived assets. All amounts were generated during the periods the gas pipelines were taxable entities. Taxes on capitalized funds used during construction and the offsetting deferred income taxes are included in the rate base and are recovered over the depreciable lives of the long lived asset to which they relate.

Asset retirement obligations: We record an asset and a liability equal to the present value of each expected future ARO. The ARO asset is depreciated in a manner consistent with the expected timing of the future abandonment of the underlying physical assets. We measure changes in the liability due to passage of time by applying an interest rate to the liability balance. This amount is recognized as an increase in the carrying amount of the liability and is offset by a regulatory asset. The regulatory asset is being recovered through our rates, and is being amortized to expense consistent with the amounts collected in rates.

Fuel cost: This amount represents the difference between the gas retained from our customers and the gas consumed in operations. These amounts are not included in the rate base but are expected to be recovered/refunded in subsequent annual fuel filing periods.

Levelized incremental depreciation: Levelized depreciation allows contract revenue streams to remain constant over the primary contract terms by recognizing lower than book depreciation in the early years and higher than book depreciation in later years. The depreciation component of the levelized incremental rates will equal the accumulated book depreciation by the end of the primary contract terms. The difference between levelized depreciation and straight-line book depreciation is recorded in a FERC approved regulatory asset or liability and is extinguished over the levelization period.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Negative salvage: Transco s rates include a component designed to recover certain future retirement costs for which we are not required to record an asset retirement obligation. We record a regulatory liability representing the cumulative residual amount of recoveries through rates, net of expenditures associated with these retirement costs. Current year amount includes an adjustment for salvage proceeds from previously retired assets.

Postretirement benefits other than pension: We seek to recover the actuarially determined cost of postretirement benefits through rates that are set through periodic general rate filings. Any differences between the annual actuarially determined costs and amounts currently being recovered in rates are recorded as regulatory assets or liabilities and collected or refunded through future rate adjustments. These amounts are not included in the rate base.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Debt, Banking Arrangements, and Leases
Long- Term Debt

	December 31, 2011	2010
	(Millions)	
Unsecured:		
Transco:		
7% Notes due 2011	$	$ 300
8.875% Notes due 2012	325	325
6.4% Notes due 2016	200	200
6.05% Notes due 2018	250	250
7.08% Debentures due 2026	8	8
7.25% Debentures due 2026	200	200
5.4% Notes due 2041	375	
Northwest Pipeline:		
7% Notes due 2016	175	175
5.95% Notes due 2017	185	185
6.05% Notes due 2018	250	250
7.125% Debentures due 2025	85	85
Williams Partners L.P.:		
7.5% Notes due 2011		150
3.8% Notes due 2015	750	750
7.25% Notes due 2017	600	600
5.25% Notes due 2020	1,500	1,500
4.125% Notes due 2020	600	600
4% Notes due 2021	500	
6.3% Notes due 2040	1,250	1,250
Other		9
Unamortized debt discount	(16)	(14)
Total long-term debt, including current portion	7,237	6,823
Long-term debt due within one year	(324)	(458)
Long-term debt	$ 6,913	$ 6,365

The terms of our senior unsecured notes are governed by indentures that contain covenants that, among other things, limit: (1) our ability and the ability of our subsidiaries to create liens securing indebtedness and (2) mergers, consolidations, and sales of assets. The indentures also contain customary events of default, upon which the trustee or the holders of the senior unsecured notes may declare all outstanding senior unsecured notes to be due and payable immediately.

Credit Facility

In June 2011, we entered into a new $2 billion five-year senior unsecured revolving credit facility agreement with Transco and Northwest Pipeline as co-borrowers. The new agreement is considered a modification for accounting purposes. It replaced our existing $1.75 billion credit facility agreement that was scheduled to expire on February 17, 2013. At the closing, we refinanced $300 million outstanding under the existing facility via a non-cash

28

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

transfer of the obligation to the new credit facility. The new credit facility may, under certain conditions, be increased up to an additional $400 million. The full amount of the credit facility is available to us to the extent not otherwise utilized by Transco and Northwest Pipeline. Transco and Northwest Pipeline each have access to borrow up to $400 million under the credit facility to the extent not otherwise utilized by the other co-borrowers. Significant financial covenants include:

Our ratio of debt to EBITDA (each as defined in the credit facility) must be no greater than 5 to 1. For the fiscal quarter and the two following fiscal quarters in which one or more acquisitions for a total aggregate purchase price equal to or greater than $50 million has been executed, we are required to maintain a ratio of debt to EBITDA of no greater than 5.5 to 1;

The ratio of debt to capitalization (defined as net worth plus debt) must be no greater than 65 percent for each of Transco and Northwest Pipeline.

At December 31, 2011, we are in compliance with these financial covenants.

Each time funds are borrowed, a borrower may choose from two methods of calculating interest: a fluctuating base rate equal to Citibank N.A. s alternate base rate plus an applicable margin, or a periodic fixed rate equal to LIBOR plus an applicable margin. We are required to pay a commitment fee (currently 0.25 percent) based on the unused portion of the credit facility. The applicable margin and the commitment fee are determined for each borrower by reference to a pricing schedule based on such borrower s senior unsecured long-term debt ratings. The credit facility contains various covenants that may limit, among other things, a borrower s and its respective material subsidiaries ability to grant certain liens supporting indebtedness, a borrower s ability to merge or consolidate, sell all or substantially all of its assets, enter into certain affiliate transactions, make certain distributions during an event of default, make investments, and allow any material change in the nature of its business.

The new credit facility includes customary events of default. If an event of default with respect to a borrower occurs under the credit facility, the lenders will be able to terminate the commitments for all borrowers and accelerate the maturity of the loans of the defaulting borrower and exercise other rights and remedies.

Letter of credit capacity under our new credit facility is $1.3 billion. At December 31, 2011, no letters of credit have been issued and no loans are outstanding under the credit facility.

Issuances and Retirements

Utilizing cash on hand, we retired $150 million of 7.5 percent senior unsecured notes that matured on June 15, 2011.

In August 2011, Transco issued $375 million of 5.4 percent senior unsecured notes due 2041 to investors in a private debt placement. A portion of these proceeds was used to repay Transco s $300 million 7 percent senior unsecured notes that matured on August 15, 2011. As part of the new issuance, Transco entered into a registration rights agreement with the initial purchasers of the unsecured notes. An offer to exchange these unregistered notes for substantially identical new notes that are registered under the Securities Act of 1933, as amended, was commenced in February 2012 and is expected to be completed in March 2012. If Transco fails to complete the exchange within certain time periods required by the registration rights agreement, additional interest will accrue on the affected securities. The rate of additional interest will be 0.25 percent per annum on the principal amount of the affected securities for the first 90-day period immediately following the occurrence of default, increasing by an additional 0.25 percent per annum with respect to each subsequent 90-day period thereafter. Following the cure of any registration defaults, the accrual of additional interest will cease.

In November 2011, we completed a public offering of $500 million of our 4 percent senior unsecured notes due 2021. We used the net proceeds primarily to repay outstanding borrowings on our senior unsecured revolving credit facility.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Debt Disclosures

As of December 31, 2011, aggregate minimum maturities of long-term debt (excluding unamortized discount) for each of the next five years are as follows:

	(Millions)
2012	$ 325
2013	$
2014	$
2015	$ 750
2016	$ 375

Cash payments for interest (net of amounts capitalized) were $398 million in 2011, $310 million in 2010, and $193 million in 2009.

Leases-Lessee

The future minimum annual rentals under non-cancelable operating leases as of December 31, 2011, are payable as follows:

	(Millions)
2012	$ 33
2013	25
2014	24
2015	22
2016	21
Thereafter	145
Total	$ 270

Under our right-of-way agreement with the Jicarilla Apache Nation (JAN), we make annual payments of approximately $8 million and an additional annual payment which varies depending on the prior year s per-unit NGL margins and the volume of gas gathered by our midstream gathering facilities subject to the agreement. Depending primarily on the per-unit NGL margins for any given year, the additional annual payments could exceed the fixed amount. This agreement expires March 31, 2029.

Total rent expense was $37 million in 2011, $34 million in 2010, and $34 million in 2009.

Note 11. Partners Capital

At December 31, 2011 and 2010, the public held 25 percent of our total units outstanding, and affiliates of Williams held the remaining units. Transactions which occurred during 2010 and 2011 are summarized below.

In February 2010, we closed the Dropdown with our general partner, our operating company, Williams and certain subsidiaries. (See Note 1.) In connection with this transaction, we issued 203 million Class C limited partnership units to Williams. The Class C units were identical to our common limited partnership units except that for the first quarter of 2010 they received a prorated quarterly distribution since they were not outstanding during the full quarterly period. The Class C units automatically converted into our common limited partnership units on May 10, 2010.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On August 31, 2010, WMZ unitholders approved the merger between WMZ and us. As a result of the merger, effective September 1, 2010, WMZ unitholders, other than its general partner, received 0.7584 WPZ common units for each WMZ common unit they owned at the effective time of the merger, for a total issuance of 13,580,485 common units.

On September 28, 2010, we completed an equity issuance of 9,250,000 common units representing limited partner interests in us at a price of $42.40 per unit. The proceeds of approximately $380 million, net of the underwriters discount and fees of approximately $12 million, were used to repay borrowings incurred to fund a portion of our additional $424 million investment in OPPL. This additional investment increased our ownership interest in OPPL to 50 percent.

On October 8, 2010, we sold an additional 1,387,500 common units to the underwriters upon the underwriters exercise of their option to purchase additional common units pursuant to our common unit offering in September 2010. The proceeds of $57 million, net of the underwriters discount and fees of approximately $2 million, were used for general partnership purposes.

On December 17, 2010, we completed an equity issuance of 8,000,000 common units representing limited partner interests in us at $47.55 per unit. The proceeds of approximately $369 million, net of the underwriters discount and fees of approximately $11 million, were used primarily to repay borrowings incurred to fund acquisitions.

In May 2011, we closed the acquisition of a 24.5 percent interest in Gulfstream from a subsidiary of Williams. (See Note 1.) In connection with this transaction, we issued 632,584 of our limited partner units.

Limited Partners Rights

Significant rights of the limited partners include the following:

- Right to receive distributions of available cash within 45 days after the end of each quarter.
- No limited partner shall have any management control over our business and affairs; the general partner shall conduct, direct and manage our activities.
- The general partner may be removed if such removal is approved by the unitholders holding at least 66 2/3 percent of the outstanding units voting as a single class, including units held by our general partner and its affiliates.

Incentive Distribution Rights

Our general partner is entitled to incentive distributions if the amount we distribute to unitholders with respect to any quarter exceeds specified target levels shown below:

Quarterly Distribution Target Amount (per unit)	Unitholders	General Partner
Minimum quarterly distribution of $0.35	98%	2%
Up to $0.4025	98	2
Above $0.4025 up to $0.4375	85	15
Above $0.4375 up to $0.5250	75	25
Above $0.5250	50	50

31

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In April 2009, Williams waived the IDRs related to 2009 distribution periods.

In the event of liquidation, all property and cash in excess of that required to discharge all liabilities will be distributed to the unitholders and our general partner in proportion to their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

Issuances of Additional Partnership Securities

Our partnership agreement allows us to issue additional partnership securities for any partnership purpose at any time and from time to time for consideration and on terms and conditions as our general partner determines, all without the approval of any limited partners. See Note 17 for information about our recent equity issuances.

Note 12. Long-Term Incentive Plan

Our general partner maintains the Williams Partners GP LLC Long-Term Incentive Plan (the Plan) for employees, consultants, and directors of our general partner and its affiliates who perform services for us. Initially, the Plan permitted granting of awards covering an aggregate of 700,000 common units, in the form of options, restricted units, phantom units, or unit appreciation rights. At December 31, 2011, 686,597 securities were available for future issuance under the Plan.

To date, the only grants under the Plan have been grants of restricted units to members of our general partner s Board of Directors who are not officers or employees of us or our affiliates. No awards were granted under the plan in 2011, 2010, or 2009, and no awards are outstanding at December 31, 2011 or 2010. We recognized compensation expense of $20,000 associated with the Plan in 2009 based on the market price of our common units at the date of grant for awards granted prior to 2009.

Note 13. Fair Value Measurements

The following table presents, by level within the fair value hierarchy, our assets that are measured at fair value on a recurring basis.

	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Millions)							
ARO Trust investments (see Note 14)	$ 25	$	$	$ 25	$ 40	$	$	$ 40
Energy derivatives	1			1				
Total assets	$ 26	$	$	$ 26	$ 40	$	$	$ 40

ARO Trust investments: Transco deposits a portion of its collected rates into an external trust (ARO Trust) that is specifically designated to fund future asset retirement obligations pursuant to its 2008 rate case settlement. The ARO Trust invests in a portfolio of actively traded mutual funds.

Energy derivatives: Energy derivatives include commodity based exchange-traded contracts, which consist of swaps that are valued based on quoted prices in active markets. The tenure of our energy derivatives portfolio is relatively short with all of our derivatives expiring by March 31, 2013.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents assets measured on a nonrecurring basis within Level 3 of the fair value hierarchy as of December 31, 2010.

	Fair Value Measurement	Total Impairments
	(Millions)	
Certain gathering assets Midstream	$ 3	$ 9

Note 14. Financial Instruments, Derivatives, Guarantees and Concentration of Credit Risk

Financial Instruments

Fair-value methods

We use the following methods and assumptions in estimating our fair-value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the Consolidated Balance Sheet approximate fair value due to the short-term maturity of these instruments.

ARO Trust investments: Pursuant to its 2008 rate case settlement, Transco deposits a portion of its collected rates into the ARO Trust. The ARO Trust invests in a portfolio of mutual funds that are reported at fair value, based on quoted net asset values, in *regulatory assets, deferred charges, and other* in the Consolidated Balance Sheet and are classified as available-for-sale. However, both realized and unrealized gains and losses are ultimately recorded as regulatory assets or liabilities.

Long-term debt: The fair value of our publicly traded long-term debt is determined using indicative period-end traded bond market prices. The fair value of our private debt is based on market rates and the prices of similar securities with similar terms and credit ratings. At December 31, 2011 and December 31, 2010, approximately 95 percent and 100 percent, respectively, of our long-term debt was publicly traded.

Other: Includes current and noncurrent notes receivable, customer margin deposits payable, and margin deposits.

Energy derivatives: Energy derivatives include forwards and swaps. These are carried at fair value in the Consolidated Balance Sheet. See Note 13 for a discussion of the valuation of our energy derivatives.

Carrying amounts and fair values of our financial instruments

	December 31, 2011		December 31, 2010	
Asset (Liability)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(Millions)		
Cash and cash equivalents	$ 163	$ 163	$ 187	$ 187
ARO Trust investments	$ 25	$ 25	$ 40	$ 40
Long-term debt, including current portion	$ (7,237)	$ (8,170)	$ (6,823)	$ (7,283)
Other	$ 10	$ 10	$	$
Energy derivatives	$ 1	$ 1	$	$

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Energy Commodity Derivatives

Risk management activities

We are exposed to market risk from changes in energy commodity prices within our operations. We may utilize derivatives to manage our exposure to the variability in expected future cash flows from forecasted purchases of natural gas and forecasted sales of NGLs attributable to commodity price risk. Certain of these derivatives utilized for risk management purposes have been designated as cash flow hedges, while other derivatives have not been designated as cash flow hedges or do not qualify for hedge accounting despite hedging our future cash flows on an economic basis.

We sell NGL volumes received as compensation for certain processing services at different locations throughout the United States. We also buy natural gas to satisfy the required fuel and shrink needed to generate NGLs. To reduce exposure to a decrease in revenues from fluctuations in NGL market prices or increases in costs and operating expenses from fluctuations in natural gas market prices, we may enter into NGL or natural gas swap agreements, financial or physical forward contracts, and financial option contracts to mitigate the price risk on forecasted sales of NGLs and purchases of natural gas. Those designated as cash flow hedges are expected to be highly effective in offsetting cash flows attributable to the hedged risk during the term of the hedge. However, ineffectiveness may be recognized primarily as a result of locational differences between the hedging derivative and the hedged item.

Volumes

Our energy commodity derivatives are comprised of both contracts to purchase commodities (long positions) and contracts to sell commodities (short positions). Derivative transactions are categorized into two types:

Central hub risk: Financial derivative exposures to Henry Hub for natural gas and Mont Belvieu for NGLs;

Basis risk: Financial derivative exposures to the difference in value between the central hub and another specific delivery point.

The following table depicts the notional quantities of the net long (short) positions in our commodity derivatives portfolio as of December 31, 2011. NGLs are presented in barrels.

Derivative Notional Volumes	Unit of Measurement	Central Hub Risk	Basis Risk
Not Designated as Hedging Instruments			
Midstream Risk Management	Barrels	45,000	240,000

Fair values and gains (losses)

At December 31, 2011, the fair value of our energy commodity derivatives was an asset of $1 million. These derivative contracts were not designated as hedging instruments. Our derivatives are included in *other current assets* in our Consolidated Balance Sheet. Derivatives are classified as current or noncurrent based on the contractual timing of expected future net cash flows of individual contracts. The expected future net cash flows for derivatives classified as current are expected to occur within the next 12 months. The fair value amount is on a gross basis and does not reflect the netting of asset and liability positions permitted under the terms of our master netting arrangements. Further, the amount does not include cash held on deposit in margin accounts that we have received or remitted to collateralize certain derivative positions.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents gains and losses for our energy commodity derivatives designated as cash flow hedges, as recognized in AOCI, *revenues,* or *costs and operating expenses.*

	Years ended December 31, 2011	2010	Classification
	(Millions)		
Net gain (loss) recognized in other comprehensive income (loss) (effective portion)	$ (18)	$ (12)	AOCI
Net gain (loss) reclassified from accumulated other comprehensive income (loss) into income (effective portion)	$ (18)	$ (13)	Revenues or Costs and Operating Expenses
Gain (loss) recognized in income (ineffective portion)	$	$	Revenues or Costs and Operating Expenses

There were no gains or losses recognized in income as a result of excluding amounts from the assessment of hedge effectiveness or as a result of reclassifications to earnings following the discontinuance of any cash flow hedges.

We recognized losses of less than $1 million and $1 million in *revenues* for the years ended December 31, 2011 and 2010, respectively, on our energy commodity derivatives not designated as hedging instruments.

The cash flow impact of our derivative activities is presented in the Consolidated Statement of Cash Flows as *changes in other assets and deferred charges* and *changes in accrued liabilities*.

Credit-risk-related features

Certain of our derivative contracts contain credit-risk-related provisions that would require us, in certain circumstances, to post additional collateral in support of our net derivative liability positions. These credit-risk-related provisions require us to post collateral in the form of cash or letters of credit when our net liability positions exceed an established credit threshold. The credit thresholds are typically based on our senior unsecured debt ratings from Standard and Poor s and/or Moody s Investors Service. Under these contracts, a credit ratings decline would lower our credit thresholds, thus requiring us to post additional collateral. We also have contracts that contain adequate assurance provisions giving the counterparty the right to request collateral in an amount that corresponds to the outstanding net liability.

As of December 31, 2011 and December 31, 2010, we did not have any collateral posted, either in the form of cash or letters of credit, to derivative counterparties since we had respective net derivative asset positions with all of our counterparties.

Cash flow hedges

Changes in the fair value of our cash flow hedges, to the extent effective, are deferred in AOCI and reclassified into earnings in the same period or periods in which the hedged forecasted purchases or sales affect earnings, or when it is probable that the hedged forecasted transaction will not occur by the end of the originally specified time period. As of December 31, 2011, we have realized all of our hedged portions of future cash flows associated with anticipated energy commodity purchases. Based on recorded values at December 31, 2011, no net gains or losses will be reclassified into earnings within the next year.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Guarantees

We are required by our revolving credit agreement to indemnify lenders for any taxes required to be withheld from payments due to the lenders and for any tax payments made by the lenders. The maximum potential amount of future payments under these indemnifications is based on the related borrowings and such future payments cannot currently be determined. These indemnifications generally continue indefinitely unless limited by the underlying tax regulations and have no carrying value. We have never been called upon to perform under these indemnifications and have no current expectation of a future claim.

At December 31, 2011, we do not expect these guarantees to have a material impact on our future liquidity or financial position. However, if we are required to perform on these guarantees in the future, it may have an adverse effect on our results of operations.

Concentration of Credit Risk

Cash equivalents

Our cash equivalents are primarily invested in funds with high-quality, short-term securities and instruments that are issued or guaranteed by the U.S. government.

Accounts and notes receivable

The following table summarizes concentration of receivables, net of allowances, by product or service at December 31, 2011 and 2010:

	December 31,	
	2011	2010
	(Millions)	
Receivables by product or service:		
Sale of NGLs and related products and services	$ 324	$ 255
Transportation of natural gas and related products	160	149
Total	$ 484	$ 404

Natural gas and NGL customers include pipelines, distribution companies, producers, gas marketers and industrial users primarily located in the central, eastern and northwestern United States, Rocky Mountains and the Gulf Coast. As a general policy, collateral is not required for receivables, but customers financial condition and credit worthiness are evaluated regularly.

Revenues

In 2011, 2010 and 2009, we had one customer in our Midstream segment that accounted for 20 percent, 17 percent, and 10 percent of our consolidated revenues, respectively.

Note 15. Contingent Liabilities and Commitments

Environmental Matters

We are a participant in certain environmental activities in various stages including assessment studies, cleanup operations and remedial processes at certain sites, some of which we currently do not own. We are monitoring these sites in a coordinated effort with other potentially responsible parties, the U.S. Environmental Protection Agency (EPA), and other governmental authorities. We are jointly and severally liable along with unrelated third parties in some of these activities and solely responsible in others. Certain of our subsidiaries have been identified as potentially responsible parties at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. As of December 31, 2011, we have accrued liabilities totaling $18 million for these matters, as discussed below. Our accrual reflects the most likely costs of cleanup, which are generally based on completed assessment studies, preliminary results of studies or our experience with other similar cleanup operations. Certain assessment studies are still in process for which the ultimate outcome may yield significantly different estimates of most likely costs. Any incremental amount in excess of amounts currently accrued cannot be reasonably estimated at this time due to uncertainty about the actual number of contaminated sites ultimately identified, the actual amount and extent of contamination discovered and the final cleanup standards mandated by the EPA and other governmental authorities.

The EPA and various state regulatory agencies routinely promulgate and propose new rules, and issue updated guidance to existing rules. These new rules and rulemakings include, but are not limited to, rules for reciprocating internal combustion engine maximum achievable control technology, new air quality standards for ground level ozone, and one hour nitrogen dioxide emission limits. We are unable to estimate the costs of asset additions or modifications necessary to comply with these new regulations due to uncertainty created by the various legal challenges to these regulations and the need for further specific regulatory guidance.

Our interstate gas pipelines are involved in remediation activities related to certain facilities and locations for polychlorinated biphenyl, mercury contamination, and other hazardous substances. These activities have involved the EPA, various state environmental authorities and identification as a potentially responsible party at various Superfund waste sites. At December 31, 2011, we have accrued liabilities of $10 million for these costs. We expect that these costs will be recoverable through rates.

We also accrue environmental remediation costs for natural gas underground storage facilities, primarily related to soil and groundwater contamination. At December 31, 2011, we have accrued liabilities totaling $8 million for these costs.

Rate Matters

On August 31, 2006, Transco submitted to the Federal Energy Regulatory Commission (FERC) a general rate filing (Docket No. RP06-569) principally designed to recover increased costs. The rates became effective March 1, 2007, subject to refund and the outcome of a hearing. All issues in this proceeding except one have been resolved by settlement.

The one issue reserved for litigation or further settlement relates to Transco s proposal to change the design of the rates for service under one of its storage rate schedules, which was implemented subject to refund on March 1, 2007. A hearing on that issue was held before a FERC Administrative Law Judge (ALJ) in July 2008. In November 2008, the ALJ issued an initial decision in which he determined that Transco s proposed incremental rate design is unjust and unreasonable. On January 21, 2010, the FERC reversed the ALJ s initial decision, and approved our proposed incremental rate design. Certain parties have sought rehearing of the FERC s order. If the FERC were to reverse their opinion on rehearing, we believe any refunds would not be material to our results of operations.

Other

In addition to the foregoing, various other proceedings are pending against us which are incidental to our operations.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary

We estimate that for all matters for which we are able to reasonably estimate a range of loss, including those noted above and others that are not individually significant, our aggregate reasonably possible losses beyond amounts accrued for all of our contingent liabilities are immaterial to our expected future annual results of operations, liquidity, and financial position. These calculations have been made without consideration of any potential recovery from third parties. We disclose all significant matters for which we are unable to reasonably estimate a range of possible loss.

Commitments

Commitments for construction and acquisition of property, plant and equipment are approximately $762 million at December 31, 2011.

Note 16. Segment Disclosures

Our reportable segments are strategic business units that offer different products and services. The segments are managed separately because each segment requires different technology, marketing strategies, and industry knowledge. (See Note 1.)

Performance Measurement

We currently evaluate segment operating performance based on *segment profit* from operations, which includes *segment revenues* from external customers, *segment costs and expenses,* and *equity earnings*. The accounting policies of the segments are the same as those described in Note 1. Intersegment sales, which are insignificant for all periods presented, are generally accounted for at the current market prices as if the sales were to unaffiliated third parties.

The primary types of costs and operating expenses by segment can be generally summarized as follows:

Gas Pipeline depreciation and operation and maintenance expenses;

Midstream commodity purchases (primarily for NGL and crude marketing, shrink, and fuel), depreciation, and operation and maintenance expenses.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table reflects the reconciliation of *segment profit* to *operating income* as reported in the Consolidated Statement of Income. It also presents other financial information related to long-lived assets.

	$00000000 Gas Pipeline	$00000000 Midstream (Millions)	$00000000 Total
2011			
Segment revenues	$ 1,678	$ 5,051	$ 6,729
Segment profit	$ 673	$ 1,223	$ 1,896
Less equity earnings	58	84	142
Segment operating income	$ 615	$ 1,139	1,754
General corporate expenses			(112)
Total operating income			$ 1,642
Other financial information:			
Additions to long-lived assets (a)	$ 661	$ 591	$ 1,252
Depreciation and amortization	$ 351	$ 260	$ 611
2010			
Segment revenues	$ 1,605	$ 4,110	$ 5,715
Segment profit	$ 637	$ 937	$ 1,574
Less equity earnings	38	71	109
Segment operating income	$ 599	$ 866	1,465
General corporate expenses			(125)
Total operating income			$ 1,340
Other financial information:			
Additions to long-lived assets (a)	$ 476	$ 432	$ 908
Depreciation and amortization	$ 340	$ 228	$ 568
2009			
Segment revenues	$ 1,591	$ 3,011	$ 4,602
Segment profit	$ 635	$ 682	$ 1,317
Less equity earnings	35	46	81
Segment operating income	$ 600	$ 636	1,236
General corporate expenses			(109)
Total operating income			$ 1,127

Other financial information:						
Additions to long-lived assets (a)	$	518	$	505	$	1,023
Depreciation and amortization	$	334	$	219	$	553

(a) Excludes additions acquired in the transactions accounted for as a combination of entities under common control, and also excludes purchases of investments.

WILLIAMS PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table reflects *total assets* and *investments* by reporting segment.

	Total Assets at December 31, 2011	Total Assets at December 31, 2010	Investments at December 31, 2011	Investments at December 31, 2010
	(Millions)			
Gas Pipeline	$ 8,348	$ 8,033	$ 413	$ 229
Midstream Gas & Liquids	6,591	5,291	970	816
Other corporate assets	226	404		
Eliminations (1)	(785)	(324)		
Total	$ 14,380	$ 13,404	$ 1,383	$ 1,045

(1) Primarily relates to the elimination of intercompany accounts receivable generated by our cash management program.

Note 17. Subsequent Events

In January 2012, we completed an equity issuance of 7 million common units representing limited partner interests in us at a price of $62.81 per unit. In February 2012, the underwriters exercised their option to purchase an additional 1.05 million common units for $62.81 per unit.

On February 17, 2012, we completed the acquisition of 100 percent of the ownership interests in certain entities from Delphi Midstream Partners, LLC in exchange for $325 million in cash, net of cash acquired in the transaction and subject to certain closing adjustments, and approximately 7.5 million of our common units valued at $465 million. Our valuation of the assets acquired and liabilities assumed has not been completed because the acquisition is very recent. We expect the significant components of the valuation to include property, plant and equipment, intangible contract assets and goodwill. The goodwill relates primarily to enhancing our strategic platform for expansion in the area. Revenues and earnings for the acquired companies are insignificant for the periods presented primarily because the Laser Gathering System began operations in October 2011.

Information Subsequent to Date of Independent Registered Public Accounting Firm Report

On March 19, 2012, we announced that we had entered into an agreement with Caiman Energy, LLC to acquire Caiman Eastern Midstream, LLC (the Caiman Acquisition), which operates a gathering and processing business in northern West Virginia, southwestern Pennsylvania and eastern Ohio, for $1.78 billion in cash and 11,779,296 of our common units, valued at approximately $720 million. The Caiman Acquisition is expected to close during the second quarter of 2012, subject to customary closing conditions.

In April 2012, we launched an equity issuance of 10 million common units representing limited partner interests at a price of $54.56 per unit. The underwriters have a 30 day option to purchase an additional 1.5 million common units for $54.56 per unit. The net proceeds will be used for general partnership purposes, including the funding of a portion of the cash purchase price of the Caiman Acquisition, together with the proceeds of the expected sale of up to approximately 16.4 million common units to Williams for approximately $1.0 billion.

WILLIAMS PARTNERS, L.P.

QUARTERLY FINANCIAL DATA

(Unaudited)

Summarized quarterly financial data are as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Millions, except per-unit amounts)			
2011				
Revenues	$ 1,579	$ 1,671	$ 1,673	$ 1,806
Costs and operating expenses	1,105	1,163	1,169	1,235
Net income	307	338	342	391
Net income attributable to controlling interests	307	338	342	391
Basic and diluted net income per common unit	0.81	0.91	0.91	1.05
2010				
Revenues	$ 1,490	$ 1,400	$ 1,327	$ 1,498
Costs and operating expenses	1,033	1,002	923	1,026
Net income	322	240	253	286
Net income attributable to controlling interests	316	235	248	286
Basic and diluted net income per common unit	0.61	0.66	0.63	0.76

The sum of earnings per unit for the four quarters may not equal the total earnings per unit for the year due to changes in the average number of common units outstanding and rounding.

Net income for first-quarter 2011 includes $10 million related to the reversal of project feasibility costs from expense to capital at Gas Pipeline. (See Note 5 of Notes to Consolidated Financial Statements.)

Net income for third-quarter 2010 includes a $12 million gain on the sale of certain assets at Midstream. (See Note 5.)

Net income for second-quarter 2010 includes $11 million of involuntary conversion gains due to insurance recoveries that are in excess of the carrying value of assets at Midstream. (See Note 5.)

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) 1 and 2. *Williams Partners L.P. financials*

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements and notes thereto.

(a) 3 and (b). The following documents are included as exhibits to this report:

Exhibit Number	Description
§Exhibit 2.1	Contribution Agreement, dated as of January 15, 2010, by and among Williams Energy Services, LLC, Williams Gas Pipeline Company, LLC, WGP Gulfstream Pipeline Company, L.L.C., Williams Partners GP LLC, Williams Partners L.P., Williams Partners Operating LLC and, for a limited purpose, The Williams Companies, Inc, including exhibits thereto (filed on January 19, 2010 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 3.1	Certificate of Limited Partnership of Williams Partners L.P. (filed on May 2, 2005 as Exhibit 3.1 to Williams Partners L.P. s registration statement on Form S-1 (File No. 333-124517)) and incorporated herein by reference.
Exhibit 3.2	Certificate of Formation of Williams Partners GP LLC (filed on May 2, 2005 as Exhibit 3.3 to Williams Partners L.P. s registration statement on Form S-1 (File No. 333-124517)) and incorporated herein by reference.
Exhibit 3.3	Amended and Restated Agreement of Limited Partnership of Williams Partners L.P. (including form of common unit certificate), as amended by Amendments Nos. 1, 2, 3, 4, 5, 6 and 7 (filed on February 24, 2011 as Exhibit 3.3 to Williams Partners L.P. s annual report on Form 10-K (File No. (File No. 001-32599)) and incorporated herein by reference.
Exhibit 3.4	Amended and Restated Limited Liability Company Agreement of Williams Partners GP LLC (filed on August 26, 2005 as Exhibit 3.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.1	Certificate of Incorporation of Williams Partners Finance Corporation (filed on September 22, 2006 as Exhibit 4.5 to Williams Partners L.P. s registration statement on Form S-3 (File No. 333-137562)) and incorporated herein by reference.
Exhibit 4.2	Bylaws of Williams Partners Finance Corporation (filed on September 22, 2006 as Exhibit 4.6 to Williams Partners L.P. s registration statement on Form S-3 (File No. 333-137562)) and incorporated herein by reference.
Exhibit 4.3	Indenture, dated December 13, 2006, by and among Williams Partners L.P., Williams Partners Finance Corporation and The Bank of New York (filed on December 19, 2006 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.4	Form of 7 1/4% Senior Note due 2017 (filed on December 19, 2006 as Exhibit 1 to Rule 144A/Regulation S Appendix of Exhibit 4.1 attached to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.5	Indenture, dated as of February 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A. (filed on February 10, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 4.6	Registration Rights Agreement, dated as of February 9, 2010, among Williams Partners L.P. and Barclays Capital Inc. and Citigroup Global Markets Inc., each acting on behalf of themselves and the initial purchasers listed on Schedule I thereto (filed on February 10, 2010 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.7	Indenture, dated as of June 22, 2006, between Northwest Pipeline Corporation and JPMorgan Chase Bank, N.A., as Trustee, with regard to Northwest Pipeline s $175 million aggregate principal amount of 7.00% Senior Notes due 2016 (filed on June 23, 2006 as Exhibit 4.1 to Northwest Pipeline Corporation s Form 8-K (File. No. 001-07414)) and incorporated herein by reference.
Exhibit 4.8	Indenture, dated as of April 5, 2007, between Northwest Pipeline Corporation and The Bank of New York (filed on April 5, 2007 as Exhibit 4.1 to Northwest Pipeline Corporation s Form 8-K (File No. 001-07414)) and incorporated herein by reference.
Exhibit 4.9	Indenture, dated May 22, 2008, between Northwest Pipeline GP and The Bank of New York Trust Company, N.A., as Trustee (filed on May 23, 2008 as Exhibit 4.1 to Northwest Pipeline GP s Form 8-K File No. 001-07414)) and incorporated herein by reference.
Exhibit 4.10	Senior Indenture, dated as of July 15, 1996 between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed on April 2, 1996 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form S-3 (File No. 333-02155)) and incorporated herein by reference.
Exhibit 4.11	Senior Indenture, dated as of November 30, 1995, between Northwest Pipeline Corporation and Chemical Bank Trustee with regard to Northwest Pipeline s 7.125% debentures due 2025 (filed September 14, 1995 as Exhibit 4.1 to Northwest Pipeline Corporation s Form S-3 (File No. 033-62639)) and incorporated herein by reference.
Exhibit 4.12	Indenture, dated as of August 27, 2001, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed on November 8, 2001 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form S-4 (File No. 333-72982)) and incorporated herein by reference.
Exhibit 4.13	Indenture, dated as of July 3, 2002, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed August 14, 2002 as Exhibit 4.1 to The Williams Companies Inc. s Form 10-Q (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.14	Indenture, dated as of April 11, 2006, between Transcontinental Gas Pipe Line Corporation and JPMorgan Chase Bank, N.A., as Trustee with regard to Transcontinental Gas Pipe Line s $200 million aggregate principal amount of 6.4% Senior Note due 2016 (filed on April 11, 2006 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form 8-K (File No. 001-07584)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 4.15	Indenture, dated May 22, 2008, between Transcontinental Gas Pipe Line Corporation and The Bank of New York Trust Company, N.A., as Trustee (filed on May 23, 2008 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.16	Indenture, dated as of November 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on November 12, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.17	First Supplemental Indenture, dated as of November 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on November 12, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.18	Form of 4.125% Senior Notes due 2020 (filed November 12, 2010 as Exhibit A of Exhibit 4.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.19	Indenture, dated as of August 12, 2011, between Transcontinental Gas Pipe Line Company, LLC and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on August 12, 2011 as Exhibit 4.1 to Transcontinental Gas Pipe Line Company, LLC s current report on Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.20	Registration Rights Agreement, dated August 12, 2011, between Transcontinental Gas Pipe Line Company, LLC, BNP Paribas Securities Corp., RBC Capital markets, LLC, and RBS Securities Inc., each acting on behalf of themselves and the initial purchasers listed on Schedule I thereto (filed on August 12, 2011 as Exhibit 10.1 to Transcontinental Gas Pipe Line Company, LLC s current report on Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.21	Second Supplemental Indenture, dated as of November 17, 2011, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed November 18, 2011 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.22	Form of 4.00% Senior Notes due 2021 (filed November 18, 2011 as Exhibit A of Exhibit 4.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.1	Omnibus Agreement, among Williams Partners L.P., Williams Energy Services, LLC, Williams Energy, L.L.C., Williams Partners Holdings LLC, Williams Discovery Pipeline LLC, Williams Partners GP LLC, Williams Partners Operating LLC and (for purposes of Articles V and VI thereof only) The Williams Companies, Inc. (filed on August 26, 2005 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 10.2	Amendment No. 1 to Omnibus Agreement among Williams Partners L.P., Williams Energy Services, LLC, Williams Energy, L.L.C., Williams Partners Holdings LLC, Williams Discovery Pipeline LLC, Williams Partners GP LLC, Williams Partners Operating LLC and (for purposes of Articles V and VI thereof only) The Williams Companies, Inc. (filed on April 20, 2009 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.3	Omnibus Agreement, dated as of February 17, 2010, by and between The Williams Companies, Inc. and Williams Partners L.P. (filed on February 22, 2010 as Exhibit 10.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.4	Conveyance, Contribution and Assumption Agreement, dated as of February 17, 2010, by and among Williams Energy Services, LLC, Williams Gas Pipeline Company, LLC, WGP Gulfstream Pipeline Company, L.L.C., Williams Partners GP LLC, Williams Partners L.P. and Williams Partners Operating LLC (filed on February 22, 2010 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.5	Williams Partners GP LLC Long-Term Incentive Plan (filed on August 26, 2005 as Exhibit 10.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.6	Amendment to the Williams Partners GP LLC Long-Term Incentive Plan, dated November 28, 2006 (filed on December 4, 2006 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.7	Amendment No. 2 to the Williams Partners GP LLC Long-Term Incentive Plan, dated December 2, 2008 (filed on February 26, 2009, as Exhibit 10.4 to Williams Partners L.P. s annual report on Form 10-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.8	Director Compensation Policy dated November 29, 2005, as revised November 30, 2010 (filed on February 24, 2011 as Exhibit 10.8 to Williams Partners L.P. s annual report on Form 10-K (File No. (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.9	Administrative Services Agreement between Northwest Pipeline Services LLC and Northwest Pipeline GP, dated October 1, 2007 (filed on January 30, 2008 as Exhibit 10.1 to Williams Pipeline Partners L.P. s Form 8-K (File No. 001-33917)) and incorporated herein by reference.
Exhibit 10.10	Administrative Services Agreement, dated as of February 17, 2010, by and between Transco Pipeline Services LLC and Transcontinental Gas Pipe Line Company, LLC (filed on February 22, 2010 as Exhibit 10.3 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 10.11	Credit Agreement, dated as of June 3, 2011, by and among Williams Partners L.P., Northwest Pipeline GP and Transcontinental Gas Pipe Line Company, LLC, as co-borrowers, the lenders named therein, and Citibank N.A., as Administrative Agent (filed on August 4, 2011 as Exhibit 10.1 to Williams Partners L.P. s quarterly report on Form 10-Q (File no. 001-32599)) and incorporated herein by reference.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 21	List of subsidiaries of Williams Partners L.P.
*Exhibit 23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
*Exhibit 23.2	Consent of Independent Registered Public Accounting Firm, Deloitte & Touche LLP.
Exhibit 24	Power of attorney.
*Exhibit 31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
*Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
**Exhibit 32	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase
**101.DEF	XBRL Taxonomy Extension Definition Linkbase
**101.LAB	XBRL Taxonomy Extension Label Linkbase
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** Furnished herewith.

§ Pursuant to item 601(b) (2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

\# Management contract or compensatory plan or arrangement.

Filed on February 27, 2012 as Exhibit to Williams Partners L.P. s annual report on Form 10-K (File No. 001-32599) and incorporated herein by reference.

SIGNATURE

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

WILLIAMS PARTNERS L.P.

(Registrant)

By: Williams Partners GP LLC, its general partner

/s/ Ted T. Timmermans
Ted T. Timmermans

Vice President, Controller, and Chief Accounting Officer
(Duly Authorized Officer and Principal

Accounting Officer)

April 9, 2012

EXHIBIT INDEX

Exhibit Number	Description
§Exhibit 2.1	Contribution Agreement, dated as of January 15, 2010, by and among Williams Energy Services, LLC, Williams Gas Pipeline Company, LLC, WGP Gulfstream Pipeline Company, L.L.C., Williams Partners GP LLC, Williams Partners L.P., Williams Partners Operating LLC and, for a limited purpose, The Williams Companies, Inc, including exhibits thereto (filed on January 19, 2010 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 3.1	Certificate of Limited Partnership of Williams Partners L.P. (filed on May 2, 2005 as Exhibit 3.1 to Williams Partners L.P. s registration statement on Form S-1 (File No. 333-124517)) and incorporated herein by reference.
Exhibit 3.2	Certificate of Formation of Williams Partners GP LLC (filed on May 2, 2005 as Exhibit 3.3 to Williams Partners L.P. s registration statement on Form S-1 (File No. 333-124517)) and incorporated herein by reference.
Exhibit 3.3	Amended and Restated Agreement of Limited Partnership of Williams Partners L.P. (including form of common unit certificate), as amended by Amendments Nos. 1, 2, 3, 4, 5, 6 and 7 (filed on February 24, 2011 as Exhibit 3.3 to Williams Partners L.P. s annual report on Form 10-K (File No. (File No. 001-32599)) and incorporated herein by reference.
Exhibit 3.4	Amended and Restated Limited Liability Company Agreement of Williams Partners GP LLC (filed on August 26, 2005 as Exhibit 3.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.1	Certificate of Incorporation of Williams Partners Finance Corporation (filed on September 22, 2006 as Exhibit 4.5 to Williams Partners L.P. s registration statement on Form S-3 (File No. 333-137562)) and incorporated herein by reference.
Exhibit 4.2	Bylaws of Williams Partners Finance Corporation (filed on September 22, 2006 as Exhibit 4.6 to Williams Partners L.P. s registration statement on Form S-3 (File No. 333-137562)) and incorporated herein by reference.
Exhibit 4.3	Indenture, dated December 13, 2006, by and among Williams Partners L.P., Williams Partners Finance Corporation and The Bank of New York (filed on December 19, 2006 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.4	Form of 7 1/4% Senior Note due 2017 (filed on December 19, 2006 as Exhibit 1 to Rule 144A/Regulation S Appendix of Exhibit 4.1 attached to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.5	Indenture, dated as of February 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A. (filed on February 10, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

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Exhibit 4.7	Indenture, dated as of June 22, 2006, between Northwest Pipeline Corporation and JPMorgan Chase Bank, N.A., as Trustee, with regard to Northwest Pipeline s $175 million aggregate principal amount of 7.00% Senior Notes due 2016 (filed on June 23, 2006 as Exhibit 4.1 to Northwest Pipeline Corporation s Form 8-K (File. No. 001-07414)) and incorporated herein by reference.
Exhibit 4.8	Indenture, dated as of April 5, 2007, between Northwest Pipeline Corporation and The Bank of New York (filed on April 5, 2007 as Exhibit 4.1 to Northwest Pipeline Corporation s Form 8-K (File No. 001-07414)) and incorporated herein by reference.
Exhibit 4.9	Indenture, dated May 22, 2008, between Northwest Pipeline GP and The Bank of New York Trust Company, N.A., as Trustee (filed on May 23, 2008 as Exhibit 4.1 to Northwest Pipeline GP s Form 8-K File No. 001-07414)) and incorporated herein by reference.
Exhibit 4.10	Senior Indenture, dated as of July 15, 1996 between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed on April 2, 1996 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form S-3 (File No. 333-02155)) and incorporated herein by reference.
Exhibit 4.11	Senior Indenture, dated as of November 30, 1995, between Northwest Pipeline Corporation and Chemical Bank Trustee with regard to Northwest Pipeline s 7.125% debentures due 2025 (filed September 14, 1995 as Exhibit 4.1 to Northwest Pipeline Corporation s Form S-3 (File No. 033-62639)) and incorporated herein by reference.
Exhibit 4.12	Indenture, dated as of August 27, 2001, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed on November 8, 2001 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form S-4 (File No. 333-72982)) and incorporated herein by reference.
Exhibit 4.13	Indenture, dated as of July 3, 2002, between Transcontinental Gas Pipe Line Corporation and Citibank, N.A., as Trustee (filed August 14, 2002 as Exhibit 4.1 to The Williams Companies Inc. s Form 10-Q (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.14	Indenture, dated as of April 11, 2006, between Transcontinental Gas Pipe Line Corporation and JPMorgan Chase Bank, N.A., as Trustee with regard to Transcontinental Gas Pipe Line s $200 million aggregate principal amount of 6.4% Senior Note due 2016 (filed on April 11, 2006 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form 8-K (File No. 001-07584)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 4.15	Indenture, dated May 22, 2008, between Transcontinental Gas Pipe Line Corporation and The Bank of New York Trust Company, N.A., as Trustee (filed on May 23, 2008 as Exhibit 4.1 to Transcontinental Gas Pipe Line Corporation s Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.16	Indenture, dated as of November 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on November 12, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.17	First Supplemental Indenture, dated as of November 9, 2010, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on November 12, 2010 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.18	Form of 4.125% Senior Notes due 2020 (filed November 12, 2010 as Exhibit A of Exhibit 4.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.19	Indenture, dated as of August 12, 2011, between Transcontinental Gas Pipe Line Company, LLC and The Bank of New York Mellon Trust Company, N.A., as trustee (filed on August 12, 2011 as Exhibit 4.1 to Transcontinental Gas Pipe Line Company, LLC s current report on Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.20	Registration Rights Agreement, dated August 12, 2011, between Transcontinental Gas Pipe Line Company, LLC, BNP Paribas Securities Corp., RBC Capital markets, LLC, and RBS Securities Inc., each acting on behalf of themselves and the initial purchasers listed on Schedule I thereto (filed on August 12, 2011 as Exhibit 10.1 to Transcontinental Gas Pipe Line Company, LLC s current report on Form 8-K (File No. 001-07584)) and incorporated herein by reference.
Exhibit 4.21	Second Supplemental Indenture, dated as of November 17, 2011, between Williams Partners L.P. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed November 18, 2011 as Exhibit 4.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 4.22	Form of 4.00% Senior Notes due 2021 (filed November 18, 2011 as Exhibit A of Exhibit 4.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.1	Omnibus Agreement, among Williams Partners L.P., Williams Energy Services, LLC, Williams Energy, L.L.C., Williams Partners Holdings LLC, Williams Discovery Pipeline LLC, Williams Partners GP LLC, Williams Partners Operating LLC and (for purposes of Articles V and VI thereof only) The Williams Companies, Inc. (filed on August 26, 2005 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 10.2	Amendment No. 1 to Omnibus Agreement among Williams Partners L.P., Williams Energy Services, LLC, Williams Energy, L.L.C., Williams Partners Holdings LLC, Williams Discovery Pipeline LLC, Williams Partners GP LLC, Williams Partners Operating LLC and (for purposes of Articles V and VI thereof only) The Williams Companies, Inc. (filed on April 20, 2009 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.3	Omnibus Agreement, dated as of February 17, 2010, by and between The Williams Companies, Inc. and Williams Partners L.P. (filed on February 22, 2010 as Exhibit 10.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.4	Conveyance, Contribution and Assumption Agreement, dated as of February 17, 2010, by and among Williams Energy Services, LLC, Williams Gas Pipeline Company, LLC, WGP Gulfstream Pipeline Company, L.L.C., Williams Partners GP LLC, Williams Partners L.P. and Williams Partners Operating LLC (filed on February 22, 2010 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.5	Williams Partners GP LLC Long-Term Incentive Plan (filed on August 26, 2005 as Exhibit 10.2 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.6	Amendment to the Williams Partners GP LLC Long-Term Incentive Plan, dated November 28, 2006 (filed on December 4, 2006 as Exhibit 10.1 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.
#Exhibit 10.7	Amendment No. 2 to the Williams Partners GP LLC Long-Term Incentive Plan, dated December 2, 2008 (filed on February 26, 2009, as Exhibit 10.4 to Williams Partners L.P. s annual report on Form 10-K (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.8	Director Compensation Policy dated November 29, 2005, as revised November 30, 2010 (filed on February 24, 2011 as Exhibit 10.8 to Williams Partners L.P. s annual report on Form 10-K (File No. (File No. 001-32599)) and incorporated herein by reference.
Exhibit 10.9	Administrative Services Agreement between Northwest Pipeline Services LLC and Northwest Pipeline GP, dated October 1, 2007 (filed on January 30, 2008 as Exhibit 10.1 to Williams Pipeline Partners L.P. s Form 8-K (File No. 001-33917)) and incorporated herein by reference.
Exhibit 10.10	Administrative Services Agreement, dated as of February 17, 2010, by and between Transco Pipeline Services LLC and Transcontinental Gas Pipe Line Company, LLC (filed on February 22, 2010 as Exhibit 10.3 to Williams Partners L.P. s current report on Form 8-K (File No. 001-32599)) and incorporated herein by reference.

Exhibit Number	Description
Exhibit 10.11	Credit Agreement, dated as of June 3, 2011, by and among Williams Partners L.P., Northwest Pipeline GP and Transcontinental Gas Pipe Line Company, LLC, as co-borrowers, the lenders named therein, and Citibank N.A., as Administrative Agent (filed on August 4, 2011 as Exhibit 10.1 to Williams Partners L.P. s quarterly report on Form 10-Q (File no. 001-32599)) and incorporated herein by reference.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 21	List of subsidiaries of Williams Partners L.P.
*Exhibit 23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
*Exhibit 23.2	Consent of Independent Registered Public Accounting Firm, Deloitte & Touche LLP.
Exhibit 24	Power of attorney.
*Exhibit 31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
*Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
**Exhibit 32	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase
**101.DEF	XBRL Taxonomy Extension Definition Linkbase
**101.LAB	XBRL Taxonomy Extension Label Linkbase
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** Furnished herewith.

§ Pursuant to item 601(b) (2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

Management contract or compensatory plan or arrangement.

Filed on February 27, 2012 as Exhibit to Williams Partners L.P. s annual report on Form 10-K (File No. 001-32599) and incorporated herein by reference.