Williams Reports Second-Quarter 2019 Financial Results

July 31, 2019
TULSA, Okla.--(BUSINESS WIRE)--Williams (NYSE: WMB) today announced its unaudited financial results for the three and six months ended June 30, 2019.

Strong 2Q 2019 Results Compared with 2Q 2018

- Net Income Attributable to Williams available to common stockholders of $310 million; up $175 million or 130%; Year-to-Date ("YTD") up $217 million or 76%
- Net Income Per Share of $0.26; up 63%; Adjusted Income Per Share of $0.26; up 53%
- Cash Flow From Operations of $1.069 billion; up $178 million or 20%; YTD up $259 million or 16%
- Adjusted EBITDA of $1.241 billion; up $131 million or 12%; YTD up $212 million or 9%
- Distributable Cash Flow ("DCF") of $867 million; up $230 million or 36%; YTD up $287 million or 21%
- Dividend Coverage Ratio is 1.88x

Improvement of Leverage Metrics Continues

- Completed formation of joint venture with Canada Pension Plan Investment Board ("CPPIB"); received $1.33 billion from CPPIB in exchange for 35% interest in new Northeast JV
- Completed sale of our 50% interest in Jackalope Gas Gathering Services, LLC to an affiliate of Crestwood Equity Partners L.P. for $485 million
- Debt (Net of Cash) to Adjusted EBITDA at Quarter End: 4.43x

Solid Execution Delivers Strong Results

- Northeast G&P segment up 19% in Modified EBITDA and 25% in Adjusted EBITDA 2Q 2019 vs. 2Q 2018
- Atlantic-Gulf segment up 10% in Modified EBITDA and 23% in Adjusted EBITDA 2Q 2019 vs. 2Q 2018
- Norphlet Deepwater-Gulf project placed in service; first gas delivery on June 22; increasing volumes at Mobile Bay processing facility
- Gathering volumes on operated assets up 11% 2Q 2019 vs. 2Q 2018

CEO Perspective

Alan Armstrong, president and chief executive officer, made the following comments:

"Strong demand for natural gas and the resiliency of our well-positioned business are clearly reflected in our second-quarter 2019 results. Compared to second-quarter 2018, our Cash Flow From Operations increased by 20% and Adjusted Income Per Share rose by 53%. Low gas prices will continue to incentivize demand growth, and demand for low cost power generation, LNG exports and new industrial loads will grow even faster in the second half of the year. So we expect this predictable cash flow growth to continue.

"We expect to maintain the momentum we've achieved in deleveraging as we continue our intense focus on the efficiency of our operations and lowering our costs. This disciplined approach ensures we deliver the most competitive cost structure in our space for our shareholders. We now see our 2019 leverage coming in better than expected at less than 4.5x versus our original guidance of less than 4.75x. That's a tribute to crisp execution in operations, growth projects and value-adding transactions."

Armstrong added, "This quarter also saw the delivery of our 2018 Sustainability Report. We recognize the important role natural gas plays in helping to address environmental concerns about air quality and climate change, while providing lower utility bills to consumers and industry. As our actions demonstrate, Williams is eager to do its part to help our country meet its climate goals with low carbon natural gas solutions that are ready now and keep jobs and industry here at home."

Williams Summary Financial Information	2Q		YTD	
Amounts in millions, except ratios and per-share amounts. Per share amounts are reported on a diluted basis. Net income (loss) amounts are attributable to The Williams Companies, Inc. available to common stockholders.	2019	2018	2019	2018
GAAP Measures				
Net Income	$310	$135	$504	$287
Net Income Per Share	$0.26	$0.16	$0.41	$0.35
Cash Flow From Operations	$1,069	$891	$1,844	$1,585
Non-GAAP Measures (1)				
Adjusted EBITDA	$1,241	$1,110	$2,457	$2,245
Adjusted Income	$313	$143	$586	$302
Adjusted Income Per Share	$0.26	$0.17	$0.48	$0.36
Distributable Cash Flow	$867	$637	$1,647	$1,360
Dividend Coverage Ratio	1.88x	1.44x	1.79x	1.54x

Other				
Debt-to-Adjusted EBITDA at Quarter End (2)	4.43x	4.66x		
Capital Investments (3)(4)	$702	$1,000_	$1,219	$1,955

(1) Schedules reconciling adjusted income from continuing operations, adjusted EBITDA, Distributable Cash Flow and Coverage Ratio (non-GAAP measures) to the most comparable GAAP measure are available at www.williams.com and as an attachment to this news release.

(2) Debt-to-Adjusted EBITDA ratio does not represent leverage ratios measured for WMB credit agreement compliance or leverage ratios as calculated by the major credit ratings agencies. Debt is net of cash on hand, and Adjusted EBITDA reflects the sum of the last four quarters.

(3) Capital Investments includes increases to property, plant, and equipment, purchases of businesses, net of cash acquired, and purchases of and contributions to equity-method investments.

(4) YTD 2019 excludes $727 million (net of cash acquired) for the purchase of the remaining 38% of UEO as this amount was provided for at the close of the new Northeast JV by our JV partners, CPPIB, in June 2019.

GAAP Measures

- Second-quarter 2019 Net Income benefited from increased service revenues in the Atlantic-Gulf segment primarily from Transco expansion projects and in the Northeast G&P segment driven by growth in gathering volumes, partially offset by a decline in the West segment results due to lower commodity margins and the absence of the former Four Corners area business sold in fourth-quarter 2018. The current year benefited from a $122 million gain on the sale of our 50 percent interest in Jackalope, partially offset by the absence of a $62 million gain in the prior year associated with the deconsolidation of that Jackalope interest. Asset impairments in the current year were substantially offset by similar levels of impairments in the prior year. Second-quarter 2019 also includes $43 million of estimated employee severance and related costs. The estimated severance costs are primarily associated with a voluntary separation program announced in anticipation of our pending organizational realignment and considering our ongoing evaluation of cost structure. The current year also reflects higher interest expense associated with financing obligations for leased pipeline capacity and higher provision for income taxes driven by higher pre-tax income. Net Income also reflects less income attributable to noncontrolling interests driven by the WPZ merger in the third-quarter 2018.
- Year-to-date 2019 Net Income benefited from increased service revenues in the Atlantic-Gulf segment primarily from Transco expansion projects and in the Northeast G&P segment driven by growth in volumes, partially offset by a decline in West segment results due to lower commodity margins and the absence of the former Four Corners area business. Other drivers of the improvement are similar to those described for the second-quarter results, partially offset by a $74 million first-quarter 2019 impairment of an equity-method investment.
- The increase in Cash Flow From Operations for second-quarter and year-to-date 2019 periods was largely driven by the increased service revenues in the Atlantic-Gulf and Northeast G&P segments, the collection of Transco's filed rates subject to refund, and the receipt of an income tax refund, partially offset by the decline in West segment results.

Non-GAAP Measures

- The increase in Adjusted EBITDA for second-quarter 2019 and year-to-date 2019 largely reflects the previously mentioned increased service revenues in the Atlantic-Gulf and Northeast G&P segments, partially offset by the decline in West segment results.
- Adjusted Income for both the quarter and year-to-date periods also improved, driven by the higher Adjusted EBITDA and less income attributable to noncontrolling interests, partially offset by higher interest expense and provision for income taxes.
- Second-quarter and year-to-date 2019 DCF are higher, reflecting the increased Adjusted EBITDA, an income tax refund received in 2019, and lower maintenance capital, partially offset by higher net interest expense.

Business Segment Results & Form 10-Q

Williams' operations are comprised of the following reportable segments: Atlantic-Gulf, West, Northeast G&P and Other. For additional information, please see the company's second-quarter 2019, Form 10-Q, which Williams expects to file this week, with the Securities and Exchange Commission (SEC). Once filed, the document will be on the SEC and Williams websites.

	Quarter-To-Date						**Year-To-Date**					
	Modified EBITDA			**Adjusted EBITDA**			**Modified EBITDA**			**Adjusted EBITDA**		
Amounts in millions	**2Q 2019**	**2Q 2018**	**Change**	**2Q 2019**	**2Q 2018**	**Change**	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Atlantic-Gulf	$524	$475	$49	$559	$456	$103	$1,084	$926	$158	$1,119	$922	$197
West	278	389	(111)	356	389	(33)	610	802	(192)	702	795	(93)
Northeast G&P	303	255	48	319	255	64	602	505	97	621	505	116
Other	7	(61)	68	7	10	(3)	3	(55)	58	15	23	(8)
Totals	$1,112	$1,058	$54	$1,241	$1,110	$131	$2,299	$2,178	$121	$2,457	$2,245	$212

Note: Williams uses Modified EBITDA for its segment reporting. Definitions of Modified EBITDA and Adjusted EBITDA and schedules reconciling to net income are included in this news release.

Atlantic-Gulf

- Improvement in second-quarter and year-to-date 2019 Modified and Adjusted EBITDA is driven by Transco expansion projects, including Atlantic Sunrise (in service October 2018) and Gulf Connector (in service early January 2019).
- Unfavorable impact from a reduced allowance for equity funds used during construction due to lower levels of construction

activity.

- Modified EBITDA was further impacted by the absence of a net favorable regulatory adjustment resulting from Tax Reform in the prior year, along with current-year charges for estimated employee severance and related costs and the reversal of expenditures capitalized in prior years, all of which are excluded from Adjusted EBITDA.

West

- Lower second-quarter and year-to-date 2019 Modified and Adjusted EBITDA reflect lower NGL margins (excluding Four Corners) driven by lower NGL prices.
- Additionally, both second-quarter and year-to-date results reflect the absence of EBITDA from our former Four Corners area business.
- Modified EBITDA for both the quarter and year-to-date 2019 periods includes asset impairment charges and estimated employee severance and related costs that are excluded from Adjusted EBITDA.
- Completed sale of our 50% interest in Jackalope (an equity-method investment) for $485 million in second-quarter 2019.
- Placed into service Ft. Lupton III processing plant expansion of 200 MMcf/d.

Northeast G&P

- Improvement in Modified and Adjusted EBITDA for second-quarter and year-to-date 2019 driven by increased gathering volumes in the Susquehanna Supply Hub and in the Utica Shale region and higher proportional EBITDA from investments in the Marcellus South and Bradford gas gathering systems. Modified EBITDA also includes estimated employee severance and related costs that are excluded from Adjusted EBITDA.
- Gross gathering volumes, including 100% of operated equity-method investments, reflect a 17% increase for second-quarter 2019 over second-quarter 2018. Year-to-date, gross gathering volumes increased 16% over the same reporting period in 2018.
- The consolidation of Utica East Ohio Midstream ("UEO") following our March 2019 purchase of the remaining 38% ownership stake in UEO favorably impacted both Modified and Adjusted EBITDA, driving an $11 million increase for second-quarter 2019 over second-quarter 2018. Year-to-date results reflect a $13 million favorable impact over the same reporting period in 2018 due to the consolidation of UEO.
- Successfully completed the formation of the new Northeast JV with CPPIB in June 2019, receiving approximately $1.33 billion from CPPIB for its 35% interest in the venture.

Williams' Second-Quarter 2019 Materials to be Posted Shortly; Q&A Webcast Scheduled for Tomorrow

Williams' second-quarter 2019 earnings presentation will be posted at www.williams.com . The company's second-quarter 2019 earnings conference call and webcast with analysts and investors is scheduled for Thursday, Aug. 1, at 9:30 a.m. Eastern Time (8:30 a.m. Central Time). A limited number of phone lines will be available at (888) 882-4478. International callers should dial (720) 452-9217. The conference ID is 6602168.

A webcast link to the conference call is available at www.williams.com . A replay of the webcast will be available on the website for at least 90 days following the event.

About Williams

Williams (NYSE: WMB) is a premier provider of large-scale infrastructure connecting U.S. natural gas and natural gas products to growing demand for cleaner fuel and feedstocks. Headquartered in Tulsa, Oklahoma, Williams is an industry-leading, investment grade C-Corp with operations across the natural gas value chain including gathering, processing, interstate transportation and storage of natural gas and natural gas liquids. With major positions in top U.S. supply basins, Williams owns and operates more than 30,000 miles of pipelines system wide – including Transco, the nation's largest volume and fastest growing pipeline - providing natural gas for clean-power generation, heating and industrial use. Williams' operations handle approximately 30% of U.S. natural gas. www.williams.com

The Williams Companies, Inc.
Consolidated Statement of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
	(Millions, except per-share amounts)			
Revenues:				
Service revenues	$ 1,489	$ 1,340	$ 2,929	$ 2,691
Service revenues – commodity consideration	56	94	120	195
Product sales	496	657	1,046	1,293
Total revenues	2,041	2,091	4,095	4,179
Costs and expenses:				
Product costs	483	636	1,008	1,249
Processing commodity expenses	24	26	64	61
Operating and maintenance expenses	387	388	727	745
Depreciation and amortization expenses	424	434	840	865
Selling, general, and administrative expenses	152	130	280	262
Impairment of certain assets	64	66	76	66
Other (income) expense – net	9	1	41	30
Total costs and expenses	1,543	1,681	3,036	3,278

Operating income (loss)	498	410	1,059	901
Equity earnings (losses)	87	92	167	174
Other investing income (loss) – net	126	68	53	72
Interest incurred	(306)	(288)	(612)	(570)
Interest capitalized	10	13	20	22
Other income (expense) – net	7	26	18	47
Income (loss) before income taxes	422	321	705	646
Provision (benefit) for income taxes	98	52	167	107
Net income (loss)	324	269	538	539
Less: Net income (loss) attributable to noncontrolling interests	14	134	33	252
Net income (loss) attributable to The Williams Companies, Inc.	310	135	505	287
Preferred stock dividends	—	—	1	—
Net income (loss) available to common stockholders	$ 310	$ 135	$ 504	$ 287
Basic earnings (loss) per common share:				
Net income (loss)	$ .26	$ .16	$ .42	$ .35
Weighted-average shares (thousands)	1,212,045	827,868	1,211,769	827,689
Diluted earnings (loss) per common share:				
Net income (loss)	$ .26	$ .16	$ .41	$ .35
Weighted-average shares (thousands)	1,214,065	830,107	1,213,830	830,151

The Williams Companies, Inc.
Consolidated Balance Sheet
(Unaudited)

	June 30, 2019	December 31, 2018
	(Millions, except per-share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 806	$ 168
Trade accounts and other receivables (net of allowance of $6 at June 30, 2019 and $9 at December 31, 2018)	879	992
Inventories	134	130
Other current assets and deferred charges	209	174
Total current assets	2,028	1,464
Investments	6,261	7,821
Property, plant, and equipment	40,868	38,661
Accumulated depreciation and amortization	(11,737)	(11,157)
Property, plant, and equipment – net	29,131	27,504
Intangible assets – net of accumulated amortization	8,123	7,767
Regulatory assets, deferred charges, and other	966	746
Total assets	$ 46,509	$ 45,302
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 627	$ 662
Accrued liabilities	1,199	1,102
Long-term debt due within one year	1,563	47
Total current liabilities	3,389	1,811
Long-term debt	20,711	22,367
Deferred income tax liabilities	1,567	1,524
Regulatory liabilities, deferred income, and other	3,761	3,603
Contingent liabilities		
Equity:		
Stockholders' equity:		
Preferred stock	35	35
Common stock ($1 par value; 1,470 million shares authorized at June 30, 2019 and December 31, 2018; 1,246 million shares issued at June 30, 2019 and 1,245 million shares issued at December 31, 2018)	1,246	1,245
Capital in excess of par value	24,296	24,693
Retained deficit	(10,423)	(10,002)
Accumulated other comprehensive income (loss)	(265)	(270)
Treasury stock, at cost (35 million shares of common stock)	(1,041)	(1,041)
Total stockholders' equity	13,848	14,660
Noncontrolling interests in consolidated subsidiaries	3,233	1,337
Total equity	17,081	15,997
Total liabilities and equity	$ 46,509	$ 45,302

The Williams Companies, Inc.

Consolidated Statement of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(Millions)	
OPERATING ACTIVITIES:		
Net income (loss)	$ 538	$ 539
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and amortization	840	865
Provision (benefit) for deferred income taxes	182	142
Equity (earnings) losses	(167)	(174)
Distributions from unconsolidated affiliates	327	316
Net (gain) loss on disposition of equity-method investments	(122)	—
Impairment of equity-method investments	72	—
(Gain) loss on deconsolidation of businesses	2	(62)
Impairment of certain assets	76	66
Amortization of stock-based awards	30	30
Cash provided (used) by changes in current assets and liabilities:		
Accounts and notes receivable	149	121
Inventories	4	(33)
Other current assets and deferred charges	(16)	(63)
Accounts payable	(98)	(70)
Accrued liabilities	70	(7)
Other, including changes in noncurrent assets and liabilities	(43)	(85)
Net cash provided (used) by operating activities	1,844	1,585
FINANCING ACTIVITIES:		
Proceeds from (payments of) commercial paper – net	(4)	—
Proceeds from long-term debt	720	2,179
Payments of long-term debt	(868)	(1,761)
Proceeds from issuance of common stock	6	11
Proceeds from sale of partial interest in consolidated subsidiary	1,330	—
Common dividends paid	(921)	(563)
Dividends and distributions paid to noncontrolling interests	(68)	(356)
Contributions from noncontrolling interests	32	11
Payments for debt issuance costs	—	(18)
Other – net	(9)	(43)
Net cash provided (used) by financing activities	218	(540)
INVESTING ACTIVITIES:		
Property, plant, and equipment:		
Capital expenditures (1)	(919)	(1,890)
Dispositions – net	(15)	3
Contributions in aid of construction	18	339
Purchases of businesses, net of cash acquired	(727)	—
Proceeds from dispositions of equity-method investments	485	—
Purchases of and contributions to equity-method investments	(242)	(91)
Other – net	(24)	(30)
Net cash provided (used) by investing activities	(1,424)	(1,669)
Increase (decrease) in cash and cash equivalents	638	(624)
Cash and cash equivalents at beginning of year	168	899
Cash and cash equivalents at end of period	$ 806	$ 275

(1) Increases to property, plant, and equipment	$ (977)	$ (1,864)
Changes in related accounts payable and accrued liabilities	58	(26)
Capital expenditures	$ (919)	$ (1,890)

Atlantic-Gulf
(UNAUDITED)

	2018					2019		
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Revenues:								
Service revenues:								
Nonregulated gathering & processing fee-based revenue	$ 138	$ 128	$ 138	$ 137	$ 541	$ 128	$ 119	$ 247
Regulated transportation revenue	413	406	411	508	1,738	517	514	1,031
Other fee revenues	32	34	34	34	134	34	40	74

Tracked service revenue	26	22	24	24	96	30	25	55
Nonregulated commodity consideration	15	12	18	14	59	13	13	26
Product sales:								
NGL sales from gas processing	15	10	16	15	56	12	12	24
Marketing sales	45	57	67	53	222	40	32	72
Other sales	1	1	1	—	3	2	1	3
Tracked product sales	32	37	47	38	154	28	23	51
Total revenues	717	707	756	823	3,003	804	779	1,583
Segment costs and expenses:								
NGL cost of goods sold	15	12	19	14	60	13	14	27
Marketing cost of goods sold	44	56	67	53	220	41	28	69
Other cost of goods sold	—	—	—	—	—	—	2	2
Tracked cost of goods sold	33	38	48	39	158	28	25	53
Processing commodity expenses	5	2	3	6	16	5	5	10
Operating and administrative costs	177	181	181	197	736	168	198	366
Tracked operating and administrative costs	26	22	24	23	95	30	25	55
Other segment costs and expenses	(2)	(15)	(29)	14	(32)	1	2	3
Gain on sale of certain assets	—	—	—	(81)	(81)	—	—	—
Regulatory charges resulting from Tax Reform	11	(20)	—	—	(9)	—	—	—
Total segment costs and expenses	309	276	313	265	1,163	286	299	585
Proportional Modified EBITDA of equity-method investments	43	44	49	47	183	42	44	86
Modified EBITDA	**451**	**475**	**492**	**605**	**2,023**	**560**	**524**	**1,084**
Adjustments	15	(19)	(12)	(76)	(92)	—	35	35
Adjusted EBITDA	**$ 466**	**$ 456**	**$ 480**	**$ 529**	**$ 1,931**	**$ 560**	**$ 559**	**$ 1,119**
NGL Margin	$ 10	$ 8	$ 12	$ 9	$ 39	$ 7	$ 6	$ 13
Statistics for Operated Assets								
Gathering, Processing and Crude Oil Transportation								
Gathering volumes (Bcf per day) - Consolidated (1)	0.29	0.23	0.26	0.24	0.26	0.25	0.25	0.25
Gathering volumes (Bcf per day) - Non-consolidated (2)	0.24	0.25	0.25	0.31	0.26	0.35	0.38	0.37
Plant inlet natural gas volumes (Bcf per day) - Consolidated (1)	0.54	0.43	0.51	0.53	0.50	0.53	0.55	0.54
Plant inlet natural gas volumes (Bcf per day) - Non-consolidated (2)	0.24	0.25	0.25	0.32	0.27	0.35	0.39	0.37
Crude transportation volumes (Mbbls/d)	142	132	147	140	140	146	136	141
Consolidated (1)								
Ethane margin ($/gallon)	$ .03	$ .16	$ .24	$ .14	$ .14	$ .10	$ .02	$ .06
Non-ethane margin ($/gallon)	$ .66	$ .74	$ .76	$ .58	$ .68	$ .48	$ .28	$ .36
NGL margin ($/gallon)	$ .40	$ .48	$ .51	$ .36	$ .43	$ .26	$ .17	$ .21
Ethane equity sales (Mbbls/d)	2.82	1.91	3.05	2.98	2.69	4.16	4.11	4.13
Non-ethane equity sales (Mbbls/d)	3.87	2.35	3.14	3.21	3.14	3.28	5.34	4.32
NGL equity sales (Mbbls/d)	6.69	4.26	6.19	6.19	5.83	7.44	9.45	8.45
Ethane production (Mbbls/d)	12	12	15	16	14	17	14	15
Non-ethane production (Mbbls/d)	19	17	18	19	18	19	19	19
NGL production (Mbbls/d)	31	29	33	35	32	36	33	34
Non-consolidated (2)								
NGL equity sales (Mbbls/d)	3	5	4	5	4	7	8	8
NGL production (Mbbls/d)	18	20	20	23	20	24	27	25
Transcontinental Gas Pipe Line								
Throughput (Tbtu)	1,099.9	965.5	1,092.3	1,150.9	4,308.5	1,183.9	1,109.4	2,293.3
Avg. daily transportation volumes (Tbtu)	12.2	10.6	11.9	12.5	11.8	13.2	12.2	12.7
Avg. daily firm reserved capacity (Tbtu)	15.4	15.0	15.0	16.4	15.5	17.1	17.0	17.1

(1) Excludes volumes associated with equity-method investments that are not consolidated in our results.
(2) Includes 100% of the volumes associated with operated equity-method investments.

West
(UNAUDITED)

	2018					2019		
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Revenues:								
Service revenues:								
Nonregulated gathering & processing fee-based revenue	$ 386	$ 398	$ 387	$ 335	$ 1,506	$ 319	$ 331	$ 650
Regulated transportation revenue	109	104	106	110	429	110	104	214
Other fee revenues	36	32	40	41	149	44	42	86
Nonregulated commodity consideration	82	78	97	64	321	46	40	86
Tracked service revenues	—	1	—	—	1	—	1	1

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Product sales:								
NGL sales from gas processing	85	76	90	71	322	48	41	89
Marketing sales	419	465	615	571	2,070	426	389	815
Other sales	10	9	16	3	38	1	1	2
Tracked product sales	16	10	11	(19)	18	4	3	7
Total revenues	1,143	1,173	1,362	1,176	4,854	998	952	1,950
Segment costs and expenses:								
NGL cost of goods sold	85	81	101	66	333	49	41	90
Marketing cost of goods sold	418	458	605	587	2,068	421	389	810
Other cost of goods sold	7	8	12	2	29	2	3	5
Tracked cost of goods sold	16	10	12	(20)	18	3	4	7
Processing commodity expenses	30	20	26	40	116	31	19	50
Operating and administrative costs	193	215	200	166	774	166	180	346
Tracked operating and administrative costs	—	1	—	—	1	—	1	1
Other segment costs and expenses	6	10	19	15	50	6	1	7
Impairment of certain assets	—	—	—	1,849	1,849	12	64	76
Gain on sale of certain assets	—	—	—	(591)	(591)	2	—	2
Regulatory charges resulting from Tax Reform	(7)	—	—	—	(7)	—	—	—
Total segment costs and expenses	748	803	975	2,114	4,640	692	702	1,394
Proportional Modified EBITDA of equity-method investments	18	19	25	32	94	26	28	54
Modified EBITDA	**413**	**389**	**412**	**(906)**	**308**	**332**	**278**	**610**
Adjustments	(7)	—	12	1,264	1,269	14	78	92
Adjusted EBITDA	**$ 406**	**$ 389**	**$ 424**	**$ 358**	**$ 1,577**	**$ 346**	**$ 356**	**$ 702**
NGL margin	$ 52	$ 53	$ 60	$ 29	$ 194	$ 14	$ 21	$ 35

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Statistics for Operated Assets								
Gathering and Processing								
Gathering volumes (Bcf per day) - Consolidated (1)	4.58	4.60	4.48	3.44	4.27	3.42	3.53	3.48
Gathering volumes (Bcf per day) - Non-consolidated (2)	—	—	0.15	0.16	0.08	0.17	0.15	0.16
Plant inlet natural gas volumes (Bcf per day) - Consolidated (1)	2.16	2.12	2.11	1.65	2.01	1.41	1.52	1.46
Plant inlet natural gas volumes (Bcf per day) - Non-consolidated (2)	—	—	0.14	0.17	0.08	0.17	0.14	0.16
Ethane equity sales (Mbbls/d)	19.01	10.23	12.19	16.40	14.44	14.63	14.59	14.61
Non-ethane equity sales (Mbbls/d)	19.83	18.80	19.48	14.40	18.12	12.59	13.54	13.07
NGL equity sales (Mbbls/d)	38.84	29.03	31.67	30.80	32.56	27.22	28.13	27.68
Ethane margin ($/gallon)	$ .01	$ .07	$ .18	$ .02	$ .06	$ (.03)	$ (.03)	$ (.03)
Non-ethane margin ($/gallon)	$ .69	$ .71	$ .69	$ .49	$ .65	$ .34	$ .42	$ .38
NGL margin ($/gallon)	$ .35	$ .48	$ .49	$ .24	$ .39	$ .14	$ .19	$ .16
Ethane production (Mbbls/d)	31	26	28	29	28	29	22	26
Non-ethane production (Mbbls/d) - Consolidated (1)	62	61	59	41	55	33	37	35
Non-ethane production (Mbbls/d) - Jackalope equity-method investment - 100%	—	—	5	5	3	6	1	4
NGL production (Mbbls/d)	93	87	92	75	86	68	60	65
NGL and Crude Transportation volumes (Mbbls) (3)	21,263	21,334	22,105	23,049	87,751	22,848	24,465	47,313
Northwest Pipeline LLC								
Throughput (Tbtu)	226.1	188.1	193.5	212.3	820.0	243.5	184.6	428.1
Avg. daily transportation volumes (Tbtu)	2.5	2.1	2.1	2.3	2.2	2.7	2.0	2.4
Avg. daily firm reserved capacity (Tbtu)	3.1	3.1	3.1	3.1	3.1	3.1	3.0	3.0

(1) Excludes volumes associated with equity-method investments that are not consolidated in our results.

(2) Includes 100% of the volumes associated with operated equity-method investments, including the Jackalope Gas Gathering System and Rocky Mountain Midstream.

(3) Includes 100% of the volumes associated with operated equity-method investments, including the Overland Pass Pipeline Company and Rocky Mountain Midstream.

Northeast G&P

(UNAUDITED)

	2018					2019		
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Revenues:								
Service revenues:								
Nonregulated gathering and processing fee-based revenue	$ 189	$ 196	$ 211	$ 226	$ 822	$ 230	$ 267	$ 497
Other fee revenues	39	36	36	43	154	46	63	109
Nonregulated commodity consideration	4	4	6	6	20	5	3	8
Product sales:								
NGL sales from gas processing	4	5	6	5	20	5	3	8

Marketing sales	89	65	57	35	246	37	28	65
Tracked product sales	5	5	6	5	21	5	6	11
Total revenues	330	311	322	320	1,283	328	370	698
Segment costs and expenses:								
NGL cost of goods sold	4	5	6	5	20	5	3	8
Marketing cost of goods sold	90	65	57	36	248	37	29	66
Processing commodity expenses	2	2	3	2	9	3	2	5
Operating and administrative costs	85	91	96	108	380	97	130	227
Other segment costs and expenses	2	1	4	5	12	4	—	4
Tracked cost of goods sold	5	7	6	3	21	5	6	11
Total segment costs and expenses	188	171	172	159	690	151	170	321
Proportional Modified EBITDA of equity-method investments	108	115	131	139	493	122	103	225
Modified EBITDA	**250**	**255**	**281**	**300**	**1,086**	**299**	**303**	**602**
Adjustments	—	—	—	4	4	3	16	19
Adjusted EBITDA	**$ 250**	**$ 255**	**$ 281**	**$ 304**	**$ 1,090**	**$ 302**	**$ 319**	**$ 621**
NGL margin	$ 2	$ 2	$ 3	$ 4	$ 11	$ 2	$ 1	$ 3
Statistics for Operated Assets								
Gathering and Processing								
Gathering volumes (Bcf per day) - Consolidated (1)	3.38	3.45	3.67	4.02	3.63	4.05	4.16	4.11
Gathering volumes (Bcf per day) - Non-consolidated (2)	3.82	3.59	3.73	3.89	3.76	4.27	4.08	4.17
Plant inlet natural gas volumes (Bcf per day)	0.49	0.55	0.52	0.52	0.52	0.63	1.04	0.83
Ethane equity sales (Mbbls/d)	1.33	3.17	2.74	2.80	2.52	2.73	1.83	2.27
Non-ethane equity sales (Mbbls/d)	0.79	1.09	1.49	1.28	1.16	1.21	1.09	1.15
NGL equity sales (Mbbls/d)	2.12	4.26	4.23	4.08	3.68	3.94	2.92	3.42
Ethane production (Mbbls/d)	23	27	26	20	24	22	24	23
Non-ethane production (Mbbls/d)	21	21	23	22	22	22	34	29
NGL production (Mbbls/d)	44	48	49	42	46	44	58	52

(1) Includes gathering volumes associated with Susquehanna Supply Hub, the Northeast JV, and Utica Supply Hub, all of which are consolidated.

(2) Includes 100% of the volumes associated with operated equity-method investments, including the Laurel Mountain Midstream partnership; and the Bradford Supply Hub and a portion of the Marcellus South Supply Hub within the Appalachia Midstream Services partnership. Volumes handled by Blue Racer Midstream (gathering and processing), which we do not operate, are not included.

Capital Expenditures and Investments
(UNAUDITED)

	2018					2019		
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Capital expenditures:								
Northeast G&P	$ 114	$ 104	$ 114	$ 139	$ 471	$ 152	$ 177	$ 329
Atlantic-Gulf	764	746	549	359	2,418	193	234	427
West	69	74	96	93	332	69	80	149
Other	10	9	10	6	35	8	6	14
Total (1)	**$ 957**	**$ 933**	**$ 769**	**$ 597**	**$3,256**	**$ 422**	**$ 497**	**$ 919**
Purchases of investments:								
Northeast G&P	$ 20	$ 70	$ 114	$ 58	$ 262	$ 47	$ 61	$ 108
Atlantic-Gulf	1	—	5	—	6	—	12	12
West	—	—	593	271	864	52	70	122
Total	**$ 21**	**$ 70**	**$ 712**	**$ 329**	**$1,132**	**$ 99**	**$ 143**	**$ 242**
Summary:								
Northeast G&P	$ 134	$ 174	$ 228	$ 197	$ 733	$ 199	$ 238	$ 437
Atlantic-Gulf	765	746	554	359	2,424	193	246	439
West	69	74	689	364	1,196	121	150	271
Other	10	9	10	6	35	8	6	14
Total	**$ 978**	**$1,003**	**$1,481**	**$ 926**	**$4,388**	**$ 521**	**$ 640**	**$1,161**
Capital investments:								
Increases to property, plant, and equipment	$ 934	$ 930	$ 618	$ 539	$3,021	$ 418	$ 559	$ 977
Purchases of businesses, net of cash acquired	—	—	—	—	—	727	—	727

Purchases of investments	21	70	712	329	1,132	99	143	242
Total	**$ 955**	**$1,000**	**$1,330**	**$ 868**	**$4,153**	**$1,244**	**$ 702**	**$1,946**
(1) Increases to property, plant, and equipment	$ 934	$ 930	$ 618	$ 539	$3,021	$ 418	$ 559	$ 977
Changes in related accounts payable and accrued liabilities	23	3	151	58	235	4	(62)	(58)
Capital expenditures	**$ 957**	**$ 933**	**$ 769**	**$ 597**	**$3,256**	**$ 422**	**$ 497**	**$ 919**
Contributions from noncontrolling interests	$ 3	$ 8	$ 2	$ 2	$ 15	$ 4	$ 28	$ 32
Contributions in aid of construction	$ 190	$ 149	$ 56	$ 16	$ 411	$ 10	$ 8	$ 18
Proceeds from sale of businesses, net of cash divested	$ —	$ —	$ —	$1,296	$1,296	$ (2)	$ —	$ (2)
Proceeds from sale of partial interest in consolidated subsidiary	$ —	$ —	$ —	$ —	$ —	$ —	$1,330	$1,330
Proceeds from disposition of equity-method investments	$ —	$ —	$ —	$ —	$ —	$ —	$ 485	$ 485

Non-GAAP Measures

This news release and accompanying materials may include certain financial measures – Adjusted EBITDA, adjusted income ("earnings"), adjusted earnings per share, distributable cash flow and dividend coverage ratio – that are non-GAAP financial measures as defined under the rules of the SEC.

Our segment performance measure, Modified EBITDA, is defined as net income (loss) before income (loss) from discontinued operations, income tax expense, net interest expense, equity earnings from equity-method investments, other net investing income, impairments of equity investments and goodwill, depreciation and amortization expense, and accretion expense associated with asset retirement obligations for nonregulated operations. We also add our proportional ownership share (based on ownership interest) of Modified EBITDA of equity-method investments.

Adjusted EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations. Management believes this measure provides investors meaningful insight into results from ongoing operations.

Distributable cash flow is defined as Adjusted EBITDA less maintenance capital expenditures, cash portion of net interest expense, income attributable to or dividends/ distributions paid to noncontrolling interests and cash income taxes, and certain other adjustments that management believes affects the comparability of results. Adjustments for maintenance capital expenditures and cash portion of interest expense include our proportionate share of these items of our equity-method investments. We also calculate the ratio of distributable cash flow to the total cash dividends paid (dividend coverage ratio). This measure reflects Williams' distributable cash flow relative to its actual cash dividends paid.

This news release is accompanied by a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses these financial measures because they are accepted financial indicators used by investors to compare company performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of assets and the cash that the business is generating.

Neither Adjusted EBITDA, adjusted income, nor distributable cash flow are intended to represent cash flows for the period, nor are they presented as an alternative to net income or cash flow from operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with United States generally accepted accounting principles.

Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Adjusted Income
(UNAUDITED)

	2018					2019		
(Dollars in millions, except per-share amounts)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ 152	$ 135	$ 129	$ (572)	$ (156)	$ 194	$ 310	$ 504
Income (loss) - diluted earnings (loss) per common share (1)	$ .18	$ .16	$ .13	$ (.47)	$ (.16)	$ .16	$ .26	$ .41
Adjustments:								
Northeast G&P								
Expenses associated with new venture	$ —	$ —	$ —	$ —	$ —	$ 3	$ 6	$ 9
Settlement charge from pension early payout program	—	—	—	4	4	—	—	—
Severance and related costs	—	—	—	—	—	—	10	10
Total Northeast G&P adjustments	—	—	—	4	4	3	16	19
Atlantic-Gulf								
Constitution Pipeline project development costs	2	1	1	—	4	—	1	1
Settlement charge from pension early payout program	—	—	—	7	7	—	—	—
Regulatory adjustments resulting from Tax Reform	11	(20)	—	—	(9)	—	—	—
Benefit of regulatory asset associated with increase in Transco's estimated deferred state income tax rate following WPZ Merger	—	—	(3)	—	(3)	—	—	—
Share of regulatory charges resulting from Tax Reform for equity-method investments	2	—	—	—	2	—	—	—
Reversal of expenditures capitalized in prior years	—	—	—	—	—	—	15	15
Gain on sale of certain Gulf Coast pipeline assets	—	—	—	(81)	(81)	—	—	—
Gain on asset retirement	—	—	(10)	(2)	(12)	—	—	—
Severance and related costs	—	—	—	—	—	—	19	19
Total Atlantic-Gulf adjustments	15	(19)	(12)	(76)	(92)	—	35	35
West								

Impairment of certain assets	—	—	—	1,849	1,849	12	64	76
Settlement charge from pension early payout program	—	—	—	6	6	—	—	—
Regulatory adjustments resulting from Tax Reform	(7)	—	—	—	(7)	—	—	—
Charge for regulatory liability associated with the decrease in Northwest Pipeline's estimated deferred state income tax rates following WPZ Merger	—	—	12	—	12	—	—	—
Gain on sale of Four Corners assets	—	—	—	(591)	(591)	2	—	2
Severance and related costs	—	—	—	—	—	—	14	14
Total West adjustments	(7)	—	12	1,264	1,269	14	78	92
Other								
Loss on early retirement of debt	7	—	—	—	7	—	—	—
Impairment of certain assets	—	66	—	—	66	—	—	—
Settlement charge from pension early payout program	—	—	—	5	5	—	—	—
Regulatory adjustments resulting from Tax Reform	—	1	—	—	1	—	—	—
(Benefit) adjustment of regulatory assets associated with increase in Transco's estimated deferred state income tax rate following WPZ Merger	—	—	(45)	—	(45)	12	—	12
WPZ Merger costs	—	4	15	1	20	—	—	—
Gain on sale of certain Gulf Coast pipeline systems	—	—	—	(20)	(20)	—	—	—
Charitable contribution of preferred stock to Williams Foundation	—	—	35	—	35	—	—	—
Total Other adjustments	7	71	5	(14)	69	12	—	12
Adjustments included in Modified EBITDA	15	52	5	1,178	1,250	29	129	158
Adjustments below Modified EBITDA								
Gain on deconsolidation of Jackalope interest	—	(62)	—	—	(62)	—	—	—
Gain on deconsolidation of certain Permian assets	—	—	—	(141)	(141)	2	—	2
Impairment of equity-method investments	—	—	—	32	32	74	(2)	72
Gain on sale of equity-method investments	—	—	—	—	—	—	(122)	(122)
Allocation of adjustments to noncontrolling interests	(5)	21	—	—	16	—	(1)	(1)
	(5)	(41)	—	(109)	(155)	76	(125)	(49)
Total adjustments	10	11	5	1,069	1,095	105	4	109
Less tax effect for above items	(3)	(3)	(1)	(267)	(274)	(26)	(1)	(27)
Adjustments for tax-related items [(2)]	—	—	110	—	110	—	—	—
Adjusted income available to common stockholders	$ 159	$ 143	$ 243	$ 230	$ 775	$ 273	$ 313	$ 586
Adjusted diluted earnings per common share [(1)]	$ .19	$ .17	$ .24	$ .19	$ .79	$ .22	$ .26	$ .48
Weighted-average shares - diluted (thousands)	830,197	830,107	1,026,504	1,212,822	976,097	1,213,592	1,214,065	1,213,830

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

(2) The third quarter of 2018 reflects tax adjustments driven by the WPZ Merger, primarily a valuation allowance for foreign tax credits.

Reconciliation of Distributable Cash Flow (DCF)

(UNAUDITED)

	2018					2019		
(Dollars in millions, except coverage ratios)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
The Williams Companies, Inc.								
Reconciliation of GAAP "Net Income (Loss)" to Non-GAAP "Modified EBITDA", "Adjusted EBITDA" and "Distributable cash flow"								
Net income (loss)	$ 270	$ 269	$ 200	$ (546)	$ 193	$ 214	$ 324	$ 538
Provision (benefit) for income taxes	55	52	190	(159)	138	69	98	167
Interest expense	273	275	270	294	1,112	296	296	592
Equity (earnings) losses	(82)	(92)	(105)	(117)	(396)	(80)	(87)	(167)
Other investing (income) loss - net	(4)	(68)	(2)	(113)	(187)	73	(126)	(53)
Proportional Modified EBITDA of equity-method investments	169	178	205	218	770	190	175	365
Depreciation and amortization expenses	431	434	425	435	1,725	416	424	840
Accretion for asset retirement obligations associated with nonregulated operations	8	10	8	7	33	9	8	17
Modified EBITDA	1,120	1,058	1,191	19	3,388	1,187	1,112	2,299
EBITDA adjustments	15	52	5	1,178	1,250	29	129	158
Adjusted EBITDA	1,135	1,110	1,196	1,197	4,638	1,216	1,241	2,457
Maintenance capital expenditures [(1)]	(110)	(160)	(138)	(122)	(530)	(93)	(130)	(223)
Preferred dividends	—	—	—	(1)	(1)	(1)	—	(1)
Net interest expense - cash portion [(2)]	(276)	(279)	(274)	(299)	(1,128)	(304)	(302)	(606)
Cash taxes	(1)	(10)	(1)	1	(11)	3	85	88

	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	Year 2019
Income attributable to noncontrolling interests [3]	(25)	(24)	(19)	(28)	(96)			
Dividend and distributions paid to noncontrolling interests						(41)	(27)	(68)
Distributable cash flow	$ 723	$ 637	$ 764	$ 748	$ 2,872	$ 780	$ 867	$ 1,647
Total cash distributed [4]	$ 438	$ 443	$ 412	$ 411	$ 1,704	$ 460	$ 461	$ 921
Coverage ratios:								
Distributable cash flow divided by Total cash distributed	1.65	1.44	1.85	1.82	1.69	1.70	1.88	1.79
Net income (loss) divided by Total cash distributed	0.62	0.61	0.49	(1.33)	0.11	0.47	0.70	0.58

(1) Includes proportionate share of maintenance capital expenditures of equity-method investments.
(2) Includes proportionate share of interest expense of equity-method investments.
(3) Excludes allocable share of certain EBITDA adjustments.
(4) Includes cash dividends paid on common stock each quarter by WMB, as well as the public unitholders share of distributions declared by WPZ for the first two quarters of 2018.

Reconciliation of "Net Income (Loss)" to “Modified EBITDA” and Non-GAAP “Adjusted EBITDA”
(UNAUDITED)

	2018					2019		
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*Year*
Net income (loss)	$ 270	$ 269	$ 200	$ (546)	$ 193	$ 214	$ 324	$ 538
Provision (benefit) for income taxes	55	52	190	(159)	138	69	98	167
Interest expense	273	275	270	294	1,112	296	296	592
Equity (earnings) losses	(82)	(92)	(105)	(117)	(396)	(80)	(87)	(167)
Other investing (income) loss - net	(4)	(68)	(2)	(113)	(187)	73	(126)	(53)
Proportional Modified EBITDA of equity-method investments	169	178	205	218	770	190	175	365
Depreciation and amortization expenses	431	434	425	435	1,725	416	424	840
Accretion expense associated with asset retirement obligations for nonregulated operations	8	10	8	7	33	9	8	17
Modified EBITDA	**$ 1,120**	**$ 1,058**	**$ 1,191**	**$ 19**	**$ 3,388**	**$ 1,187**	**$ 1,112**	**$ 2,299**
Northeast G&P	$ 250	$ 255	$ 281	$ 300	$ 1,086	$ 299	$ 303	$ 602
Atlantic-Gulf	451	475	492	605	2,023	560	524	1,084
West	413	389	412	(906)	308	332	278	610
Other	6	(61)	6	20	(29)	(4)	7	3
Total Modified EBITDA	**$ 1,120**	**$ 1,058**	**$ 1,191**	**$ 19**	**$ 3,388**	**$ 1,187**	**$ 1,112**	**$ 2,299**
Adjustments included in Modified EBITDA [1]:								
Northeast G&P	$ —	$ —	$ —	$ 4	$ 4	$ 3	$ 16	$ 19
Atlantic-Gulf	15	(19)	(12)	(76)	(92)	—	35	35
West	(7)	—	12	1,264	1,269	14	78	92
Other	7	71	5	(14)	69	12	—	12
Total Adjustments included in Modified EBITDA	**$ 15**	**$ 52**	**$ 5**	**$ 1,178**	**$ 1,250**	**$ 29**	**$ 129**	**$ 158**
Adjusted EBITDA:								
Northeast G&P	$ 250	$ 255	$ 281	$ 304	$ 1,090	$ 302	$ 319	$ 621
Atlantic-Gulf	466	456	480	529	1,931	560	559	1,119
West	406	389	424	358	1,577	346	356	702
Other	13	10	11	6	40	8	7	15
Total Adjusted EBITDA	**$ 1,135**	**$ 1,110**	**$ 1,196**	**$ 1,197**	**$ 4,638**	**$ 1,216**	**$ 1,241**	**$ 2,457**

(1) Adjustments by segment are detailed in the "Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Adjusted Income," which is also included in these materials.

Reconciliation of GAAP "Net Income (Loss)" to Non-GAAP "Modified EBITDA", "Adjusted EBITDA" and "Distributable Cash Flow"

	2019 Guidance		
(Dollars in millions, except coverage ratio)	Low	Mid	High
Net income (loss)	$1,100	$1,250	$1,400
Provision (benefit) for income taxes		425	
Interest expense		1,200	
Equity (earnings) losses		(410)	

Impairment of equity-method investments		74	
Estimated 2Q 2019 gain on sale of equity-method investment (Jackalope)		(120)	
Proportional Modified EBITDA of equity-method investments		780	
Depreciation and amortization expenses and accretion for asset retirement obligations associated with nonregulated operations		1,760	
Other		2	
Modified EBITDA	**$4,811**	**$4,961**	**$5,111**
EBITDA Adjustments (1)		39	
Adjusted EBITDA	**$4,850**	**$5,000**	**$5,150**
Net interest expense - cash portion (2)		(1,210)	
Maintenance capital expenditures (2)	(625)	(575)	(525)
Cash taxes		75	
Dividends and distributions paid to noncontrolling interests and other		(190)	
Distributable cash flow (DCF)	**$2,900**	**$3,100**	**$3,300**
Dividends paid		(1,850)	
Excess cash available after dividends	$1,050	$1,250	$1,450
Dividend per share		$ 1.52	
Coverage ratio (Distributable cash flow / Dividends paid)	**1.57x**	**1.68x**	**1.78x**

(1) Includes 1Q 2019 adjustments of $29 and anticipated future adjustments of $10.
(2) Includes proportionate share of equity investments.

Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Adjusted Income

	2019 Guidance		
(Dollars in millions, except per-share amounts)	Low	Mid	High
Net income (loss)	$ 1,100	$ 1,250	$ 1,400
Less: Net income (loss) attributable to noncontrolling interests	90	90	90
Less: Preferred stock dividends	3	3	3
Net income (loss) attributable to The Williams Companies, Inc. available to common stockholders	1,007	1,157	1,307
Adjustments:			
Adjustments included in Modified EBITDA (1)		39	
Adjustments below Modified EBITDA (2)		(44)	
Total adjustments		(5)	
Less tax effect for above items (3)		4	
Adjusted income available to common stockholders	$ 1,006	$ 1,156	$ 1,306
Adjusted diluted earnings per common share	**$ 0.83**	**$ 0.95**	**$ 1.07**
Weighted-average shares - diluted (millions)	1,217	1,217	1,217

(1) Includes 1Q 2019 adjustments of $29 and anticipated future adjustments of $10.
(2) Includes 1Q 2019 adjustments of $76 and anticipated gain on sale of Jackalope equity investment of ~($120).
(3) Includes 1Q 2019 tax effect for adjustments of ($26) and taxes on anticipated gain on sale of Jackalope equity investment of ~$30.

Forward-Looking Statements

The reports, filings, and other public announcements of The Williams Companies, Inc. (Williams) may contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical facts, included herein that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as "anticipates," "believes," "seeks," "could," "may," "should," "continues," "estimates," "expects," "forecasts," "intends," "might," "goals," "objectives," "targets," "planned," "potential," "projects," "scheduled," "will," "assumes," "guidance," "outlook," "in-service date" or other similar expressions. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

- *Levels of dividends to Williams stockholders;*
- *Future credit ratings of Williams and its affiliates;*
- *Amounts and nature of future capital expenditures;*
- *Expansion and growth of our business and operations;*

- *Expected in-service dates for capital projects;*
- *Financial condition and liquidity;*
- *Business strategy;*
- *Cash flow from operations or results of operations;*
- *Seasonality of certain business components;*
- *Natural gas and natural gas liquids prices, supply, and demand;*
- *Demand for our services.*

Forward-looking statements are based on numerous assumptions, uncertainties and risks that could cause future events or results to be materially different from those stated or implied herein. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

- *Whether we are able to pay current and expected levels of dividends;*
- *Whether we will be able to effectively execute our financing plan;*
- *Availability of supplies, market demand, and volatility of prices;*
- *Inflation, interest rates, and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on customers and suppliers);*
- *The strength and financial resources of our competitors and the effects of competition;*
- *Whether we are able to successfully identify, evaluate and timely execute our capital projects and investment opportunities;*
- *Our ability to acquire new businesses and assets and successfully integrate those operations and assets into existing businesses as well as successfully expand our facilities, and to consummate asset sales on acceptable terms;*
- *Development and rate of adoption of alternative energy sources;*
- *The impact of operational and developmental hazards and unforeseen interruptions;*
- *The impact of existing and future laws and regulations, the regulatory environment, environmental liabilities, and litigation, as well as our ability to obtain necessary permits and approvals, and achieve favorable rate proceeding outcomes;*
- *Our costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;*
- *Changes in maintenance and construction costs as well as our ability to obtain sufficient construction related inputs including skilled labor;*
- *Changes in the current geopolitical situation;*
- *Our exposure to the credit risk of our customers and counterparties;*
- *Risks related to financing, including restrictions stemming from debt agreements, future changes in credit ratings as determined by nationally recognized credit rating agencies and the availability and cost of capital;*
- *The amount of cash distributions from and capital requirements of our investments and joint ventures in which we participate;*
- *Risks associated with weather and natural phenomena, including climate conditions and physical damage to our facilities;*
- *Acts of terrorism, cybersecurity incidents, and related disruptions;*
- *Additional risks described in our filings with the Securities and Exchange Commission (SEC).*

Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to and do not intend to update the above list or announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.

In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth herein. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise.

Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K filed with the SEC on February 21, 2019.