

# Credit Suisse 25<sup>th</sup> Annual Energy Summit

Alan Armstrong, President and CEO

March 4, 2020



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Operations Supervisor*

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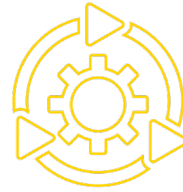


# Williams is a unique investment opportunity



## Focused Strategy

- > Sustainable natural gas demand growth supports economic development and emissions reductions
- > Large-scale, irreplaceable natural gas infrastructure that handles 30% of U.S. natural gas demand



## Disciplined Execution

- > Operational excellence
- > Capital project success
- > Value-adding strategic transactions
- > Achieving financial performance targets



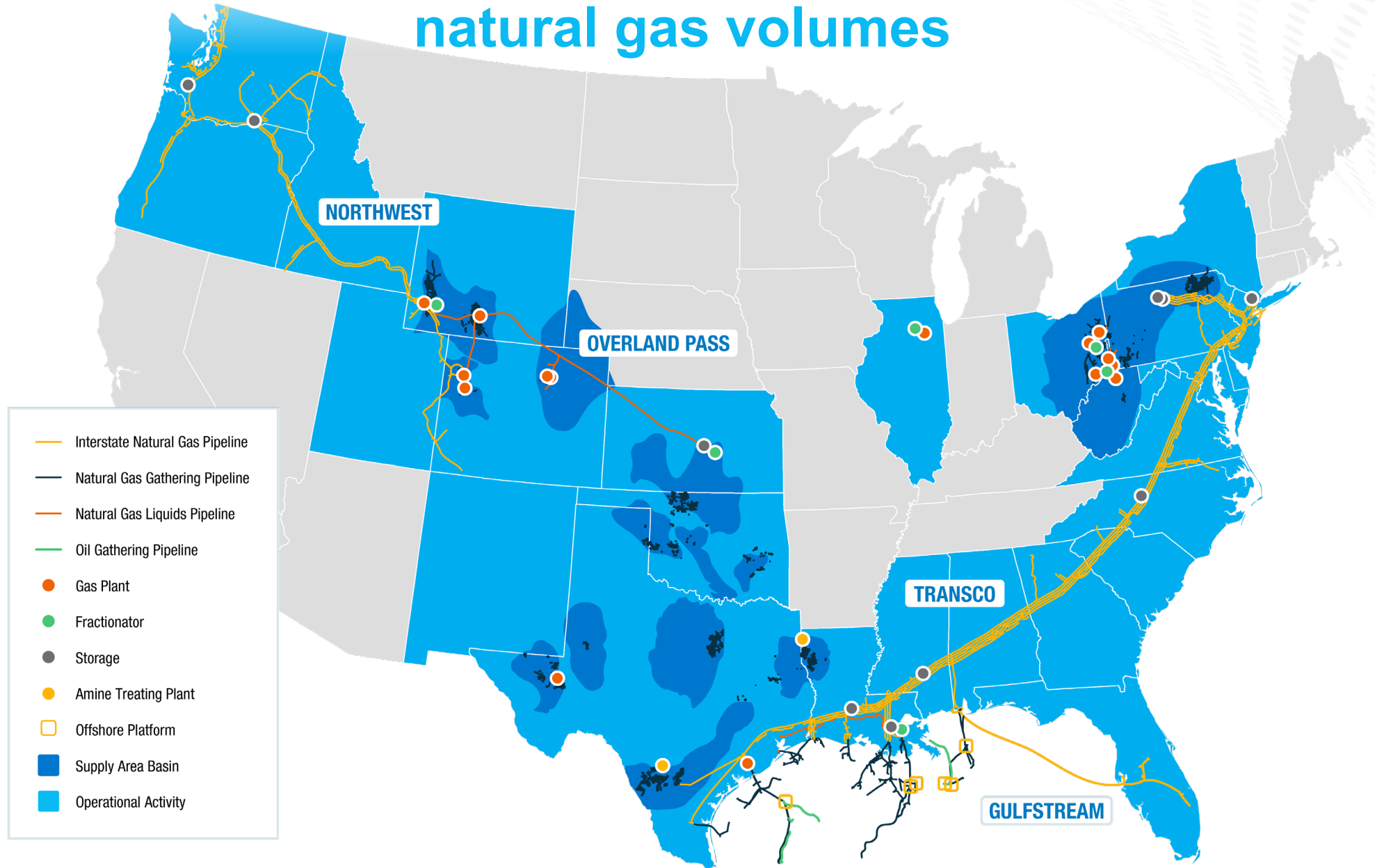
## Value & Stability

- > Sustainable growth
- > Predictable cash flows
- > Investment-grade credit ratings
- > Dividend coverage of \$1.3 Billion





**Natural gas infrastructure company with high-quality and predictable cash flows**

Note: This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest comparable GAAP financial measures is included at the back of this presentation.

# Williams assets are well-positioned to serve natural gas volumes



# Establishing all-time highs in 2019

Record Adjusted EBITDA	Record Distributable Cash Flow	Record Gathered Volumes	Record Contracted Transmission Capacity
<p><b>\$5.02 B</b></p> <p>Initial '19 Guidance (\$4.850 - \$5.150)</p> <p>Growth over '18 <b>+8%</b></p> 	<p><b>\$3.30 B</b></p> <p>Initial '19 Guidance (\$2.900 - \$3.300)</p> <p>Growth over '18 <b>+15%</b></p> 	<p><b>12.9 Bcf/d<sup>1</sup></b></p> <p>Growth over '18 <b>+5%</b> overall</p> <p><b>+15%</b> Northeast G&amp;P</p> 	<p><b>21.5 Bcf/d<sup>2</sup></b></p> <p>Growth over '18 <b>+8%</b> overall</p> <p><b>+11%</b> Transco</p> 

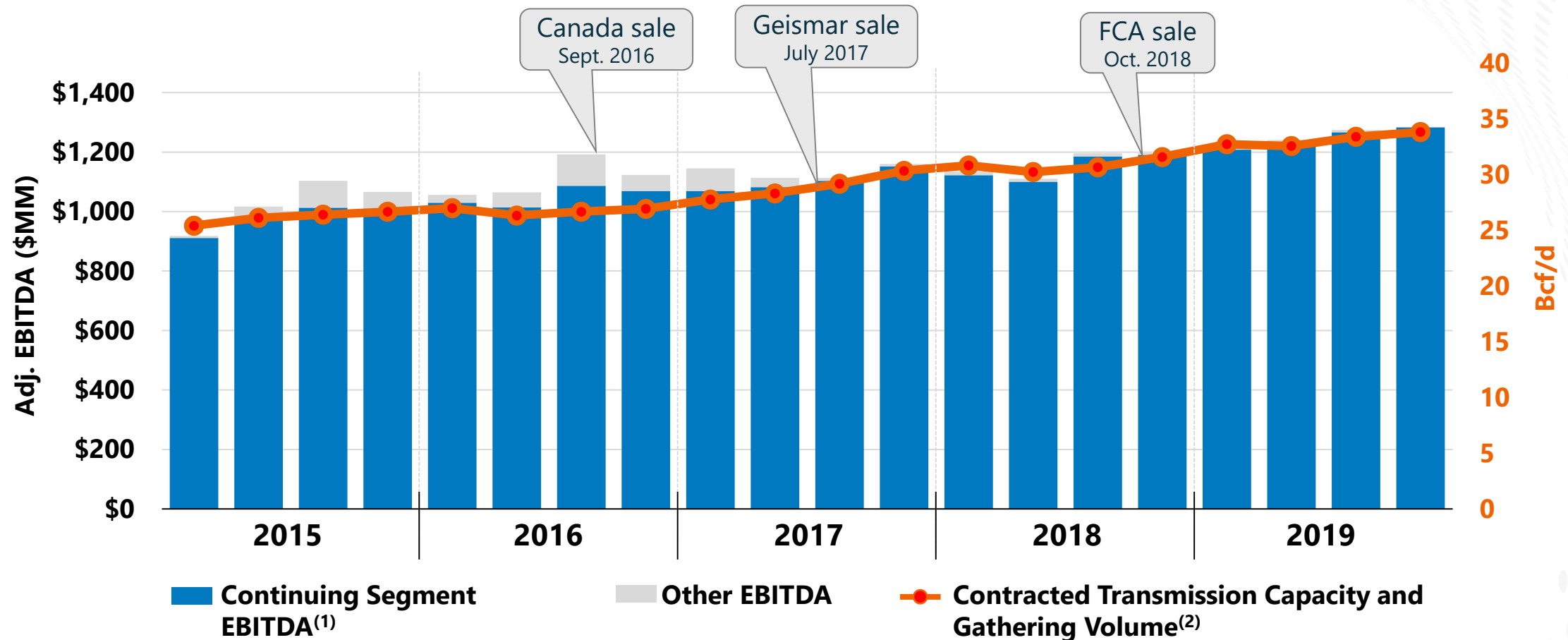
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<sup>1</sup> Annual average daily volumes, excluding non-operated equity method investments and including 100% of volumes from operated assets.

<sup>2</sup> Tbtu converted to Bcf at 1,000 btu/cf; 100% Annual average daily firm reserved capacity of Transco, Northwest Pipeline and Gulfstream

# Business performance tied to contracted transmission capacity and gathering volume

Williams Quarterly Adj. EBITDA vs. Contracted Transmission Capacity and Gathering Volumes ('15-'19)



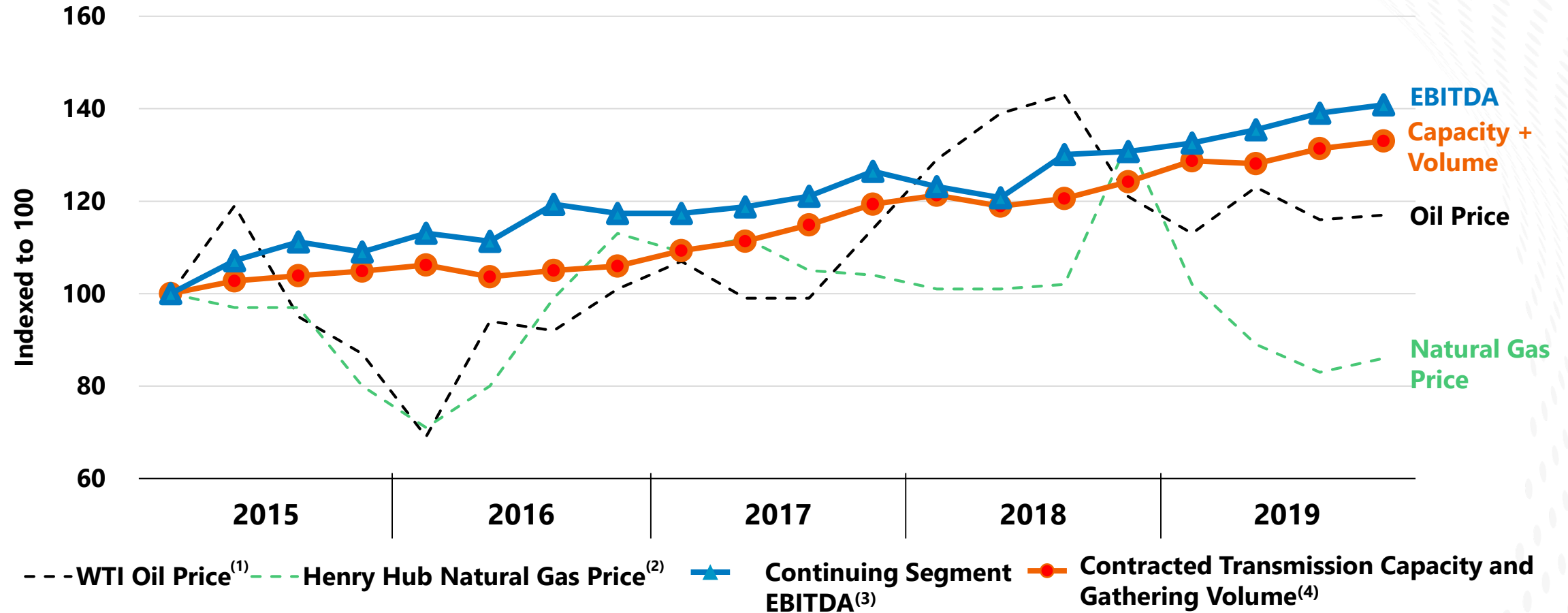
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(1) Sum of West, Northeast G&P and Atlantic-Gulf segment Adjusted EBITDA

(2) Sum of gathering volumes and average daily firm reserved capacity for regulated transportation (converted from Tbtu to Bcf at 1,000 btu/cf) for West, Northeast G&P and Atlantic-Gulf segments

# Williams generates steady growth in volumes and EBITDA

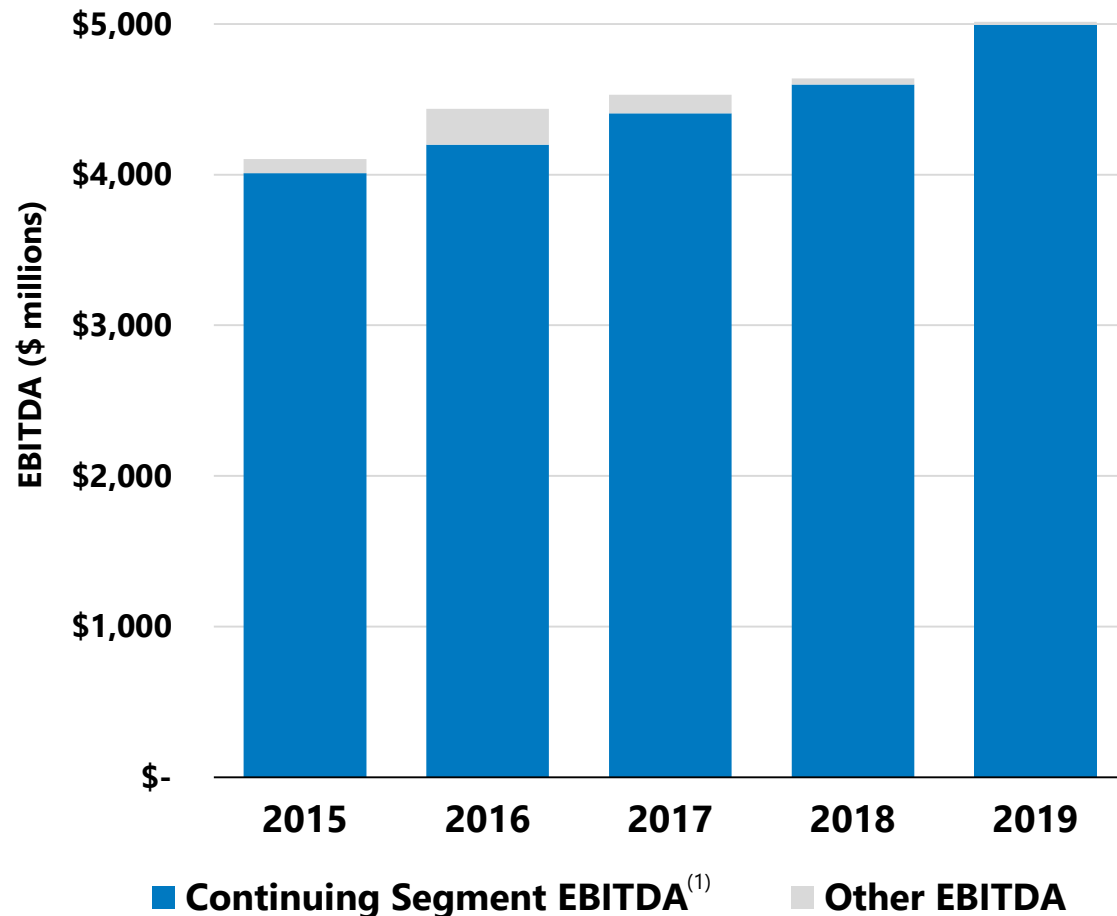
Quarterly Growth: Williams Continuing Segment Adj. EBITDA, Contracted Transmission Capacity and Gathering Volume vs. Crude oil and Natural Gas Commodity Prices



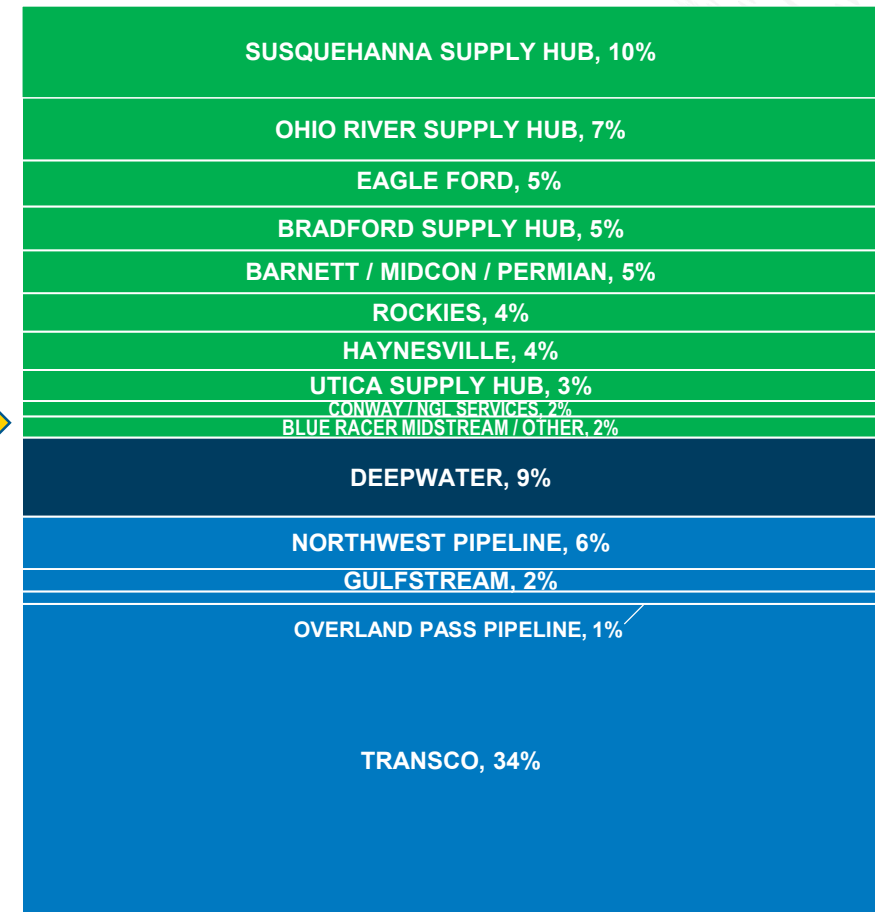
Note: This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest GAAP comparable financial measures are included at the back of this presentation.  
 (1) Source: EIA, monthly average price of NYMEX WTI Crude Oil prompt-month contract (2) Source: EIA, monthly average price of NYMEX Henry Hub Natural Gas prompt-month contract (3) Sum of West, Northeast G&P and Atlantic-Gulf segment Adjusted EBITDA; (4) Sum of gathering volumes and average daily firm reserved capacity for regulated transportation (converted from Tbtu to Bcf at 1,000 btu/cf) for West, Northeast G&P and Atlantic-Gulf segments

# Stable and diversified EBITDA, limiting exposure to any one basin and creating numerous growth opportunities

Stable EBITDA Growth



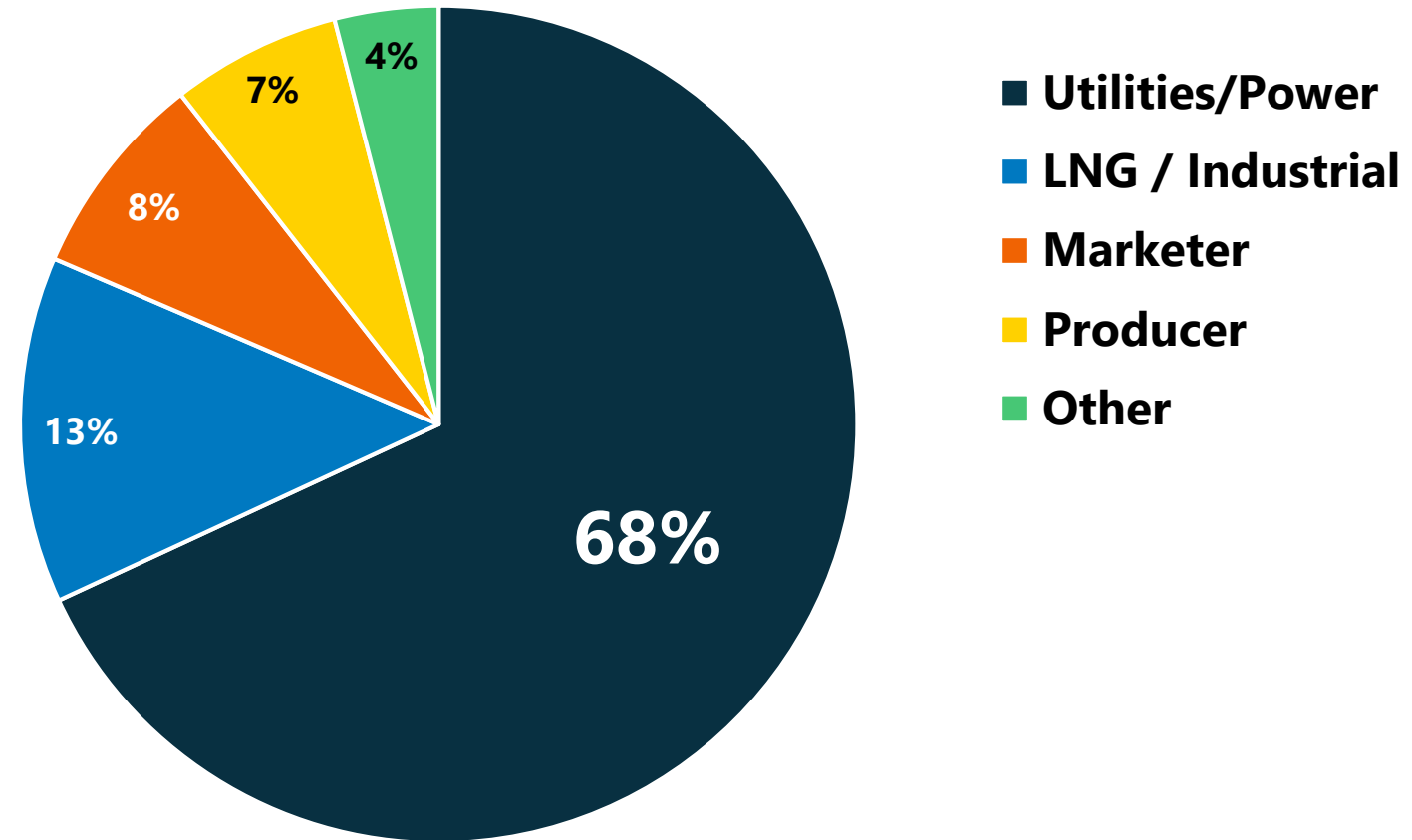
'19 EBITDA By Franchise<sup>(2)</sup>



Note: EBITDA is Adjusted EBITDA. This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest GAAP comparable financial measures are included at the back of this presentation. (1) Sum of West, Northeast G&P and Atlantic-Gulf segment EBITDA; (2) Based on '19 EBITDA, excludes Corporate/Other of ~\$25 million

# Gas transmission business built on demand-pull customer base

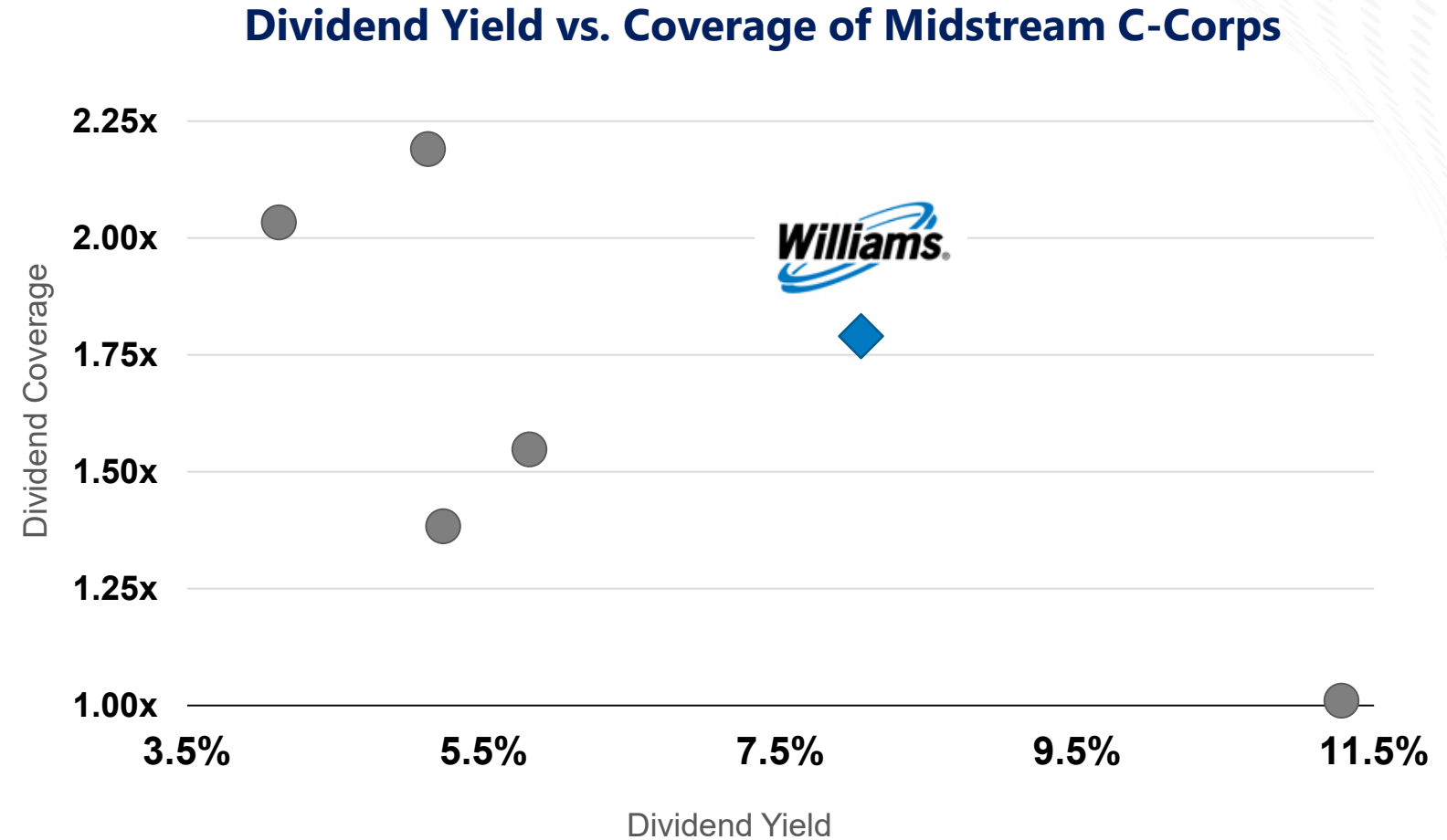
## Firm Contracted Capacity By Customer Type



Note: Includes firm reserved capacity of Transco, Northwest Pipeline, and Gulfstream at 100%

# Unique opportunity to invest in attractive yield with strong coverage

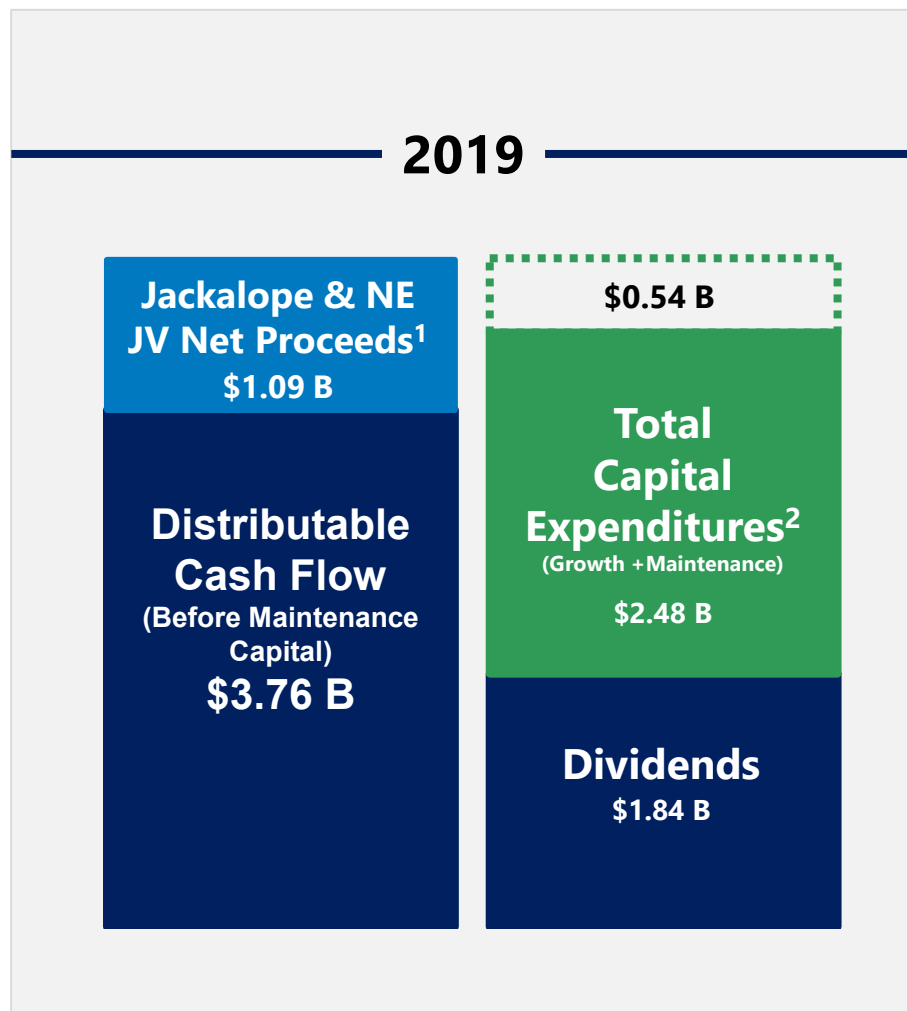
- > Dividend provides significant income
- > Coverage provides stability
- > Williams offers unique combination of both income and stability



Source: Company filings, FactSet

Notes: Dividend yield and coverage based on 2019 dividend per share and DCF per share and 2/27/2020 closing share price in reporting currency; Midstream C-Corps in addition to Williams include ENB, KMI, OKE, TRGP, TRP. This slide contains non-GAAP financial measures. A reconciliation of Williams' non-GAAP financial measures used in this presentation to their nearest comparable GAAP financial measures is included at the back of this presentation.

# Excess cash generation enhances shareholder value



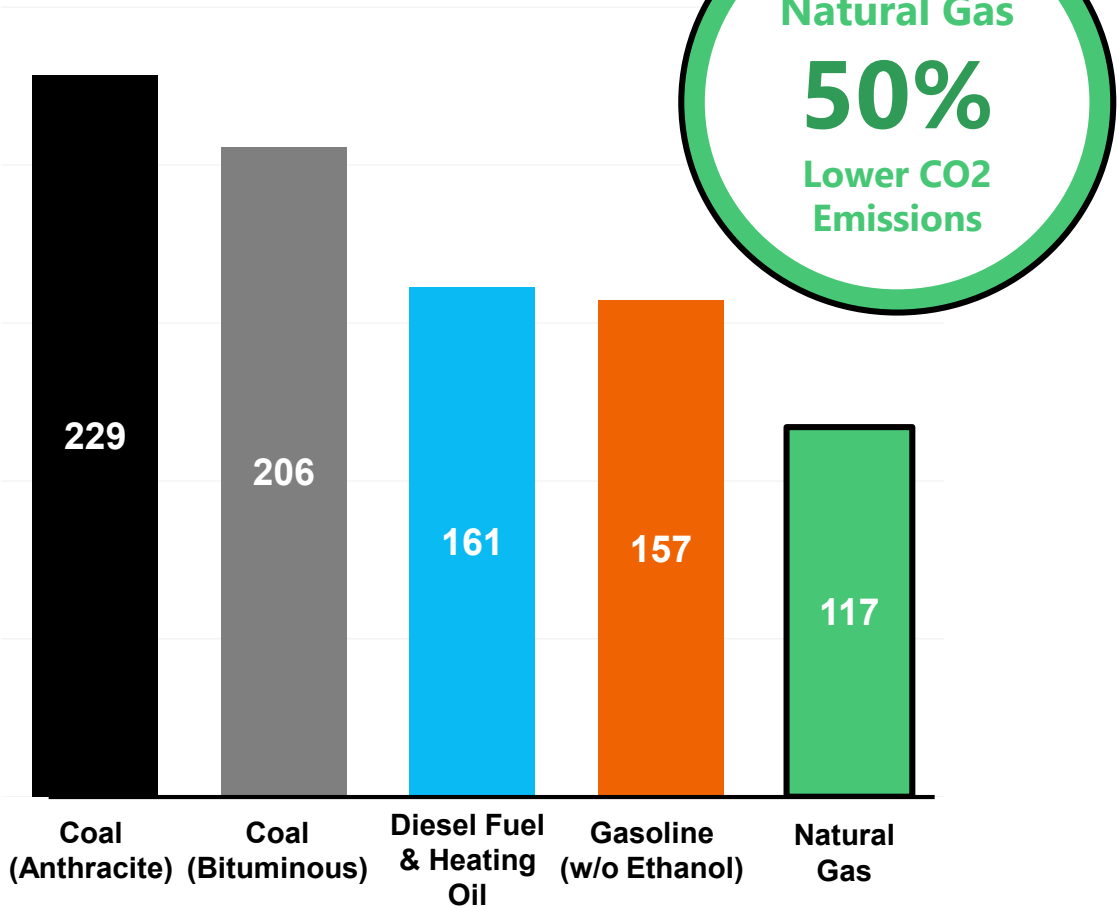
<sup>1</sup> 2019 asset sales include Jackalope gas gathering system, \$485 million, and \$600 million net cash from the Northeast JV transaction (see press release dated 06/17/19).

<sup>2</sup> Includes increases to property, plant and equipment; purchases of businesses net of cash acquired; and purchases of and contributions to equity-method investments. 2019 excludes \$728 million (net of cash acquired) for the purchase of the remaining 38% of UEOM as this amount was provided for at the close of the new Northeast JV by our JV partner, CPPIB, in June 2019.

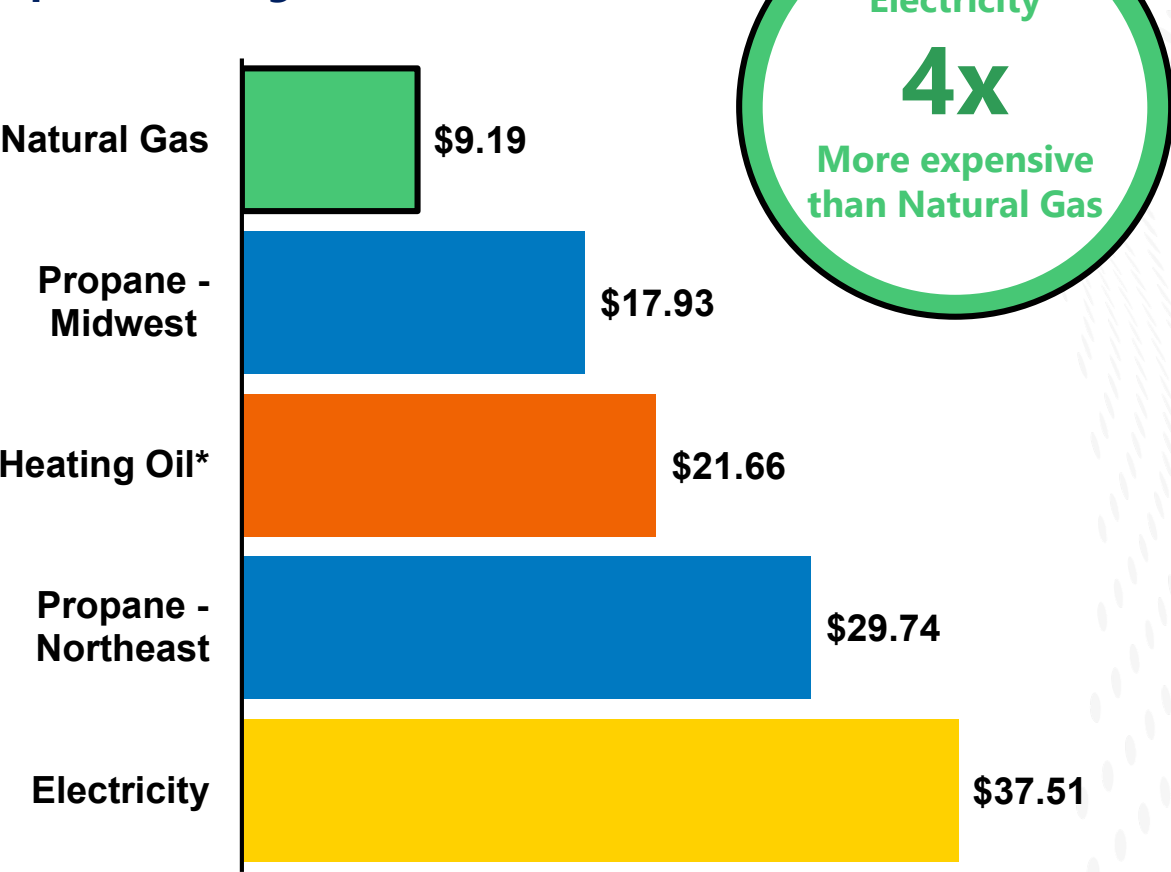
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# Natural gas: Low emissions and low cost

Pounds of CO<sub>2</sub> per MMBtu by Fuel Type



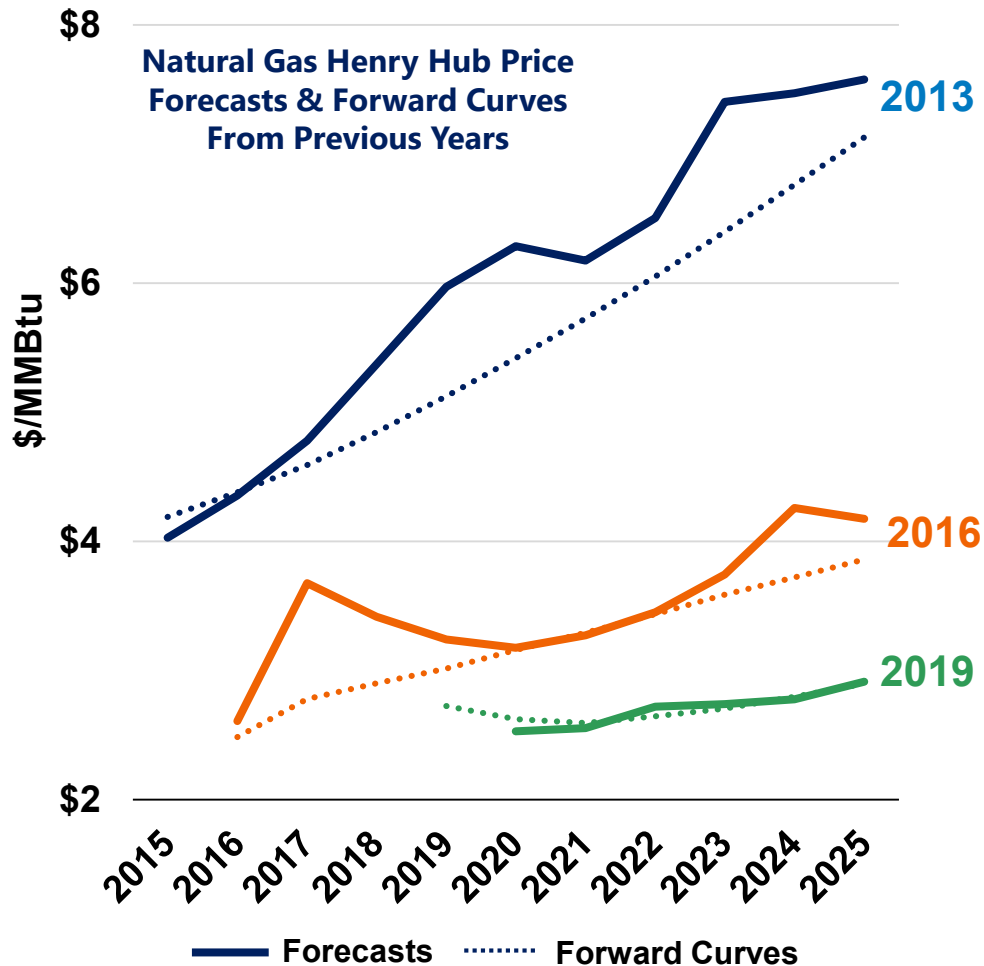
Winter 2019-2020 Primary Residential Space Heating Fuel in \$/MMBtu



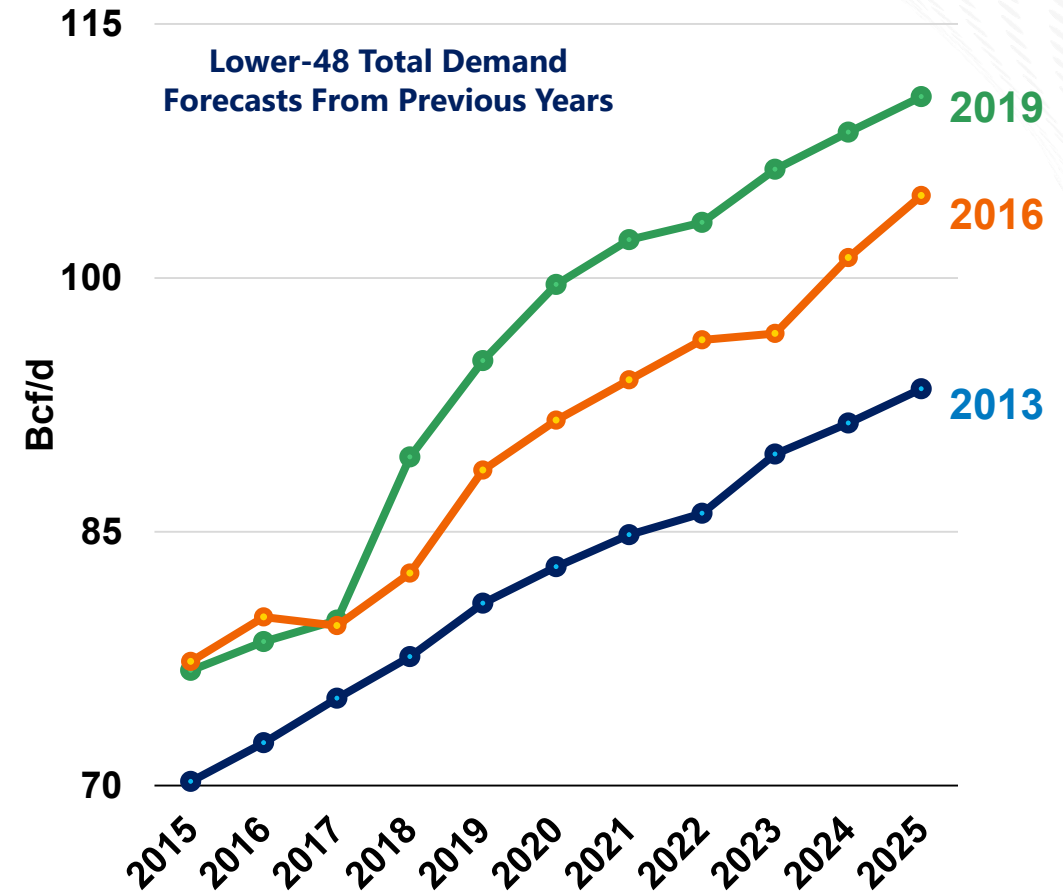
\*Assumes Heating Oil #2 Btu content.  
Sources: U.S. Energy Information Administration Short Term Energy Outlook January 2020, EIA Monthly Energy Review January 2020

# Natural gas demand driven by low prices

As **PRICE** forecasts have **FALLEN** 

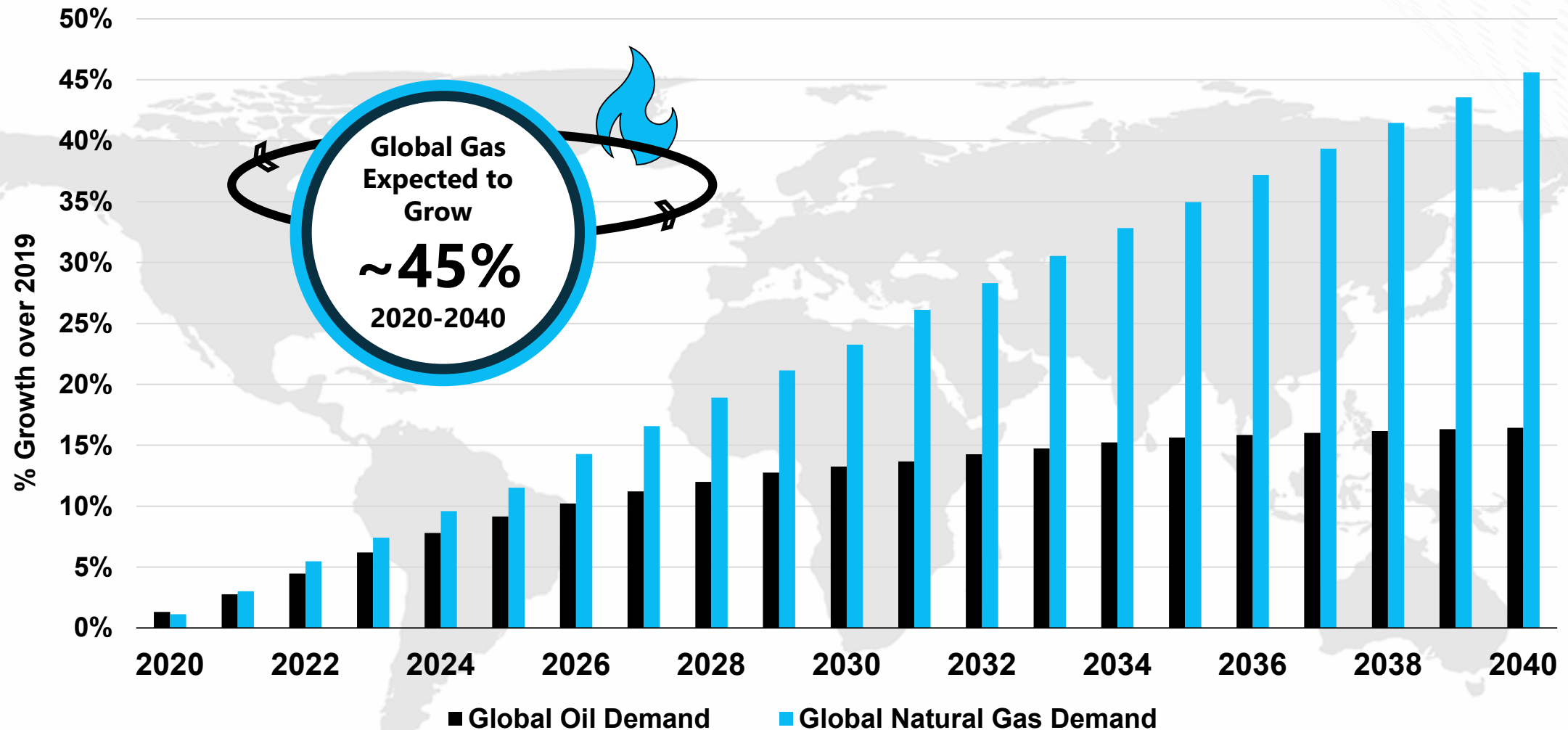


**DEMAND** forecasts have **INCREASED** 



Sources: Wood Mackenzie and NYMEX

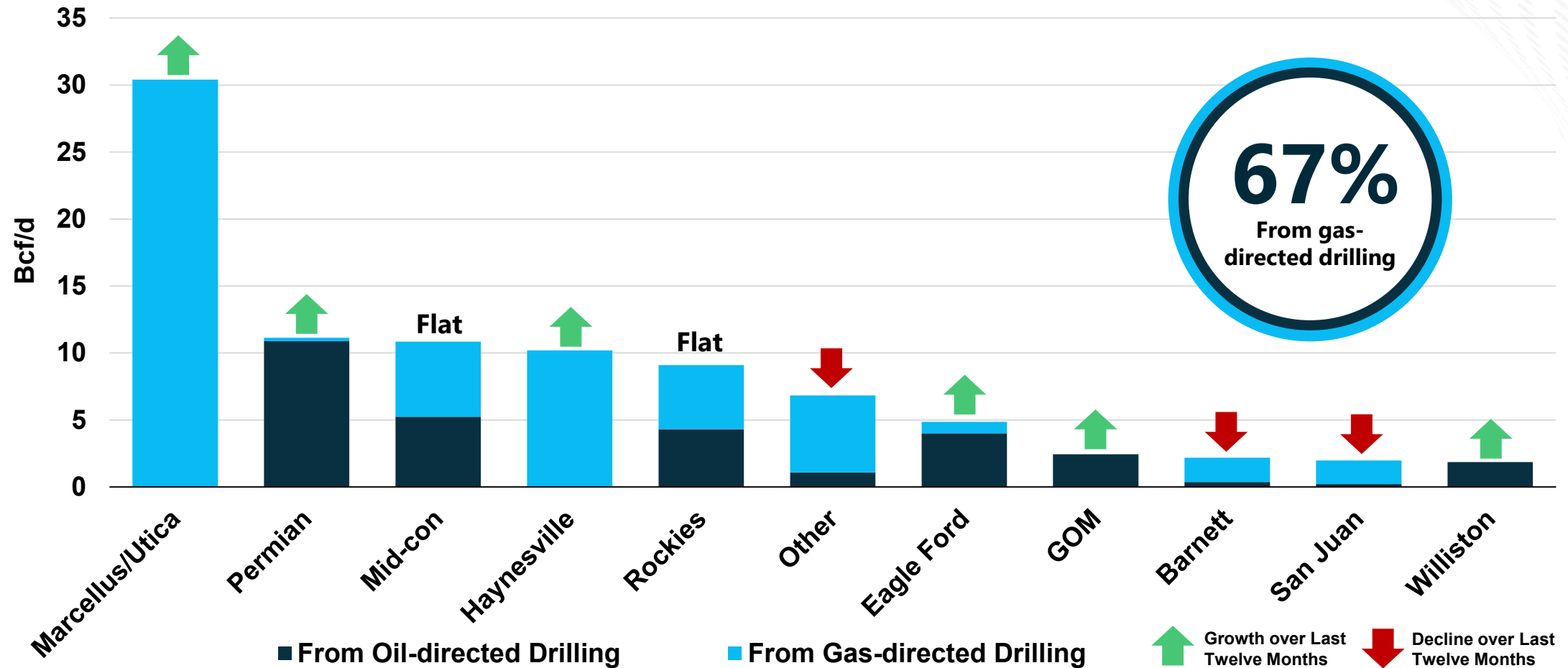
# Global natural gas demand growth expected to outpace global oil demand growth



Source: S&P Global Platts, ©2019 by S&P Global Inc. Used with permission from Platts

# Market relies heavily on Northeast to meet demand

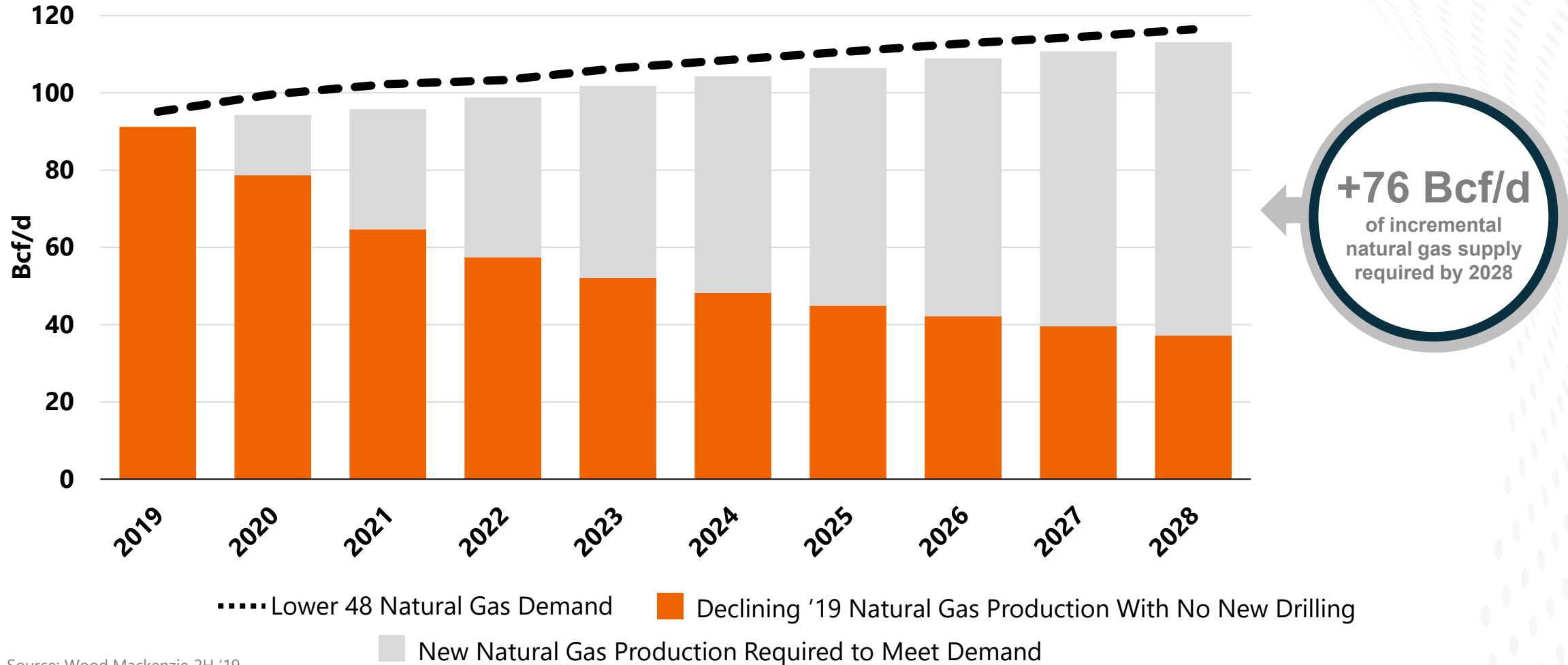
Lower-48 Natural Gas Production Totaling 92 Bcf/d By Region (Feb. '19 – Jan. '20)



Source: Wood Mackenzie Jan. 2020 Short-term Outlook for Production and Wood Mackenzie 2H 2019 Long-term Outlook for Associated Gas vs. Gas-Directed Percentage Breakouts by Supply Area; Note: "Other" category includes West Coast, Northeast vertical and Gulf Coast vertical. Last 12-month date range is Feb. '19 - Jan. '20. "Flat" indicates percent growth (loss) that is less than or equal to 2%.

# Robust demand growth and well declines drive new U.S. production

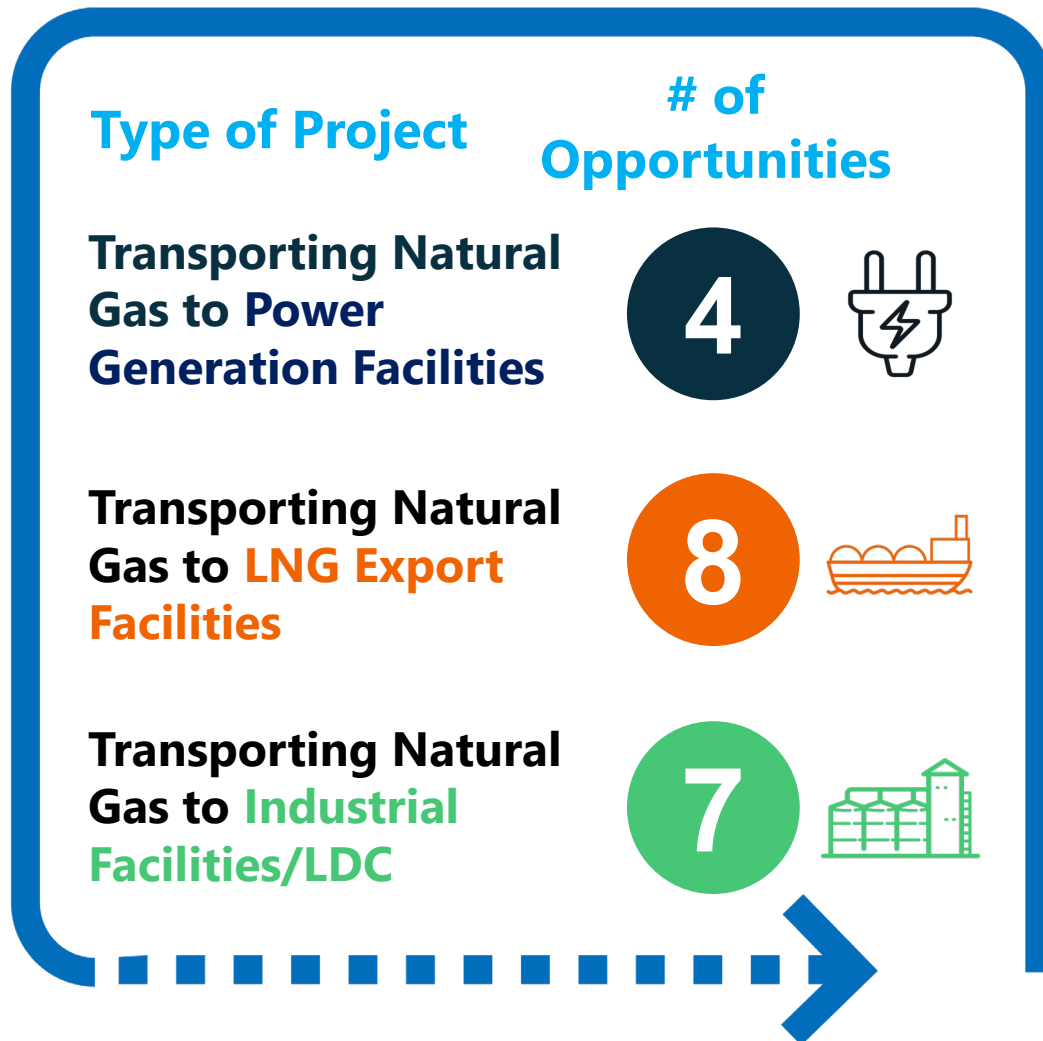
Lower 48 Natural Gas Production Declines + New Production Required to Meet Robust Demand Growth ('19-'28)



Source: Wood Mackenzie 2H '19


# Significant Atlantic-Gulf transmission growth opportunities

## PROJECT BACKLOG

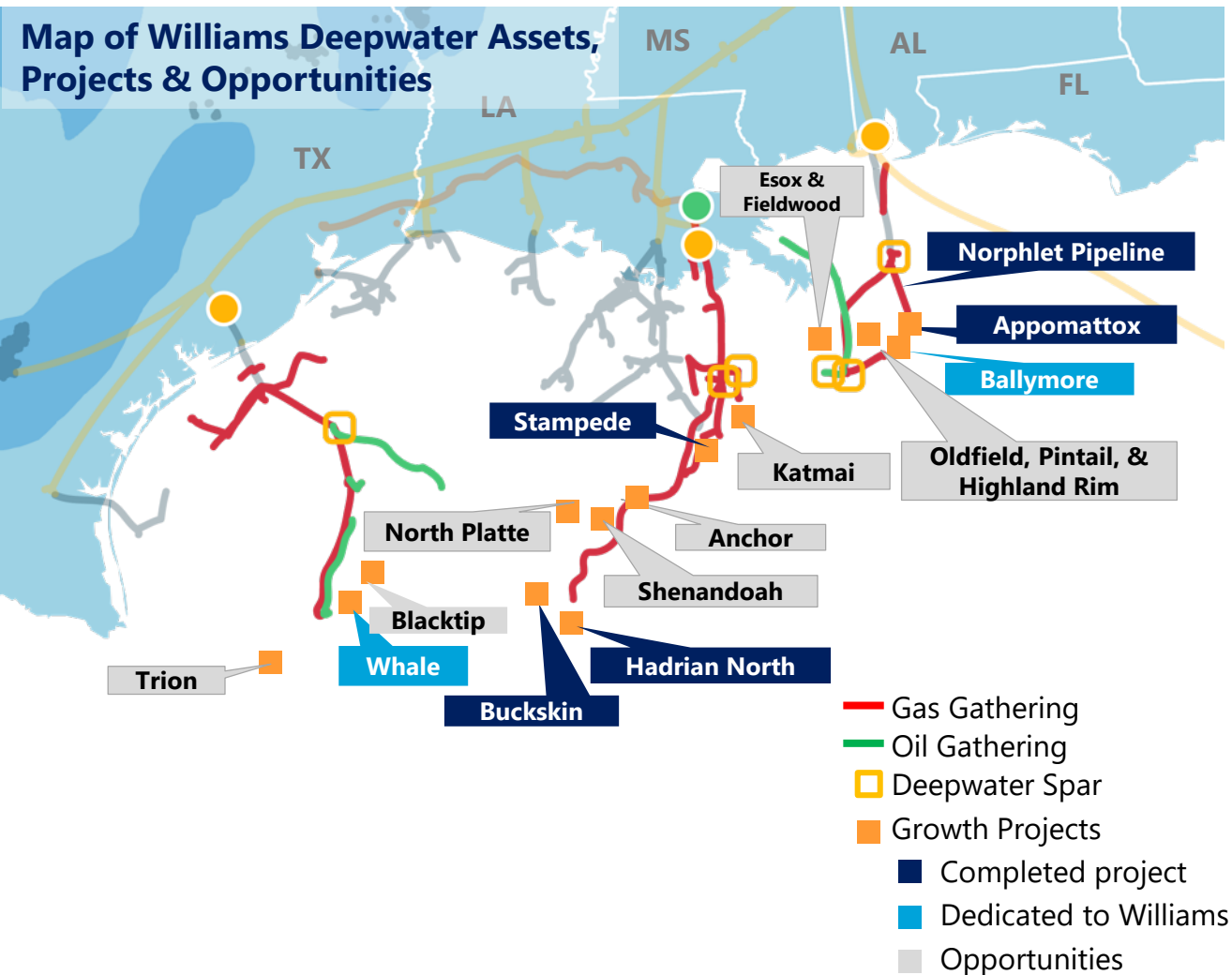


## PROJECTS IN EXECUTION \$3.2B

Project	Target In-service
✓ Gateway	4Q '19
Hillabee Ph. 2	2Q '20
Southeastern Trail	4Q '20
Northeast Supply Enhancement	Fall '21
Leidy South	4Q'21
Gulfstream Ph. VI	4Q '22
Regional Energy Access	4Q'23



# Existing Deepwater infrastructure positions Williams for future growth



## > COMPLETED PROJECTS

- First production of Shell Appomattox/Norphlet Pipeline in June '19; Mobile Bay plant ramping to full utilization
- Hadrian North, Buckskin, Stampede dedications add an additional 150 Bcf of reserves

## > DEDICATIONS

- Chevron/Total Ballymore discovery 3 miles from Blind Faith; Largest discovery by Total in the GOM
- Shell Whale discovery one of Shell's largest finds in the GOM in the past decade

## > OPPORTUNITIES

- Expecting new volumes from opportunities in proximity to Williams' infrastructure

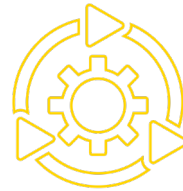
Sources: Chevron 1/30/2018 Ballymore Press Release, Total 1/31/2018 Ballymore Press Release, Shell 1/31/2018 Whale Press Release, Shell 5/23/2019 Norphlet press release

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# Appendix



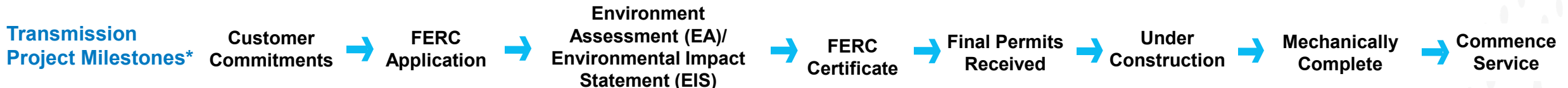
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# Significant Transmission growth opportunities

## PROJECTS IN EXECUTION \$3.2B

Project	Target In-service	Current Status*	Markets Served
Hillabee Ph. 2	2Q '20	Mechanically Complete	Power demand in Florida
Southeastern Trail	4Q '20	Under Construction	Res/Com & Power demand in Mid-Atlantic & Southeastern U.S.
Northeast Supply Enhancement	Fall '21	Pending Final Permits	Res/Com demand in Brooklyn & Long Island, NY
Leidy South	4Q '21	Received EA Feb. '20	Res/Com & Power demand in Mid-Atlantic & Southeastern U.S.
Gulfstream Ph. VI	4Q '22	Received EA Jan. '20	Res/Com demand in Florida
Regional Energy Access	4Q '23	Customer Commitments	Res/Com & Power demand in Pennsylvania & New Jersey

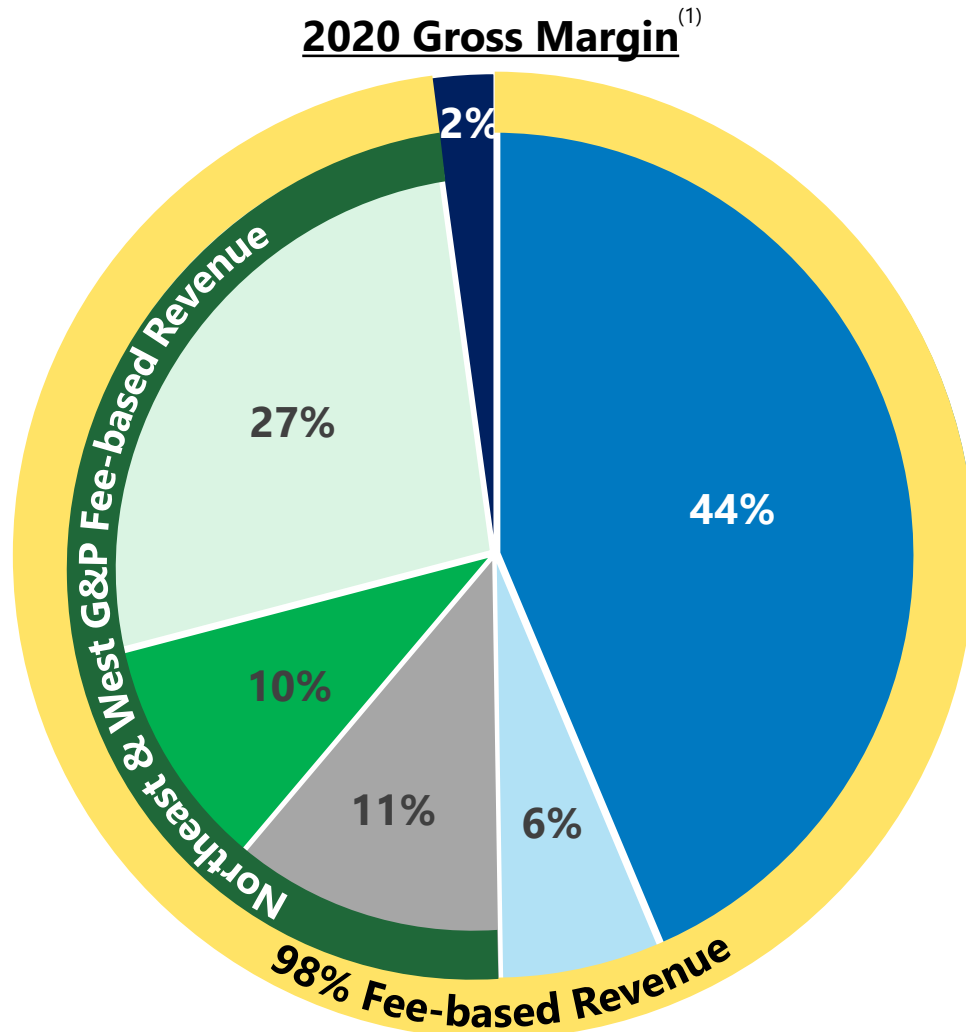


# Recent accomplishments



<b>Record Performance</b>	Achieved record levels of Adjusted EBITDA, Distributable Cash Flow, gathered natural gas volumes and contracted transmission capacity at close of 2019
<b>Environmental Partnership</b>	Joined The Environmental Partnership, a growing coalition of companies committed to improving environmental performance and accelerating emissions reductions
<b>Transco- Rate Case Settlement</b>	Filed favorable Transco Rate Case settlement with FERC, providing rate certainty for customers while allowing Transco to recover its costs; Anticipating FERC approval in 2Q '20
<b>Transco- Gateway</b>	Completed 65 MMcf/d expansion project 11 months ahead of schedule to serve growing power demand for natural gas in northeastern U.S.
<b>NWP- North Seattle Lateral</b>	Completed North Seattle Lateral Upgrade Project in mid-Nov. '19, adding 159 MMcf/d of delivery capacity to help meet winter peak loads
<b>Transco- Hillabee Ph. 2</b>	Work completed ahead of schedule on 206 MMcf/d expansion project to meet growing Res/Com gas demand in Florida; In-service expected 2Q '20
<b>Transco- Southeastern Trail</b>	Commenced construction in Jan. '20 on 296 MMcf/d expansion to serve growing gas demand in Mid-Atlantic & Southeastern U.S.
<b>Transco- Rivervale South to Market</b>	Commenced full in-service in Sept. '19 of a 190 MMcf/d expansion to provide additional service to gas consumers in NJ & NY
<b>NE G&amp;P- Susquehanna</b>	Completed 500 MMcf/d gathering expansion in Susquehanna in Nov. '19
<b>West G&amp;P- Rocky Mountain Midstream</b>	Completed startup of the 225 MMcf/d Keenesburg I plant in Sept. '19; Completed 200 MMcf/d East Greeley gathering and compression expansion Nov. '19
<b>Deepwater GOM- Anchor</b>	Anchor owners reached FID December '19; Williams finalizing definitive gas agreement with Anchor owners
<b>Deepwater GOM- Whale</b>	Williams began procuring long-lead items for this dedicated discovery

# Our business remains substantially fee-based, with limited volatility



**98% Gross Margin from Fee-based Revenue**

- ◆ Gas & Liquids Transportation
- ◆ Deepwater
- ◆ Minimum Volume Commitments (MVCs) & other protected<sup>(2)</sup>
- ◆ Cost of Service agreements
- ◆ Volume-driven G&P
- ◆ NGL & Other Commodity Exposure

(1) Includes our proportional ownership of the gross margin of our equity-method investments. Excludes certain regulated revenues, which are related to tracked operating costs.

(2) MVC revenue includes revenue level guaranteed by MVC and excludes any revenue on volumes exceeding MVC. MVC revenue also includes amortization of upfront payments associated with canceled MVCs.

# Consistently delivering on our promises

←----- 2019 RESULTS EXCEED GUIDANCE MIDPOINTS ----->

<i>In \$Billions except for percentages, ratios and per share amounts</i>		2019 GUIDANCE			
<b>Diluted EPS<sup>1</sup></b>	Reported <b>\$0.71</b>	\$0.83	\$0.95	Adjusted <b>\$0.99</b>	\$1.07
<b>Net Income<sup>1</sup></b>	Reported <b>\$0.862</b>	\$1.006	\$1.156	Adjusted <b>\$1.200</b>	\$1.306
<b>Adjusted EBITDA</b>		\$4.850	\$5.000	<b>\$5.015</b>	\$5.150
<b>Distributable Cash Flow (DCF)</b>		\$2.900	\$3.100		<b>\$3.297</b> \$3.300
<b>Growth Capex</b>		<u>Guidance</u> \$2.3 - \$2.5		<u>Actual</u> <b>\$2.0</b>	✓+
<b>Dividend Growth Rate</b>		<u>Guidance</u> 11.8% annual growth		<u>Actual</u> 11.8%	✓
<b>Dividend Coverage Ratio</b>		<u>Guidance Midpoint</u> ~1.7x		<u>Actual</u> 1.79x	✓+
<b>Consolidated Debt / EBITDA<sup>2</sup></b>		<u>Guidance</u> <4.5x		<u>Actual</u> 4.39x	✓+

<sup>1</sup> From continuing operations attributable to Williams available to common stockholders

<sup>2</sup> Book 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. Consolidated debt is net of cash on hand.

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# Significant improvement in key financial metrics

Key Financial Metrics		2017	2018	2019	2-Year CAGR
<b>Cash Flow Metrics</b>					
↑	Cash Flow from Operations	\$3,089	\$3,293	\$3,693	9.3%
↑	Distributable Cash Flow (DCF)	\$2,580	\$2,872	\$3,297	13.0%
↑	Dividend per Share	\$1.20	\$1.36	\$1.52	12.5%
<b>Earnings Metrics</b>					
↑	Adjusted EBITDA	\$4,531	\$4,638	\$5,015	5.2%
↑	Adjusted Earnings per Share	\$0.63	\$0.79	\$0.99	25.4%
<b>Efficiency Metric</b>					
↑	Operating Margin % <sup>(1)</sup>	62%	64%	67%	
<b>Financial Discipline Metrics</b>					
↑	Asset Sales <sup>(2)</sup>	\$2,284	\$1,302	\$1,085	
↓	Debt-to-Adjusted EBITDA <sup>(3)</sup>	4.42x	4.80x	4.39x	

Note: In \$ millions except for ratios and per-share amounts. This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest GAAP comparable financial measures are included at the back of this presentation.

(1) Operating Margin % = operating margin/gross margin. Operating margin = gross margin less operating and maintenance costs and selling, general and administrative expenses. Depreciation and amortization expense, impairment charges and other expenses not associated with operating the business are excluded. Gross Margin = Total revenues less related product costs including processing commodity expenses.

(2) Includes sale of Geismar and Delaware Basin JV's in 2017, Four Corners and Gulf Coast pipelines in 2018. 2019 includes sale of Jackalope and \$600 net cash from the Northeast JV transaction (see press release dated 06/17/19).

(3) 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.

# Williams reaffirms 2020 Guidance ranges

FINANCIAL METRIC	2020 GUIDANCE
Adjusted Net Income <sup>1</sup>	\$1.160 - \$1.460 Bn
Adjusted Diluted EPS <sup>1</sup>	\$0.95 - \$1.20
Adjusted EBITDA	\$4.950 - \$5.250 Bn
Distributable Cash Flow (DCF)	\$3.050 - \$3.450 Bn
DCF per share	\$2.50 - \$2.83
Growth Capex	\$1.100 Bn - \$1.300 Bn
Dividend Coverage Ratio	~1.7x (midpoint)
Dividend Growth Rate	5% annual growth
Debt-to-Adjusted EBITDA <sup>2</sup>	~4.4x

<sup>1</sup> From continuing operations attributable to Williams available to common stockholders

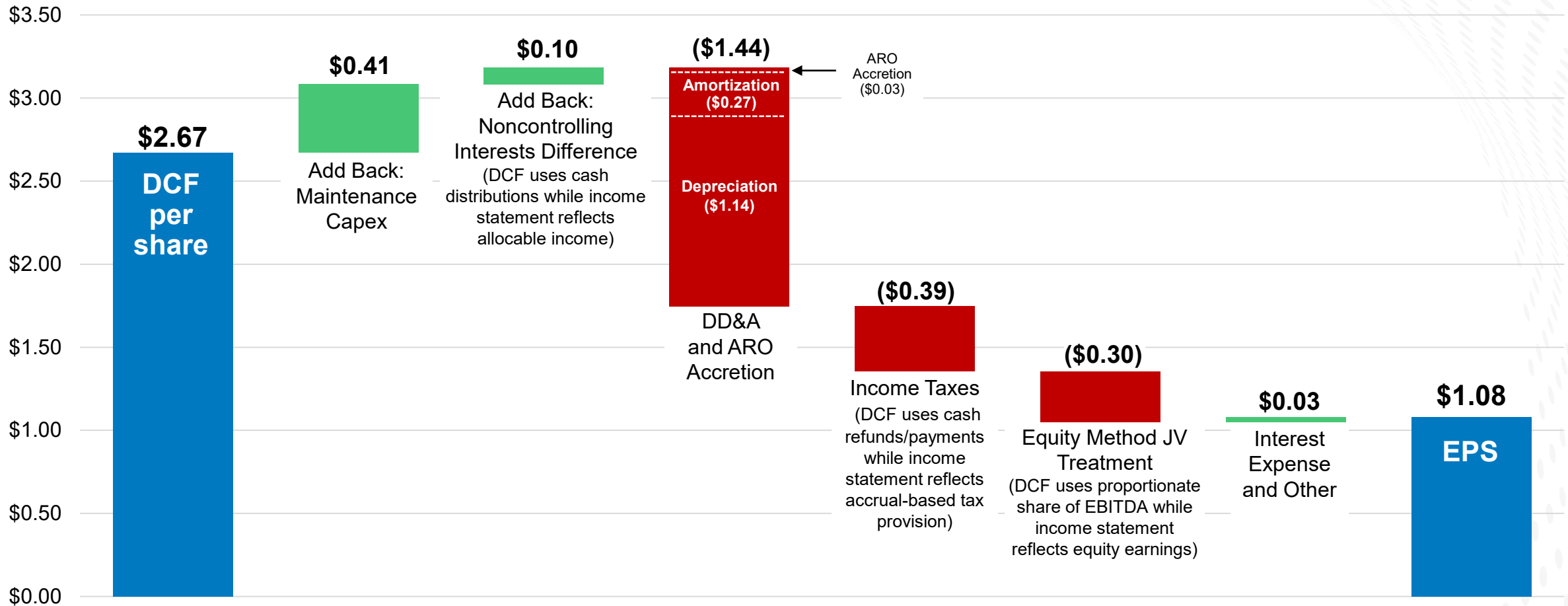
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Williams does not expect to be a U.S. Federal cash income taxpayer through at least 2024, excluding taxes on any potential asset monetizations.

# 2020 DCF per share vs. Adjusted EPS

## Earnings Per Share (EPS) Includes Large Non-cash Charges



Note: EPS is Adjusted EPS. This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest comparable GAAP financial measures is included at the back of this presentation.

# Forward Looking Statements



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Operations Supervisor*

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# Forward-looking statements

- > **The reports, filings, and other public announcements of 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. 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 as discussed below. 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 in this report 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 (cont'd)

> **Forward-looking statements are based on numerous assumptions, uncertainties, and risks that could cause future events or results to be materially different from those stated or implied in this report. 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:**

- Availability of supplies, market demand, and volatility of prices;
- Development and rate of adoption of alternative energy sources;
- 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 exposure to the credit risk of our customers and counterparties;
- 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;
- Whether we are able to successfully identify, evaluate, and timely execute our capital projects and investment opportunities;
- The strength and financial resources of our competitors and the effects of competition;
- The amount of cash distributions from and capital requirements of our investments and joint ventures in which we participate;
- Whether we will be able to effectively execute our financing plan;
- Increasing scrutiny and changing expectations from stakeholders with respect to our environmental, social and governance practices;
- The physical and financial risks associated with climate change;
- The impact of operational and developmental hazards and unforeseen interruptions;
- Risks associated with weather and natural phenomena, including climate conditions and physical damage to our facilities;
- Acts of terrorism, cybersecurity incidents, and related disruptions;
- 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;
- 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);

# Forward-looking statements (cont'd)

- 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;
  - Changes in the current geopolitical situation;
  - Whether we are able to pay current and expected levels of dividends;
  - Additional risks described in our filings with the Securities and Exchange Commission.
- > **Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to and do not intend to update the above list or announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.**
- > **In addition to causing our actual results to differ, the factors listed above may cause our intentions to change from those statements of intention set forth in this report. 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. These factors are described in the following section. 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.**

# Non-GAAP Reconciliations



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# Non-GAAP Disclaimer

- This presentation 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 Securities and Exchange Commission.
- Our segment performance measure, modified EBITDA is defined as net income (loss) before income (loss) from discontinued operations, income tax expense, net interest expense, equity earnings from equity-method investments, other net investing income, remeasurement gain on equity-method investment, impairment of equity investments and goodwill, depreciation and amortization expense, and accretion expense associated with asset retirement obligations for nonregulated operations. We also add our proportional ownership share (based on ownership interest) of modified EBITDA of equity-method investments.
- Adjusted EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations. Management believes this measure provides investors meaningful insight into results from ongoing operations.
- 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 presentation is accompanied by a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses these financial measures because they are accepted financial indicators used by investors to compare company performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of assets and the cash that the business is generating.
- Neither adjusted EBITDA, adjusted income, 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 Net Income (Loss) to Modified EBITDA and Non-GAAP Adjusted EBITDA

(Dollars in millions)	2015					2016					2017				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Net income (loss)</b>	\$ 13	\$ 183	\$ (173)	\$ (1,337)	\$ (1,314)	\$ (13)	\$ (505)	\$ 131	\$ 37	\$ (350)	\$ 569	\$ 193	\$ 125	\$1,622	\$2,509
Provision (benefit) for income taxes	30	83	(65)	(447)	(399)	2	(145)	69	49	(25)	37	65	24	(2,100)	(1,974)
Interest expense	251	262	263	268	1,044	291	298	297	293	1,179	280	271	267	265	1,083
Equity (earnings) losses	(51)	(93)	(92)	(99)	(335)	(97)	(101)	(104)	(95)	(397)	(107)	(125)	(115)	(87)	(434)
Impairment of equity-method investments	—	—	461	898	1,359	112	—	—	318	430	—	—	—	—	—
Other investing (income) loss - net	—	(9)	(18)	—	(27)	(18)	(18)	(28)	1	(63)	(272)	(2)	(4)	(4)	(282)
Proportional Modified EBITDA of equity-method investments	136	183	185	195	699	189	191	194	180	754	194	215	202	184	795
Impairment of goodwill	—	—	—	1,098	1,098	—	—	—	—	—	—	—	—	—	—
Depreciation and amortization expenses	427	428	432	451	1,738	445	446	435	437	1,763	442	433	433	428	1,736
Accretion expense associated with asset retirement obligations for nonregulated operations	6	9	6	7	28	7	8	9	7	31	7	9	7	10	33
<b>Modified EBITDA</b>	<b>\$ 812</b>	<b>\$1,046</b>	<b>\$ 999</b>	<b>\$ 1,034</b>	<b>\$ 3,891</b>	<b>\$ 918</b>	<b>\$ 174</b>	<b>\$1,003</b>	<b>\$1,227</b>	<b>\$3,322</b>	<b>\$1,150</b>	<b>\$1,059</b>	<b>\$ 939</b>	<b>\$ 318</b>	<b>\$3,466</b>
Northeast G&P	\$ 194	\$ 184	\$ 204	\$ 188	\$ 770	\$ 220	\$ 222	\$ 214	\$ 197	\$ 853	\$ 226	\$ 247	\$ 115	\$ 231	\$ 819
Atlantic-Gulf	338	394	420	387	1,539	382	360	423	456	1,621	450	454	430	(96)	1,238
West	310	332	343	496	1,481	327	312	363	542	1,544	385	356	(615)	286	412
Other	(30)	136	32	(37)	101	(11)	(720)	3	32	(696)	89	2	1,009	(103)	997
<b>Total Modified EBITDA</b>	<b>\$ 812</b>	<b>\$1,046</b>	<b>\$ 999</b>	<b>\$ 1,034</b>	<b>\$ 3,891</b>	<b>\$ 918</b>	<b>\$ 174</b>	<b>\$1,003</b>	<b>\$1,227</b>	<b>\$3,322</b>	<b>\$1,150</b>	<b>\$1,059</b>	<b>\$ 939</b>	<b>\$ 318</b>	<b>\$3,466</b>
<b>Adjustments included in Modified EBITDA <sup>(1)</sup>:</b>															
Northeast G&P	\$ 11	\$ 22	\$ 19	\$ 13	\$ 65	\$ 5	\$ —	\$ 6	\$ 22	\$ 33	\$ 1	\$ 1	\$ 131	\$ 7	\$ 140
Atlantic-Gulf	—	—	—	5	5	23	8	11	(2)	40	3	8	1	529	541
West	86	72	59	(67)	150	73	112	70	(148)	107	4	16	1,041	195	1,256
Other	9	(123)	26	81	(7)	37	771	102	24	934	(13)	29	(999)	111	(872)
<b>Total Adjustments included in Modified EBITDA</b>	<b>\$ 106</b>	<b>\$ (29)</b>	<b>\$ 104</b>	<b>\$ 32</b>	<b>\$ 213</b>	<b>\$ 138</b>	<b>\$ 891</b>	<b>\$ 189</b>	<b>\$ (104)</b>	<b>\$1,114</b>	<b>\$ (5)</b>	<b>\$ 54</b>	<b>\$ 174</b>	<b>\$ 842</b>	<b>\$1,065</b>
<b>Adjusted EBITDA:</b>															
Northeast G&P	\$ 205	\$ 206	\$ 223	\$ 201	\$ 835	\$ 225	\$ 222	\$ 220	\$ 219	\$ 886	\$ 227	\$ 248	\$ 246	\$ 238	\$ 959
Atlantic-Gulf	338	394	420	392	1,544	405	368	434	454	1,661	453	462	431	433	1,779
West	396	404	402	429	1,631	400	424	433	394	1,651	389	372	426	481	1,668
Other	(21)	13	58	44	94	26	51	105	56	238	76	31	10	8	125
<b>Total Adjusted EBITDA</b>	<b>\$ 918</b>	<b>\$1,017</b>	<b>\$1,103</b>	<b>\$ 1,066</b>	<b>\$ 4,104</b>	<b>\$1,056</b>	<b>\$1,065</b>	<b>\$1,192</b>	<b>\$1,123</b>	<b>\$4,436</b>	<b>\$1,145</b>	<b>\$1,113</b>	<b>\$1,113</b>	<b>\$1,160</b>	<b>\$4,531</b>

(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 Modified EBITDA to Non-GAAP Adjusted EBITDA

(Dollars in millions)	2018					2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Net income (loss)</b>	\$ 270	\$ 269	\$ 200	\$ (546)	\$ 193	\$ 214	\$ 324	\$ 242	\$ (66)	\$ 714
Provision (benefit) for income taxes	55	52	190	(159)	138	69	98	77	91	335
Interest expense	273	275	270	294	1,112	296	296	296	298	1,186
Equity (earnings) losses	(82)	(92)	(105)	(117)	(396)	(80)	(87)	(93)	(115)	(375)
Other investing (income) loss - net	(4)	(68)	(2)	(113)	(187)	73	(126)	107	25	79
Proportional Modified EBITDA of equity-method investments	169	178	205	218	770	190	175	181	200	746
Depreciation and amortization expenses	431	434	425	435	1,725	416	424	435	439	1,714
Accretion expense associated with asset retirement obligations for nonregulated operations	8	10	8	7	33	9	8	8	8	33
(Income) loss from discontinued operations, net of tax	—	—	—	—	—	—	—	—	15	15
<b>Modified EBITDA</b>	<b>\$ 1,120</b>	<b>\$ 1,058</b>	<b>\$ 1,191</b>	<b>\$ 19</b>	<b>\$ 3,388</b>	<b>\$ 1,187</b>	<b>\$ 1,112</b>	<b>\$ 1,253</b>	<b>\$ 895</b>	<b>\$ 4,447</b>
Atlantic-Gulf	\$ 451	\$ 475	\$ 492	\$ 605	\$ 2,023	\$ 560	\$ 524	\$ 599	\$ 212	\$ 1,895
Northeast G&P	250	255	281	300	1,086	299	303	345	367	1,314
West	413	389	412	(906)	308	332	278	311	311	1,232
Other	6	(61)	6	20	(29)	(4)	7	(2)	5	6
<b>Total Modified EBITDA</b>	<b>\$ 1,120</b>	<b>\$ 1,058</b>	<b>\$ 1,191</b>	<b>\$ 19</b>	<b>\$ 3,388</b>	<b>\$ 1,187</b>	<b>\$ 1,112</b>	<b>\$ 1,253</b>	<b>\$ 895</b>	<b>\$ 4,447</b>
<b>Adjustments included in Modified EBITDA <sup>(1)</sup>:</b>										
Atlantic-Gulf	\$ 15	\$ (19)	\$ (12)	\$ (76)	\$ (92)	\$ —	\$ 35	\$ 12	\$ 358	\$ 405
Northeast G&P	—	—	—	4	4	3	16	(2)	10	27
West	(7)	—	12	1,264	1,269	14	78	2	25	119
Other	7	71	5	(14)	69	12	—	9	(4)	17
<b>Total Adjustments included in Modified EBITDA</b>	<b>\$ 15</b>	<b>\$ 52</b>	<b>\$ 5</b>	<b>\$ 1,178</b>	<b>\$ 1,250</b>	<b>\$ 29</b>	<b>\$ 129</b>	<b>\$ 21</b>	<b>\$ 389</b>	<b>\$ 568</b>
<b>Adjusted EBITDA:</b>										
Atlantic-Gulf	\$ 466	\$ 456	\$ 480	\$ 529	\$ 1,931	\$ 560	\$ 559	\$ 611	\$ 570	\$ 2,300
Northeast G&P	250	255	281	304	1,090	302	319	343	377	1,341
West	406	389	424	358	1,577	346	356	313	336	1,351
Other	13	10	11	6	40	8	7	7	1	23
<b>Total Adjusted EBITDA</b>	<b>\$ 1,135</b>	<b>\$ 1,110</b>	<b>\$ 1,196</b>	<b>\$ 1,197</b>	<b>\$ 4,638</b>	<b>\$ 1,216</b>	<b>\$ 1,241</b>	<b>\$ 1,274</b>	<b>\$ 1,284</b>	<b>\$ 5,015</b>

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

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

(Dollars in millions, except per-share amounts)	2015					2016					2017				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Income (loss) attributable to The Williams Companies, Inc. available to common stockholders</b>	\$ 70	\$ 114	\$ (40)	\$ (715)	\$ (571)	\$ (65)	\$ (405)	\$ 61	\$ (15)	\$ (424)	\$ 373	\$ 81	\$ 33	\$ 1,687	\$ 2,174
<b>Income (loss) - diluted earnings (loss) per common share <sup>(1)</sup></b>	\$ .09	\$ .15	\$ (.05)	\$ (.95)	\$ (.76)	\$ (.09)	\$ (.54)	\$ .08	\$ (.02)	\$ (.57)	\$ .45	\$ .10	\$ .04	\$ 2.03	\$ 2.62
<b>Adjustments:</b>															
<i>Northeast G&amp;P</i>															
Impairment of certain assets	\$ 3	\$ 21	\$ 2	\$ 6	\$ 32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121	\$ -	\$ 121
Share of impairment at equity-method investments	8	1	17	7	33	—	—	6	19	25	—	—	1	—	1
Ad valorem obligation timing adjustment	—	—	—	—	—	—	—	—	—	—	—	—	7	—	7
Settlement charge from pension early payout program	—	—	—	—	—	—	—	—	—	—	—	—	—	7	7
Organizational realignment-related costs	—	—	—	—	—	—	—	—	3	3	1	1	2	—	4
Severance and related costs	—	—	—	—	—	3	—	—	—	3	—	—	—	—	—
ACMP Merger and transition costs	—	—	—	—	—	2	—	—	—	2	—	—	—	—	—
<b>Total Northeast G&amp;P adjustments</b>	<b>11</b>	<b>22</b>	<b>19</b>	<b>13</b>	<b>65</b>	<b>5</b>	<b>—</b>	<b>6</b>	<b>22</b>	<b>33</b>	<b>1</b>	<b>1</b>	<b>131</b>	<b>7</b>	<b>140</b>
<i>Atlantic-Gulf</i>															
Regulatory adjustments resulting from Tax Reform	—	—	—	—	—	—	—	—	—	—	—	—	—	493	493
Share of regulatory charges resulting from Tax Reform for equity-method investments	—	—	—	—	—	—	—	—	—	—	—	—	—	11	11
Constitution Pipeline project development costs	—	—	—	—	—	—	8	11	9	28	2	6	4	4	16
Potential rate refunds associated with rate case litigation	—	—	—	—	—	15	—	—	—	15	—	—	—	—	—
Settlement charge from pension early payout program	—	—	—	—	—	—	—	—	—	—	—	—	—	15	15
Organizational realignment-related costs	—	—	—	—	—	—	—	—	—	—	1	2	2	1	6
Severance and related costs	—	—	—	—	—	8	—	—	—	8	—	—	—	—	—
Impairment of certain assets	—	—	—	5	5	—	—	—	—	—	—	—	—	—	—
(Gain) loss on asset retirement	—	—	—	—	—	—	—	—	(11)	(11)	—	—	(5)	5	—
<b>Total Atlantic-Gulf adjustments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>5</b>	<b>23</b>	<b>8</b>	<b>11</b>	<b>(2)</b>	<b>40</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>529</b>	<b>541</b>
<i>West</i>															
Estimated minimum volume commitments	55	55	65	(175)	—	60	64	70	(194)	—	15	15	18	(48)	—
Impairment of certain assets	—	3	—	105	108	—	48	—	22	70	—	—	1,021	9	1,030
Regulatory adjustments resulting from Tax Reform	—	—	—	—	—	—	—	—	—	—	—	—	—	220	220
Settlement charge from pension early payout program	—	—	—	—	—	—	—	—	—	—	—	—	—	13	13
Organizational realignment-related costs	—	—	—	—	—	—	—	—	21	21	2	3	2	1	8
Severance and related costs	—	—	—	—	—	10	—	—	3	13	—	—	—	—	—
ACMP Merger and transition costs	30	14	2	2	48	3	—	—	—	3	—	—	—	—	—
Loss (recovery) related to Opal incident	1	—	(8)	1	(6)	—	—	—	—	—	—	—	—	—	—
Gains from contract settlements and terminations	—	—	—	—	—	—	—	—	—	—	(13)	(2)	—	—	(15)
<b>Total West adjustments</b>	<b>86</b>	<b>72</b>	<b>59</b>	<b>(67)</b>	<b>150</b>	<b>73</b>	<b>112</b>	<b>70</b>	<b>(148)</b>	<b>107</b>	<b>4</b>	<b>16</b>	<b>1,041</b>	<b>195</b>	<b>1,256</b>

# Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Adjusted Income (con't)

(Dollars in millions, except per-share amounts)	2015					2016					2017				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Other</b>															
Impairment of certain assets	—	—	—	64	64	—	747	—	8	755	—	23	68	—	91
Regulatory adjustments resulting from Tax Reform	—	—	—	—	—	—	—	—	—	—	—	—	—	—	63
Settlement charge from pension early payout program	—	—	—	—	—	—	—	—	—	—	—	—	—	—	36
(Gain) loss related to Canada disposition	—	—	—	—	—	—	—	65	1	66	(2)	(1)	4	5	6
Canadian PDH facility project development costs	—	—	—	—	—	34	11	16	—	61	—	—	—	—	—
Accrued long-term charitable commitment	—	—	—	8	8	—	—	—	—	—	—	—	—	—	—
Severance and related costs	—	—	—	—	—	5	—	—	13	18	9	4	5	4	22
ACMP Merger and transition costs	8	9	7	12	36	2	—	—	—	2	—	4	3	4	11
Expenses associated with strategic alternatives	—	7	19	6	32	6	13	21	7	47	1	3	5	—	9
Expenses associated with Financial Repositioning	—	—	—	—	—	—	—	—	—	—	8	2	—	—	10
Expenses associated with strategic asset monetizations	—	—	—	—	—	—	—	—	2	2	1	4	—	—	5
Loss related to Geismar Incident	1	1	—	—	2	—	—	—	—	—	—	—	—	—	—
Geismar Incident adjustments	—	(126)	—	—	(126)	—	—	—	(7)	(7)	(9)	2	8	(1)	—
Gain on sale of Geismar Interest	—	—	—	—	—	—	—	—	—	—	—	—	(1,095)	—	(1,095)
Gain on sale of RGP Splitter	—	—	—	—	—	—	—	—	—	—	—	(12)	—	—	(12)
Contingency (gain) loss accruals	—	—	—	(9)	(9)	—	—	—	—	—	9	—	—	—	9
(Gain) loss on early retirement of debt	—	(14)	—	—	(14)	—	—	—	—	—	(30)	—	3	—	(27)
Gain on sale of certain assets	—	—	—	—	—	(10)	—	—	—	(10)	—	—	—	—	—
<b>Total Other adjustments</b>	<b>9</b>	<b>(123)</b>	<b>26</b>	<b>81</b>	<b>(7)</b>	<b>37</b>	<b>771</b>	<b>102</b>	<b>24</b>	<b>934</b>	<b>(13)</b>	<b>29</b>	<b>(999)</b>	<b>111</b>	<b>(872)</b>
Adjustments included in Modified EBITDA	106	(29)	104	32	213	138	891	189	(104)	1,114	(5)	54	174	842	1,065
<b>Adjustments below Modified EBITDA</b>															
Impairment of equity-method investments	—	—	461	898	1,359	112	—	—	318	430	—	—	—	—	—
Impairment of goodwill	—	—	—	1,098	1,098	—	—	—	—	—	—	—	—	—	—
Gain on disposition of equity-method investment	—	—	—	—	—	—	—	(27)	—	(27)	(269)	—	—	—	(269)
Interest expense related to potential rate refunds associated with rate case litigation	—	—	—	—	—	3	—	—	—	3	—	—	—	—	—
Accelerated depreciation related to reduced salvage value of certain assets	—	—	—	7	7	—	—	—	4	4	—	—	—	—	—
Accelerated depreciation by equity-method investments	—	—	—	—	—	—	—	—	—	—	—	—	—	9	9
Change in depreciable life associated with organizational realignment	—	—	—	—	—	—	—	—	(16)	(16)	(7)	—	—	—	(7)
ACMP Acquisition-related financing expenses - Williams Partners	2	—	—	—	2	—	—	—	—	—	—	—	—	—	—
Interest income on receivable from sale of Venezuela assets	—	(9)	(18)	—	(27)	(18)	(18)	—	—	(36)	—	—	—	—	—
Allocation of adjustments to noncontrolling interests	(33)	21	(212)	(767)	(991)	(83)	(154)	(41)	(76)	(354)	77	(10)	(28)	(199)	(160)
	(31)	12	231	1,236	1,448	14	(172)	(68)	230	4	(199)	(10)	(28)	(190)	(427)
<b>Total adjustments</b>	<b>75</b>	<b>(17)</b>	<b>335</b>	<b>1,268</b>	<b>1,661</b>	<b>152</b>	<b>719</b>	<b>121</b>	<b>126</b>	<b>1,118</b>	<b>(204)</b>	<b>44</b>	<b>146</b>	<b>652</b>	<b>638</b>
Less tax effect for above items	(28)	4	(129)	(473)	(626)	(61)	(202)	(39)	19	(283)	77	(17)	(55)	(246)	(241)
Adjustments for tax-related items <sup>(2)</sup>	5	9	1	(74)	(59)	—	34	5	—	39	(127)	—	—	(1,923)	(2,050)
<b>Adjusted income available to common stockholders</b>	<b>\$ 122</b>	<b>\$ 110</b>	<b>\$ 167</b>	<b>\$ 6</b>	<b>\$ 405</b>	<b>\$ 26</b>	<b>\$ 146</b>	<b>\$ 148</b>	<b>\$ 130</b>	<b>\$ 450</b>	<b>\$ 119</b>	<b>\$ 108</b>	<b>\$ 124</b>	<b>\$ 170</b>	<b>\$ 521</b>
<b>Adjusted diluted earnings per common share <sup>(1)</sup></b>	<b>\$ .16</b>	<b>\$ .15</b>	<b>\$ .22</b>	<b>\$ .01</b>	<b>\$ .54</b>	<b>\$ .03</b>	<b>\$ .19</b>	<b>\$ .20</b>	<b>\$ .17</b>	<b>\$ .60</b>	<b>\$ .14</b>	<b>\$ .13</b>	<b>\$ .15</b>	<b>\$ .20</b>	<b>\$ .63</b>
<b>Weighted-average shares - diluted (thousands)</b>	<b>752,028</b>	<b>752,775</b>	<b>753,100</b>	<b>751,930</b>	<b>752,460</b>	<b>751,040</b>	<b>751,297</b>	<b>751,858</b>	<b>752,818</b>	<b>751,761</b>	<b>826,476</b>	<b>828,575</b>	<b>829,368</b>	<b>829,607</b>	<b>828,518</b>

(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 fourth quarter of 2015 includes an unfavorable adjustment related to the translation of certain foreign-denominated unrecognized tax benefits. The second and third quarters of 2016 include a favorable adjustment related to the reversal of a cumulative anticipatory foreign tax credit. The first quarter of 2017 includes an unfavorable adjustment related to the release of a valuation allowance. The fourth quarter of 2017 includes an unfavorable adjustment to reverse the tax benefit associated with remeasuring our deferred tax balances at a lower corporate rate resulting from Tax Reform.

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

(Dollars in millions, except per-share amounts)	2018					2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Income (loss) from continuing operations attributable to The Williams Companies, Inc. available to common stockholders</b>	\$ 152	\$ 135	\$ 129	\$ (572)	\$ (156)	\$ 194	\$ 310	\$ 220	\$ 138	\$ 862
<b>Income (loss) from continuing operations - diluted earnings (loss) per common share <sup>(1)</sup></b>	\$ .18	\$ .16	\$ .13	\$ (.47)	\$ (.16)	\$ .16	\$ .26	\$ .18	\$ .11	\$ .71
<b>Adjustments:</b>										
<i>Atlantic-Gulf</i>										
Constitution Pipeline project development costs	\$ 2	\$ 1	\$ 1	\$ —	\$ 4	\$ —	\$ 1	\$ 1	\$ 1	\$ 3
Impairment of certain assets <sup>(2)</sup>	—	—	—	—	—	—	—	—	354	354
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	—	1	16
Gain on sale of certain Gulf Coast pipeline assets	—	—	—	(81)	(81)	—	—	—	—	—
Gain on asset retirement	—	—	(10)	(2)	(12)	—	—	—	—	—
Severance and related costs	—	—	—	—	—	—	19	11	2	32
<i>Total Atlantic-Gulf adjustments</i>	15	(19)	(12)	(76)	(92)	—	35	12	358	405
<i>Northeast G&amp;P</i>										
Expenses associated with new venture	—	—	—	—	—	3	6	1	—	10
Settlement charge from pension early payout program	—	—	—	4	4	—	—	—	—	—
Impairment of certain assets	—	—	—	—	—	—	—	—	10	10
Severance and related costs	—	—	—	—	—	—	10	(3)	—	7
<i>Total Northeast G&amp;P adjustments</i>	—	—	—	4	4	3	16	(2)	10	27
<i>West</i>										
Impairment of certain assets	—	—	—	1,849	1,849	12	64	—	24	100
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	2	1	17
<i>Total West adjustments</i>	(7)	—	12	1,264	1,269	14	78	2	25	119

# Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Adjusted Income (con't)

(Dollars in millions, except per-share amounts)	2018					2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>Other</b>										
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	—	—	—	—	—
Accrual for loss contingencies associated with former operations	—	—	—	—	—	—	—	9	(5)	4
Severance and related costs	—	—	—	—	—	—	—	—	1	1
<b>Total Other adjustments</b>	<b>7</b>	<b>71</b>	<b>5</b>	<b>(14)</b>	<b>69</b>	<b>12</b>	<b>—</b>	<b>9</b>	<b>(4)</b>	<b>17</b>
Adjustments included in Modified EBITDA	15	52	5	1,178	1,250	29	129	21	389	568
<b>Adjustments below Modified EBITDA</b>										
Gain on deconsolidation of Jackalope interest	—	(62)	—	—	(62)	—	—	—	—	—
Gain on deconsolidation of certain Permian assets	—	—	—	(141)	(141)	2	—	—	—	2
Loss on deconsolidation of Constitution	—	—	—	—	—	—	—	—	27	27
Impairment of equity-method investments	—	—	—	32	32	74	(2)	114	—	186
Gain on sale of equity-method investments	—	—	—	—	—	—	(122)	—	—	(122)
Allocation of adjustments to noncontrolling interests	(5)	21	—	—	16	—	(1)	—	(210)	(211)
	(5)	(41)	—	(109)	(155)	76	(125)	114	(183)	(118)
<b>Total adjustments</b>	<b>10</b>	<b>11</b>	<b>5</b>	<b>1,069</b>	<b>1,095</b>	<b>105</b>	<b>4</b>	<b>135</b>	<b>206</b>	<b>450</b>
Less tax effect for above items	(3)	(3)	(1)	(267)	(274)	(26)	(1)	(34)	(51)	(112)
Adjustments for tax-related items <sup>(3)</sup>	—	—	110	—	110	—	—	—	—	—
<b>Adjusted income from continuing operations available to common stockholders</b>	<b>\$ 159</b>	<b>\$ 143</b>	<b>\$ 243</b>	<b>\$ 230</b>	<b>\$ 775</b>	<b>\$ 273</b>	<b>\$ 313</b>	<b>\$ 321</b>	<b>\$ 293</b>	<b>\$ 1,200</b>
<b>Adjusted income from continuing operations - diluted earnings per common share <sup>(1)</sup></b>	<b>\$ .19</b>	<b>\$ .17</b>	<b>\$ .24</b>	<b>\$ .19</b>	<b>\$ .79</b>	<b>\$ .22</b>	<b>\$ .26</b>	<b>\$ .26</b>	<b>\$ .24</b>	<b>\$ .99</b>
<b>Weighted-average shares - diluted (thousands)</b>	<b>830,197</b>	<b>830,107</b>	<b>1,026,504</b>	<b>1,212,822</b>	<b>976,097</b>	<b>1,213,592</b>	<b>1,214,065</b>	<b>1,214,165</b>	<b>1,214,212</b>	<b>1,214,011</b>

(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) Our partners' \$209 million share of the fourth-quarter 2019 impairment of the Constitution pipeline project is reflected below in Allocation of adjustments to noncontrolling interests.

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

# Reconciliation of GAAP Net Income (Loss) to Non-GAAP Modified EBITDA, Adjusted EBITDA and Distributable cash flow

<i>(Dollars in millions, except coverage ratios)</i>		2017
<b>The Williams Companies, Inc.</b>		
<i>Reconciliation of GAAP "Net Income (Loss)" to Non-GAAP "Modified EBITDA", "Adjusted EBITDA" and "Distributable cash flow"</i>		
Net income (loss)		\$ 2,509
Provision (benefit) for income taxes		(1,974)
Interest expense		1,083
Equity (earnings) losses		(434)
Other investing (income) loss - net		(282)
Proportional Modified EBITDA of equity-method investments		795
Depreciation and amortization expenses		1,736
Accretion for asset retirement obligations associated with nonregulated operations		33
Modified EBITDA		3,466
EBITDA adjustments		1,065
Adjusted EBITDA		4,531
Maintenance capital expenditures <sup>(1)</sup>		(471)
Preferred dividends		—
Net interest expense - cash portion <sup>(2)</sup>		(1,111)
Cash taxes		(28)
Income attributable to noncontrolling interests <sup>(3)</sup>		(113)
WPZ restricted stock unit non-cash compensation		5
Amortization of deferred revenue associated with certain 2016 contract restructurings		(233)
Distributable cash flow		\$ 2,580
Total cash distributed <sup>(4)</sup>		\$ 1,601
Excess cash available after cash distributed		\$ 979
Weighted-average shares - diluted (thousands) <sup>(5)</sup>		1,210,000
Distributable cash flow / share		\$ 2.13
<b>Coverage ratios:</b>		
Distributable cash flow divided by Total cash distributed		1.61
Net income (loss) divided by Total cash distributed		1.57

- 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 2017.
- 5) Shares in the 2017 reflect the WMB common shares outstanding per the 9/30/18 Consolidated Balance Sheet following the WPZ Merger.

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

(Dollars in millions, except coverage ratios)	2018					2019				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
<b>The Williams Companies, Inc.</b>										
<i>Reconciliation of GAAP "Net Income (Loss)" to Non-GAAP "Modified EBITDA", "Adjusted EBITDA" and "Distributable cash flow"</i>										
Net income (loss)	\$ 270	\$ 269	\$ 200	\$ (546)	\$ 193	\$ 214	\$ 324	\$ 242	\$ (66)	\$ 714
Provision (benefit) for income taxes	55	52	190	(159)	138	69	98	77	91	335
Interest expense	273	275	270	294	1,112	296	296	296	298	1,186
Equity (earnings) losses	(82)	(92)	(105)	(117)	(396)	(80)	(87)	(93)	(115)	(375)
Other investing (income) loss - net	(4)	(68)	(2)	(113)	(187)	73	(126)	107	25	79
Proportional Modified EBITDA of equity-method investments	169	178	205	218	770	190	175	181	200	746
Depreciation and amortization expenses	431	434	425	435	1,725	416	424	435	439	1,714
Accretion for asset retirement obligations associated with nonregulated operations	8	10	8	7	33	9	8	8	8	33
(Income) loss from discontinued operations, net of tax	—	—	—	—	—	—	—	—	15	15
Modified EBITDA	1,120	1,058	1,191	19	3,388	1,187	1,112	1,253	895	4,447
EBITDA adjustments	15	52	5	1,178	1,250	29	129	21	389	568
Adjusted EBITDA	1,135	1,110	1,196	1,197	4,638	1,216	1,241	1,274	1,284	5,015
Maintenance capital expenditures <sup>(1)</sup>	(110)	(160)	(138)	(122)	(530)	(93)	(130)	(128)	(113)	(464)
Preferred dividends	—	—	—	(1)	(1)	(1)	—	(1)	(1)	(3)
Net interest expense - cash portion <sup>(2)</sup>	(276)	(279)	(274)	(299)	(1,128)	(304)	(302)	(301)	(306)	(1,213)
Cash taxes	(1)	(10)	(1)	1	(11)	3	85	(2)	—	86
Income attributable to noncontrolling interests <sup>(3)</sup>	(25)	(24)	(19)	(28)	(96)	—	—	—	—	—
Dividends and distributions paid to noncontrolling interests	—	—	—	—	—	(41)	(27)	(20)	(36)	(124)
Distributable cash flow	\$ 723	\$ 637	\$ 764	\$ 748	\$ 2,872	\$ 780	\$ 867	\$ 822	\$ 828	\$ 3,297
Total cash distributed <sup>(4)</sup>	\$ 438	\$ 443	\$ 412	\$ 411	\$ 1,704	\$ 460	\$ 461	\$ 461	\$ 460	\$ 1,842
Weighted-average shares – diluted (thousands) <sup>(5)</sup>	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,213,592	1,214,065	1,214,165	1,214,212	1,214,011
Distributable cash flow / share	\$ 0.60	\$ 0.53	\$ 0.63	\$ 0.62	\$ 2.37	\$ 0.64	\$ 0.71	\$ 0.68	\$ 0.68	\$ 2.72
<b>Coverage ratios:</b>										
Distributable cash flow divided by Total cash distributed	1.65	1.44	1.85	1.82	1.69	1.70	1.88	1.78	1.80	1.79
Net income (loss) divided by Total cash distributed	0.62	0.61	0.49	(1.33)	0.11	0.47	0.70	0.52	(0.14)	0.39

(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.

(5) Shares in the 2018 periods reflects the WMB common shares outstanding per the 9/30/18 Consolidated Balance Sheet following the WPZ Merger.

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

<i>(Dollars in millions, except per share amounts and coverage ratio)</i>	2020 Guidance		
	Low	Mid	High
<b>Net income (loss)</b>	\$ 1,200	\$ 1,350	\$ 1,500
Provision (benefit) for income taxes		450	
Interest expense		1,180	
Equity (earnings) losses		(450)	
Proportional Modified EBITDA of equity-method investments		820	
Depreciation and amortization expenses and accretion for asset retirement obligations associated with nonregulated operations		1,750	
<b>Modified EBITDA</b>	<b>\$ 4,950</b>	<b>\$ 5,100</b>	<b>\$ 5,250</b>
<b>EBITDA Adjustments</b>		—	
<b>Adjusted EBITDA</b>	<b>\$ 4,950</b>	<b>\$ 5,100</b>	<b>\$ 5,250</b>
Net interest expense - cash portion <sup>(1)</sup>		(1,215)	
Maintenance capital expenditures <sup>(1)</sup>	(550)	(500)	(450)
Cash taxes		30	
Dividends and distributions paid to noncontrolling interests and other		(165)	
<b>Distributable cash flow (DCF)</b>	<b>\$ 3,050</b>	<b>\$ 3,250</b>	<b>\$ 3,450</b>
--Distributable cash flow per share <sup>(2)</sup>	\$ 2.50	\$ 2.67	\$ 2.83
Dividends paid		(1,950)	
Excess cash available after dividends	\$ 1,100	\$ 1,300	\$ 1,500
Dividend per share		\$ 1.60	
<b>Coverage ratio (Distributable cash flow / Dividends paid)</b>	<b>1.56x</b>	<b>1.67x</b>	<b>1.77x</b>

(1) Includes proportionate share of equity-method investments.  
(2) Distributable cash flow / diluted weighted-average common shares of 1,218 million in 2020.

# Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted Income Available to Common Stockholders

<i>(Dollars in millions, except per-share amounts)</i>	2020 Guidance		
	Low	Mid	High
Net income (loss)	\$ 1,200	\$ 1,350	\$ 1,500
Less: Net income (loss) attributable to noncontrolling interests & preferred dividends		40	
Net income (loss) attributable to The Williams Companies, Inc. available to common stockholders	1,160	1,310	1,460
<b><u>Adjustments:</u></b>			
Adjustments included in Modified EBITDA		—	
Adjustments below Modified EBITDA		—	
Total adjustments		—	
Less tax effect for above items		—	
Adjusted income available to common stockholders	\$ 1,160	\$ 1,310	\$ 1,460
<b>Adjusted diluted earnings per common share</b>	<b>\$ 0.95</b>	<b>\$ 1.08</b>	<b>\$ 1.20</b>
Weighted-average shares - diluted (millions)		1,218	