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News Release

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Williams Reports Strong First-Quarter Results and Record Volumes; Raises 2021 Guidance

TULSA, Okla. – Williams (NYSE: WMB) today announced its unaudited financial results for the three months ended March 31, 2021.

Results exceed expectations across all key metrics

- Net income of $425 million, or $0.35 per diluted share (EPS)
- Adjusted EPS of $0.35 per diluted share – up 35% from 1Q 2020
- Cash flow from operations (CFFO) of $915 million – up $128 million or 16% from 1Q 2020
- Available funds from operations (AFFO) of $1.029 billion – up $109 million or 12% from 1Q 2020
- Adjusted EBITDA of $1.415 billion – up $153 million or 12% from 1Q 2020; up 6% excluding favorable winter storm effects
- Record gathering volumes of 13.6 Bcf/d; record contracted transmission capacity of 22.8 Bcf/d
- Debt-to-Adjusted EBITDA at quarter end: 4.2x
- Guidance midpoints for Adjusted EBITDA and AFFO increase by $100 million
- Dividend coverage ratio is 2.07x (AFFO basis)

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

"Our natural gas business strategy continues to deliver consistently strong cash flow with first-quarter Adjusted EBITDA up 12 percent from last year, driven in part by record gathering volumes particularly in the Northeast. Severe winter weather in February boosted marketing margins and upstream sales from unusually high prices, but even excluding these weather effects, our Adjusted EBITDA was up 6 percent, underscoring the stability of our earnings regardless of external factors."

"We continued our pace of execution in the first quarter, placing Southeastern Trail into full service in early January and progressing on Transco's Leidy South project to bring additional gas from Appalachia to growing demand centers along the Atlantic Seaboard by next winter. We also filed our FERC application for the Regional Energy Access pipeline expansion, a low-impact project being designed in a manner that is adaptable to future renewable energy sources like clean hydrogen and RNG blending."

Armstrong added, "As one of the nation's largest clean energy infrastructure providers, we have a huge opportunity to leverage our natural gas-focused business as the world moves to a low-carbon future, while helping customers and the United States meet climate goals. We believe clean, affordable and reliable natural gas is an important component of today's fuel mix and should be prioritized as one of the most important tools to aggressively displace more carbon-intensive fuels around the world."

Williams Summary Financial Information	1Q	
Amounts in millions, except ratios and per-share amounts. Per share amounts are reported on a diluted basis. Net income amounts are from continuing operations attributable to The Williams Companies, Inc. available to common stockholders.	2021	2020
GAAP Measures		
Net Income (Loss)	$425	($518)
Net Income (Loss) Per Share	$0.35	($0.43)
Cash Flow From Operations	$915	$787
Non-GAAP Measures (1)		
Adjusted EBITDA	$1,415	$1,262
Adjusted Income	$429	$313
Adjusted Income Per Share	$0.35	$0.26
Available Funds from Operations	$1,029	$920
Dividend Coverage Ratio	2.07x	1.90x
Other		
Debt-to-Adjusted EBITDA at Quarter End (2)	4.2x	4.36x
Capital Investments (3)	$277	$284

(1) Schedules reconciling Adjusted Income, Adjusted EBITDA, Available Funds from Operations and Dividend 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) 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.

GAAP Measures

- First-quarter 2021 net income improved by $943 million over the prior year, reflecting $128 million of higher commodity margins in 2021 and $21 million from recently acquired upstream operations, while lower Haynesville gathering revenues were substantially offset by increased earnings from Northeast G&P equity-method investments. The improvement over last year also reflects the absence of $1.2 billion in pre-tax charges in 2020 related to impairments of equity-method investments, goodwill and goodwill at an equity investee, of which $65 million was attributable to noncontrolling interests. The provision for income taxes changed unfavorably by $345 million primarily due to higher pre-tax income.
- The severe winter weather impact in February 2021 and the associated effect on commodity prices is estimated to have had a net favorable impact on our pre-tax results of approximately $77 million, primarily within our commodity margins and results from upstream operations.
- Cash flow from operations for the first quarter of 2021 increased as compared to 2020 primarily due to the previously described commodity margin improvement in 2021.

Non-GAAP Measures

- Adjusted EBITDA increased by $153 million over the prior year, driven by the previously described benefits from commodity margins and recently acquired upstream operations, while lower Haynesville gathering revenues were substantially offset by increased contributions from Northeast G&P equity-method investments. Even excluding the net favorable impact of the severe winter weather impact in February 2021, Adjusted EBITDA was higher than the prior year.
- Adjusted Income improved by $116 million over the prior year driven by similar changes.
- Available Funds From Operations increased by $109 million, largely reflecting the previously described improved commodity margins in 2021.

Business Segment Results & Form 10-Q

Williams' operations are comprised of the following reportable segments: Transmission & Gulf of Mexico, Northeast G&P, West and Other. For more information, see the company's first-quarter 2021 Form 10-Q.

	Quarter-To-Date					
	Modified EBITDA			Adjusted EBITDA		
Amounts in millions	1Q 2021	1Q 2020	Change	1Q 2021	1Q 2020	Change
Transmission & Gulf of Mexico	$660	$662	($2)	$660	$669	($9)
Northeast G&P	402	369	33	402	370	32
West	315	215	100	315	216	99
Other	33	7	26	38	7	31
Totals	$1,410	$1,253	$157	$1,415	$1,262	$153

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.

Transmission & Gulf of Mexico

- First-quarter 2021 Modified and Adjusted EBITDA decreased slightly compared to the prior year, as small increases in service revenues, commodity margins, and investee EBITDA were offset by higher operating and administrative costs. An increase in natural gas transmission service revenues related to recent expansion projects was partially offset by lower gathering volumes in the Gulf of Mexico.

Northeast G&P

- First-quarter 2021 Modified and Adjusted EBITDA increased over the prior year driven by higher gathering volumes on our Bradford and Marcellus South systems, along with the benefit of an increased ownership in Blue Racer Midstream, acquired in November 2020.
- Gross gathering volumes for first-quarter 2021, including 100% of operated equity-method investments, increased by 11% over the same period in 2020.

West

- First-quarter 2021 Modified and Adjusted EBITDA increased over the prior year primarily due to an estimated $55 million net favorable impact from the February 2021 severe winter weather, $50 million of higher commodity marketing margins driven by higher prices and the absence of prior year inventory impacts, and lower operating and administrative costs. These favorable changes were partially offset by lower Haynesville gathering revenues from lower rates and volumes, as well as lower investee EBITDA driven by reduced transportation volumes on Overland Pass Pipeline.

Other

- First-quarter 2021 Modified and Adjusted EBITDA includes $30 million from our recently acquired oil and gas producing properties. Of this amount, we estimate that approximately $22 million is attributable to the February 2021 severe winter weather.

2021 Financial Guidance

The company now expects 2021 Adjusted EBITDA between $5.2 billion and $5.4 billion and Available Funds from Operations between $3.7 billion and $3.9 billion, both a $100 million midpoint increase from guidance originally issued in February 2021. As well, the leverage ratio midpoint has been updated to ~4.2x versus ~4.25x prior for year-end 2021. The company is keeping intact 2021 growth capex guidance between $1 billion to $1.2 billion. Importantly, Williams expects to generate positive free cash flow (after capital expenditures and dividends), allowing it to retain financial flexibility.

Williams' First-Quarter 2021 Materials to be Posted Shortly; Q&A Webcast Scheduled for Tomorrow

Williams' first-quarter 2021 earnings presentation will be posted at www.williams.com. The company's first-quarter 2021 earnings conference call and webcast with analysts and investors is scheduled for Tuesday, May 4, at 9:30 a.m. Eastern Time (8:30 a.m. Central Time). Participants who wish to join the call by phone must register using the following link: http://www.directeventreg.com/registration/event/5942459

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 committed to being the leader in providing infrastructure that safely delivers natural gas products to reliably fuel the clean energy economy. 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 connects the best supplies with the growing demand for clean energy. Williams owns and operates more than 30,000 miles of pipelines system wide – including Transco, the nation's largest volume and fastest growing pipeline – and handles approximately 30 percent of the natural gas in the United States that is used every day for clean-power generation, heating and industrial use. www.williams.com

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

	Three Months Ended March 31,	
	2021	2020
	(Millions, except per-share amounts)	
Revenues:		
Service revenues	$ 1,452	$ 1,474
Service revenues – commodity consideration	49	28
Product sales	1,111	411
Total revenues	2,612	1,913
Costs and expenses:		
Product costs	932	396
Processing commodity expenses	21	13
Operating and maintenance expenses	360	337
Depreciation and amortization expenses	438	429
Selling, general, and administrative expenses	123	113
Impairment of goodwill	—	187
Other (income) expense – net	(1)	7
Total costs and expenses	1,873	1,482
Operating income (loss)	739	431
Equity earnings (losses)	131	22
Impairment of equity-method investments	—	(938)
Other investing income (loss) – net	2	3
Interest incurred	(296)	(301)
Interest capitalized	2	5
Other income (expense) – net	(2)	4
Income (loss) before income taxes	576	(774)
Less: Provision (benefit) for income taxes	141	(204)
Net income (loss)	435	(570)
Less: Net income (loss) attributable to noncontrolling interests	9	(53)
Net income (loss) attributable to The Williams Companies, Inc.	426	(517)
Less: Preferred stock dividends	1	1
Net income (loss) available to common stockholders	$ 425	$ (518)
Basic earnings (loss) per common share:		
Net income (loss)	$ .35	$ (.43)
Weighted-average shares (thousands)	1,214,646	1,213,019
Diluted earnings (loss) per common share:		
Net income (loss)	$ .35	$ (.43)
Weighted-average shares (thousands)	1,217,211	1,213,019

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

	March 31, 2021	December 31, 2020
	(Millions, except per-share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,126	$ 142
Trade accounts and other receivables	1,059	1,000
Allowance for doubtful accounts	(1)	(1)
Trade accounts and other receivables – net	1,058	999
Inventories	144	136
Other current assets and deferred charges	169	152
Total current assets	2,497	1,429
Investments	5,129	5,159
Property, plant, and equipment	42,970	42,489
Accumulated depreciation and amortization	(13,894)	(13,560)
Property, plant, and equipment – net	29,076	28,929
Intangible assets – net of accumulated amortization	7,362	7,444
Regulatory assets, deferred charges, and other	1,198	1,204
Total assets	$ 45,262	$ 44,165
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 538	$ 482
Accrued liabilities	855	944
Long-term debt due within one year	2,142	893
Total current liabilities	3,535	2,319
Long-term debt	21,092	21,451
Deferred income tax liabilities	2,065	1,923
Regulatory liabilities, deferred income, and other	4,097	3,889
Contingent liabilities		
Equity:		
Stockholders' equity:		
Preferred stock	35	35
Common stock ($1 par value; 1,470 million shares authorized at March 31, 2021 and December 31, 2020; 1,249 million shares issued at March 31, 2021 and 1,248 million shares issued at December 31, 2020)	1,249	1,248
Capital in excess of par value	24,384	24,371
Retained deficit	(12,825)	(12,748)
Accumulated other comprehensive income (loss)	(100)	(96)
Treasury stock, at cost (35 million shares of common stock)	(1,041)	(1,041)
Total stockholders' equity	11,702	11,769
Noncontrolling interests in consolidated subsidiaries	2,771	2,814
Total equity	14,473	14,583
Total liabilities and equity	$ 45,262	$ 44,165

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Millions)	
OPERATING ACTIVITIES:		
Net income (loss)	$ 435	$ (570)
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and amortization	438	429
Provision (benefit) for deferred income taxes	144	(177)
Equity (earnings) losses	(131)	(22)
Distributions from unconsolidated affiliates	176	169
Impairment of goodwill	—	187
Impairment of equity-method investments	—	938
Amortization of stock-based awards	20	9
Cash provided (used) by changes in current assets and liabilities:		
Accounts receivable	(59)	67
Inventories	(8)	19
Other current assets and deferred charges	(6)	20
Accounts payable	38	(155)
Accrued liabilities	(116)	(150)
Other, including changes in noncurrent assets and liabilities	(16)	23
Net cash provided (used) by operating activities	915	787
FINANCING ACTIVITIES:		
Proceeds from long-term debt	897	1,702
Payments of long-term debt	(5)	(1,518)
Proceeds from issuance of common stock	3	6
Common dividends paid	(498)	(485)
Dividends and distributions paid to noncontrolling interests	(54)	(44)
Contributions from noncontrolling interests	2	2
Payments for debt issuance costs	(6)	—
Other – net	(13)	(10)
Net cash provided (used) by financing activities	326	(347)
INVESTING ACTIVITIES:		
Property, plant, and equipment:		
Capital expenditures (1)	(260)	(306)
Dispositions – net	(1)	(3)
Contributions in aid of construction	19	14
Purchases of and contributions to equity-method investments	(14)	(30)
Other – net	(1)	(4)
Net cash provided (used) by investing activities	(257)	(329)
Increase (decrease) in cash and cash equivalents	984	111
Cash and cash equivalents at beginning of year	142	289
Cash and cash equivalents at end of period	$ 1,126	$ 400

(1) Increases to property, plant, and equipment	$ (263)	$ (254)
Changes in related accounts payable and accrued liabilities	3	(52)
Capital expenditures	$ (260)	$ (306)

Transmission & Gulf of Mexico
(UNAUDITED)

(Dollars in millions)	2020 1st Qtr	2020 2nd Qtr	2020 3rd Qtr	2020 4th Qtr	2020 Year	2021 1st Qtr
Regulated interstate natural gas transportation, storage, and other revenues (1)	$ 692	$ 676	$ 686	$ 702	$ 2,756	$ 708
Gathering, processing, and transportation revenues	99	78	85	86	348	86
Other fee revenues (1)	4	5	3	6	18	4
Commodity margins	3	1	4	4	12	8
Operating and administrative costs (1)	(184)	(189)	(192)	(192)	(757)	(198)
Other segment income (expenses) - net	4	2	(8)	8	6	5
Impairment of certain assets	—	—	—	(170)	(170)	—
Proportional Modified EBITDA of equity-method investments	44	42	38	42	166	47
Modified EBITDA	**662**	**615**	**616**	**486**	**2,379**	**660**
Adjustments	7	2	6	158	173	—
Adjusted EBITDA	**$ 669**	**$ 617**	**$ 622**	**$ 644**	**$ 2,552**	**$ 660**
Statistics for Operated Assets						
Natural Gas Transmission						
Transcontinental Gas Pipe Line						
Avg. daily transportation volumes (Tbtu)	13.8	12.0	12.8	13.2	12.9	14.1
Avg. daily firm reserved capacity (Tbtu)	17.7	17.5	18.0	18.2	17.9	18.6
Northwest Pipeline LLC						
Avg. daily transportation volumes (Tbtu)	2.6	1.9	1.8	2.5	2.2	2.8
Avg. daily firm reserved capacity (Tbtu)	3.0	3.0	3.0	2.9	3.0	2.9
Gulfstream - Non-consolidated						
Avg. daily transportation volumes (Tbtu)	1.2	1.2	1.3	1.1	1.2	1.0
Avg. daily firm reserved capacity (Tbtu)	1.3	1.3	1.3	1.3	1.3	1.3
Gathering, Processing, and Crude Oil Transportation						
Consolidated (2)						
Gathering volumes (Bcf/d)	0.30	0.23	0.23	0.26	0.25	0.28
Plant inlet natural gas volumes (Bcf/d)	0.58	0.50	0.40	0.46	0.48	0.46
NGL production (Mbbls/d)	32	25	27	30	29	29
NGL equity sales (Mbbls/d)	5	4	5	5	5	7
Crude oil transportation volumes (Mbbls/d)	138	92	121	132	121	130
Non-consolidated (3)						
Gathering volumes (Bcf/d)	0.35	0.31	0.26	0.30	0.30	0.36
Plant inlet natural gas volumes (Bcf/d)	0.35	0.31	0.25	0.30	0.30	0.37
NGL production (Mbbls/d)	24	23	17	21	21	28
NGL equity sales (Mbbls/d)	5	8	4	6	6	9

(1) Excludes certain amounts associated with revenues and operating costs for tracked or reimbursable charges.
(2) Excludes volumes associated with equity-method investments that are not consolidated in our results.
(3) Includes 100% of the volumes associated with operated equity-method investments.

Northeast G&P
(UNAUDITED)

(Dollars in millions)	2020 1st Qtr	2020 2nd Qtr	2020 3rd Qtr	2020 4th Qtr	2020 Year	2021 1st Qtr
Gathering, processing, transportation, and fractionation revenues	$ 312	$ 308	$ 332	$ 327	$ 1,279	$ 311
Other fee revenues (1)	25	25	22	24	96	25
Commodity margins	1	1	1	1	4	3
Operating and administrative costs (1)	(87)	(86)	(85)	(84)	(342)	(89)
Other segment income (expenses) - net	(2)	(4)	(4)	1	(9)	(1)
Impairment of certain assets	—	—	—	(12)	(12)	—
Proportional Modified EBITDA of equity-method investments	120	126	121	106	473	153
Modified EBITDA	**369**	**370**	**387**	**363**	**1,489**	**402**
Adjustments	1	(7)	9	43	46	—
Adjusted EBITDA	**$ 370**	**$ 363**	**$ 396**	**$ 406**	**$ 1,535**	**$ 402**
Statistics for Operated Assets						
Gathering and Processing						
Consolidated (2)						
Gathering volumes (Bcf/d)	4.27	4.14	4.47	4.36	4.31	4.19
Plant inlet natural gas volumes (Bcf/d)	1.23	1.22	1.36	1.45	1.32	1.41
NGL production (Mbbls/d) (4)	107	93	114	111	106	102
NGL equity sales (Mbbls/d)	2	2	2	2	2	1
Non-consolidated (3)						
Gathering volumes (Bcf/d)	4.40	4.68	4.94	5.11	4.78	5.40

(1) Excludes certain amounts associated with revenues and operating costs for reimbursable charges.

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

(3) 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.

(4) 1st Qtr, 2nd Qtr, and Year columns for 2020 volumes have been updated to reflect current meter parameters used to measure NGL production.

West
(UNAUDITED)

(Dollars in millions)	2020 1st Qtr	2020 2nd Qtr	2020 3rd Qtr	2020 4th Qtr	2020 Year	2021 1st Qtr
Gathering, processing, transportation, storage, and fractionation revenues	$ 299	$ 297	$ 288	$ 320	$ 1,204	$ 262
Other fee revenues (1)	6	13	16	15	50	6
Commodity margins	2	30	28	25	85	128
Operating and administrative costs (1)	(115)	(111)	(108)	(105)	(439)	(106)
Other segment income (expenses) - net	(5)	—	(7)	—	(12)	—
Proportional Modified EBITDA of equity-method investments	28	24	30	28	110	25
Modified EBITDA	**215**	**253**	**247**	**283**	**998**	**315**
Adjustments	1	(1)	(2)	(6)	(8)	—
Adjusted EBITDA	**$ 216**	**$ 252**	**$ 245**	**$ 277**	**$ 990**	**$ 315**
Statistics for Operated Assets						
Gathering and Processing						
Consolidated (2)						
Gathering volumes (Bcf/d)	3.43	3.40	3.28	3.19	3.33	3.11
Plant inlet natural gas volumes (Bcf/d)	1.26	1.33	1.31	1.13	1.25	1.20
NGL production (Mbbls/d)	35	51	71	39	49	36
NGL equity sales (Mbbls/d)	12	25	34	18	22	13
Non-consolidated (3)						
Gathering volumes (Bcf/d)	0.20	0.24	0.28	0.30	0.25	0.27
Plant inlet natural gas volumes (Bcf/d)	0.20	0.23	0.28	0.29	0.25	0.27
NGL production (Mbbls/d)	17	23	26	26	23	24
NGL and Crude Oil Transportation volumes (Mbbls/d) (4)	227	142	156	147	168	85

(1) Excludes certain amounts associated with revenues and operating costs for reimbursable charges.
(2) Excludes volumes associated with equity-method investments that are not consolidated in our results.
(3) Includes 100% of the volumes associated with operated equity-method investments, including Rocky Mountain Midstream.
(4) Includes 100% of the volumes associated with operated equity-method investments, including the Overland Pass Pipeline Company and Rocky Mountain Midstream.

Capital Expenditures and Investments

(UNAUDITED)

(Dollars in millions)	2020 *1st Qtr*	2020 *2nd Qtr*	2020 *3rd Qtr*	2020 *4th Qtr*	2020 *Year*	2021 *1st Qtr*
Capital expenditures:						
Transmission & Gulf of Mexico	$ 185	$ 181	$ 192	$ 190	$ 748	$ 109
Northeast G&P	46	41	32	38	157	40
West	72	80	93	65	310	33
Other	3	5	8	8	24	78
Total [(1)]	**$ 306**	**$ 307**	**$ 325**	**$ 301**	**$ 1,239**	**$ 260**
Purchases of and contributions to equity-method investments:						
Transmission & Gulf of Mexico	$ 1	$ 1	$ 34	$ 1	$ 37	$ 3
Northeast G&P	27	30	47	174	278	11
West	2	5	3	—	10	—
Total	**$ 30**	**$ 36**	**$ 84**	**$ 175**	**$ 325**	**$ 14**
Summary:						
Transmission & Gulf of Mexico	$ 186	$ 182	$ 226	$ 191	$ 785	$ 112
Northeast G&P	73	71	79	212	435	51
West	74	85	96	65	320	33
Other	3	5	8	8	24	78
Total	**$ 336**	**$ 343**	**$ 409**	**$ 476**	**$ 1,564**	**$ 274**
Capital investments:						
Increases to property, plant, and equipment	$ 254	$ 327	$ 331	$ 248	$ 1,160	$ 263
Purchases of investments	30	36	84	175	325	14
Total	**$ 284**	**$ 363**	**$ 415**	**$ 423**	**$ 1,485**	**$ 277**
[(1)] Increases to property, plant, and equipment	$ 254	$ 327	$ 331	$ 248	$ 1,160	$ 263
Changes in related accounts payable and accrued liabilities	52	(20)	(6)	53	79	(3)
Capital expenditures	**$ 306**	**$ 307**	**$ 325**	**$ 301**	**$ 1,239**	**$ 260**
Contributions from noncontrolling interests	$ 2	$ 2	$ 1	$ 2	$ 7	$ 2
Contributions in aid of construction	$ 14	$ 5	$ 8	$ 10	$ 37	$ 19

Non-GAAP Measures
This news release and accompanying materials may include certain financial measures – Adjusted EBITDA, adjusted income (“earnings”), adjusted earnings per share, available funds from operations 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. Such items are excluded from net income to determine adjusted income. Management believes these measure provide investors meaningful insight into results from ongoing operations.

Available funds from operations is defined as cash flow from operations excluding the effect of changes in working capital and certain other changes in noncurrent assets and liabilities, reduced by preferred dividends and net distributions to noncontrolling interests.

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 available funds from operations 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 Non-GAAP Adjusted Income
(UNAUDITED)

(Dollars in millions, except per-share amounts)	2020 *1st Qtr*	2020 *2nd Qtr*	2020 *3rd Qtr*	2020 *4th Qtr*	2020 *Year*	2021 *1st Qtr*
Income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ (518)	$ 303	$ 308	$ 115	$ 208	$ 425
Income (loss) - diluted earnings (loss) per common share (1)	$ (.43)	$ .25	$ .25	$ .09	$ .17	$ .35
Adjustments:						
Transmission & Gulf of Mexico						
Northeast Supply Enhancement project development costs	$ —	$ 3	$ 3	$ —	$ 6	$ —
Impairment of certain assets	—	—	—	170	170	—
Pension plan settlement charge	4	1	—	—	5	—
Adjustment of Transco's regulatory asset for post-WPZ Merger state deferred income tax change consistent with filed rate case	2	—	—	—	2	—
Benefit of change in employee benefit policy	—	(3)	(6)	(13)	(22)	—
Reversal of costs capitalized in prior periods	—	—	10	1	11	—
Severance and related costs	1	1	(1)	—	1	—
Total Transmission & Gulf of Mexico adjustments	7	2	6	158	173	—
Northeast G&P						
Share of early debt retirement gain at equity-method investment	—	(5)	—	—	(5)	—
Share of impairment of certain assets at equity-method investments	—	—	11	36	47	—
Pension plan settlement charge	1	—	—	—	1	—
Impairment of certain assets	—	—	—	12	12	—
Benefit of change in employee benefit policy	—	(2)	(2)	(5)	(9)	—
Total Northeast G&P adjustments	1	(7)	9	43	46	—
West						
Pension plan settlement charge	1	—	—	—	1	—
Benefit of change in employee benefit policy	—	(1)	(2)	(6)	(9)	—
Total West adjustments	1	(1)	(2)	(6)	(8)	—
Other						
Regulatory asset reversals from impaired projects	—	—	8	7	15	—
Reversal of costs capitalized in prior periods	—	—	3	—	3	—
Pension settlement charge	—	—	—	1	1	—
Accrual for loss contingencies	—	—	—	24	24	5
Total Other adjustments	—	—	11	32	43	5
Adjustments included in Modified EBITDA	9	(6)	24	227	254	5
Adjustments below Modified EBITDA						
Impairment of equity-method investments	938	—	—	108	1,046	—
Impairment of goodwill (2)	187	—	—	—	187	—
Share of impairment of goodwill at equity-method investment	78	—	—	—	78	—
Allocation of adjustments to noncontrolling interests	(65)	—	—	—	(65)	—
	1,138	—	—	108	1,246	—
Total adjustments	1,147	(6)	24	335	1,500	5
Less tax effect for above items	(316)	8	1	(68)	(375)	(1)
Adjusted income available to common stockholders	$ 313	$ 305	$ 333	$ 382	$ 1,333	$ 429
Adjusted income - diluted earnings per common share (1)	$ .26	$ .25	$ .27	$ .31	$ 1.10	$ .35
Weighted-average shares - diluted (thousands)	1,214,348	1,214,581	1,215,335	1,216,381	1,215,165	1,217,211

(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 partner's $65 million share of the first-quarter 2020 impairment of goodwill is reflected below in Allocation of adjustments to noncontrolling interests.

Reconciliation of Cash Flow from Operating Activities to Available Funds from Operations (AFFO)

(UNAUDITED)

(Dollars in millions, except coverage ratios)	2020 1st Qtr	2020 2nd Qtr	2020 3rd Qtr	2020 4th Qtr	2020 Year	2021 1st Qtr
The Williams Companies, Inc.						
Reconciliation of GAAP "Net cash provided (used) by operating activities" to Non-GAAP "Available funds from operations"						
Net cash provided (used) by operating activities	$ 787	$ 1,143	$ 452	$ 1,114	$ 3,496	$ 915
Exclude: Cash (provided) used by changes in:						
Accounts receivable	(67)	(18)	103	(16)	2	59
Inventories	(19)	28	24	(22)	11	8
Other current assets and deferred charges	(20)	33	2	(26)	(11)	6
Accounts payable	155	(391)	313	(70)	7	(38)
Accrued liabilities	150	86	50	23	309	116
Other, including changes in noncurrent assets and liabilities	(23)	43	(32)	17	5	16
Preferred dividends paid	(1)	—	(1)	(1)	(3)	(1)
Dividends and distributions paid to noncontrolling interests	(44)	(54)	(49)	(38)	(185)	(54)
Contributions from noncontrolling interests	2	2	1	2	7	2
Available funds from operations	$ 920	$ 872	$ 863	$ 983	$ 3,638	$ 1,029
Common dividends paid	$ 485	$ 486	$ 485	$ 485	$ 1,941	$ 498
Coverage ratio:						
Available funds from operations divided by Common dividends paid	1.90	1.79	1.78	2.03	1.87	2.07

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

(UNAUDITED)

	2020					2021
(Dollars in millions)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Net income (loss)	$ (570)	$ 315	$ 323	$ 130	$ 198	$ 435
Provision (benefit) for income taxes	(204)	117	111	55	79	141
Interest expense	296	294	292	290	1,172	294
Equity (earnings) losses	(22)	(108)	(106)	(92)	(328)	(131)
Impairment of goodwill	187	—	—	—	187	—
Impairment of equity-method investments	938	—	—	108	1,046	—
Other investing (income) loss - net	(3)	(1)	(2)	(2)	(8)	(2)
Proportional Modified EBITDA of equity-method investments	192	192	189	176	749	225
Depreciation and amortization expenses	429	430	426	436	1,721	438
Accretion expense associated with asset retirement obligations for nonregulated operations	10	7	10	8	35	10
Modified EBITDA	**$ 1,253**	**$ 1,246**	**$ 1,243**	**$ 1,109**	**$ 4,851**	**$ 1,410**
Transmission & Gulf of Mexico	$ 662	$ 615	$ 616	$ 486	$ 2,379	$ 660
Northeast G&P	369	370	387	363	1,489	402
West	215	253	247	283	998	315
Other	7	8	(7)	(23)	(15)	33
Total Modified EBITDA	**$ 1,253**	**$ 1,246**	**$ 1,243**	**$ 1,109**	**$ 4,851**	**$ 1,410**
Adjustments included in Modified EBITDA (1):						
Transmission & Gulf of Mexico	$ 7	$ 2	$ 6	$ 158	$ 173	$ —
Northeast G&P	1	(7)	9	43	46	—
West	1	(1)	(2)	(6)	(8)	—
Other	—	—	11	32	43	5
Total Adjustments included in Modified EBITDA	**$ 9**	**$ (6)**	**$ 24**	**$ 227**	**$ 254**	**$ 5**
Adjusted EBITDA:						
Transmission & Gulf of Mexico	$ 669	$ 617	$ 622	$ 644	$ 2,552	$ 660
Northeast G&P	370	363	396	406	1,535	402
West	216	252	245	277	990	315
Other	7	8	4	9	28	38
Total Adjusted EBITDA	**$ 1,262**	**$ 1,240**	**$ 1,267**	**$ 1,336**	**$ 5,105**	**$ 1,415**

(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 Net Income (Loss) to Modified EBITDA, Non-GAAP Adjusted EBITDA and Cash Flow from Operating Activities to Non-GAAP Available Funds from Operations (AFFO)

	2021 Guidance		
(Dollars in millions, except per share amounts and coverage ratio)	Low	Mid	High
Net income (loss)	$ 1,385	$ 1,485	$ 1,585
Provision (benefit) for income taxes		490	
Interest expense		1,175	
Equity (earnings) losses		(475)	
Proportional Modified EBITDA of equity-method investments		835	
Depreciation and amortization expenses and accretion for asset retirement obligations associated with nonregulated operations		1,795	
Other		(10)	
Modified EBITDA	**$ 5,195**	**$ 5,295**	**$ 5,395**
EBITDA Adjustments		5	
Adjusted EBITDA	**$ 5,200**	**$ 5,300**	**$ 5,400**
Net income (loss)	$ 1,385	$ 1,485	$ 1,585
Less: Net income (loss) attributable to noncontrolling interests & preferred dividends		64	
Net income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ 1,321	$ 1,421	$ 1,521
Adjustments:			
Adjustments included in Modified EBITDA (1)		5	
Adjustments below Modified EBITDA (1)		—	
Allocation of adjustments to noncontrolling interests (1)		—	
Total adjustments		5	
Less tax effect for above items (1)		(1)	
Adjusted income available to common stockholders	$ 1,325	$ 1,425	$ 1,525
Adjusted diluted earnings per common share	**$ 1.09**	**$ 1.17**	**$ 1.25**
Weighted-average shares - diluted (millions)		1,217	
Available Funds from Operations (AFFO):			
Net cash provided by operating activities (net of changes in working capital and changes in other, including changes in noncurrent assets and liabilities)	$ 3,890	$ 3,990	$ 4,090
Preferred dividends paid		(3)	
Dividends and distributions paid to noncontrolling interests		(200)	
Contributions from noncontrolling interests		13	
Available funds from operations (AFFO)	**$ 3,700**	**$ 3,800**	**$ 3,900**
AFFO per common share	**$ 3.04**	**$ 3.12**	**$ 3.20**
Common dividends paid		**$ 2,000**	
Coverage Ratio (AFFO/Common dividends paid)	**1.85x**	**1.90x**	**1.95x**

(1) See 1Q Reconciliation of income (loss) attributable to The Williams Companies, Inc. to Non-GAAP Adjusted Income for additional details.

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 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, natural gas liquids and crude oil prices, supply, and demand;
- Demand for our services;
- The impact of the novel coronavirus (COVID-19) pandemic.

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 matters, 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 impacts of operational and developmental hazards and unforeseen interruptions;
- The risks resulting from outbreaks or other public health crises, including COVID-19;
- 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);

- 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 ability of the members of the Organization of Petroleum Exporting Countries and other oil exporting nations to agree to and maintain oil price and production controls and the impact on domestic production;
- Changes in the current geopolitical situation;
- Whether we are able to pay current and expected levels of dividends;
- Changes in U.S. governmental administration and policies;
- 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 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. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on February 24, 2021.

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