The Williams Cos., Inc. (WMB)

EDITED TRANSCRIPT

2022 Analyst Day

February 22, 2022

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, outcomes 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 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;
- Changes in U.S. governmental administration and policies;
- Whether we are able to pay current and expected levels of dividends;
- 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 (a) 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, (b) Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the period ended September 30, 2021, and (c) when filed with the SEC, Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022.

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Danilo Juvane
Vice President-Investor Relations, The Williams Cos., Inc.

Good morning, everyone. Thank you for joining us and thank you for your interest in The Williams Companies, so great to see so many familiar faces here after a couple years of not being able to do this in person, and of course, we're also glad to have those that are going to be able to join us here virtually as well.

Joining me today will be our President and CEO, Alan Armstrong; Chief Operating Officer, Micheal Dunn; Chief Financial Officer, John Porter; and Chad Zamarin, Senior Vice President of Corporate Strategic Development. As you can see from the agenda, we have a lot of content to cover with you today. We'll power through the presentation and have Q&A at the end. And prior to the Q&A session, we'll have a brief break to get our executive team set up here.

Finally, in the presentation materials, you'll find a disclaimer related to forward-looking statements. This disclaimer is important and integral to our remarks, and you should review it. So, with that, I'll turn it over to Alan Armstrong.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Well, thanks, Danilo, and good morning, everyone. Really, it's nice to see people in person, so I appreciate the effort and all the process that it took to get in here today. So, really appreciate everybody taking the time to be here this morning.

I'm going to just, first of all, start off and recognize a few things. First of all, what a great team that I get to work with here at Williams and you're going to see the results that we produced here today, very impressive and it really has come from the leadership of this team. And so, I just want to start off acknowledging the great team I get to work with and makes my job fun. So, I want to acknowledge that. Also this is Williams' 55th anniversary of being on the New York Stock Exchange today. And so, this afternoon, we are ringing closing bell and we've got three of our most tenured employees, all with over 40 years, here in the New York, New Jersey office that are going to ring the closing bell today, so excited to celebrate that as well.

So, let me jump right in here on slide 4 and this is going to just kind of give an overview of my remarks for the day. We certainly have a great story and you're going to see we really continue to fire on all cylinders here, and I'm going to start off by mentioning the vision statement that we rolled out last year across our organization and you saw that highlighted at the end of the video there and it's here on the top of this slide. Now, those were not models, those were actual employees that you saw there, and they really take to heart our vision and I'll tell you that it really is – it's a powerful thing at Williams right

now. People are really excited about what we're doing and how we're driving the business forward, and that energy is really coming through, through our new energy ventures effort and our effort to really reduce emissions across our operations and as we continue to grow the business pretty dramatically.

So, I love hearing our employees embrace that message and it's certainly something that we're all excited about. And so, we can, and we will be bringing this vision to life by remaining focused on delivering on the demands that I'm going to talk about today and I'll also highlight why it is so important and valuable that we deliver on this presentation for both our corporation and particularly our shareholders. So, we'll move on to slide 6 here, and I'll start off by saying that we laid out our natural gas-focused strategy many years ago and we really have been doubling down on this strategy, even though, as you'll recall, others have felt that natural gas was out of favor, but we have continued to believe in our strategy and you're going to see and hear today that just how powerful this strategy has been at putting us in the right place and giving us tremendous growth opportunities and really does have us positioned for a very bright future.

We think natural gas is a key fuel to meet future energy demands for several reasons. First, natural gas is clean, helping to reduce emissions from more carbon-intensive fuels, and I'm going to show some examples of how incredibly powerful that is if we choose to embrace that. Second, natural gas abundance, especially here in the US, makes it a low-cost fuel that provides energy security both here in the US and abroad, and certainly, a relevant topic this morning. And finally, it's a reliable energy source that is easily stored and quickly dispatched, making it a great partner for renewable power.

So, we are seeing the reality of energy economics come to light in the geopolitical factors, and again, really making it important here for North America natural gas, and we are extremely well positioned to help around the globe through our infrastructure and our natural gas resources here in the US. So, Europe realized this winter how dependent it has become on intermittent power sources and the backup energy sources and the inadequate natural gas supplies that they had really showed up here recently, and Europe's dependency on imported LNG from the US continues to grow and will grow even faster, if – my notes still say if – sanctions delay Nord Stream 2 deliveries. I'm sure you saw the news this morning of that. And so, we do think that the US is blessed to have a lot of the great resources of natural gas, and we just got to make sure that we can build the infrastructure to take advantage of that.

As well really here in the US, consumers are seeing rising prices and a lot of that actually is just due to inadequate investment in energy infrastructure. As you all well know in this room, since 2016, four major natural gas pipelines have been cancelled and that is really restricting access to low-cost and reliable energy. Without investments in critical natural gas infrastructure, we are left with heavy emitters like coal, fuel oil, particularly during the winter, which dramatically increases emissions.

I find it really interesting; I don't know if you all have been paying attention to this or not, but I find it very interesting that our legislators are now considering having a gasoline tax holiday. And on the heels of, as you've known a very strong debate over carbon tax. And if you think about how opposing those two concepts are, where on one hand, you would impose further tax on the use of gasoline, but now that we've got consumer rising prices and inflation, it really shows from my perspective how incredibly powerful consumer economics are in politics. And I think as you think about natural gas, that's a really important thing to think about, because the political courage to take on the demand side of carbon is really not showing itself to be there and people are going to be very, very focused on practical low-cost solutions for emissions reductions and I think that's exactly where natural gas is going to shine.

So, real economics are going to come to light as the consumer prices rise and people begin to better understand the impact of constricting energy supplies and related infrastructure opposition through to daily life. So, it's all fun and games to block a pipeline until you start to realize the impact of that cost, and certainly, New England is seeing that in very real terms and continues to see that. So, overall, we've long contended that natural gas is a very powerful geopolitical tool for the US to improve its trade balance and be a leader in immediate carbon reduction and something we believe the Biden Administration is really starting to recognize.
So, this is just a good old-fashioned facts and figures and science here, but you can see the natural gas here being the lowest carbon in terms of CO2 per MMbtu, but also really impressive on this slide is how low cost it is relative to the other forms of energy and particularly including electricity, which is going to continue to be generated by fossil fuels and a lot of natural gas here at home. But it's interesting to see – this is at the consumer level, it's interesting to see how low cost natural gas is and I think as you think about inflationary pressures and consumer concerns over that, this kind of economics are going to become even more important. So, we've got a lot of subsidy economics going on in the energy space right now, but at the end of the day, natural gas is going to continue to prove itself as a low cost and a low carbon fuel.

So, this is a picture you've probably all seen before and it really just shows how we, as the US, have been able to reduce our emissions on the backs of more and more natural gas and I find it really interesting. So, this is – this picture is just through 2020. And so, just this last year, as electric demand started to pick up, particularly in the New England area, our emissions for the first time in a long time in 2021, our US emissions, actually increased and the reason they increased was because we had a lot of fuel oil and coal had to step in to supplement in New England, because demand had started picking back up after the pandemic and we had not built the pipelines, gas pipelines adequate to continue to use natural gas to reduce our emissions. So, lo and behold, our actual emissions actually increased for the first time.

So, a lot of people see this picture and they go, well, yeah, but you're not showing that renewables actually drove a lot of this as well and the truth is that there has been plenty of studies on this, including by the EIA, showing that actually gas is the major contributor to reduce emissions here in the US and this last year was very interesting when we had constrained gas supplies due to infrastructure. So, I think, it's a great irony from my perspective that really the people that should be held accountable for those increased emissions that we had to suffer this last year are actually the folks like the Sierra Club, who put themselves out there as being folks focused on emissions reduction, and in fact, because they are being I think very short-sighted, they actually – we actually saw that increase.

So, and finally, I would just say, there is an economic limit to what can be spent and going after emissions reductions. So – and if you think about the money that we could be saving right now with unsubsidized economics and lower emissions by taking out both coal and fuel oil in our markets, we could be using that income, we could be – and saving that and actually spending it on the technology that we really need to have a really increased future for lower-emission energy. And so, it's really pretty simple from my perspective. I honestly think a lot of times I wish I wasn't here being the guy selling his own book, talking about natural gas, because it just comes off that way. But frankly, these are really undisputable facts in terms of the ability of natural gas to lower our emissions and to do it in a sustainable way. So, I would just leave you with this.

Is it really sustainable if it's not the lowest cost on a global basis, said another way, if it's really not the low-cost fuel, it's really not – and it's producing emissions, it's really not going to be sustainable. And so, I think we've really got to continue to think about sustainability, both from the environment perspective and from an economic perspective, because both of those things have to come together, and when both those things come together, really natural gas shines.

So, a lot of talk about LNG exports recently and we certainly are going to see more call on US LNG exports, and this is really an interesting picture here about the kind of growth that's out there. And so, you can see here that, and this is a – I would say this is a relatively conservative to kind of what we're seeing going on right now in the world and this is – even this is showing about 12 Bcf a day of incremental US LNG supplies by 2030. So, this – we are well on our way to having this kind of increase that effectively double the current US export capacity from LNG.

And so, I would just note as well that about 75% of these project proposals are on the Transco corridor. And so, we're really excited about how well we're positioned on that front. You're going to hear from both Micheal and Chad a little later today about how we are very focused on positioning ourselves to be – have the infrastructure that can export responsibly-sourced gas from key US basins and get those to these LNG facilities. And so, we really think we're going to be an important player, not in the ownership of the

actual LNG facility, but a lot of the key infrastructure that it's going to take to deliver this gas and to be able to do it with a responsibly-sourced gas certificate, so more to come on that.

Moving on to slide 10 here, this kind of shows what is driving the global LNG demand, and you can see here another picture of doubling over the next 20 years and most of this is driven by Asian demand. The Asian domestic production has continued to decline and that has led to an increased need to import LNG really for the same reasons that we use it here in the US, and additionally, the coal to gas switching initiatives in China are really accelerating the need for LNG imports in the China markets as well. And then, finally, although Asia is certainly the largest demand-pull region, other parts of the world are calling on LNG as well, and certainly, marine bunkers that are using very heavy carbon number 6 and resid are really positioned to be a nice increase and a nice place to utilize LNG. So, a lot of positive things going on, on that front, and I think this is going to be a big driver for demand for natural gas for years to come.

Now, this picture is really interesting, and you can find a lot of forecast out there, but this is the WoodMac's base case forecast. They call it their energy transition outlook. We're going to look at another forecast in just a minute, but this is kind of the base case from WoodMac. You can see – you can pull a lot of different forecasts, but couple of things that you're going to see that are pretty consistent throughout, and that is regardless of the situation, we're not – we do not have enough renewables, not just to meet our baseload power generation, we don't even have enough to just meet the growth, just the increment of growth. And so, we not only are going to be leaning on other fuel sources for our baseload, we're going to be leaning on them for part of our growth as well. And so, a couple of interesting things that this slide points out, first of all, this is a 916% growth in solar and wind. So, that's pretty aggressive given some of the resource constraints, but this is a pretty aggressive growth. But it's based on what they – what we think can be – or Woodmac thinks can be accomplished in terms of installing renewables.

And as you can see on that, even with that growth, we still have – that's still less than half of the growth in global energy demand, so pretty impressive level of growth going on here. And interestingly enough, gas on an absolute basis, natural gas growth is equal on an absolute basis, remarkably, to me, that it came out equal in their model, but 53 quadrillion BTUs of incremental gas demand and matching the solar and wind. So, pretty clear picture here from our perspective that natural gas has to play an important role. And again, you really can't miss this point if you're studying this issue is that the renewables don't even keep up with the growth, much less cut into the base on an absolute basis here.

So, now we're going to move on to a more aggressive version. This is called WoodMac's Accelerated Energy Transition 2, and the reason they call it 2 is because

it's a 2-degree Celsius by the end of the century, and the way they basically ran this model was they said, well, how much renewables would we have to install to be able to meet the 2 degrees. And so, that's really how this model was determined, not necessarily saying it's practical to be able to do that, but if we did – if we were going to meet 2 degrees, how much renewables would we have to install. So, that's what this model is based on. And as you can see there, the black line is the emissions scenario. And so, you can see that reduction in emissions over on the right-hand axis, and on the left-hand there, you can see the actual power generation amount and – but the black line is, under this scenario, the amount of emissions that we expected.

But we ran a what-if case and said, well, what if we were able to reduce the amount of coal, because you can see there on the bottom, the black bars on the bottom, coal is still even in 2050, even in this aggressive case, coal is still in the power generation mix even on in the most aggressive studies. And so, we said, well, what if we were able to reduce emissions by 5% – or sorry, what if we were able to reduce the amount of coal-fired generation and replace it with natural gas in the same study, what would that amount to, what – it amounts to 52 billion metric tons of cumulative CO2 reductions over this period, which amounts to 2.1 billion metric tons. Now, if you're like me, I have no idea what 2.1 billion metric tons is or even kind of how to relate to it. But – so, we said, okay, well, let's take a look at what that really means.

So, what is and what does 2.1 billion metric tons in annual emissions reductions really mean. So, here we put it into very relatable terms for you. First of all, 1.2 times the total amount of US forest acreages, it would be the same as all the carbon sequestered by all of our US forests times 1.2 or it would be equivalent to 437,000 wind turbines running annually and that is about 6.2 times the amount of wind turbines in the US today or impressively, the amount of emissions from twice as many of cars driven in the US today. So, this is enormous and if you really stack up the things that actually reduce emissions, this is one of the most powerful tools that we have is replacing coal-fired generation with gas-fired generation. And so, from an economics perspective, it makes sense, and certainly from an emissions reduction, it makes sense.

So, now I'm going to move – we've talked a lot about the global macros and how supportive that is of natural gas, but now let's take a look at really how it plays within Williams given our very natural gas-focused strategy. As you all know, we transport approximately 30% of the nation's natural gas through our portfolio of both transmission and our gathering systems. We have gathering and processing systems in about 14 different supply areas, most of which have a focus on gas-directed drilling, and of course, we're very concentrated in some of the lowest-cost gas basins between the Marcellus, the Utica, and the Haynesville. But I'll just let you know that here in the energy industry, this infrastructure that we have is more important and more valuable than ever, so people talk about terminal value, having this infrastructure that spans through these populated areas and interconnects all these energy sources and has the

ability to store and quickly dispatch up against renewables is going to become more and more valuable, not less valuable as we continue to bring on more renewables and we need more storage and more transmission of energy.

And so, this slide just kind of shows how our assets are positioned up against population centers and the LNG facilities, and we really do think it's ideally positioned. We have over 100 Bcf a day of interconnectivity that we have on our systems, and we continue to discover ways to repurpose and reconfigure our pipeline network to provide additional capacity with the lowest environmental footprint and impact, and you're going to hear a lot more from Micheal on that today. On brownfield expansions, this is really it, the thought of somebody having a cost of capital that can go take on the sufferings of something like MVP or anything like that today, I just think those days are over. But the good news is having systems already in place that you can expand into these markets really puts us in a position of being able to capture very attractive margins for that footprint that we have out there today, particularly into these very heavily populated areas.

And so, our footprint is positioned very well today, but obviously we're finding ways and we're continuing to work on pilots that look at what we could do with hydrogen into these markets. If consumers demand that and if the utilities are able to put that in rate base and find a way, we're going to be there with the right solutions around hydrogen, because we already have this network into these heavily populated areas. So, one of the things that I find fascinating and it's becoming more and more evident here, in fact I saw an article today on Texas – the power situation in Texas, and one of the things that everybody needs to recognize about renewables, there's two things that are going to become more and more pronounced about our use of renewable power, first of all, is the transportation of that power.

We've got a lot of wind in West Texas. We don't have a lot of load in West Texas. We have a lot of sun in Southern California and in Florida. But we have population centers in a lot of other parts of the country that don't have those wind and solar resources. And so, we're going to have to find a way to transport that energy. We also have got to find a way to do a better job of storing that energy. And so, these networks, these transmission networks that both store energy and transport energy are going to become extremely valuable as we continue to change and see the energy transition take hold. But we are not going to be able to get away from, we've kind of been ignoring it to date, the impact of intermittent power and the need for storage around intermittent power, not just on a four-hour basis, but on a seasonal basis, and we're going to have to find ways to do that and we love the position of these assets in terms of our ability to help deliver on those solutions.

So, moving on to a little about our – how we're going to grow this business. 2020 was about us really proving up the resiliency of our great business platform and it was as

about as a difficult of an environment as you could conjure up both in terms of markets and particularly commodity prices and lot of producer bankruptcies, a lot of difficult issues going on in that time period. But as you know, we delivered – even in that environment, we delivered on our economics. 2021 was an opportunity to demonstrate the kind of upside that our business has and its many legs of growth and 2022, as you're going to see today, is about demonstrating the continued long and steady growth this business has and setting ourselves up for new legs of growth in modernization and new energy ventures, in addition to the many opportunities in our base business.

So, within our asset footprint, we continue to meet today's energy needs by executing on expansion projects. Our team – our project team, under Micheal Dunn's leadership, have just continued to really deliver on project execution and you're going to see some impressive facts on that today from Micheal. We also continue to focus on high return organic growth right along within our gathering systems and we're positioning ourselves to also benefit from the fuels of the future by leveraging our existing assets as I just mentioned.

So, a few comments here on the ESG front and what we've been able to accomplish on this. And so, many of you participated last January when we held what was the very first ESG analyst event for the midstream sector and we spent a lot of time walking through all of the metrics and initiatives that contribute to our strong ESG performance. Here on this slide, you can see just a snapshot of the continued progress we're making on this front, and I'll share with you in a moment where we stand in key rankings, but I do want to highlight and commend our employees for their part in helping us achieve real movement in this space. So, this has really been an across the-company effort and I'm just thrilled with how excited a lot of our employees are to take on some of these assignments.

So, a lot of our employees, as you see a lot of this new work out here, you wonder, well, gee, where did all that work get done, there's been employees out in our operations areas, some of our bright young engineers that are out working in areas that have raised their hand and said, I'd really like to work on this area. And so, they've kind of taken on what we refer to as a gig job, so not only are they doing their day job, they're also helping and report and highlight the good work that we're doing in a lot of these areas and it's really bringing a lot of great energy to our company.

And in fact, on behalf of our employees this year, I was honored to accept the 2021 Award of Excellence from S&P Global Platts in December for our company's great efforts where we were recognized for our leadership in the industry, particularly as it relates to progressing towards climate goals and incorporating low-emission operating practices and technology in our energy infrastructure network. And then, just this month, we were recognized in the S&P Global Sustainability Yearbook as an industry mover for how quickly Williams has matured its corporate sustainability assessment process and

content over the last several years. So, every one of these milestones that we hit is really just a clear recognition of the way our employees are pitching in and really articulating the kind of changes that we're bringing to our business.

And so, looking here at slide 10 and some of the numbers on ESG issues and some of the metrics, really from – the word sustainability in my mind means that you're taking a long-term approach to your business and that's sustainable over a long period of time. And from a Williams perspective, I've always thought about Williams as being a company that really focused on the long-term anyway. And so, some of the issues that are a focus today, like board-level diversity, environmental performance, and safety have been focus areas at Williams for quite some time, and in fact, decades and well ahead of the current ESG movement. So, this was really just an opportunity for us to communicate what we have been doing and it's really showing up in our numbers.

And in fact, this shows here – on slide 21 shows how we're doing across the various rankings, and I'm not going to go through each one of these, but I am going to highlight one that I find really impressive and one that I was most excited about this year. And that was, you can see here, we were number one amongst our broad industry peer group in the Dow Jones Sustainability Indices, but importantly, we were the only US energy company to be included in the Dow Jones Sustainability World Index, the only energy company period out of all of the big US energy companies. So, we're really excited to have received that recognition. And so, again, this is something that we really continue to do a nice job on as an organization and it's really something our employees are excited about.

So, speaking of shareholder value and how we add that shareholder value, I'm really excited about this slide. This shows over the last four years how we've done and then a CAGR that you see there at the midpoint of 2022, so you can see tremendous CAGR growth on our EPS. Really nice CAGR growth on our adjusted EBITDA and great dividend growth there at 6% plus, you can see as well 2 times coverage on our dividend, so – and amongst all that great growth, we've also continued to really improve on our debt metrics. So, really hard to come up with something here that you could be upset about from a financial perspective, because we really have been hitting on all cylinders here.

And finally, I'd just say, there was a lot of things during this period that a lot of people really perceived as big risks for our business and I just want to mention a few of those and how we've overcome some of those. So, for example, a lot of concern by people about the impact of producer bankruptcies, and in 2020, we really proved that our G&P contracts, as we had said all along, are structured to protect us and provide us with a strong negotiating position. And in 2021, we turned this long-held concern amongst our investor base into a very powerful positive and you're going to see some of that in John Porter's presentation today.

In our Northeast G&P business, there was this concern about that we couldn't grow that, because the Permian was going to grow too fast and associated gas was going to take up the space and Northeast growth was down where you're going to see the kind powerful growth that we've shown from the Northeast as well. And then, finally, folks saying, well, gee, yeah, business is steady, but really just don't see the growth catalyst in this business and a lot of people doubting us about the 5% to 7% growth that we rolled out four, five years ago, and even with much lower capital than we had talked about at that timeframe, we have continued to deliver on that 5% to 7% long-term growth rate.

So, really excited to see this and I would just tell you, there is a lot of upside right now in our business and we've contracted in a way, the reason you all haven't seen some of this volatility, a lot of our contracts have a floor and many of these rates have been sitting down on the floor, but they're tied to gas prices. And so, we're starting to see – we see the benefit of that and you're not going to see the negative side of that. You're just going to see the benefit, because they're structured with a floor, but they enjoy the benefits of gas prices. And so, you're starting to see some of that benefit roll through our numbers now. Same thing and Micheal will talk about inflation, but the same thing on the inflation side.

So, you've seen this slide before, but I really love this slide. This shows despite some really crazy pricing environments how steady our business has been and the real driver for our growth here is our transmission capacity plus our gathering volumes, and you can see that is in the red line. And then, you can see our adjusted EBITDA in the blue, and of course, you can see gas and oil prices that have been all over the place during this period, but our ability to just continue to deliver within this pricing environment.

So, this business is really, really steady, but we are positioned, particularly with some of the E&P properties that we picked up through bankruptcy processes, we really have some nice, attractive upside set in our business today. So, bottom line, in terms of delivering on our dividend, in terms of delivering on an EBITDA that keeps our balance sheet in order, we are rock solid and not dependent on price, but we also have a lot of upside that we're positioned for here in both 2022 and into 2023.

So, here on this – on slide 25, really three main drivers of our growth: first, we have a strategy that's aligned with global and US natural gas demand; second, we have an unmatched access to growing demand through Transco, the nation's largest and fastest-growing interstate gas transmission system; and third, a broad portfolio of gathering and processing businesses spanning across many basins, but concentrated in the lowest-cost, long-lived natural gas plays. And this long-term growth is realized through both our existing infrastructure and the attractive capital projects that are driven

by continued demand for not just for natural gas itself, but for the capacity for natural gas in a lot of coal – as a lot of coal-fired generation gets converted to gas.

And finally, I'll just wrap up my remarks here by reminding you why Williams continues to be a strong investment opportunity. We remain steadfast in creating long-term shareholder value within our natural gas-focused strategy. Our assets in existing footprint create ample opportunities to continue to grow the business via the contract terms that we have which are focused on the long-term health of our business and our combined financial strength and stability in the midstream sector remains second to none. And we will continue to advance a sustainable long-term strategy to assure that we leverage our current strengths into opportunities within a cleaner energy future. And with that, thank you very much and I'm going to turn it over now to Micheal Dunn.

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Micheal Dunn

Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Thanks, Alan, and good morning, everyone. Great to be here today and seeing everyone in person, as Alan said, and thanks to all those that are attending online as well. Got three segments of my discussion that I'll talk about today and I'll give you an update on our roadmap to be an excellent operator. We've got a great story to tell there, and I really have our employees to thank for that. They've really committed to the ambition of being an excellent operator and operational excellence is the foundation of everything that we do within our business today. I'll give you some great updates on some of the activities that we have on the commercial side of our business and the growth prospects that we see on the transmission, gathering, and the Gulf of Mexico aspects of our business. And then, finally, I'll give you an update on our commitment that we made to reduce our emissions by 2030 and how we're doing on that path to emissions reduction.

So, I've talked about this in the past and these six core principles that we have in place to really begin to grow the foundation of operational excellence for our business. It's incredibly important for us as a midstream operator to commit to being an excellent operator. There's a lot of reputational risks, there are shareholder risks, there's a lot of things that we do that create significant challenges in the environment that we work in, and certainly, there's a lot of other things that we do in our business, commercial activities and what have you, but this is the foundation of our business and how we intend to operate going forward.

Safety is first and foremost the thing that we think about when it comes to our employees, the public and our assets, and I've depicted a few things on the slide here that talk about our performance. We made a commitment years ago to ask our employees to start looking for hazards in the workplace and they've done this in the past. But we rolled out very specific training and programs to help them find these

hazards in our workplace and we started tracking that with a technique called near miss to incident ratio. And what that means is we look for near misses, so when somebody didn't actually get hurt, but they could have, had they been in a different position, and we tracked that near miss and we document that and we provide that information across our organization, so people learn from that.

And then, we have what incidents we do have that are in the denominator of that ratio, and we've made a commitment years ago to improve that ratio. So, the more near-misses we find, the more hazards we recognize and we take those hazards out of our workplace. Therefore, you would think we have reduced incidents and that's absolutely been the case. We have significantly reduced our incidents in the workplace as you can see from the chart on the right. This is just one area that we track on process safety and this is a situation where we've lost product from one of our pipelines or fluid on some of the processing facilities that we have.

Process safety incidents in our business are down 80% since 2017 and you can see this in every other metric we track, employee injuries are down. Our preventable vehicle accidents are a high-risk area. They're down significantly in our organization. It's one of the more risky things that our employees actually do as they're driving. And so, across the board, every metric that we track from a safety standpoint, we are seeing great improvement there.

Another aspect that we track very closely is reliability. This is incredibly important to our customers. If we don't move their product, they don't make money. We track this in every one of our franchises, every one of our vice president and general managers have a goal to improve this every year. Proud to say we were at 99.8% last year on our commitment to be a reliable service provider for our customers. And what that means is, when a customer said they wanted to move X number of barrels or MMbtus of natural gas, we were able to do that 99.8% of the time. It's got to be the best record in the industry, very proud of our organization and how they do this.

Another aspect that we have to watch very closely is cybersecurity, when it comes to reliability, we all know the situation that occurred a couple of years ago on a pipeline that had a ransomware incident. These challenges are in front of all of us in this industry. Williams has really taken a leadership role in regard to cybersecurity for the natural gas pipeline industry and we're doing a great job improving and hardening our systems from a cybersecurity standpoint, another big aspect of reliability. And through all of this, our systems continually increase our volumes. We're seeing increased volumes on our gathering systems and our transmission systems. Transco set another peak day record this year on very unremarkable weather. It really wasn't that cold on our peak day when we basically shattered the previous record that we had from the previous year. And so, we continue to see higher and higher demands on our systems, reliability is certainly a key part of how we perform.

Efficiency is another important aspect of making sure that we're an excellent operator. The way we track this in our organization is the operating margin ratio. So, we evaluate how much of our revenue actually gets to the bottom line. You can see a very significant improvement here in the business that we've had for a number of years. Very proud of the fact that our employees have really taken this to heart. Once again, every one of our franchise leaders tracks this for their organization, and they have a continuous improvement goal every year to find a way to improve this. And we can do that through cost efficiencies. We can also do that through increased revenue, and we've done it both ways.

We have other things in regard to protecting our operation margin ratio embedded in our contracts like inflation protection, certainly become an important aspect this year, as we've seen the inflation indices dramatically increasing. So, we've had these things embedded in our contracts for a number of years, where we actually can escalate the rate based on an agreed upon index. And that escalation occurs across the entire rate, not just the operational costs of that rate.

And if you think about how our rates are generated on the gathering and processing business, a large component of that rate is from the capital investments that we've made in the business that are not just our operating costs. Operating costs are a pretty small portion of that, but we actually escalate the entire rate. So, we're very comfortable and confident that any escalation that we see in those rates this year will more than cover any inflation that we may see within the business.

On the transmission side, if you think about how our rates are derived there, we have to go to FERC whenever we make a rate change on the transmission side on our FERC-regulated pipelines. And we do have the opportunity to go back in and ask for a rate increase on our pipelines if we see the costs that are embedded in our rates are not sufficient to support our operations. We do have a comeback provision in our settlements that we've had on both Northwest Pipeline and Transco.

Our comeback on Northwest Pipeline is this year. So, we will be filing a rate case on Northwest Pipeline this year. And our comeback provision on Transco is in 2024. We're not hindered from filing a rate case sooner on the Transco system, but 2024 is when we're obligated to come back and file that. So, having said all that, we feel like we have transmission protection also in our rates that if those costs are escalating such that we're not recovering enough, then we can go back in and ask for a rate increase.

Project execution is another aspect of our business where our team is performing incredibly well. I've depicted several of our recent Transco projects on the slide that shows where we've come in under budget on a cumulative basis over $130 million on the basket of projects you see here and 19 months cumulative ahead of schedule. Our team has been very focused about bringing these projects in on time. They found ways

to actually bring tranches of capacity in service early, as you saw on Leidy South, where we brought continually every few months, different aspects of that project online.

FERC allowed us to put those projects in service early and brought early revenue in for the business, and early capacity for our customers as well, which they enjoy. So, a really important aspect in our business is focusing on excellent project execution. And it's not just about cost control or schedule, but it's about environmental performance as well. We pride ourselves on doing a very good job and a thorough job when we're constructing our projects. That really starts with planning.
We had to plan these projects out. It takes many, many years, as you well know, to permit these projects and working with not only our regulators, but our landowners and the non-governmental organizations that certainly don't actually support our projects we ultimately have to work with. So, our teams have been doing a very nice job on this. I'll talk a lot more about the projects and the opportunities that we have in some coming slides.

Environmental stewardship is really important in this day and age for our company, and we pride ourselves on the commitment we made a couple of years ago to reduce our overall absolute emissions by 56% from where we were in 2005, and we will do that by 2030. I'll talk more about that in a moment. But I put on here some of the aspects of our business we've been tracking for a number of years, where we've committed to reduce our loss of primary containment events.

And if you think about that, that's really when we've lost fluid from the pipeline or we've had a gas release on our pipeline systems, and we track that for our organization. That's actually in our annual incentive plan for everybody in our organization from Alan on down to our front-line operators. We're all committed to reducing those and it's embedded in our annual incentive. Just like the new goal that we have you see on the right side of the screen, where we've made a commitment to reduce our methane emissions by 5% from our last three-year average.

That's a new goal for us this year. It's also one that's embedded in our annual incentive program for all of our employees. So, we've made this commitment and we put our dollars on the line for our employees to make sure that they're all focused on this. And I can assure you, when we put things in our annual incentive plan, our employees meet those objectives. And we've been very proud of the fact that we've had these in our annual incentive plan for a number of years and we've exceeded our expectations on our targets every year since we've done that.

The last portion of the foundation of operational excellence I wanted to talk about was stakeholder outreach. This is incredibly important for us to have great relationships with our landowners. We have about 80,000 landowners that we deal with along our asset footprint. And we want to go out and build new projects. We want to have great

relationships with them. It's really important for us to work with them on our existing assets that we have in place in order for us to be able to build new projects. And that's a really important aspect that our team really prides itself on, and we have great relationships with our landowners.

But it's not just about landowners. It's about regulators, and we need to make sure that we're doing everything we can to meet the expectations of our regulators. We operate in a number of states that are very challenging. But we have a good reputation out there and we work very well with these regulators to make sure that they understand what our commitments are, we understand what their expectations are, and we do everything we can to meet that.

And then finally, we talk a lot to people that oppose us and don't want our projects to be built. We try to work with them and implement the mitigation into our projects that they would like to see. That's a challenge. But we've committed to do that. We think it's the right thing to do. It helps us build a relationship with them. And they might not want our projects to be built, but ultimately they know if we're going to build a project, we're going to do it the right way with those conversations that we've had.

So, now I'm going to move on and talk a little bit about the great opportunities that we see within our existing asset footprint. I think you all know the segments that we operate. The Transmission & Gulf of Mexico segment comprises Northwest Pipeline, Transco and our offshore Gulf of Mexico assets. The Northeast G&P business and our West business comprises our gathering and processing organization. And then finally, our Sequent Energy Management organization, a new acquisition we made last year. And I can tell you this is the best integration I've ever seen of any kind of M&A activity that I've been associated with. We're very pleased with the caliber of employees that have come over and worked for us from Sequent.

It really integrated greatly into our organization and really meshed well. And they are committed to what we're driving forward with and the rationale behind that acquisition. We didn't buy it just to be a marketing company. They're a great marketing company. And we bought them really for the market intelligence, the performance that we can drive to our existing asset footprint, utilizing their employees and their market intelligence and their knowledge, and really create new opportunities for us in the midstream space. And I know Chad will talk more about that, but I couldn't be more pleased with how that integration has gone thus far.

So, moving on to what we call TGOM, the Transmission & Gulf of Mexico assets. I'll go through a lot of detail here on the next few slides. But we have some great projects and execution on the Transco business, really significant backlog of projects that we see today, and we've talked a lot about our backlog every year. And you might think it looks static, and I'll talk more about that, but we do squeeze those projects out of the backlog

eventually. They come into the project execution phase, and we've got five great projects today that are in execution on the Transmission business, as well as in our Gulf of Mexico business, five major projects underway there that I'll provide more detail on.

So, the Transco and Gulfstream projects that we have currently in execution are shown on this slide. Before I go into a lot of detail about those projects, I want to stop and talk a little bit about the policy statement update that FERC provided last week. So, as you probably are all aware, FERC has been working on updating their policy statement on how they're going to process applications for new projects. This has not been updated since 1999. We have anticipated in talking to the FERC staff for a number of years and also reading the dissents that some of the commissioners have provided when they weren't in the majority, but projects were approved.

You can anticipate where things are going, and so I would say in this policy statement, really no surprises that we saw coming out of that. We've been modeling this in our applications for a number of years now where the purpose and need for projects has become much more prominent. There's been a lot of challenges to using a proceeding agreement for example as justification for a FERC-regulated project. And so, we have anticipated that. We've been providing a lot more information than just a proceeding agreement in our applications for a number of years now and getting our customers to actually commit to documenting their purpose in need for a project, not just our belief, but their belief as well. And so, we feel like we're in pretty good stead there.

There's been a lot of discussion as well about landowner issues. There's been a lot of companies that have not treated landowners well on the FERC-regulated projects. As I said earlier, we believe we have great relationships with our landowners. We work really hard to go out and get those right of way agreements, so that we don't have to go to a condemnation proceeding. There are others that are more challenged in that regard and don't have the great relationships. And so, that creates a lot of issues at the FERC and rightfully so. The landowners should be concerned about how their land is treated. And so, FERC has enacted some additional guidance on how you have to deal with landowners.

And then finally, environmental justice is something that has become a much bigger issue at FERC, something we've anticipated, something we've been working on for years that – if you think about the communities of color and the communities that have been challenged from industrial facilities that have been installed, because that's an area where the land prices have been lower and it's aggregated for hundreds of years, industrial facilities being installed in those locations. And so, that really creates an area where they do aggregate these type of facilities, these industrial facilities, and that does create emissions issues, for example, in those communities that are a problem.

And I think that's where we have the benefit now that I'll talk more about in a moment, the emissions reduction program that we have underway to reduce the emissions from our facilities, take those emissions out of those areas. You saw Alan's slide that showed the population centers along our Transco corridor. It's a very highly populated area, and we do have the opportunity to improve our emissions profile there. But having said all that, we've been working on this for a number of years. We've had outreach programs underway where we have projects underway and where we don't have projects underway through these environmental justice communities, and we're making sure we're watching that very closely.

And then finally, on the greenhouse gas issue, FERC has been talking about how they're going to deal with the greenhouse gas emissions from our projects not only during construction, but during operation and then the downstream and upstream impact from a GHG standpoint. We've been provided some more guidance on how FERC is going to do that, and I would just say standing up here today, we're not in agreement with how FERC is going forward with this. We think the Natural Gas Act is very clear as to what FERC's role is in regard to dealing with natural gas. They're supposed to be a proponent of natural gas. They're supposed to support natural gas infrastructure through the Natural Gas Act.

We think the proper way is if they want these changes to be made, then it should be legislative in nature. Having said all that, we're going to comply with what we believe their policy statement says. We'll do our best job we can to commit to making our filings such that we're following the guidance. And we'll let the attorneys sort out the rest of it. And we do think we are in great shape in regard to what we have anticipated here, and as I said earlier, there were no real surprises to us as to where things came out of in the new policy statement. So, I know you probably have some more questions on that. Happy to take those in Q&A when we get there, but I want to talk about the exciting projects that we have on the screen here.

Regional Energy Access is a great project that comes out of the Pennsylvania gas fields and moves that gas into Northeast markets in New Jersey, Pennsylvania and Maryland. This is one we've had our filing in place for quite some time now at FERC, and through all of this policy statement update, FERC has really ground to a halt on processing permit applications, not just ours, the entire industry, and I think you all are probably well aware of that. FERC puts out a notice of schedule for every project when a filing is made on a commitment that they are making to get a draft EIS out and a final EIS out, and then 90 days after that, a certificate decision will be made.

They've not hit their marks on Regional Energy Access. We don't have a draft EIS yet. We do anticipate one this month, but that's many, many months from when they committed to have that in our hands. Therefore, we are making the commitment to go forward with the project still, no doubt about that. But it looks like we will now delay that

project by a year. So, originally, we were at Q4 of 2023 on our target in-service date for that project. It looks like we will be in the fourth quarter of 2024 now.

Our customers are still committed to the project. So, I have no concerns that we'll be able to go forward with that with the support of our customers. But it's just a challenging environment right now with the delays from FERC. And we have very specific environmental windows we have to hit on all of these projects. The tree clearing windows, for example, you probably heard about many other companies talk about. They're very strict on when you can actually clear trees because of either bat or bird issues. There's only a certain time of year when you can do that. If you miss those windows, you've basically lost a year on your projects. So, that's one of the primary reasons why we've had to delay that project.

But once again, a great project. We do you expect this to go forward and very excited about how the team is performing on that. And one of the other aspects I certainly need to talk about is how we currently approach cash flow on these projects. We are being very careful about our expenditures on these. We aren't committing to buying pipe or compression until we have some certainty on permits. And so, we do watch the cash flow incredibly close on this, which unfortunately will take more time to build projects these days. But I think that's the environment we're all in as an industry today.

The next two projects I'll speak about are Commonwealth Energy Connector and the Southside Reliability Enhancement Project. These are two projects that are currently in the FERC process. You might want to think about these projects as replacements for Atlantic Coast Pipeline deliveries into some of the same customers in that Mid-Atlantic area. These are projects that our team had been working on for a number of years with the customers knowing that Atlantic Coast Pipeline had its challenges out there. So, our team was ready to go and had commitments from customers shortly after the decisions were made to cancel the Atlantic Coast Pipeline project.

Southeast Energy Connector is a new project that we haven't talked a lot about, but we will be making a FERC pre-filing on that one this week. This is a project to support a coal-fired generation switchover to natural gas in the Southeast. So, another great project there for our team that has come out of the backlog. And finally, the Gulfstream Phase VI project is actually one that's under construction today. So, this one will be in service this fall and this is supporting power generation in the State of Florida. About 1.6 Bcf per day of capacity just on these five projects you see here at a 6x multiple and about $1.4 billion in capital investment for our TGOM business.

So, I talked about the backlog, and once again, we have a significant backlog of projects, more than 25 projects our commercial and project development teams are working on today. They comprise opportunities to serve gas fired generation where we – we certainly have a belief that coal-fired generation is going to continue to come off

the grid. That's going to be supplanted by natural gas and renewables. But we certainly think there's a great opportunity to serve those existing baseload generation opportunities with natural gas. Not to mention all the growth that we think will actually occur as well.

You heard Alan talk about LNG, which I've got a slide I'll talk more about that. Some great opportunities for us to continue to serve the growing LNG demand that's occurring along the Gulf Coast. And then finally, a lot of industrial and LDC demand growth as well that we are working on with a number of customers.

You've seen a subset of this slide in the past where we have shown the coal-fired generation plants that are within the Transco corridor. We've narrowed that corridor a little bit. These are the ones that we think we are very capable of delivering new natural gas supplies to once they ultimately convert over to natural gas.

It's about 61 gigawatts or 61,000 megawatts of capacity that's there today, comprising about 59 coal units. And as you heard Alan talk about, there is a tremendous opportunity to reduce emissions today by converting these plants to natural gas. And if you paid attention to what happened in Europe over the winter, I think everybody's come to the stark realization, which we've all known and talked about for a long time, renewables are intermittent. They can't be depended upon for a baseload power source. They're obviously great from an emissions reduction standpoint when you can actually generate power from those, but you can't commit on that capacity being there as a baseload resource.

That's why we think there's a great opportunity here for Williams and the Transco organization to continue to serve the growing demand for natural gas to serve electric power plants along our corridor. We've shown some of that as well for the Gulfstream Pipeline System you see there in Florida, but we can also serve some of that market through Transco on third-party pipeline expansions that can actually serve additional capacity there in Florida, just like we did with our Hillabee Phase 1 and Phase 2 projects. So, a lot of opportunity here, about 10 Bcf of capacity need if all of these converted to natural gas. Certainly, renewables will supplant some of this in the future, but a great opportunity for us to serve that growing load in the Southeast and Mid-Atlantic area.

I pulled out a portion of Alan's slide here that talks about the LNG growth you can see on the right side there. We think there is going to be a real significant growth of LNG in the Gulf Coast area, and as you heard from Alan, 75% of this growth is going to occur in close proximity to the Transco corridor. So, we are very focused on this. The team is working really hard to find opportunities here. And I would say this is an area where Sequent will really help pay dividends for us. They are an expert marketer. They're marketing about 8 Bcf of gas per day.

And we think there's a great opportunity to marry up some of our production that we have in the Haynesville, for example, bring that gas through assets that we have onto the Transco system. Use that Transco system as a header to distribute that natural gas throughout the Gulf Coast region for the growing LNG markets. LNG today, leaving the shores, is about 13 Bcf that we're seeing pretty consistently the last few weeks. And so, some of the expansions are starting to come online from some of the greenfield and brownfield expansions that have been underway. And by 2030, we do expect another 9 to 10 Bcf of capacity to come online that will need to be served, and we will be there ready to do that.

We talked a lot about our emissions reduction program that we have proposed. We have about 184 compressor units on the Transco and Northwest Pipeline system that we believe we can reasonably replace over the next five to six years. That means with natural gas turbines as well as electric-driven compression. So, when you think about – this is not a one for one replacement, just to be clear. Many of these units are old, 1950s, 1960s vintage, and so you can replace maybe 10 of these old reciprocating engines with one turbine for example. So, it's not 184 turbines we'll be installing. It's much smaller number than that, just to be clear, but a great opportunity for us to reduce emissions significantly in those areas that I talked about earlier.

We have not only a methane emissions reduction opportunity, where we can reduce our methane emissions and gas loss from these facilities, but also the NOx emissions are very significant from these old reciprocating engines and can be virtually eliminated when you go to natural gas-fired turbines or electric-driven equipment. And NOx is a human health issue. That's a precursor to ozone and ozone is a known human health problem, especially in many of these nonattainment areas where our Transco corridor currently resides. And so, there's a great opportunity to improve human health emissions in these areas, but also reduce our methane emissions, while also creating a regulated investment opportunity for the Williams organization.

We have about $250 million in our budget for 2022 for this, and you will see in John's presentation coming up a little bit later how we've actually pulled out – that would typically be known as maintenance capital for Williams, and our maintenance capital averages between $400 million and $500 million per year over the last several years. And so, we've broken that out. Now, you'll see maintenance capital listed separately from our ERP program. And so, we want to make sure you're well aware of what we're doing there. So, you will see an increase in our maintenance capital in 2022 and a few years beyond that, wholly driven by our emissions reduction program and the regulated investment opportunity we have here.

Okay. Moving on to the Gulf of Mexico now, we put a few quotes in here from some of our important customers in the Gulf of Mexico and some of the new discoveries that

they have made out there. I'll let you read that at your leisure later. But the activity that we've seen in the Gulf of Mexico really hasn't slowed down at all. The permitting activity is well underway, producers are getting permits, and it seems as if they're getting them in more abundance in the first year of the Biden administration than they actually were in the Trump administration. So, very robust activity in the Gulf of Mexico. We've shown some of the activity around our three segments in the Gulf, but really pleased with the producer activity that we've seen there. And many of these are supporting the projects in the Gulf of Mexico that we've talked about for a number of years.

We've got five major projects underway in the Gulf of Mexico. I've listed three here on the slide. But just as a reminder, we talked about this in previous years, we would expect our EBITDA to double by 2024 from our Gulf of Mexico segment with the projects that we have in the queue right now. So, the biggest one is the Shell Whale project. We have just under $500 million of capital investment there, which we are currently in our offshore pipeline construction phase and we intend that to start this fall. So, although you see a 2024 in-service date, our customers Shell and Chevron there have asked us to actually start the pipeline construction offshore this fall, so that we can get that completed, make sure that that's the highest risk portion of that project, get that out of the way much earlier, so that they can go out and complete their activities for their systems that they need.

So, you would see a ramp up in our capital investment that starts to occur pretty significantly this year. We've already bought that pipe. I talked about that in previous years. We bought that pipe early, really good pricing on it when steel prices were really at their bottom during the pandemic, and we took advantage of that. So, that pipe is in Louisiana today, coated and ready to go. The Ballymore project, we would expect our customers to FID that project later this year. And then, the Shenandoah project has been FID-ed. We're actively working that design of our onshore facilities and the customer is working on their offshore pipeline design and installation as well.

So, the bulk of these projects are coming online in 2024, but we're working in a number of other projects that are no capital investment on our part, where the producer customers are looking to do economic tie-backs for their own operations. And we have our capacity out there that's available for that opportunity in all three of our segments in the Gulf of Mexico and look for more exciting announcements in that vein. But the largest capital expenditures for our investment here are the ones you see on this chart.

I'm going to move on and talk a little bit about the opportunities in the Northeast, and as I've said in the past, we've built out a significant backbone of infrastructure in the Northeast over the last decade and really seeing the advantages of doing that now with the volumes that we're growing through our systems and the lower capital investment that's needed to continue to grow those volumes. Therefore, we're seeing some pretty

significant excess cash flow generation, well in excess of our capital investment needs there, and a number of great optimization projects underway in the Northeast today.

I love this chart. It shows a great story in the Northeast about the growth that we've seen, and I know there's always been some criticism of us not being able to continue to grow the Northeast. And every year, we find a way to do that, and last year was no exception. As you can see, we continue to grow our wet gas in the Northeast as well, and that's an important aspect which I'll talk about in a moment. But 288% growth is just phenomenal over the last 10 years, and we do continue to expect to see growth in the Northeast for the years to come.

The opportunities that we've had in the Northeast on the rich gas system are really depicted in this chart. We've been able to continue to grow our volumes on the rich gas, and that's a more lucrative margin for us, because we're able to gather a lot of that gas, then we get to process the NGLs out of that gas stream, and then ultimately fractionate those NGLs into their purity products. And we obviously generate a revenue from each one of those operations, and that contributes to our growing dollars per Mcf that we've been able to generate there, as you can see in this chart. So, a really great story to tell there. We're growing our volumes while at the same time growing our margin on each volume that we're moving through our pipeline systems.

I talked about the lowering need for capital in the Northeast. We built out that backbone infrastructure over the last decade, and we're really enjoying the benefits of that today. Significant excess cash flow generation you can see here, over $1.5 billion in 2021. And we'll have a slight uptick in our growth capital in the Northeast this year, and most of that's on the rich side, where our producers are very active out there and we're growing into a 2023 volume increase that we expect to be fairly significant. So, the expansion capital will uptick this year in anticipation of that significant rich volume growth next year. Although we do expect to see volume growth across all of our Northeast footprint this year, that capital investment that we're making there on the rich will primarily show up in 2023.

I mentioned some of the optimization projects that we're doing in the Northeast. The Blue Racer system is a great example, you see on the chart here on the left. We have an interconnect project between our OVM system and the Blue Racer system that we have underway today, likely will be online this July. And why that's important is now we can transfer volumes between our two systems, and we can take advantage of any capacity on the processing side that they may have available or that we may have available in our existing OVM systems. And why that's important is because it makes us much more efficient from a capital standpoint.

We obviously don't want to build new processing capacity unless we need to. If there's latent capacity, we should take advantage of it – take advantage of it in our two

systems. And that last piece of processing that you build typically doesn't fill up right away. And so, that's why it's important for us to be very efficient on the capital side. Our OVM system today is full. We're processing as much gas as we can. So, this interconnect over to Blue Racer is much needed, and we'll take advantage of some latent capacity that they have currently in their systems.

In the Northeast Pennsylvania area, I've shown the Susquehanna and Bradford County areas. We do have an expansion project underway for our customers in the Susquehanna County area. You all probably know that for a number of years, we've been systematically working those expansions there with our customers. And as we are able to do that, they're finding new takeaway capacity out of the Northeast area to move their volumes. Leidy South was a great opportunity for what formerly was known as Cabot, now known as Coterra, to be a customer on that project and have some commitment that they can make to the drill bit here and grow their volumes. So, we have an expansion underway right now for Coterra, would expect that project to be online in 2023, but actively working that today.

Speaking of takeaway capacity, there is always some concern raised about the limitation on takeaway capacity from the Northeast, and I wanted to allay some of those fears. We continue to find ways as an industry and certainly as Williams to move more volumes out of the Northeast. Today, there's over 4 Bcf of projects that are in the queue for either permitting approval like our Regional Energy Access project or actively in construction. And so, we think the incremental takeaway capacity will continue to grow.

But the real story that I think gets lost sometimes is the intra-region capacity that is being taken up by new power generation. So, a lot of power plants that are being built in these areas, and I'm talking about Pennsylvania, West Virginia and Ohio, that are on the gathering systems. So, you don't need new takeaway capacity out of the region. Those power plants are being sited such that they don't have to get on a transmission pipeline. So, we have the capability to continue to grow the Transco system to move those takeaway volumes out of there on a brownfield aspect.

But I think the important thing for everyone to remember is there's going to be more coal coming offline and it's going to convert to natural gas in this region. And those plants will be sited such that they can take advantage of the prolific natural gas supplies that are in this area. So, a really important story to tell, but we think those concerns are certainly overblown. I don't want to diminish the challenges of building new projects out of this area. That is certainly a challenge, and we think we can rise to that challenge on the Transco system. But we're going to take advantage of these intra-region opportunities on the coal to gas switching as well, and our producers are doing the same.

We talk a lot about growth in the Northeast, and if you think about growth on our systems – the whole industry is growing volumes in the Northeast. But we are growing

our systems at a faster pace than our peers are doing. So, in just the last year, you can see the volume growth in all of the Northeast at about 5%. Our growth on our gathering systems was almost 7.5%. We continue to grow our volumes in excess of how the entire industry is growing those volumes.

It tells us we're connected to some of the best supplies in the Northeast. This has been a story that is ongoing for a number of years now, and you can see it across all of our gathering systems across our entire business. We're exceeding the industry volume growth of natural gas supply in the US through our systems. Our percentage of growth has been much greater. It's been that way for a number of years, and we believe we'll continue to gain more market share certainly in the Northeast, because we're connected to some of the best rock in that area.

So, I want to move on to the West business segment. I think you know that the West is a very broad and diverse from a geography standpoint, but also from a customer standpoint. We like that diversity in the West. We have many producer customer relationships that continue to grow. We continue to grow our business there. Significant excess cash flow generation from these assets, just like in the Northeast. It doesn't take a lot of capital to maintain these assets. But we're actually seeing some growth this year in the West as well. We're seeing that growth in the Haynesville, and ultimately, we'll see that growth coming out of our Wamsutter JV, and I'll talk more about that in a coming slide.

Another great story from an excess cash flow generation standpoint, I talked about the low capital that it takes to maintain and operate these systems. And you can see from the chart here, we had nearly $900 million of excess cash flow generation from the West assets in 2021. This is probably one of the best stories coming out of 2021 in my opinion. Williams had, as you heard from Alan, many concerns from analysts and investors in regard to our position with bankruptcies and what was going to happen if a lot of our producer customers went bankrupt. Well, I can tell you we weren't that concerned about it.

We talked a lot about the fact that we had great contracts. We had wellhead connectivity with those contracts, and we were really holding the keys to the bankruptcy process. And we were able to take advantage of that in the Wamsutter as we went through that bankruptcy process with our customer there. We ultimately acquired that acreage from them. We acquired adjacent acreage from BP. Ultimately, we partnered with Crowheart Energy who had producing acreage in the area, combined that into 1.2 million acres, and it's just a really great story to tell there.

I know Chad will talk more about that, as well as John, and the performance from those assets. But we had the exact same story in the Haynesville. Our negotiation with Chesapeake going through their bankruptcy process, we agreed to lower our rates in

the Haynesville, and they conveyed 50,000 acres to us for that agreement. And that will pay significant dividends for us. There's not a lot of production there today. We have about 20 million cubic feet of production there, but we will grow that business with our partner GeoSouthern.

The whole point of me talking about this is that we did this to drive business through our midstream assets. That was our objective coming in there, and we were able to take full advantage of this. Now, timing is everything. Pricing certainly has benefited us over the last year from when these acquisitions and the conveyance occurred in the Haynesville. We're taking full advantage of that, and Chad will talk more about that in his presentation. But we are very pleased with our partners in Crowheart and GeoSouthern here. They're doing a great job, and we would expect to see a lot of new volumes moving through our latent capacity and our systems in the coming years.

All right, moving on to the last segment of my presentation, I'll give you an update on our progress to our commitment to reduce our absolute emissions by 56% by 2030. And we are well on our way to doing that. We're at a 47% level today on a reduction, and this is once again on an absolute basis. I just want to be clear on that. We continue to grow volumes, which I'll talk about more in a moment, on our systems, but we're still finding ways to reduce emissions on our assets.

We're doing that through our modernization strategies. We're replacing a lot of valve operators. We're modifying our maintenance techniques on our pipeline systems. We're not blowing down methane to atmosphere anymore. We're really finding ways to reduce our emissions dramatically. And in the coming years, with our New Energy Ventures, we'll find additional ways to reduce our emissions footprint with our solar projects and other opportunities that we see on the horizon. So, I'm very confident in our objective here to reduce our emissions by 56% in 2030, and ultimately, our ambition to be net zero by 2050 is certainly a possibility with the things that we see on the horizon.

So, this is a great slide. If you start thinking about the growth that has occurred in Williams since 2005, we have doubled our transmission capacity in our transmission systems and we have quadrupled the gathering volumes in our system. But we've made a 47% absolute reduction in our emissions over that same timeframe. That's fairly phenomenal if you think about the activities associated with transporting natural gas in our transmission systems and the gathering systems and all of the opportunities you have there for emissions to occur. Our team's done an incredible job finding ways to reduce emissions from our existing activities, and very proud of the fact that we've been able to do this. So, that's why it gives me a lot of confidence we'll hit our objective by 2030.

So, in conclusion, I would just say we are very proud of the operational excellence that our company exhibits. We have some great growth opportunities in the queue, and

we're excited about the number of backlog projects that we have. And just phenomenal emissions performance that we've had in the organization here, and we continue to make our commitments to the environment while also meeting our customers' growing demands for natural gas.

So, I'd love to turn the time over now to the newest member of our executive officer team. John Porter is going to come up and give you some great story in regard to our performance last year, as well as the future. John?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

All right. Thank you, Micheal. Good morning and welcome. I'm John Porter, and in January, I assumed the Chief Financial Officer role for Williams, and at that same time, I also celebrated my 20th anniversary with the company. I'm just very honored to have the opportunity to serve in this role. It really is a great time to be CFO at Williams. Our operational and our financial performance is excellent, and our natural gas focused strategy is more compelling than ever.

In my 20 years at Williams, I've been so fortunate to work with a very talented and hardworking finance team led most recently by John Chandler, who's joining us today. John, thank you for all you've done for my career and all you've done for all of Williams' shareholders. You leave the company in great financial condition, and you leave me with big shoes to fill. We all wish you the very best in your second attempt at retirement. So, with that, let's get into the presentation.

In my presentation, I'll be connecting the company's excellent operational performance to its outstanding financial performance. We'll be looking at those record-setting financial results for the fourth quarter and the full year of 2021. Then, we'll take a look at the longer track record of financial strength and stability for the company. Then, we'll turn our attention to the future to see how we're building on 2021 with strong 2022 financial guidance. We'll talk about our capital allocation priorities, and then we'll review drivers of future growth for 2023 and beyond.

Let's begin then with a closer look at our record-setting 2021 financial performance. If you reflect back a year ago today, we had just achieved record 2020 financial results despite a global pandemic, the oil price collapse, hurricanes and major customer bankruptcies. And in doing so, we had exceeded our pre-COVID 2019 guidance on all key metrics with record EBITDA of $5.1 billion and leverage falling to 4.35 times. And we presented our initial 2021 guidance of $5.2 billion and leverage of 4.25 times, modestly building on that strong 2020 performance and introducing our AFFO guidance at $3.7 billion.

By November, we had increased EBITDA by $325 million and dropped our leverage target to 4.0 times. So, where did we actually land? $110 million higher EBITDA at $5.635 billion, so $110 million higher than that revised guidance, and leverage a tenth of a turn better at 3.9 times. In the end, our EBITDA increased an impressive 10% over that record 2020, leverage almost a half turn better, and AFFO up 12% over 2020.

So, how did that happen? Let's take a closer look at how the year ended. The fourth quarter of 2021 really was a very strong finish to a strong year with record quarterly EBITDA of nearly $1.5 billion, up 11% over 2020. Looking at the chart and starting on the left-hand side, it was another great quarter for our upstream operations, up $63 million, driven by our Wamsutter JV with Crowheart. Our upstream JV opportunities were really derived, as you've heard, from the strength of our gathering and processing business and they have delivered very impressive results for 2021.

We believe that over this time that value will shift from the upstream to really our more core midstream businesses. So, shifting now to the core business performance and starting with the Transmission & Gulf of Mexico business, which was up $41 million, really led by higher firm transportation revenues from new Transco growth projects, most recently Leidy South and Southeastern Trail. Moving now to the Northeast, up $53 million on 5% higher gathering volumes, improved revenues at Laurel Mountain Midstream and our increased ownership at Blue Racer Midstream effective with the transaction we did in November of 2020.

A quick note about that Laurel Mountain Midstream revenue improvement. Alan mentioned this earlier, Laurel Mountain is one of those systems where the fee has a percentage of natural gas price component subject to a floor. We have a couple of other systems, Barnett and also a piece of the Haynesville fee, as well. We've been at the floor quite a bit over the years on these systems, but we're really now starting to see more upside from these agreements. Those natural gas exposed fees really are reflective of our long-term contracting strategy, to be exposed to the upside effects of natural gas demand growth in our business.

Moving to the West, which was down $25 million year-over-year, quite a few puts and takes in this large and diverse segment. But the biggest factor was the fact that in the fourth quarter of 2020, we recorded a $31 million catch up for Wamsutter MVC, so an unusual item that was lumped into the fourth quarter of 2020. Overall, West volumes increased 4%, led by Haynesville, and we also had higher revenues from the natural gas exposed fees at Barnett.

Finally, Sequent had fourth quarter EBITDA of $17 million, really capitalizing on the volatility with their extensive transport and storage positions. So it was a strong finish to a strong year in 2021, with record EBITDA of nearly $1.5 billion. Let's shift now to take a closer look at the full year comparison.

For the full year, we saw record annual EBITDA of over $5.6 billion, a $530 million improvement, driven by broad-based growth across all of our businesses. That's 10% growth or 7% if you exclude the upstream operations. Starting now with the left side of the graph and 2020's $5.1 billion of EBITDA, in gray, you can see the combined $77 million favorable winter storm Uri impact in the West and our upstream operations. Including the $22 million of Uri impact in our upstream operations, our upstream operations produced a total of $168 million of EBITDA in 2021.

Shifting now to the core business performance, Transmission & Gulf of Mexico, up $71 million, again those new Transco projects coming online, Southeastern Trail, Leidy South and Hillabee 2, as well as higher JV EBITDA and favorable commodity margins in the Gulf of Mexico business. The Northeast was up an impressive $177 million, with 7% higher gathering volumes, and we also have that November 2020 increased ownership in Blue Racer, that was about $48 million of the year-over-year comparison. That's a transaction that has performed significantly above our project economics.
We had higher revenues in the Ohio Valley Midstream JV processing, fractionation and transportation. We've talked about the improved commodity-based rates at Laurel Mountain Midstream, and we also have substantially higher Aux Sable results on the higher commodity margins.

The West was up $47 million, again a large and diverse segment, lots of puts and takes here. But in general, margins have been higher, they've been doing a great job controlling their cost, and those two factors really serve to more than offset lower fee revenues - primarily related to the loss of those Wamsutter MVCs and a step down in revenues at Overland Pass Pipeline.

In terms of volumes in the West, if you exclude declines at the Eagle Ford system, which are protected by MVCs, volumes actually increased slightly year-over-year in the West. It's really great to see the upside coming through on those natural gas exposed fee contracts at Barnett and Laurel Mountain Midstream. So, again, $530 million increase in EBITDA on broad-based growth across our businesses, generating a 10% growth over the prior year.

Let's take a closer look at the overall EBITDA profile for 2021. As you know, natural gas demand growth is really what fuels our company's financial performance, and the diversification of our cash flows has fueled our stability and growth within that natural gas focused strategy over the years. This chart illustrates the diversified sources of 2021 EBITDA anchored in blue by a 40% contribution from our FERC regulated pipelines: Transco, Northwest Pipeline and Gulfstream.

Then, you have another 2% contribution from liquids pipelines led by Overland Pass Pipeline. You see the Deepwater Gulf of Mexico business is about 6%, before you get

to a 38% contribution in green from a diversified set of low cost, gas-directed supply areas led by our large Marcellus and Utica systems.

The oil directed supply areas in gray amount to about 10% and then you see a pretty small E&P contribution last year in orange at really just 3%. So, again, the diversification of our cash flows has been a great source of stability and growth. Although 2021 was an extraordinary year for us, it was also a continuation of a trend of consistently strong financial performance for our business.

Let's review that longer trend before we shift our focus to our 2022 guidance. A lot of good things have happened in the last four years. From a high level standpoint, it's really what you want to see, strong EBITDA and earnings growth on falling CapEx and the proof of a rapidly improving balance sheet. In 2018, we finished at the top end of our ranges, despite asset sales of over $4.5 billion in the preceding 2.5 years. CapEx was still in the $4 billion-plus range and our leverage was at about 4.8 times. In 2019, CapEx declined by $1 billion and EBITDA crossed the $5 billion mark for the first time on record volumes. Our leverage dropped nearly half a turn to 4.39 times.

We've talked quite a bit about 2020, but once again, you can see how well we held the trend, despite the business challenges. CapEx in 2020 was down to $1.5 billion, and leverage improved to 4.35 times as we neared closer to our long-term target of 4.2 times. Then, you have the breakout performance of 2021, with a jump in EBITDA on flat CapEx and a huge leverage improvement to 3.9 times. So again, growing EBITDA and earnings on falling CapEx and a rapidly improving balance sheet.
During this time, we've been very focused on our operational efficiency by improving our operating margin percentage, and we've been very focused on our capital discipline. On the next slide, we'll see the result of those combined effects on a ROIC calculation.

Our management team is unified and focused on driving returns on capital in our business. Our performance equity compensation payouts for our senior management team are materially influenced by improvements in ROIC. This slide shows how we've been doing on our recent capital investments. You see the adjusted EBITDA increase, less EBITDA from assets we've sold, up by $1.26 billion from 2018 to the midpoint of our 2022 guidance.

That $1.26 billion increase is about a 15.8% on the $8 billion in capital that was invested during 2018, 2019, 2020 and 2021. This 15.8% illustrates the effectiveness we've had in achieving our organizational goals: disciplined capital spending, seeking strong incremental returns, excellent project execution, continuous improvement in that operating margin percentage and the resiliency of our business and our strategy.

So having covered the longer trend of strong financial performance for the company, let's turn our attention now to the future with a review of our 2022 financial guidance.

We'll do a pretty quick review of the metrics on this slide, and then we'll have more to add about EBITDA and CapEx on the next couple of slides.

Starting with adjusted EPS, we have a midpoint of $1.42 or 4.4% growth over 2021. We have adjusted EBITDA of $5.6 billion to $6 billion, with the midpoint of $5.8 billion. That $5.8 billion is 3% growth over 2021, or 4.4% higher if you adjust 2021 for the effects of winter storm Uri. Our AFFO per share midpoint is $3.57, up about 7% over 2021, and based on $1.70 per share dividend, that's 2.1 times coverage. So, again, continuing our strong dividend coverage in 2022.

Leverage is planned at 3.8 times, another tenth of a point improvement over 2021. And finally, our overall CapEx is planned at $2 billion, with growth CapEx of $1.3 billion and combined traditional maintenance and regulated emissions reduction program CapEx of $700 million. Finally, you'll note in the footnote, no change to our current expectation to not have cash taxes until 2025, with a bigger step up in 2026.

Let's take a closer look at that EBITDA growth and CapEx guidance. $5.8 billion of 2022 EBITDA will generate a 7% CAGR for the company for 2020 through 2022. Looking at the drivers now and starting with the Transmission & Gulf of Mexico business, we'll see a full year of the Leidy South project in 2022, with the remainder of that business being pretty stable.

In the Northeast G&P business, we see growth primarily associated with our Ohio River Supply Hub franchises: Ohio Valley Midstream JV, Laurel Mountain Midstream and the Southern Marcellus and Utica systems. In the West, we should see substantial volume growth in the Haynesville.

And with respect to our upstream operations, the Haynesville JV with GeoSouthern to start with, keep in mind there really was no EBITDA in 2021 from our Haynesville JV with GeoSouthern, but we are expecting solid EBITDA in 2022, with exit volumes around 350 million cubic feet per day.

With the Wamsutter JV with Crowheart, we'll see modestly higher results in 2022 than 2021, with drilling and completion activity focused on the second half of the year and an exit rate around 300 million cubic feet per day. I'll add that our guidance was based on 12/31 strip prices, and importantly, we've currently hedged about 52% of our total upstream JV gross margin on only about 40% of the volumes. We've included a commodity price sensitivity slide for our upstream business in the appendix.

So let's turn the page and take a closer look at our CapEx guidance. Here, we have a pie chart showing the breakdown of our total CapEx. We'll start with the growth capital slice in the darker blue. The bulk of the growth capital is with the Transmission & Gulf of

Mexico business and the two largest projects in that segment are really Regional Energy Access and the Whale project.

In the West G&P business, we'll see significant expenditures focused on the expansion of the Haynesville systems. In the Northeast G&P business, we'll see continued Northeast Pennsylvania expansion projects for Coterra and wet gas systems of the Ohio River Supply Hub to really drive volume growth in 2023 and beyond. We'll see peak capital spending for our upstream JVs in 2022, but this investment is more than covered by the expected 2022 EBITDA from those JVs.

In the green slice, you see growth capital associated with our ongoing solar projects and other new energy venture investments that Chad will speak to in a moment. So that covers the combined $1.3 billion of total growth CapEx for the company.

In the orange slice, the traditional maintenance capital is $450 million, and as usual, the majority of that is associated with our FERC-regulated pipelines. And then finally, in the lighter blue slice, you can see our regulated emissions reduction program capital totaling $250 million.

So that covers our 2022 CapEx. Now, let's shift to a discussion of our capital structure and our capital allocation. This slide highlights our overall progress in strengthening our balance sheet. On the left, you see our very manageable debt maturity profile. For 2022, we only have $750 million of debt maturing this year in August and that's callable at par as early as May.

On the right side of the slide, you can see the great progress we've made on leverage, resulting in solid and stable investment-grade ratings at all rating agencies. Last year, we refinanced over $2 billion of debt at very attractive rates and you can see our fixed rate debt portfolio has an average coupon of 4.67%. We are confident we will continue to have strong access to debt markets at relatively attractive rates with our business. Finally, we continue to maintain a strong liquidity position with full capacity available under our $3.75 billion credit facility.

And now, for an update on our capital allocation priorities. First, focusing on the left side of the slide with the buildup of our capital capacity numbers. We have total 2022 AFFO of $4.35 billion, distributed between $2.1 billion of dividends and $2 billion of CapEx, with about $250 million of remainder free cash flow.

Sitting on top of the bracketed numbers, you can see up to $2.4 billion of additional capacity available with the balance sheet levered to 4.2 times. And, of course, 4.2 times is what we view as the ceiling for maintaining our solid BBB credit rating. Of course, this $2.4 billion of capacity is based entirely on our existing EBITDA profile and would scale up if it were used in a way that added incremental EBITDA.

Shifting to the right to review our capital allocation priorities. First, we highlight the primary importance of protecting the long-term health of our balance sheet and our investment-grade ratings; second, we plan to continue to grow our dividends paced with the growth in our EBITDA and keeping strong dividend coverage; third, pursuing the attractive organic capital investment opportunities that we've been discussing in this presentation; and fourth, investing in our large-scale emissions reduction projects that generate regulated returns, while also seeking out attractive renewables investments for our business.

And finally, with respect to our growing financial flexibility, an update on our current thinking on the share repurchase program. As a reminder, our original guiding principles for execution under our share repurchase program centered around the ratio between our dividend yield and our 10-year debt yield. We established, but did not disclose, a yield spread where we would initiate share repurchases.

Since that time, really last fall, our financial performance and our business outlook have continued to improve and execution under the original principles became less and less likely. So we have decided to narrow that required spread, but we're going to continue to stay focused on the spread between our dividend yield and our 10-year debt yield.

So we've narrowed that required spread. However, the implied price based on our $1.70 2022 dividend is still a substantial discount from where we are trading today, but the plan is there and ready to go if we see a requisite dislocation between the fixed income and equity markets.

Finally, with respect to M&A, we remain active reviewers of the M&A landscape, but we will be very selective and strategic with these types of opportunities. Let's take a quick look at the drivers of our growth in 2023 and beyond. So, Williams' financial performance has been very strong for many years and our current forecast shows continued growth in 2023 and beyond.

Before we close, let's review the drivers of that growth. In our transmission business, we have five Transco projects in execution. We have our large scale emissions reduction program, and we have 25+ transmission expansion opportunities on the horizon.

In our gathering and processing business, we'll have continued growth associated with new takeaway and in-basin demand growth. Specifically, our 2022 capital in the Northeast liquids-rich systems should fuel growth in 2023 for the Northeast. And in the West, we'll see continued volume growth from the upstream activity in the Wamsutter and Haynesville areas.
In the Deepwater, we have five major Deepwater projects, including Whale, Ballymore and Shenandoah, with continued significant discoveries and activity around our uniquely

positioned assets. So even though a lot of our growth is coming online in late 2024 and early 2025, we still expect EBITDA growth in 2023 from CapEx we're currently deploying, especially in our G&P businesses. And in a moment, we'll hear more from Chad about the next generation of growth opportunities for our company, including solar and other new energy opportunities as well as value enhancement from our Sequent business.

So, in closing, thank you very much for your time and attention this morning. Our company is exceedingly focused and unified toward achieving its organizational goals. We are also well positioned to build on the strong performance over these past years, and as CFO, I look forward to working with all of Williams stakeholders to maintain Williams' strength, to deliver superior shareholder value and to continue to invest in the future of this great company. So with that, I'll turn it over to Chad.

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Thanks, John. It is great to have John Porter as our CFO, but I should say, and he may have snuck out the room, but it is really sad to see John Chandler retire. He is not only a great colleague, but a great friend. For those that don't know, he really likes big warm hugs. And so if you get a chance today, please give him a big warm hug. I know he's going to be looking forward to me giving him a hug, so please join me in doing that.

I am really excited to be ending our session right where we began, really reinforcing the vision that Alan articulated and also reinforcing the resulting business strategy that we execute on. At Williams, hopefully what you've heard is that we have a crystal clear vision for the company and for the role that we believe we will play in the future of energy here in the United States.

And nothing that you've heard today is by accident. We have a rigorous process that we go through with respect to strategy, and it is built on a rock-solid foundation of irreplaceable infrastructure and sustainable operations, supported by strong market fundamentals.

We work to leverage our strategy every day, and deliver with a focus and commitment to our core business. We're continually optimizing our portfolio and the assets that we operate, and constantly anticipating the future so we can evolve to ensure that we remain a relevant business for not just years, but decades and generations to come. For over 100 years, Williams has been an innovator in the infrastructure and energy space, and we intend to extend that legacy for the next century and beyond.

Our intense focus on the natural gas value chain and commitment to building market-leading businesses that align well with market fundamentals has resulted in the

establishment of a rock solid foundation. We have simplified the business portfolio and aligned our assets with near and long-term market fundamentals as well as fortified the balance sheet, and we think this really sets us up well for the future.

The way we do this is through an intense commitment to our strategy. We go through a very formal strategy process at Williams. All of our operational activities, commercial opportunities, and strategic transactions are designed to leverage and increase our scale, and further enhance our value chain integration across the natural gas horizon. Our business rhythm is to constantly originate, evaluate, dismiss and pursue opportunities that drive optimization.

And finally, we know that our evolution as a company will ensure that we have a sustainable business for generations to come. Our current strategy can deliver more natural gas - more clean energy with less emissions - right here, right now. We are taking advantage of our strengths to innovate for the future and participate in new energy ventures that complement our business and position us for leading in the energy economy of tomorrow. I'll touch on each of these legs to the strategy stool in the slides that follow.

Here, you see the foundation 14 critical supply basins connected to premier gathering and downstream infrastructure, great customer and geographic diversity, and yet while having a very diverse platform and portfolio, we have really strong alignment from a strategy perspective. Large-scale positions focused on strong natural gas fundamentals and natural gas value chain integration. We've continued to fortify these businesses, and our portfolio today is a combination of high quality franchises that are designed to all row in the same direction.

Our ability to deliver steady financial results through significant market volatility has been more than proven out over the last several years, and this foundation is what we think positions us ideally for ongoing growth. As we layer in additional projects and capabilities, we further enhanced our value chain integration and reach across the natural gas value chain. Our Sequent acquisition has significantly expanded the pipeline network across which we participate, and here you can see just how meaningful that enhancement has been.

We now participate in pipeline and storage optimization across virtually the entire United States and even into Canada. This natural extension of our capabilities allows us to better serve our customers across geography and along the full value chain, sourcing supply for key markets and finding key markets for supply.

Our customer reach has expanded significantly. Our ability to understand and anticipate market needs, and develop market solutions has never been greater. As our reach and capabilities continue to build out across our foundation, we're searching for and

discovering new opportunities to layer in enhancements and growth vectors across our footprint. You see some of those opportunities here. We're implementing wellhead to burner tip solutions for key utility markets and wellhead to water solutions for key supply to LNG export markets. Emerging opportunities like solar, renewable natural gas, hydrogen and carbon capture, utilization and storage are layering onto our foundation as well as positioning our platform for sustainability for the future.

Now, taking a step back, let's look at a couple of wellhead to burner tip and wellhead to water case studies. We use those terms to paint a picture of our strategy. Our goal is to connect customers across the full value chain. Sourcing clean, reliable and affordable gas supply and connecting the infrastructure needed to deliver those wellhead supplies all the way to end-use markets - to the burner tip that cooks your food or to the facility that takes natural gas, turns it into LNG, puts it on the water, and delivers it to those in need around the world.

In the Northeast we've built the premier gathering platform and we're increasingly connecting our Northeast supplies to markets along the Transco corridor and beyond. Northeast producers deliver some of the lowest carbon intensity natural gas on the planet, and we've been expanding our footprint and our capability to deliver this gas to market. Recent project announcements, as Micheal went through, along our Transco system are prime examples of leveraging our foundational assets to deliver efficient capacity expansions. The projects leverage existing rights of way, existing pipelines, serve to displaced coal power generation and provide cleaner supplies to gas distribution systems across the Eastern seaboard. And with our Regional Energy Access project shown here on the map, we will be integrating solar power and hydrogen production along with responsibly sourced gas to bring to market a project that will provide opportunities for zero carbon deliveries to consumers in the Northeast.

In the Haynesville, we're ideally positioned to provide wellhead to water solutions that deliver responsibly sourced gas to Transco markets into industrial and LNG demand along the coast. We've been rapidly expanding our Haynesville system to support the growth we see from existing and new customers in the basin, including significant volume growth from our joint venture with GeoSouthern and South Mansfield.

With our large-scale and strong anchor position in the Haynesville, we do continue to evaluate consolidation opportunities. We've seen significant consolidation of the upstream landscape in the Haynesville, and we do expect opportunities for midstream consolidation as well. We'll consider opportunities that further enhance our footprint, create more capacity optimization opportunities and enable us to aggregate even more responsibly sourced gas supplies that we can direct to premium markets.

With the growth in the Haynesville and our position as aggregating a significant amount of supply, we are developing a header project that will gather gas from the Haynesville

and deliver it to premium downstream markets, including Transco and LNG facilities. You may have recently seen some news about us expanding our marketing capabilities with LNG expertise. Just to be clear, we've been able to bring in some incredible expertise, but as LNG demand has become a more significant part of the natural gas supply and demand story, bringing that expertise in-house and allowing us to make sure we're tailoring infrastructure solutions to meet that growing LNG demand is our strategy. Don't expect us to be a large LNG marketing company, but having that expertise will help us provide the solutions that bring the right infrastructure to bear, to get gas from the basins in which we operate to the facilities that are going to turn that gas into LNG and deliver it around the world.

As the Haynesville has grown, we've spent significant time evaluating the basin growth and evaluating the options that are available to bring gas to market. While the basin is relatively close to the Gulf Coast, most of the legacy takeaway capacity was built to move Haynesville gas, surprisingly, to the Northeast, to the East, and to the Southeast markets. It's not a very efficient path to get gas from the Haynesville to the Gulf Coast and to LNG export facilities.

Our Louisiana Energy Gateway project is designed to gather up the 2 Bcf/d of responsibly sourced gas from multiple sources across the Haynesville. The project is being developed as what we believe will be the most advanced and efficient solution for the basin, with the ability to receive gas at multiple locations and deliver gas to key points along the Gulf Coast and to the growing LNG demand that we've discussed. The project will also incorporate real-time emissions monitoring, wellhead to water emission certifications and the ability to deliver gas in the future with a certified net zero emissions profile. I'll talk more about that in a minute.

So those are just a couple of examples of how we're expanding and enhancing our core business to meet the energy needs of the future, but know that every customer engagement, every new growth project and every service enhancement that we're pursuing across our footprint is designed with the same goal in mind: to leverage our infrastructure and capabilities, and connect across the natural gas value chain.

Along with those efforts, we are constantly focused on optimizing our business portfolio. In just the past year, we've successfully executed several key transactions that further enhance these efforts. In the slides that follow, I'll walk through a brief recap of our acquisition of additional interest in Blue Racer Midstream, our joint ventures with Crowheart and GeoSouthern, and our acquisition and integration of Sequent Energy Management.

First, you saw earlier the great integration that we've achieved in the Northeast with our footprint. If you look back to 2018, we brought together Utica East Ohio and Ohio Valley Midstream through our partnership with CPPIB. We've been continuing to connect the

OVM and UEO systems and now provide more connectivity with Blue Racer Midstream, so that we can optimize the utilization of capacity across all of those systems in the Southwest Marcellus and Utica areas.

In late 2020, we closed on the additional interest in Blue Racer Midstream. We have been making those connections to create more efficient capacity utilization across the footprint, and have seen just tremendous growth and improvement as a result.

You've heard about our GeoSouthern joint venture in the Haynesville. It is truly off to a great start, and we have been absolutely thrilled and impressed with the talent at GeoSouthern. GeoSouthern is operating two rigs currently. They've had two rigs running on the acreage for several weeks now, and they're in the process of mobilizing a third rig onto the acreage. We will see first gas flowing from that drilling activity in the second quarter of 2022. As you've seen, we'll see significant volume ramp throughout 2022 and into the end of the year, and that will continue to fill our existing capacity. We expect that capacity to be virtually full in early 2023 and will stay full for the foreseeable future.

Our JV structure with GeoSouthern provides assurances that the drilling will continue, and we will also expect to see a reversion of interest occur in 2023. That will reduce our upstream exposure as the volumes ramp, and we see value shift to our midstream and downstream infrastructure. In addition to lifting the value of our Haynesville gathering system, we expect the GeoSouthern volumes to further support downstream projects, including the Louisiana Energy Gateway project that I showed.

Now, moving to the Wamsutter, our joint venture with Crowheart Energy has already delivered significant value. We are absolutely thrilled to be partnered with Crowheart as well. I think we got really a great outcome in both the Haynesville and in Wamsutter, and ensuring that these properties are in the hands of a very capable operator that's going to help drive a lot of value to our midstream and downstream businesses.

This is what the upstream footprint looked like just one year ago. It was a basin hindered by a fractured checkerboard of upstream acreage with the inability to develop long laterals and a misalignment between neighboring producers that was truly creating a logjam for development. You can see that we have a massive midstream footprint in this basin, and it was truly being underutilized as a result of the upstream dislocation that existed, again, just only a year ago.

This is the Wamsutter basin of today. As a result of what we accomplished, over 1 million acres have been consolidated and those acres underlie our dominant gathering and processing footprint. The consolidation of the upstream acreage positions Wamsutter for long-term growth and development, and we've already seen the benefits of Crowheart's efforts to arrest declines in the basin and return the basin to growth.

In fact, the completion of an uncompleted well in 2021 foreshadowed very promising results. It was the best recorded well in the history of the basin as Crowheart, for the first time, brought state-of-the-art completion techniques to the Wamsutter basin. Our joint venture with Crowheart will ensure long-term volume growth and we stand to capture significant value through the fully integrated value chain. In the Wamsutter, we not only gather the gas, we process gas, we move the NGLs, and even participate in downstream fractionation.

And finally, our Sequent Energy transaction has provided us with a much greater reach across the natural gas landscape. This is really an incredibly talented team that has developed a platform that extends across the natural gas pipeline and storage industry, creating market intelligence and infrastructure optimization services that create value for us and our customers, while mitigating downside risk.

Sequent incorporates a diverse portfolio of proprietary capacity positions together with very advanced risk management processes that are designed to create exposure to upside, while closely managing and mitigating downside risk. Their platform also provides unique opportunities to offer value-added services to our customers, and allows us to build out the tools and systems to provide responsibly sourced gas and clean energy solutions from the wellhead to end-use markets. You hear a lot about responsibly sourced gas in the news, and we'll talk a little bit about what we believe that means for Williams and what we think we can provide for the market in a minute.

So, now, as we look forward towards the evolution of our company, just as our transactions and portfolio optimization efforts follow a very focused and intentional roadmap, so do our efforts to evolve for the future. We have remained an industry leader for over 100 years, but not by standing still, by continually evolving as a company to solve the issues of the day and the emerging challenges and opportunities of the future.

Our roadmap for evolution is, I hope you'll see, as truly disciplined as the focus we bring to our core business and to our portfolio optimization efforts. We focus on four key principles for our pursuit of new energy venture opportunities. And in order to build a sustainable business that remains relevant for future generations, we're focused on opportunities that achieve emissions reductions, while also delivering attractive economic returns for our company and for our shareholders. We're focused on opportunities for which we believe we have a unique competitive advantage, and we will lean in especially on those opportunities that have the potential to achieve significant and meaningful scale and impact. We're a big company and we want to do big things and deliver big results.

As we continue to look for these opportunities, you can see that we continue to advance an exciting portfolio of new energy venture opportunities across the footprint. I'm showing just a few of those here on the slide. Our solar projects are well underway, and we've actually expanded that program to include energy storage and power optimization opportunities. We continue to see strong interest in renewable natural gas projects from landfills, dairy farms and I'll show in a moment that we see promising opportunities for hydrogen as well as carbon capture utilization and storage.

So, as I mentioned, we've expanded our solar projects to include energy storage opportunities. In addition to 400 megawatts of solar power projects that continue to advance, we're now pursuing approximately 150 megawatts of battery storage projects. These will primarily leverage our footprint and our solar power projects, and our Sequent Energy platform will provide us with the tools to provide power optimization services along these opportunities. Both solar projects and the battery storage projects have attractive returns.

I will mention that we continue to monitor supply chain bottlenecks that are currently occurring across the industry, and we could delay timing just a little bit in order to make sure that we mitigate cost increases. Also, we have the ability to amend power purchase agreements to preserve project economics.

While still in the early innings, our teams continue to develop promising opportunities to bring clean hydrogen to market as an ideal complement to our natural gas strategy. We're pursuing a number of projects from small-scale projects that you will see in the near-term to potential large-scale hubs that we're developing across our footprint.

And while not yet economic at scale, we do see opportunities to build small-scale, initial projects in partnership with our customers, in particular our utility customers that are very excited and interested in the opportunity to bring hydrogen into the mix. And if hydrogen can be made economic at scale, we will absolutely be prepared to take advantage and lead within a hydrogen energy economy.
In further support of this potential, I'd tell you our teams have established partnerships with technology providers, universities, state governments, federal government and we're working closely with the Department of Energy to advance the potential for large-scale hydrogen hubs.

I forgot to mention, you looked at the Wamsutter basin consolidation that we've achieved. Not only is that great for our midstream business in the natural gas space, but we control surface rights across most of that acreage and it provides us with the opportunity to develop new technologies, including the potential for a very large hydrogen opportunity. Alan mentioned the challenge with getting energy from areas where it's produced with renewables to where it is needed most. There is a tremendous wind resource in Wyoming, but there is not a lot of demand in the Wyoming area.

In fact, Wamsutter has a population of 605 people so that is not going to be where the demand is needed, but it has a tremendous wind resource. We have pipelines that connect from Wamsutter to New York City, Wamsutter to the West Coast. If we can produce hydrogen from wind economically, we can deliver it to customers across the country and solve that challenge.

Finally, as part of our road into the future, I want to touch on the path from 2030 to 2050. You heard about our intense focus on achieving our 2030 goal and we're well on our way to doing that. We've launched an effort to make sure that we're not just focused on 2030, but we're going to make it all the way to our 2050 ambitious goal of net zero.

As you saw, we'll meet the 2030 goal through primarily optimization of our existing operations and delivering on the near-term new energy venture projects: solar, RNG and those that are well within our near-term reach. In order to achieve that long-term 2050 ambition of being net zero, we'll continue to ramp up exploration of new energy ventures. Solar, energy storage, RNG will ramp, but also, we expect to integrate new opportunities like hydrogen and carbon capture and storage.

In fact, in 2021, we started a venture capital fund at Williams, and we've already placed several investments into incubator funds and emerging technology platforms that we think can help build the energy economy of the future. We do expect to continue making investments in the near-term, and as we proceed along our emissions reduction roadmap, some pretty exciting things that we see coming down the pipe.

Finally, we have launched an effort to evolve our core infrastructure platform. We are making investments in technology that will monitor and quantify emissions. We're investing in blockchain technology that will track the emissions profile of energy that we receive, transport and deliver. Combined with advances in operating capabilities and modernization upgrades to our infrastructure and control systems, we're striving to enable the delivery of carbon zero solutions for us and our customers.

When we think about responsibly sourced gas and emissions management, we truly are focused on receiving the cleanest supplies, tracking the emissions profile of energy as it moves through the various paths across our system and delivering it in a way that we can truly certify the emissions footprint and profile of those gas deliveries, and over time demonstrate that we're taking significant emissions out of the environment.

And so here's a brief video to give a glimpse of how we envision the future. [Video Presentation]

All right. So, just a preview of much more to come and hopefully you can tell that we're really excited about the future and the role that we can play in delivering a clean energy economy.

As part of laying the building blocks for the energy ecosystem of the future, as you saw in the video, we are investing in technology that will further facilitate the gathering, marketing and transporting of responsibly sourced gas from wellhead to end user. These clean energy technologies will provide verified emissions and capture progress from greenhouse gas mitigation across the value chain - enhancing clean energy supply for both Williams and for our customers.

Through these efforts, we will facilitate the delivery of responsibly sourced gas and we're going to leverage our Sequent Energy platform in order to enable energy supply decisions to be made that connect the cleanest sources of supply to the real-time energy needs of our customers. So, as we march forward, we will continue layering in the building blocks that ensure we will be there with the very best clean energy transport, storage and delivery systems.

And with that, we will take a short break and set up for Q&A. Thank you.

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QUESTION AND ANSWER SECTION

Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Okay. I'll open this up and – for Q&A, I'm looking forward to your good questions. Before we get going, I just want to introduce a couple of folks that didn't speak this morning that are critical part of our team. On the far end is Debbie Cowan, who is our Head of Human Resources, and it's been interesting time to be the Head of Human Resources at any corporation, but she's done just a remarkable job dealing with a lot of the changes through COVID and remote work and frankly keeping our employees very engaged, so really thrilled with Debbie, having her as part of our team. And then Lane Wilson is our General Counsel and has been – both of them have been here for quite a while, you've probably heard from them before, but equally important part of the team and a real student of a lot of the regulatory issues that a lot of you all have questions about. So, anyway, so we got a great team up here and I will be serving just to hand the questions off for the most part, so, with the team we have up here. So we'll open it up for questions. Go ahead.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Jeremy Tonet at JPMorgan. John, I want to say thank you very much for handling the mic and we'll miss you a lot. So, thank you, again. But maybe just kind of kicking things off here, I think especially in the past five years under John's tenure, there's been a great move forward as far as optimizing assets. And particularly in Appalachia, bringing joint ventures together, rationalizing industry capacity and really driving efficiencies through working with others. I'm just wondering, it's been a little bit quiet during COVID, obviously, bigger things at hand there, but as the environment normalizes, do you see more opportunity to do that? Could you see it in other basins that are more mature such as the Barnett or others where you can kind of bring things together, squeeze out cost and drive growth that way?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

I would just say we still see a big opportunity to continue to grow our scale in the gathering and processing, and we have, as you saw from Micheal, I think we have the reliability that we need to be a leader, we have the cost structure that we need to be a leader and we certainly have the financial capability if it's something that really makes a ton of sense for us. So I would expect kind of more or the same, which is just little tuck-ins here and there that make a ton of sense to our business, because that really is how you bring value and it's a pretty easy money for us. We know what we can operate assets for, and we know how we add value to them, and that consolidation shouldn't be about who's going to be the biggest consolidation, it should be about who can add value and in most of the areas we operate, that's what we're going to be focused on as how we can add value to the investment.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

That's helpful. Thanks for that. And then one other question, you talked about inflation a bit during the presentation and how some of the contracts are structured where there's commodity price upside and that can be an offset to inflation. Just wondering as well maybe more on the labor side, what you're seeing there, inflation pressures and I guess also having such a tight labor market, retention of current employees, any thoughts you could share on that?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc. A The Williams Cos., Inc

From a contractor standpoint, one of the things that you saw in my presentation was how we performed well on the budget side of our contracts and so I think it's a really good time to contract projects. Our contractors have been pretty aggressive in pricing. And so for a number of years, we've been able to enjoy that and we're still out pricing projects today and getting bids on projects. And so we're still seeing some very favorable pricing on the contractor side of the business. Now, on our employee base, we certainly watch that very closely, but we're not seeing any turnover situations that are out of the norm for us. We had a bit of turn over the last couple of years. We had a reduction in force where we had a voluntary severance program for our employees that were over 55 and fully a lot of them took advantage of that, which we were happy to see that they were able to do so. And so we've reduced our workforce ranks pretty dramatically over the last five years. And so I would say right now, we're not seeing any pressure from a primary turnover standpoint of our employee base and we're pretty pleased with that. Debbie may have some more insight in that as well if she would like to share.

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Debbie Cowan

Senior Vice President & Chief Human Resources Officer, The Williams Cos., Inc.

Yeah. So I would just say that we are – our turnover has been very near historical lows, so we haven't seen that be an issue. Obviously, there's a lot of talk about the great recession. We haven't seen that yet. We hope that we don't see that. Luckily, we just did an employee engagement survey where most of our employees said that they plan to be at Williams over the next few years, which was good. That reassured me that I don't think we are going to see a mass exodus, but it is certainly something that we're staying on top of. And as Alan mentioned, we've been trying to be very thoughtful with all the changes with COVID and remote work and offering some flexibility to our employees to try to retain them. So we're hopeful that having that strategic lens last year will help us going forward.

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Craig Shere

Director of Research, Tuohy Brothers Research

So my first question is just financial. It seems like you all are just comfortable being on a glide towards about 3.5 times leverage mid-decade, at which point cash taxes kick in and basically you just determine at that point based on the opportunities set where you go as far as capital allocation then, because today, you're comfortably over 2 times. You could do a lot more on the dividend and buyback front, but it seems like you're just kicking that can down the road to see where we are in two, three years. Is that a fair statement?

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah, Craig , I would just say it a couple of ways. One, we want to make sure that that dividend is safe and covered under about any scenario that we operate in, and we don't want to be in a position where we would have any tightness, or we'd be backing up any bit in a super low commodity price environment. So we've got – you see the E&P exposure that we had, John talked to the exposure, it's not a lot, but on the margin, we have some there. And we just – we intend to have an extremely safe, secure dividend and a nice comfortable growth to that dividend without any question in anybody's mind. And I think we're creating that. I think we're getting there. So I would just say that about the dividend. In terms of taking it down to 3.5 times, I would hope that we have better place – we have places – we don't intend to – we don't see a whole lot of value of getting down there and staying down there, frankly. I don't think we're going to get much debt cost and we're going to go down much with that. So I'm not sure that we see a whole lot of economic value in taking that down to 3.5 times just so you know. So we do have a share buyback program that is proved. And as John mentioned, we've kind of ratcheted up, if you will, the price that we're willing to trigger on that. So we certainly are prepared if that opportunity presents itself, but I don't think you should think that our strategy is for us to just continually keep taking the debt down. If our bonds were to trade down with that, given the way we've got our buyback structured, if our bonds were to trade down with that, then the multiple on that yield would actually move as well and we'll be buying shares back. So that's – I think that's kind of the way. That's why we said it that way was that if we just start continually pushing down the price of our 10-year bonds, then that would lower the price that we would purchase shares at.

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Craig Shere

Director of Research, Tuohy Brothers Research

My second question related to energy storage. Interesting that you're adding that to the solar, not unusual given the industry, but my question is now that you're kind of familiar with how that's working and deploying that yourself, to what degree can the combination of battery electric storage or other types of energy storage with renewables mitigate the need for the gas-fired backup that you've been talking about for a long time? I want to add another part to the question, which was very interesting because the comment was made that Sequent is going to be helping with integration and dispatch in the combination of all this and what we've been seeing is that digital offerings in this marketplace are an increasingly hot commodity. And just wondering to what degree Sequent can start offering the broader market integration opportunities across DERs and storage, renewables to maximize efficiencies in the market and reduce the need for new power gen?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Chad, do you want to take that?

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Sure. Yeah, I'd say, first of all, we're only about six months into the Sequent acquisition and integration. So I think we're uncovering a ton of opportunity, but we are going to be disciplined in making sure that, first, we focus on delivering what the core intent of that acquisition was, which is to enhance the capabilities of our core franchise business. On the solar projects, to your point, these are relatively small scale. I mean, we're not talking about industrial scale power facilities. We're talking about where we have the unique opportunity to displace less efficient power supply to our own facilities and replace that with solar power that we generate. We can cite in certain locations where variable power costs might swing. We can cite energy storage and battery storage projects, and then use Sequent to optimize that storage so that we're filling the storage during low cost times and we're dispatching the storage during high cost periods. Still, though, relatively small scale, we're not, at least for our projects, talking about displacing the need for utility scale power generation and I don't think we've seen battery storage capabilities that would mitigate the need for natural gas and other kind of dispatch to support renewables at scale, but we'll certainly keep an eye on that. To the broader question about Sequent in the long term, I mean, absolutely, we will continue to look for ways where Sequent can provide those value added services, but I would say for now, we're going to crawl before we walk and run, so being able to use the Sequent platform on something like a power optimization service that we can provide to ourselves is a very safe place to start. And if we figure out that that can be done and fit kind of within the strategic sideboards of our business, the risk profile of our business in any bigger way, we will certainly explore that, but that's not where we are today, but absolutely we will be looking towards it.

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Alan S. Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

And Craig, I would just add on the question about battery storage relative to gas-fired generation. As Chad's pointing out, certain of these markets have some pricing, but a lot of them don't. A lot of these markets that we're putting the solar in, they don't make any distinction to where – what your cost is for the time of day or whether it's back up or not. And frankly, that's eventually going to change, but until it does, we'll just sit in and exploit it like everybody else will, and that's really how you ought to think about it. Until the utilities realize that there is going to have to be a different price for dispatchable

power, then we can sell this power at the same price and take advantage of the dispatchable power for free effectively. And so as long as those markets, they are available and exist, we're going to take advantage just like everybody else. And frankly, that's ultimately what it will take to force an arbitrage of that value and kind of put the utilities in a position where they're going to have to charge for that dispatchable power.

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Praneeth Satish
Analyst, Wells Fargo

Thanks. It looks like the FERC's proposed certificate policy sets a threshold of 100,000 tons of GHG emissions before a project would require an EIS. So just wondering, how would that impact, if at all, the five Transco projects that you're working on? I know you're already doing an EIS on some of them. So would this have any impact at all in terms of the timing?

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Micheal Dunn
Chief Operating Officer & Executive Vice President

I would say every project that come before FERC from now on will have an EIS at that threshold. Simple as that. That's not very much in regard to an emissions profile, especially if you're talking about the emissions profile of the operation of the asset as well as the upstream and downstream emissions. Virtually every project will have an EIS going forward, if that's going to be the criteria, which is what we've anticipated. I mean, if you think about our Leidy South project, it's a very large project, 580,000 dekatherms. That was an environmental assessment on that project, and it actually had no interventions as far as protesting the certificate when FERC issued it. Interestingly, that was not very long ago, but FERC is now trying to defend their process and saying that they have to make durable decisions that can withstand any core challenges. We had a very large project there that had not one challenge from the certificate, it certainly didn't go to the DC circuit because nobody even challenge the original certificate. So, it's disappointing that they set that criteria, but it adds months to most projects, an EA versus EIS, so we're fine with that if that's the way it's going to go. And it makes the decisions more durable in the future then, and defendable then that helps us ultimately.

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Praneeth Satish
Analyst, Wells Fargo

Got it. And then just my second question here is on CapEx spending in 2022 and do you think that's a good run rate for future years? I know there's a certain amount of upstream CapEx that might step down. So do you think that's a good run rate or would that go lower as you go ahead in time?

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

I think you probably picked it up right that the capital load will be fairly dependent on E&P going forward. So maybe for the next couple of years kind of depending on what the disposition of those assets are, we might see that kind of staying up, but I think the base business without that is probably about what we would expect. So, the interesting thing about our capital budget going forward, most companies look to their capital budget as kind of a proxy for what their growth is going to be, and really for us that's not really the case. You saw the slide from Micheal showed how the capital in the Northeast continues to get lower and lower. So the incremental return on our projects there are very high. The Deepwater Gulf of Mexico is extremely low amount of capital relative to the returns and the cash flow. So it's not really – not a real good proxy for growth for us just given some of those factors. Over the long – it certainly is for our gas pipeline business, no if, ands or but, you have to spend money to make money. We make – we have some really nice return projects there, but that business requires capital to grow your earnings for the most part. So, within the regulated, business probably stays about the same and I would say for the foreseeable future, the gathering and processing is the same and the big variable as you point out will be the E&P business. Thank you.

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Christopher Jeffrey
Analyst, Mizuho Securities USA LLC

Hi. Chris Jeffrey with Mizuho Securities. Thanks for the presentation. First question just on the Wamsutter acreage, just wondering if kind of everything goes according to plan and you're on the higher end of that 250 million to 300 million by the end of the year, what you think the ownership percentage might look like by that time or any kind of outlook there? And also just kind of part two on that would be, is OPPL and Bluestem seeing any increased volumes from that project at this point?

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Alan S. Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Chad, you want to take that?

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Chad J. Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah, sure. On Wamsutter and our partnership, it will not have as rapid a reversion as the Haynesville. You see the Haynesville ramps very quickly. And so by the end of the year, we would expect to still be at the same ownership splits that we're at today with Crowheart, 75% Williams, 25% Crowheart. I mean, we have a lot more value that we expect to recover. Even though we were able to acquire those properties at very low cost, we want to make sure that we see the value flow through to our assets there.

We're going to fill Haynesville in about a year volume wise and we've got almost, I think, 750 million cubic feet of capacity in the Wamsutter and we're moving 250 million to 300 million a day currently. So there's a longer runway for us to make sure we get those volumes delivered through our downstream system. So I think the ownership will be where it's at for the near term, but I will also say that those properties have gotten a lot more valuable, and we'll continue to look at whether or not it makes sense to reposition that upstream position if the opportunity arises. But we think of Haynesville as a bit of a sprint and Wamsutter as a bit of a slower jog, but I think it's got a lot of value that it will provide. We are seeing, and I don't know if Michael wants to add, but again, it's pretty early days. I mean the actual development at Wamsutter, last year, all we really did with Crowheart, Crowheart got in and did a bunch of workover activity, they re-completed an uncompleted well and so they added a little bit of volume in 2021. Most of the volume that will be added this year will be on the back half of the year in Wamsutter, with the way that the weather and the winters are, we won't get started up there until I think April with activity, and you won't see that activity show up until kind of Q3, Q4 as far as volume. So – but we – but yes, all of the NGLs come through our system on Overland Pass and down through – all the way through our fractionation facilities.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

And to add to that, two things have happened since our move to consolidate that area and the bankruptcy. One was the liquids from the BP acreage were going to Enterprise – or sorry, Southland. And as part of that deal, we were able to pick up that liquid, so that all of the liquids that come out of Wamsutter now that used to be split connected between us and Enterprise, and they now all flow into us. So, that was a nice pickup of business as a result of that bankruptcy. And the second issue was the Patrick Draw plant, which was a competing processing plant just to our West, which was owned by Western, that's now been shut down and those volumes have been redirected to our facility there. So, we've picked up some nice business out there, as you would expect in a consolidating mode, and that's what we're seeing out there.

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Christopher Jeffrey
Analyst, Mizuho Securities USA LLC

Thanks. And any color that you might have on the Eagle Ford as far as MVCs expiring there or general outlook over the next few years for that basin? Thanks.

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Right now, our volumes have been down slightly in the Eagle Ford, but we are protected by an MVC there. So, you won't see an EBITDA decline out of the Eagle Ford with the

exception of how we shaped our MVCs in that contract with Chesapeake and nothing was restructured there through their bankruptcy. So, right now, our EBITDA is pretty predictable there because we're hanging at the MVC. And so, any volume increases that we would see in the Eagle Ford would have to be fairly significant to get above the MVC level going forward.

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. And those MVCs are very strong for the next few years, and we have seen Chesapeake return activity to the Eagle Ford. If you follow them, I'm sure you all do, their recent announcements, they've really focused their energy on the Marcellus, the Haynesville and the Eagle Ford, and they have – where they had no rigs running last year, they now have two rigs running on our Eagle Ford acreage and they are working with us to the plan for increasing activity in the Eagle Ford. So, if things go the way we're going to focus on trying to make them work, by the time those MVCs would step down, we'd be working with Chesapeake to have brought the volumes to a point where we see steady, predictable earnings coming out of the Eagle Ford.

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Brian Reynolds
Analyst, UBS Securities LLC

Brian Reynolds from UBS. You guys talked about the 9.5 Bcf incremental outlets from the Northeast over the next 10 years with roughly 4.5 Bcf of that coming from incremental takeaway capacity. Just kind of curious if you can talk about how you came to that number and whether we could potentially see upside to that number, as the regulatory process maybe improves or on the downside where it becomes a little bit harder to permit projects. Just kind of curious about the ranges and how you ultimately come to those numbers. Thanks.

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. Those – the build-up there for the 4.3 Bcf of takeaway is comprised of actual real projects. So, REA is in the mix, Mountain Valley Pipeline is in the mix at 2 Bcf. So, between those two projects, that's the bulk of the takeaway upside opportunity coming on the Northeast. And I would say certainly in a better regulatory environment, you could increase that number. I do think we'll continue to find opportunities on the Transco system to build additional takeaway volumes out of there. I think we certainly need to get REA fully permitted and underway. But over the next 10 years, I do suspect there's going to be additional opportunities to create new capacity out of the Northeast. And time will tell what the regulatory environment looks like there. But I think we're all becoming much more aware of what natural gas could do for this country, and it is a

national security issue to have very secure energy. And I'm afraid the world is going to find out more about that in the very near future with the situation with Nord Stream 2 not being certified by Germany now and European gas supplies potentially being at risk. I think we all need to take a step back and think about what that means for our country and make sure that we're doing everything we can to have energy independence and focus on the national security aspect of that, because that is an important issue for our country, whether it be cyber security or adequate supplies being able to get to market, anything of that nature. That's certainly something that you can't change overnight. And if you're going to stop pipelines from being built, there's ultimately going to be a price to pay, whether it'd be national security, economics, reliability, everything under the sun there that people find near and dear. So, I think we're going to see hopefully some more reasonable outcomes there from a pipeline construction and permitting standpoint, and I'm optimistic that the natural gas story will continue to play out well here in the US.

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Brian Reynolds
Analyst, UBS Securities LLC

Great. Appreciate that. And then, just to talk about maintenance capital on the ERP program going forward, just kind of curious of how you see that evolving over time. Do you see more potentially like maintenance capital ERP spend going forward or is like $250 million a good run rate for the next few years?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. I would say the $1.3 billion number that we put up there is probably the total capacity that we would need to replace all of those units that I listed on the slide. And so, it'll vary depending on the year and where we're at in regard to the construction sequencing. So, it takes a bit of time, it takes probably two years to ultimately permit and construct one of these compressor station replacements. And so, you'll see some peaks and valleys through the next five to six years of that program. So, if you do the math on $1.3 billion over five or six years, we're going to spend that in a lumpy fashion, but 2022 is looking like about $250 million right now.

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T.J. Schultz
Analyst, RBC Capital Markets LLC

T.J. Schultz with RBC. Maybe just kind of rounding out on CapEx, just any expectation on the new energy venture mix of that CapEx over the next five years. Does that grow as part of the mix? What does it take to really grow that to more material levels?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Well, I think the solar projects are pretty defined and they're a pretty large portion of the front-end capital that we're spending there. But we are investing in some venture capital efforts and positioning ourselves – we're a great partner for somebody that is wanting to develop new technology and think about how it can be distributed. So, we do have some venture capital dollars. And so, I would think – and I would say this is TBD for sure. But that solar piece of that probably wane off as we complete those projects, and we might have an uptick in opportunities coming through us through the venture capital and particularly through carbon sequestration projects in and around our assets.

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T.J. Schultz
Analyst, RBC Capital Markets LLC

Okay. And then, you mentioned responsibly sourced gas several times and the evolution of the assets to monitor the emissions. From my seat, it's hard to quantify the benefit to Williams. But maybe qualitatively how much of an advantage versus peers do you have here and what has that given you all?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Chad, you want to take that?

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. I think we're all trying to – we're all competing on how to make sure that we can provide the most efficient infrastructure solution. I think one of the great things about our assets is they're relatively modern versus the industry and they're large in scale. And so, we do think we've got unique assets that allow us to differentiate. And I also think our vision for how we want to evolve those assets is at least today pretty unique. I envision our ability – we're already piloting new sensor technology, satellite technology, software technology that can track the emissions across our footprint. I envision a day where at Williams, we will be able to provide – and think of it as a multi-lane highway across which energy can travel. And we are putting the building blocks in place for us to be able to connect the cleanest supplies for an end user and to put those supplies on lanes of transport based on the environmental profiles of those lanes. And those may be dynamic. When we get up in the morning and we turn on certain units and we're moving energy from certain receipts to deliveries, that's going to change the emissions profile of the energy infrastructure. We want to be able to track that in real-time and help connect customers to the cleanest sources of supply and match that to the clean energy end use needs. It's – so, this will be an effort – I mean it'll be a multi-year approach. We're starting with areas where – like we mentioned in the Haynesville and the Louisiana

Energy Gateway project. Our Regional Energy Access project, that is a project that we think sources some of the cleanest gas supply on the planet from Northeast Pennsylvania to utilities in New Jersey and Maryland, Pennsylvania. Those are utilities that want clean energy. In fact, they're trying to figure out how they can show that they're adding zero carbon customers to their utility portfolio. We want to be able to show how we can provide direct access to zero carbon supplies across the entire infrastructure footprint. So, it is certainly something that is evolving, I think, across the landscape. And I can't speak for other companies, but I can tell you that I think the way we're thinking about it is pretty exciting, and I do think it will set a high bar for how – it's one thing to call something responsibly sourced. It's another thing to demonstrate it every day and provide the systems that will connect the cleanest supplies to the clean energy end use needs. And so, that's the effort that we're clearly focused on.

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Micheal Dunn

Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

I would add to that. I think the other competitive advantages we see there is we have a marketing company now that manages 8 Bcf a day. But we have the rights to market that gas in the Haynesville coming from our partnership with GeoSouthern, as well as many other marketing relationships we have for Haynesville production from our customers on the upstream side. And so, we're going to take advantage of that and take that gas to the market. And we can couple all that together with our upstream production, our midstream business and then ultimately any midstream gathering trunk lines that we build, and ultimately, put that into Transco and get it right to either a burner tip or a liquefaction facility and really control that whole aspect of that from the wellhead right to the front-end of the liquefaction facilities. And so, I think that's one competitive advantage we have, now that we have upstream production that's under our control.

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Chad J. Zamarin

Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. And Micheal makes a great point. When we think about Sequent historically, they optimize geography and time and cost, right, so it's the cost of gas, it's the location of gas. And in the future, we think there's an optimization opportunity to also include the next variable, which will be the emissions profile of the gas supply, the delivery and use and then the unique paths through which we can move that energy to market. And so, we're piecing together what we think are very unique capabilities to make that happen.

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Marc Solecitto

Analyst, Barclays Capital, Inc.

Marc Solecitto of Barclays. I was wondering if you could talk a little bit more about the long-term strategy with Sequent, particularly in the context of some of the other earlier

commentary around gaining market share of intermittent power sources, increased value of storage and dispatchability? I know you have the $20 million to $30 million EBITDA target there, but just wondering about the longer term opportunity set as daily and intraday demand volatility likely increases under those scenarios.

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. I would say a lot of the things we've already talked about, it's certainly the responsibly sourced gas is a great opportunity to utilize the Sequent platform and really market our capabilities from all the way from the wellhead to the water. And we can bring forth a really great solution to the LNG facilities, as well as their customers that are looking for responsibly sourced gas and low carbon emissions from their LNG cargos that they're going to take delivery of. And so, you're seeing more and more of that. So, I think that's a great opportunity there. There is so many opportunities where they bring intelligence to us now and talk about dislocations and pricing and things where people are talking about needing more gas to power plants and things of that nature, where in the past they didn't have the advantage and the opportunity to go out and talk to their affiliate or their parent company about building new assets to these locations. And that's one of the things they were most excited about when they came in the door with us is that they see great opportunity to take advantage of intelligence that they get they couldn't act upon in the past, because they didn't have somebody that was out building midstream assets with that intelligence. And so, I would say those are the couple of the things that we're looking at to take advantage of with that platform and we see a great long runway of that opportunity.

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Justin Jenkins
Analyst, Raymond James & Associates, Inc.

Thanks. Justin Jenkins, Raymond James. I guess two questions for me, just a couple of quick ones. First, if you could help me understand maybe the process, and more importantly, the timeframe of earning a return on the ERP spending overall.

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Sure.

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Justin Jenkins
Analyst, Raymond James & Associates, Inc.

And then, the second one is just more detail on the top end and bottom end of the EBITDA guidance assumptions for this year?

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Micheal Dunn

Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. I'll take the first one. In regard to Northwest Pipeline, so we have one compressor station replacement that's underway there right now. That will be incorporated into our rate case filing that we'll make this year. And so, we would have a pretty quick turnaround on that. And a very similar situation with the Transco replacements, we've been trying to negotiate a tracker with our customers. Ultimately, I believe we will get there. But that's been a challenge. That's a very diverse group. And they also have their regulators that are in the room negotiating with them against us, and that creates a pretty challenging environment when you can't have a dealing directly with your customer without their regulator looking over their shoulder. And I would say that's been the biggest challenge on the Transco side. And so, if we have to go down the rate case path, we've always said we'd be willing to do that, because it's the right thing to do from an emissions standpoint. And we can prove out to any of those regulators that are watching over our customers' shoulders that we're doing the right thing in emissions reduction. Now, we do have to spend some money to do that. But our customers are doing the exact same thing in their jurisdictions where they're reducing their own emissions, and we are going to do the same. And we'll roll those into our rate cases. We have an obligation to come back in Transco in 2024. And as I said earlier, we can do that earlier. So, that stay-out provision has now expired, and we don't think we'll need to do that. But if we do need to go in earlier, we'll do that. But hopefully, we get there on a tracker eventually. And I think that's the right thing to do, and it gives certainty to our customers about what their rates are going to look like without having to go through that rate case process. And if not, we'll go down the rate case path.

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. I would just say that's one of the kind of double-edged sword around infrastructure opposition is that the headroom that we have in our markets is we're not even sniffing that at all with our current rate, which gives us plenty of room to invest in our rate base. But it really just comes down to how we optimize the timing of that such that we're putting our capital in place right when we're going into the rate case and we're not sitting on capital for a few years. So, that's the biggest challenge we have. These are big projects, and you can't snap your finger and make them happen. Timing is pretty good right now frankly to hit our next rate case requirement on Transco with a lot of this capital. And so, that's exactly how we're going to recover that.

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John Porter

Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Yeah. And I would just say on the EBITDA range, as you know, for 2021, our EBITDA range was plus or minus $150 million around the midpoint, and we did expand that a little bit to $200 million, plus or minus $200 million. I think the two – really the two biggest sources of variability that you would put your finger on for 2022 would be the growth in the Northeast and the pricing around the upstream JV EBITDA. And in the Northeast, we're really keeping a close eye on what's happening with the wells that that will be connected in the Ohio River Supply Hub area and more of the wet gas areas around Marcellus South and the Cardinal System and the related follow-on EBITDA that comes through UEOM and really the whole Northeast JV. On the on the upstream JV EBITDA, we're positioned really well with the hedging we've done. I mentioned in my comments that our guidance was based on 12/31 strip pricing which, as you'll recall, was like $3.69 for gas and $72.31 for oil. And we've been really actively hedging, especially on the gas side and well into the third quarter. So, as I said, we're 52% hedged on that gross margin. So, I think we we've actually made a lot of progress even just say in the last several weeks in really firming up the contribution from the upstream side of the business, and that would be one of our bigger sources of variability.

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Alan S. Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. I would just add to that. If you think about kind of what's set the base, it was the strip pricing at the end of the year. So, obviously, there's good upside to that as we sit here today. And two would be the assumption that producers were going to remain disciplined and just be in maintenance mode on volumes. And I would say that's a pretty conservative assumption at what we're seeing right now on the pricing levels we're seeing right now. So, that is what our – that's what our midpoint of our guidance is based on, so.

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Michael Lapides

Analyst, Goldman Sachs & Co. LLC

Hey, guys. Michael Lapides of Goldman. Thank you for hosting this great event. Two questions for you, totally unrelated to each other. First, on Louisiana Energy Gateway, can you give a little more color about how we should think about timing, milestones we ought to watch, maybe how far along in contractual discussions are you with shippers, is it first inning or eighth inning, little bit of those things on that project? And then, just in the 2022 CapEx guidance, can you just – how much is for the E&P JVs?

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

You want to take that first one?

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Sure. Yeah. On Louisiana Energy Gateway, which inning? Well, there are days where it feels like we're in the ninth and then days where we're in the first. But I would say we're in pretty advanced discussions. We control – or will control effectively 0.5 Bcf a day of supply from our own position with GeoSouthern. And we're in negotiations with several different producers in the basin that are our customers, and they have very large takeaway needs as well. And so, I think what you should keep an eye out for is that we will only move forward with the project if we get sufficient commitments to commercialize, and that would take at least two other sizable commitments alongside our commitment from our position. Goal is to see that happen, commercialize the project this year. If that happens, then the project would be on track for being in service in 2024. And so, most of the investment would be in 2023 and into 2024.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

John, you want to?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Yeah. I think on the upstream capital – and as I mentioned in my presentation, we see 2022 as the peak capital investment we'll have to make in those upstream JVs, and Chad will jump in here and correct me if I say anything wrong here. But I think that's what a good assumption. And so, we're putting a lot of capital into the Haynesville system before that reversion of ownership on the PUDs begins to really kick in 2023 and beyond. So, I think up to say a couple of hundred million dollars for next year around the upstream JVs, and again, that would be sort of a peak. And we see EBITDA from those JVs well in excess of that capital amount.

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Francis Xavier Greywitt
Analyst, DWS Group GmbH & Co. KGaA

Hi. Frank Greywitt, DWS. I have a question on associated gas. If – especially if we get a Permian solution for gas takeaway, how do you expect that impacting your businesses as we move forward?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. We would fully expect a Permian, another Permian expansion, but it's going to take a while. I mean it's the same old same old, where the big producers have committed small guys that have been taking a free ride on those – on that basis improvement are enjoying that today. And so, it takes some pain, unfortunately, typically to get a pipeline sponsored, but I think you'll see expansions on existing, there's a few kind of lingering expansion opportunities out there, and I think we'll see those done first before another pipeline projects develop. But I would just say that's fully within our plans that the Permian gas volumes continue to grow, but it's going to have a hard time, frankly, keeping up with the demand that we're seeing. So, we would expect the Haynesville is going to have to pitch in and the Northeast is going to continue to have to pitch in. I think the wildcard which is anybody's bet right now is the degree of discipline in the kind of what I would call third-tier acreage, so Anadarko, Wyoming, some of the Wyoming acreage, particularly like the Piceance and Green River. So, I think some of the acreage that we'd all kind of written off as it wasn't going to get growing, I think that's really to me the bigger variable. Because I think the Permian is in a pretty tight bandwidth of how much you can grow based on infrastructure. But I think these other areas that already have infrastructure, if this pricing environment hangs in for very long at all and we see a loosening of discipline with capital or we see continued private inflows of capital into the space, I think we could be surprised by the amount of gas that could come out of places like Mid-Continent and places like that, that have kind of been kind of written off as declining basin, but in this pricing environment, they could come roaring back. So, to me, that's the bigger variable from our vantage point that's a little harder to call is kind of the lower rate basins and their ability to contribute.

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Chad Zamarin

Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

I think, Alan, it's probably safe to say that Permian gas supply still wants to get to the same markets that Transco serves along the Gulf Coast, and most of the supply has been coming in south of Houston. And so, infrastructure that can move gas from South Texas into Louisiana and beyond is going to be super critical and we're – Micheal showed the project backlog that we're constantly working on. There are projects that we've been evaluating along the Transco corridor in order to help move Permian gas supplies that will come into our system.

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Jean Ann Salisbury

Analyst, Sanford C. Bernstein & Co. LLC

Hi. Jean Ann Salisbury from Bernstein. Kind of a follow-on on producer discipline. We've had higher gas prices for the last eight months or so, but we haven't really seen quite the supply response from the Haynesville that a lot of people, including me, were

expecting. Do you think that that's producer discipline or worry about take away or maybe just a delayed response and it's coming this year?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Well, it's a mix of things, Jean Ann. I think one thing is critical, there's a lot of private money in the Haynesville and it's highly predictable and it doesn't – it hasn't required much risk on takeaway capacity, because there was an abundance of takeaway capacity there to start with. That's getting filled up, obviously, and now people make commitments. But you're talking about making a commitment of $0.25 versus – and knowing exactly where you're going into your LNG market versus making an $0.80 commitment coming out of the Northeast. And so, that's a big difference in terms of balance sheet commitment to a producer, and importantly, I think the risk of constraint by the regulatory process to get those pipelines built. If you think about how many times the Northeast has been punched in the eye now for pipelines not getting built Constitution, Atlantic Coast, MVP now, Northern Access, there's a long list of projects where the producers were counting on those projects getting built that hadn't really – that hadn't come to fruition in the Haynesville, and so – and they're much smaller builds, much less commitment required, as I mentioned. So, I think that's the big distinction why we're seeing the Haynesville be developed more rapidly is there's just less large scale uncontrolled risk. And so, the private guys are loving that, they know they can go make a 30%, 40% return even on much softer gas prices, and they're liking it, so I think we'll continue to see money flowing into that.

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Jean Ann Salisbury
Analyst, Sanford C. Bernstein & Co. LLC

Make sense. And then, you kind of mentioned some of the expansion potential for Permian pipelines. So, I guess, my question is that until three weeks ago, I thought that the most that a 42-inch pipeline could do is 2 Bcfd, and now I guess MPLX is looking at adding compression to make that 2.5 Bcfd. My basic understanding is that it's not like super-efficient, but it doesn't matter, because it's better than building a new build. Is this something that could be possible out of the Northeast as well if it becomes clear that we can't do more newbuilds out of the Northeast or is it different because the pipelines are longer?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Well, I mean the big opportunities for a lot of pipes will be pickup and replacement. So, if you're picking up an older line, that's maybe an 800 pound, an old pipeline that has a pressure limitation, and you can put it in a larger pipeline with a higher pressure, you

can rapidly increase the capacity out of an area. So, I think that might be some of the next capabilities that we see. Now, that's not being required in the Permian. In the Permian, they're just going to loop and add compression, which you can always do to a pipeline, so – and that just comes in increment. So, there's always an ability to expand the pipeline, it's not like – it's not a finite number, it's a matter of – there is a limit, a practical limit to where compression becomes less and less efficient, but that's when you add loops and so. I don't know, Micheal?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Which is exactly what we're doing in the Northeast, I mean Leidy South was exactly that. It was 30 miles of looping and additional compression that we put on existing infrastructure that we had already built through ASR. REA is the same way, it's about 36 miles of looping, a couple of different loops that we're installing there and compression. We're replacing some vintage compression, adding some incremental horsepower, putting electric drive compression in New Jersey, and that's exactly what we're doing there to optimize the assets that we already have in the ground. And the Permian pipelines can do the same thing MPLX said that I mean they could actually go in and start putting loops downstream where the compressor stations do incrementally add 100,000 a day or 200,000 a day of new capacity. And so, they'll start optimizing that. All of those pipelines will do the same. And so, you'll continue to see probably infrastructure projects built out of the Permian in that regard, maybe not the big greenfields that have been built thus far. And I think the other thing we ought to think about in the Permian, the pressure to reduce flaring will be there. That aspect has changed. Everybody's gotten religion about flaring, I think in the Permian and that's not going to change. I think the Railroad Commission and others that are overseeing that will be watching that much more closely than they have in the past, and the producers have committed to reduce that as well.

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Jean Ann Salisbury
Analyst, Sanford C. Bernstein & Co. LLC

Great. Thank you.

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Tristan Richardson
Analyst, Truist Securities, Inc.

Hey, guys. Tristan Richardson with Truist Securities. Just one for me, just thinking about medium-term growth, I think we all think about midstream and maybe a lack of growth opportunity. Clearly, you guys have outperformed expectations delivering on that 7% growth over the past couple of years. Looking at your project pipeline and thinking about Gulf of Mexico, Energy Access, South Side, as we look to the mid part of the decade,

could you just talk about to the extent to which your growth could surprise people and you could see that multiyear growth CAGR slope upward and go above and beyond sort of that mid-single-digits type number?

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Micheal Dunn

Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Well, I think our transmission opportunities are pretty vast. You saw about $10 billion of investment opportunity in there that have 6x multiple, that could have some pretty significant growth behind it and we're going to continue chasing all those projects and our commercial teams are very aggressive and very creative in finding opportunities. And Chad mentioned the opportunities from South Texas to the North on the Transco system that will very likely be the next project we get to announce in the coming future. So, we are actively chasing a lot of projects and I think we can have some additional backlog of projects that are introduced into our execution queue. And on the gathering side, I think we have the same opportunities. The rich gas is in vogue now, right now in the Marcellus and Utica, and we're going to have a lot of opportunities there. Encino is a private operator that CPPIB is their backer and that's our partner in the OVM. So, we have some mutual interests there to continue to grow that system for the benefit of our partner as well as our customer. And I would expect to see some upside growth opportunities there as well.

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. If you roll the clock back 10, 15 years ago, if we had a transmission project in a corridor, we would be discounting it substantially for the competition. In other words, we're only going to price it so low and we're not going to chase the project below a certain return level. And so, that is what it is. The competition, given all the pipeline opposition that exists, there really isn't – I mean, it's pretty well given who's going to generally win the business in an area, just because there's only – so, you got to look at Duke's long-range plan and their resource plan, you got to look at Dominion's resource plan, Southern Company's resource plans, and it's a pretty good roadmap for where a lot of our growth is going to come from in the coming years. And there's just not a whole lot of gray about that, because it's not like somebody is going to build over the top of you with a greenfield pipeline and meet those demands. So, I'd say on the transmission side, it's a lot more predictable than it used to be. And I think on the Deepwater growth, we've talked about that coming on 2024, it's very large and that just – those opportunities continue to build for us. But I would say probably the highflyer maybe that's out there for us is the vast resource that the Wamsutter basin is from an – and our goal is just to get those volumes up, get them to where – what would that basin deserves and deliver against that infrastructure which will be a lot of cash flow for us on the midstream side and – but then, then we've got the disposition of that asset to deal

with which could be a really large upside for us that we're not baking in, in fact, I don't think really the Street is baking in, but that could be very large if we get that developed and produced.

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Danilo Juvane
Vice President-Investor Relations, The Williams Cos., Inc.

We'll take two more participant questions before we wrap up.

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Sunil Sibal
Analyst, Seaport Global Securities LLC

Thank you. Sunil Sibal from Seaport Global. So, couple of kind of follow up questions, first on the return on capital. Could you confirm the $200 million upstream CapEx that you mentioned that's combined for the two JVs? And then, how should we think about the return on that versus the 16% that you've generated in your portfolio?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc

Yeah. The upstream would be for both the Haynesville JV and the Wamsutter JV as well, and really that's just traditional returns in the E&P business, priced at commodity price, whatever you're going to realize on the commodity prices. I think we're going to be pretty conservative in terms of closing those positions and not really putting a lot of risk out there around those businesses, locking in attractive returns, and supporting our Street guidance and the health of the balance sheet with those businesses, but not being overly aggressive with leaving open positions there.

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Sunil Sibal
Analyst, Seaport Global Securities LLC

Thanks for that. And then, one broader question on the industry. It seems like the midstream valuations have somewhat relatively stabilized. I was curious that this gives you an opportunity for broadening out your portfolio beyond the consolidation that you see in the current businesses.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

So, I didn't quite understand that last question, sorry.

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Sunil Sibal

Analyst, Seaport Global Securities LLC

So, I was curious with the midstream valuations kind of stabilizing, does that opens up the opportunity for Williams to go beyond consolidation in the existing businesses from an M&A perspective?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. I mean I just think we've got a really nice predictable growth path with a lot of high-return opportunities that make it really hard to compete with frankly. Said another way, our quality of cash flows and our book of business, we really like compared to anything else we look at. So, I'm not sure it really requires us to kind of stretch beyond what we see today, if that were to change for some reason, and obviously, never say never, but I think today we really like the quality of the cash flow streams and the quality return opportunities within our primary lines of business.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Jeremy Tonet, JPMorgan. Thanks for squeezing me in. Just want to ask about hydrogen in a little bit more detail, just current thoughts that you guys have is how much could be blended into existing pipes, where could that get to be, and what signposts are you seeing? Is this something that's real – is this like a 3-year, 5-year, 10-year or what makes you think that this could really be a part of the business going forward?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Well, I'll give you the old curmudgeon answer, and then I'll have a more progressive thinker give a more balanced response perhaps. But I think hydrogen is interesting. We are not going to let an opportunity to get past us on that front. We think the opportunities are going to be driven by a particular customer, just like kind of how in the early days of renewable power, where somebody said, I'm going to have renewable power, and so I think there will be opportunities for certain customers to demand a low-carbon footprint and we will be there to help and facilitate that. And then, secondly, I think the utilities will work hard to find ways to get the hydrogen investments into their rate base and particularly within the LDCS. And again, we're – nobody is better positioned than we are, because blending will be an issue, and the less blending you need to do, the more – the less investment is going to be required in terms of making market. And so, a big grid, a big transmission network is a great place to take advantage of blending opportunities. So, that's kind of the way we're seeing it right now, but certainly, if there's government subsidies and Build Back Better and things like that that come along, then

maybe that will accelerate some of that. But it is a – make no mistake about it, it is a long ways from being commercial today, aren't standing on its own two feet. There's not even – it's not maybe – I mean, people are talking about, well, green hydrogen making sense in Europe now. Well, that's – because their gas went to $30. If we get to $30 gas and hydrogen will make sense that here, too. So, Chad, I'll let you dress that up a little bit.

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Chad Zamarin
Senior Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. That wasn't too curmudgeonly, but I do think – we think of it in long terms, and if people are willing to pay more for energy, which they certainly talk like they are, right, and if that is the – it is the energy of the future, people are willing to pay more for, hydrogen could very well be a significant part of the mix. When you think about Wamsutter and Northwest Pipeline, if you blended 5% hydrogen into Northwest Pipeline and there are customers in the Pacific Northwest that would love to have zero-carbon energy added into their mix. If you blended 5% hydrogen into Northwest Pipeline, that's 150 million cubic feet a day. That would be a multibillion-dollar investment in hydrogen, in wind power generation hydrogen production and delivery up into the Pacific Northwest. So, it is a significant opportunity for us, and we are confident that we can blend 5% likely much more than that without a whole lot of modifications to the existing infrastructure. So, if – the reason why we're so focused on it isn't because we're necessarily convinced that today it is economic, but if it will become economic, it does – we think we have the infrastructure that can deliver it to market, and it solves the renewable equation. You can produce the energy, you can store the energy without depleting, and you can deliver it without losing any of it. And so, we really – the potential is great. When you ask two, three, five years, we don't expect a significant meaningful contribution within our business in that timeframe. Alan did mention the Build Back Better Plan did have hydrogen incentives that would have made projects on our system economic. Now, those are through subsidies and the goal would be for those over time to become economic on their own without subsidies. So, we're keeping a close eye and we're working with our government affairs team and key stakeholders to see if those provisions don't become law outside of Build Back Better and I do think there is bipartisan support for those provisions of Build Back Better. So, our team is going to be ready to participate in those opportunities if they make sense.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

I would just add, I think the one thing that hydrogen can really help with, particularly as a blended fuel, is the big challenge we are going to run up against on renewables is transmission and storage of that energy. Making hydrogen out of the excess renewable power, which we are going to have a lot of excess renewable power in locations,

making hydrogen out of that, so that you can then very efficiently transport it and store it along with natural gas puts a value proposition on it, that really isn't there for renewable power. Nobody is putting price on that today, because the grid is still supporting all that intermittent power and not really putting the price of that storage really on renewables. But eventually, if we get enough renewables, we're going to have to put a price on storage. And that's when hydrogen and those benefits of hydrogen, conversion from renewables could start to make some sense. Okay. All right. Jeremy, one question.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Sorry. Just one last one if I could. The energy transfer legal matters, if there's any updated thoughts that you're able to share there?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Man, thank goodness. Lane was getting worried.

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Lane Wilson
Senior Vice President & General Counsel, The Williams Cos., Inc.

You read the opinion?

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Not all of it.

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Lane Wilson
Senior Vice President & General Counsel, The Williams Cos., Inc.

No. Okay. Yeah, well-written opinion. I mean, obviously, we think that Judge Glasscock came to the right decision in terms of timing. Delaware Courts are pretty efficient. We suspect we'll have a final judgment well before the end of the year. And then, of course, we anticipate an appeal, which again we feel very good about, and Delaware Courts handle those anywhere between six months and nine months. So, I'd expect some time in 2023.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Thank you.

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Okay. All right. Thank you, all. Well, I'll just wrap up here. Really, really pleased with 2021. I don't think there's very many companies that grew from 2019 to 2020 and grew 2021 and have come out with guidance on top of a good 2021, there's just not very many in the mix that have been able to deliver on that, and I have this great team, our employees at Williams, to thank for that. And so, I would just say, really pleased with how we're performing. I'm really excited about the upside we have in our business right now and kind of the environment we're in right now is really positive for our business. So, I feel very good about that. And we're – just as part of this last conversation, we're going to be there for the long haul, Williams has transformed itself a lot of times, and any time there's an incremental opportunity that's come up, we've been there to seize it, and I fully expect us to do that as these opportunities pop their head up as well. But meantime, it's a really good time to be in the gas transmission and the gas gathering business, and we are extremely well positioned in the markets that we serve and the basin that we serve. So, with that, thank you very much. We really appreciate your making the effort to come out and get through all the requirements to be here today, but it's great to see – all of you all in one place and look forward to seeing you more in the future. Thank you.