Williams 1st Quarter 2021 Earnings Call

May 4, 2021

WE MAKE CLEAN ENERGY HAPPEN®

Williams®

Strong 1st quarter results across all key metrics

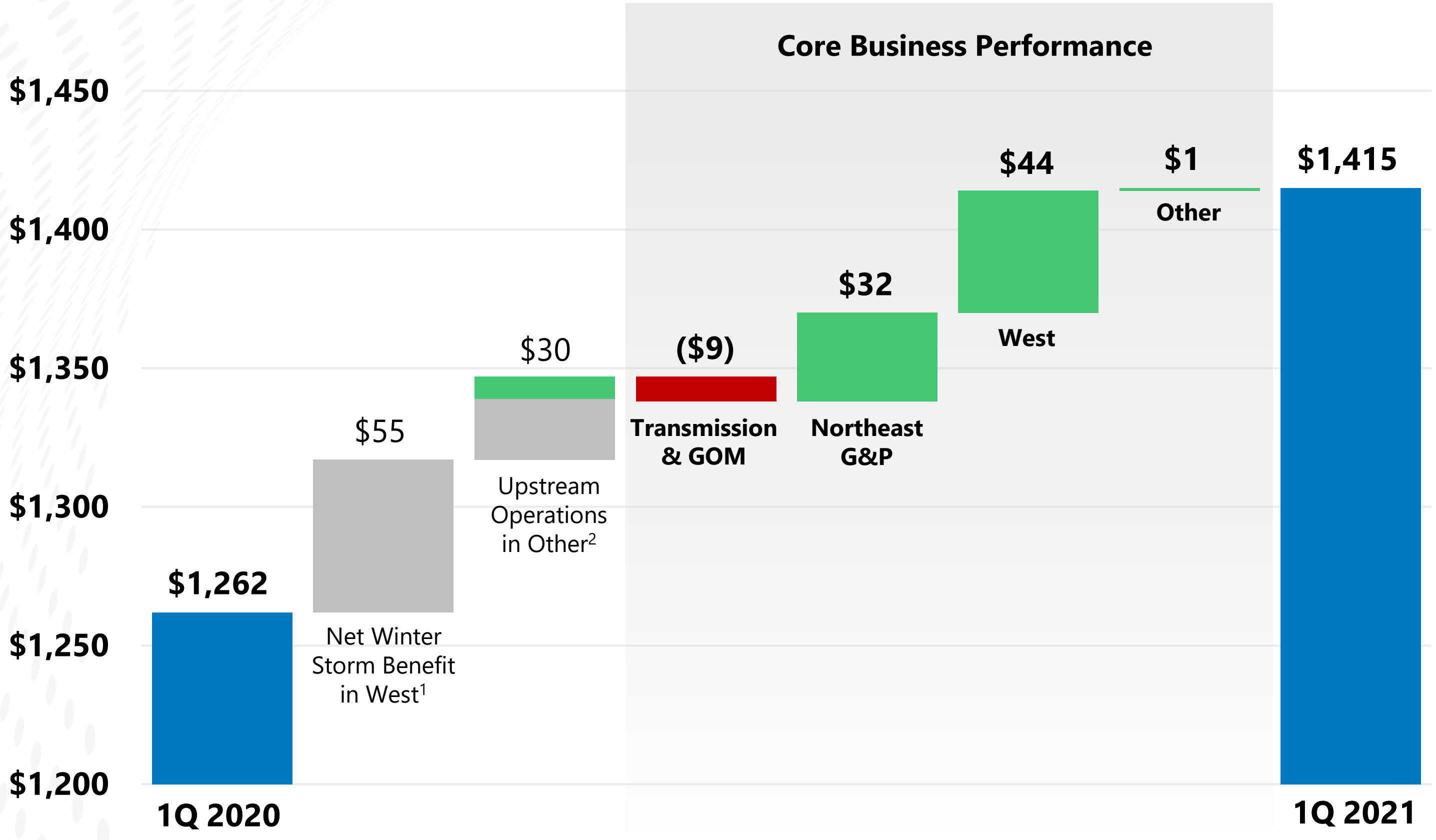
Strong Financial Performance Across Key Metrics	1Q 2021	1Q 2020	Change
Adjusted EBITDA	$1,415	$1,262	12%
(Less winter storm benefit)	*$1,338*	*$1,262*	*6%*
Adjusted Earnings per Share	$0.35	$0.26	35%
Available Funds from Operations	$1,029	$920	12%
Dividend Coverage Ratio *(AFFO basis)*	2.07x	1.90x	

Balance Sheet Strength and Capital Discipline	1Q 2021	1Q 2020	Change
Debt-to-Adjusted EBITDA [1]	4.20x	4.36x	
Capital Investments [2]	$277	$284	(2%)

[1] Does not represent leverage ratios measured for WMB credit agreement compliance or leverage ratios as calculated by the major credit ratings agencies. Debt is net of cash on hand, and Adjusted EBITDA reflects the sum of the last four quarters. [2] Includes increases to property, plant and equipment; purchases of businesses net of cash acquired; and purchases of and contributions to equity-method investments. Note: In $ millions except for ratios and per-share amounts. This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest comparable GAAP financial measures is included at the back of this presentation.

WMB first quarter results up 12%

WMB Adjusted EBITDA ($MM): 1Q 2020 vs. 1Q 2021



[1] Includes net benefit of winter storm Uri on the West segment (+$55 mm). [2] Includes net benefit of winter storm Uri on upstream operations in Other segment (+$22 mm) and non-storm related upstream earnings in normalized commodity price environment (+$8 mm); Upstream earnings primarily reflect acquisition of BP Wamsutter acreage transacted on February 1, 2021.

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CORE BUSINESS PERFORMANCE DRIVERS

> **TRANSMISSION & GOM**
Slightly higher operating costs, lower Deepwater revenues due to producer issues and one less billable day on Transco; Partially offset by increased transmission revenues due to expansion projects

> **NORTHEAST G&P**
Higher gathering volumes of 11%, higher processing volumes of 15% and increased ownership in Blue Racer

> **WEST**
Favorable marketing margins, lower segment costs and higher MVC shortfall payments; Partially offset by lower gathering volumes, lower gathering rates and lower JV EBITDA

Key investor focus areas

Resilient Natural Gas Business Strategically Aligned with Lower-Carbon Energy Future

$ FINANCIAL EXPECTATIONS

2021 Guidance

- 2021 EBITDA guidance midpoint increases by $100 mm

Balance Sheet Strength

- De-leveraging on accelerated path
- Moody's on positive watch

Sequent Energy Management

- Allows for enhanced optimization of natural gas portfolio and expansion into new customers and services

PROJECT EXECUTION

Natural Gas Transmission

- Regional Energy Access FERC Application filed
- Leidy South project under construction; 4Q 2021 in-service
- 25+ project opportunity backlog

Deepwater Gulf of Mexico

- Four major expansions expected to come on line 2022-2025

SUSTAINABILITY

Climate Commitment

- Williams' GHG reduction goal aligns with Nationally Determined Contribution target

Clean Energy Transition

- Solar projects advancing
- Williams Wyoming Hydrogen Hub
- Clean Hydrogen Future Coalition
- Houston Green Tech Incubator

Appendix

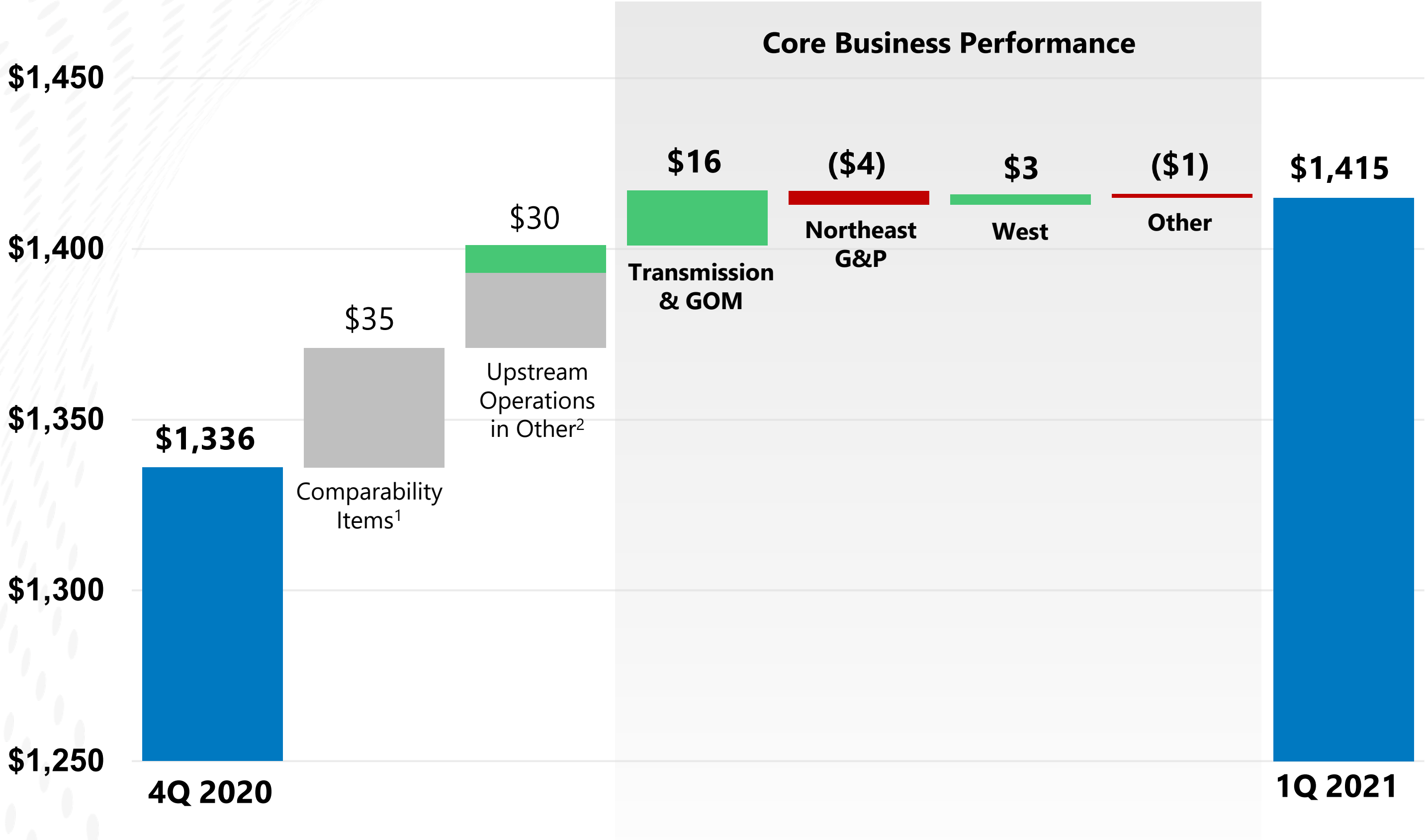
Sequent Energy Management acquisition

Enhanced Optimization of Natural Gas Portfolio and Expansion into New Customers and Services

- Reached agreement to purchase Sequent for $50 million plus working capital, close expected 3Q '21
- Increases Williams' natural gas pipeline marketing footprint to over 8 Bcf/d
- Enhances Williams' natural gas pipeline and storage optimization opportunities
- Significant opportunity to better source and deliver responsibly produced natural gas
- Enables expansion into new gas-fired power generation, LNG export and RNG customers
- Complements current geographic footprint of core pipeline transportation and storage business
- Welcomes a talented workforce and industry leading platform complementary to Williams' culture

WMB sequential quarter results up 6%

WMB Adjusted EBITDA ($MM): 4Q 2020 vs. 1Q 2021



[1] Includes net benefit of winter storm Uri on the segment (+$55 mm) and the absence of Wamsutter MVC cash payment recognized in 4Q 2020 but attributable to 1Q '20 -3Q '20 (-$20mm) . [2] Includes net benefit of winter storm Uri on upstream operations in Other segment (+$22 mm) and non-storm related upstream earnings in normalized commodity price environment (+$8 mm); Upstream earnings primarily reflect acquisition of BP Wamsutter acreage transacted on February 1, 2021.

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CORE BUSINESS PERFORMANCE DRIVERS

> **TRANSMISSION & GOM**

Increased revenues due to Transco expansion projects, higher seasonal transmission services, higher Deepwater gathering volumes, increased JV EBITDA and lower segment costs; Partially offset by two less billable days on Transco

> **NORTHEAST G&P**

Lower revenues primarily due to lower G&P volumes; Partially offset by higher JV EBITDA driven primarily by increased gathering volumes in Bradford and increased ownership in Blue Racer

> **WEST**

Favorable marketing margins, lower segment costs and higher MVC shortfall payments; Partially offset by lower gathering volumes, lower gathering rates and lower JV EBITDA

2021 Guidance Ranges

FINANCIAL METRIC	2021 GUIDANCE	Initial Guidance, Feb. '21
Adjusted Net Income[1]	$1.325 Bn - $1.525 Bn	$1.200 Bn - $1.500 Bn
Adjusted Diluted EPS[1]	$1.09 - $1.25	$0.99 - $1.23
Adjusted EBITDA	$5.2 Bn - $5.4 Bn	$5.050 Bn - $5.350 Bn
Available Funds from Operations (AFFO)	$3.7 Bn - $3.9 Bn	$3.550 Bn - $3.850 Bn
AFFO per share	$3.04 - $3.20	$2.92 - $3.16
Dividend Coverage Ratio *(Based on AFFO)*	1.9x (midpoint)	1.85x (midpoint)
Debt-to-Adjusted EBITDA[2]	~4.2x (midpoint)	~4.25x (midpoint)
Growth Capex	$1.0 Bn - $1.2 Bn	
Maintenance Capex	$400 Mn - $500 Mn	
Dividend Growth Rate	2.5% annual growth ($1.64 per share)	

[1] From continuing operations attributable to Williams available to common stockholders. [2] Book Debt-to-Adjusted EBITDA ratio does not represent leverage ratios measured for WMB credit agreement compliance or leverage ratios as calculated by the major credit ratings agencies. Consolidated debt is net of cash on hand. Note: This slide contains non-GAAP financial measures. A reconciliation of all non-GAAP financial measures used in this presentation to their nearest comparable GAAP financial measures is included at the back of this presentation. Williams does not expect to be a U.S. Federal cash income taxpayer through at least 2024, excluding taxes on any potential asset monetizations.

Consistently delivering on our promises

2020 RESULTS EXCEED GUIDANCE MIDPOINTS

In $Billions except for percentages, ratios and per share amounts	**2020 GUIDANCE RANGES vs. RESULTS**			
Diluted EPS[1]	$0.95	$1.08	Adjusted $1.10	$1.20
Net Income[1]	$1.160	$1.310	Adjusted $1.333	$1.460
Adjusted EBITDA	$4.950	$5.100	$5.105	$5.250
Distributable Cash Flow (DCF)	$3.050	$3.250	$3.356	$3.450
Growth Capex	Guidance $1.0 - $1.2	*Prior guidance: $1.1 - $1.3 Bn*	Actual $1.119	
Dividend Growth Rate	Guidance 5% annual growth		Actual 5%	
Dividend Coverage Ratio (DCF Basis)	Guidance Midpoint ~1.7x		Actual 1.73x	
Consolidated Debt / EBITDA[2]	Guidance 4.4x		Actual 4.35x	

[1] From continuing operations attributable to Williams available to common stockholders

[2] Book Debt-to-Adjusted EBITDA ratio does not represent leverage ratios measured for WMB credit agreement compliance or leverage ratios as calculated by the major credit ratings agencies. Consolidated debt is net of cash on hand.

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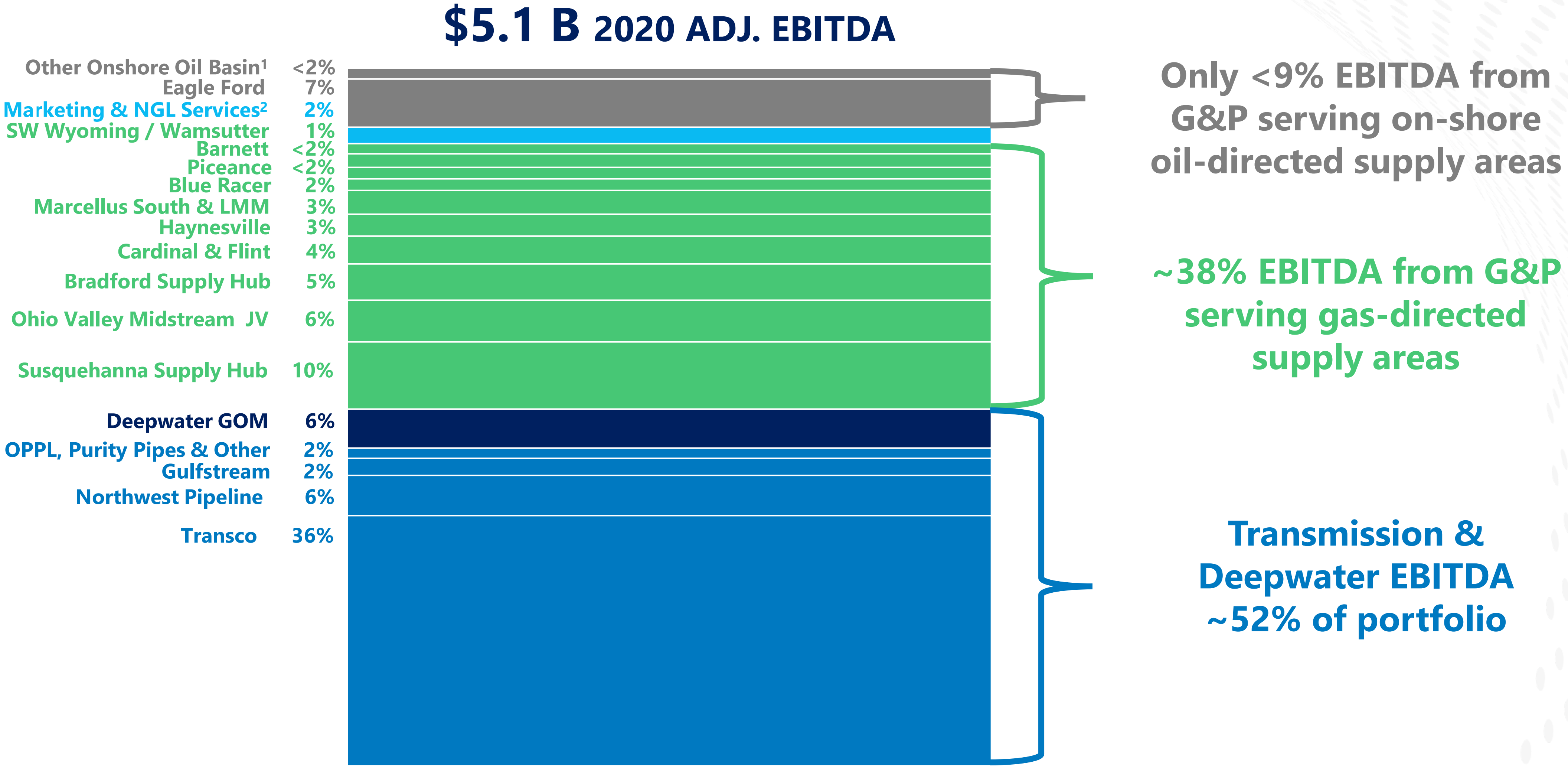
Stable and diversified EBITDA, limiting exposure to any one basin



[1]Includes Permian, Mid-continent and DJ Basin; [2] Includes Conway, Bluestem pipeline, Targa Frac, Gas Marketing and NGL Marketing
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Recent accomplishments

Record Performance	Achieved record natural gas gathering volumes of 13.6 Bcf/d and contracted transmission capacity of 22.8 Bcf/d[1]
Transco – Southeastern Trail	Commenced full in-service on January 1st of a 296 MMcf/d[1] pipeline project serving growing gas demand in Mid-Atlantic & Southeastern United States; 150 MMcf/d[1] of the project came on line in November 2020 and an additional 80 MMcf/d[1] in December 2020
Transco – Regional Energy Access	Filed FERC Application in March 2021 for an 829 MMcf/d[1] pipeline expansion to connect robust Marcellus supplies with growing Northeast natural gas demand in time for the 2023-2024 winter heating season
Transco – Leidy South	Key state and federal permits and FERC Notice to Proceed received on 582 MMcf/d[1] expansion connecting robust Appalachia natural gas supplies with growing demand centers along the Atlantic Seaboard; Brought 125 MMcf/d[1] of capacity on line in November 2020 with the remaining 457 MMcf/d[1] expected to be complete in 4Q 2021
Northeast – Oak Grove TXP III	Commenced in-service on a 200 MMcf/d expansion of Oak Grove processing capacity, increasing total Ohio Valley Midstream JV processing capacity to 1.9 Bcf/d
West – Bluestem NGL Pipeline	Began commercial service in December 2020 on 120 Mbbls/d Mid-continent NGL pipeline, under budget and ahead of schedule
Renewables – Solar Power Initiative	Added three new solar projects to our initial slate of solar opportunities, taking our total number to 16 unique projects. Six of those projects advanced to the interconnection queue in Q1 2021, mainly in the Northeast, with the balance of the projects expected to move into the interconnection queue by the end of 2021
ESG – Williams Virtual ESG Event	Hosted Williams Virtual ESG Event on January 19, 2021, the first event of its kind across the midstream peer group, presenting the company's ESG performance, climate commitment and forward-looking strategy for sustainable operations

[1] *Dekatherms converted to cubic feet at 1,000 cubic feet = 1 dekatherm.*

Executing significant portfolio of gas transmission growth projects

PROJECTS IN EXECUTION ~$2B

Project	Target In-service	Current Status[1]	Project Capacity[2]	Markets Served
✓ Southeastern Trail	4Q ’20/ 1Q ’21	Commenced Full In-Service Jan. ‘21	296 MMcf/d	Res/Com & Power demand in Mid-Atlantic & Southeastern U.S.
✓ Leidy South	4Q ’20/ 4Q ’21	Partial In-Service; Under Construction	582 MMcf/d	Res/Com & Power demand in Mid-Atlantic & Southeastern U.S.
Gulfstream Ph. VI	4Q ’22	Received FERC Certificate Mar. ’20; Major Permits Received	78 MMcf/d	Power demand in FL
Regional Energy Access	4Q ’23	Filed FERC Application Mar. ’21	829 MMcf/d	Res/Com & Power demand in PA, NJ & MD

Transmission Project Milestones[1]: Customer Commitments 》 FERC Application 》 Environment Assessment (EA)/ Environmental Impact Statement (EIS) 》 FERC Certificate 》 Final Permits Received 》 Under Construction 》 Mechanically Complete 》 Commence Service

[2] Dekatherms converted to cubic feet at 1,000 cubic feet = 1 dekatherm

Unique Deepwater opportunities available due to incumbent position

Recent Deepwater Project Milestones

Western Gulf

Whale

- ✓ Under existing dedication
- ✓ Reimbursement Agreement executed to keep project development on track
- Target customer FID 2021
- Target first flow in 2024

Eastern Gulf

Ballymore

- ✓ Under existing dedication
- ✓ In facility-planning discussions
- Target customer FID 1Q 2022
- Target first flow in 1Q 2025

Taggart

- ✓ Positive FID June 2020
- ✓ Signed Definitive Agreement
- Target first flow in 2Q 2022

Discovery

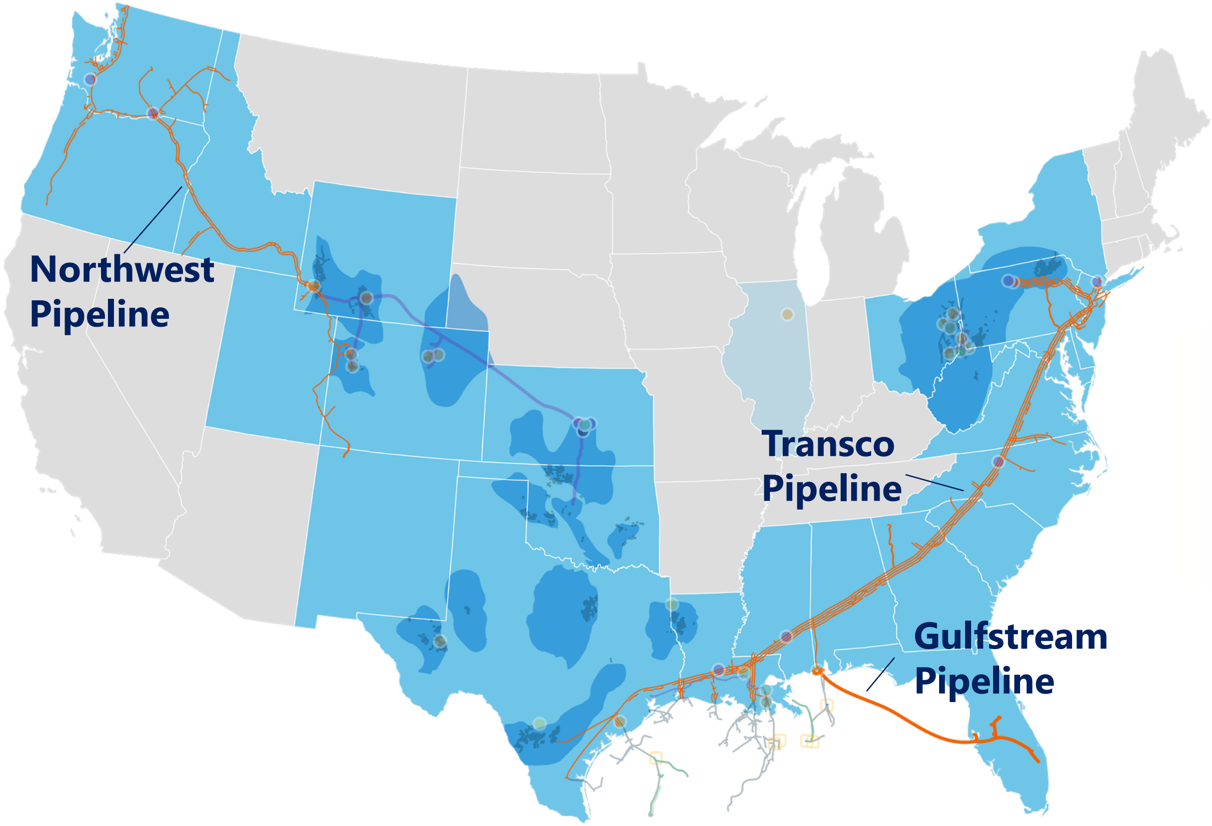
- ✓ Positive FIDs
- ✓ Signed Definitive Agreements
- ✓ **Katmai** first flow in June 2020
- **Spruance** first flow target in 1Q 2022
- **Anchor** first flow target in 2Q 2024

Sources: Customer press releases, media outlets and Williams estimates

Pursuing deep and diverse set of transmission growth opportunities

PROJECTS IN DEVELOPMENT

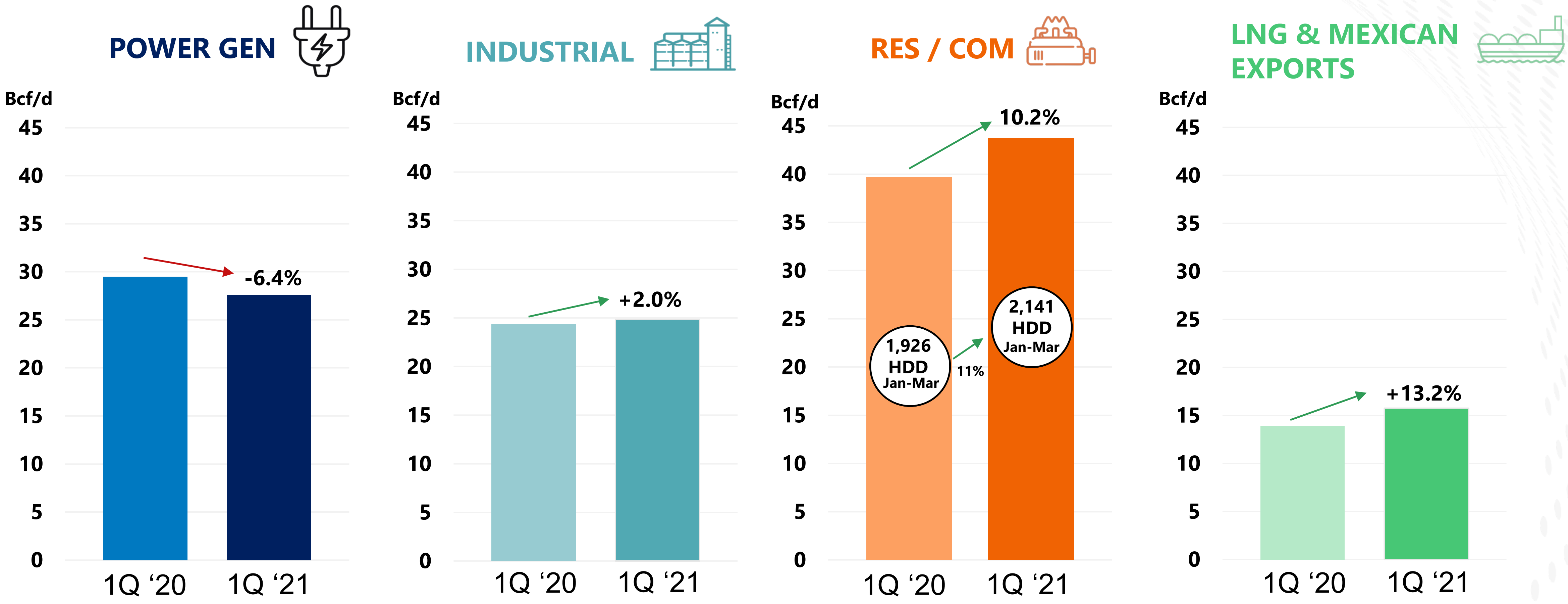
Williams' Asset Map, Highlighting Northwest, Transco, & Gulfstream Natural Gas Pipelines



Type of Project	# of Projects	Capex ($Bln)	Capacity (Bcf/d)	Estimated ISDs
Transporting Natural Gas to Power Generation Facilities	6	$4	3	'25-'31
Transporting Natural Gas to LNG Export Facilities	7	$5	8	'24-'26
Transporting Natural Gas to Industrial Facilities/LDC	13	$3	3	'23-'28

Natural gas demand remains strong in 2021

Total demand averaged 112.0 Bcf/d in 1Q '21 compared to 107.5 Bcf/d in 1Q '20

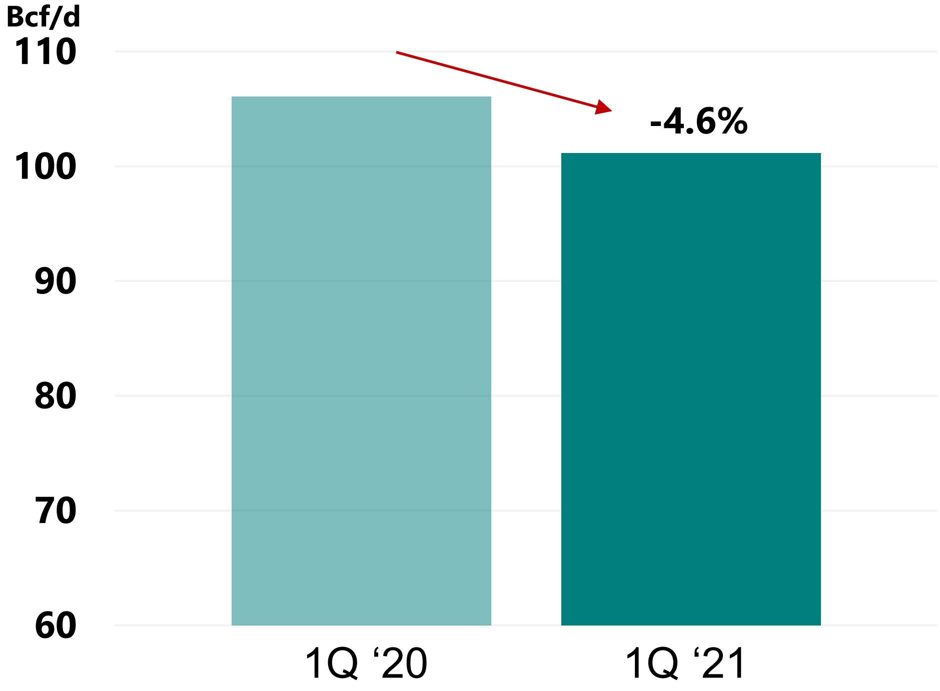


LOWER-48 NATURAL GAS DEMAND + EXPORTS 1Q '20 v. 1Q '21 COMPARISON

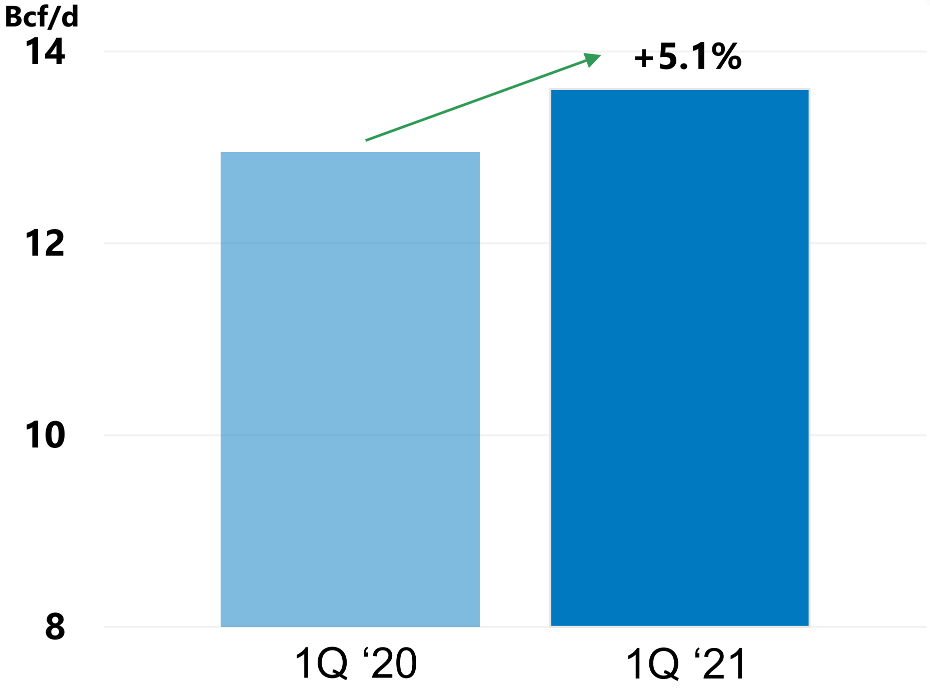
Source: S&P Global Platts, ©2021 by S&P Global Inc.; Note: Pipeloss/Fuel demand is excluded from the charts. Note that HDD is U.S. population-weighted Heating Degree Days.

Growth across Williams assets outpaces market rate

LOWER-48 + GOM NATURAL GAS WELLHEAD PRODUCTION



WILLIAMS NATURAL GAS GATHERING VOLUMES



STRATEGICALLY POSITIONED TO CONNECT BEST SUPPLIES TO BEST MARKETS

Note: Williams gathering volumes include 100% of operated assets

Forward Looking Statements

Forward-looking statements

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

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

  - Levels of dividends to Williams stockholders;
  - Future credit ratings of Williams and its affiliates;
  - Amounts and nature of future capital expenditures;
  - Expansion and growth of our business and operations;
  - Expected in-service dates for capital projects;
  - Financial condition and liquidity;
  - Business strategy;
  - Cash flow from operations or results of operations;
  - Seasonality of certain business components;
  - Natural gas, natural gas liquids, and crude oil prices, supply, and demand;
  - Demand for our services;
  - The impact of the coronavirus (COVID-19) pandemic.

Forward-looking statements (cont'd)

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

- Availability of supplies, market demand, and volatility of prices;
- Development and rate of adoption of alternative energy sources;
- The impact of existing and future laws and regulations, the regulatory environment, environmental 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;

Forward-looking statements (cont’d)

  - The ability of the members of the Organization of Petroleum Exporting Countries and other oil exporting nations to agree to and maintain oil price and production controls and the impact on domestic production;
  - Changes in the current geopolitical situation;
  - Whether we are able to pay current and expected levels of dividends;
  - Changes in U.S. governmental administration and policies;
  - Additional risks described in our filings with the Securities and Exchange Commission (SEC).
- **Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to and do not intend to update the above list or announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.**
- **In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth in this report. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise.**
- **Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on February 24, 2021.**

Non-GAAP Reconciliations

Non-GAAP Disclaimer

- This presentation may include certain financial measures – adjusted EBITDA, adjusted income ("earnings"), adjusted earnings per share, available funds from operations and dividend coverage ratio – that are non-GAAP financial measures as defined under the rules of the Securities and Exchange Commission.
- Our segment performance measure, modified EBITDA is defined as net income (loss) before income (loss) from discontinued operations, income tax expense, net interest expense, equity earnings from equity-method investments, other net investing income, remeasurement gain on equity-method investment, impairment of equity investments and goodwill, depreciation and amortization expense, and accretion expense associated with asset retirement obligations for nonregulated operations. We also add our proportional ownership share (based on ownership interest) of modified EBITDA of equity-method investments.
- Adjusted EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations. Such items are also excluded from net income to determine adjusted income. Management believes these measures provide investors meaningful insight into results from ongoing operations.
- Available funds from operations is defined as cash flow from operations excluding the effect of changes in working capital and certain other changes in noncurrent assets and liabilities, reduced by preferred dividends and net distributions to noncontrolling interests. We also calculate the ratio of available funds from operations to the total cash dividends paid (dividend coverage ratio). This measure reflects Williams' available funds from operations relative to its actual cash dividends paid.
- This presentation is accompanied by a reconciliation of these non-GAAP financial measures to their nearest GAAP financial measures. Management uses these financial measures because they are accepted financial indicators used by investors to compare company performance. In addition, management believes that these measures provide investors an enhanced perspective of the operating performance of assets and the cash that the business is generating.
- Neither adjusted EBITDA, adjusted income, nor available funds from operations are intended to represent cash flows for the period, nor are they presented as an alternative to net income or cash flow from operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with United States generally accepted accounting principles.

Reconciliation of Income (Loss) From Continuing Operations Attributable to The Williams Companies, Inc. to Non-GAAP Adjusted Income

	2020					2021
(Dollars in millions, except per-share amounts)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ (518)	$ 303	$ 308	$ 115	$ 208	$ 425
Income (loss) - diluted earnings (loss) per common share [(1)]	$ (.43)	$ .25	$ .25	$ .09	$ .17	$ .35
Adjustments:						
Transmission & Gulf of Mexico						
Northeast Supply Enhancement project development costs	$ —	$ 3	$ 3	$ —	$ 6	$ —
Impairment of certain assets	—	—	—	170	170	—
Pension plan settlement charge	4	1	—	—	5	—
Adjustment of Transco's regulatory asset for post-WPZ Merger state deferred income tax change consistent with filed rate case	2	—	—	—	2	—
Benefit of change in employee benefit policy	—	(3)	(6)	(13)	(22)	—
Reversal of costs capitalized in prior periods	—	—	10	1	11	—
Severance and related costs	1	1	(1)	—	1	—
Total Transmission & Gulf of Mexico adjustments	7	2	6	158	173	—
Northeast G&P						
Share of early debt retirement gain at equity-method investment	—	(5)	—	—	(5)	—
Share of impairment of certain assets at equity-method investments	—	—	11	36	47	—
Pension plan settlement charge	1	—	—	—	1	—
Impairment of certain assets	—	—	—	12	12	—
Benefit of change in employee benefit policy	—	(2)	(2)	(5)	(9)	—
Total Northeast G&P adjustments	1	(7)	9	43	46	—
West						
Pension plan settlement charge	1	—	—	—	1	—
Benefit of change in employee benefit policy	—	(1)	(2)	(6)	(9)	—
Total West adjustments	1	(1)	(2)	(6)	(8)	—

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

Reconciliation of Income (Loss) From Continuing Operations Attributable to The Williams Companies, Inc. to Non-GAAP Adjusted Income (con't)

	2020					2021
(Dollars in millions, except per-share amounts)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*
Other						
Regulatory asset reversals from impaired projects	—	—	8	7	15	—
Reversal of costs capitalized in prior periods	—	—	3	—	3	—
Pension settlement charge	—	—	—	1	1	—
Accrual for loss contingencies	—	—	—	24	24	5
Total Other adjustments	—	—	11	32	43	5
Adjustments included in Modified EBITDA	9	(6)	24	227	254	5
Adjustments below Modified EBITDA						
Impairment of equity-method investments	938	—	—	108	1,046	—
Impairment of goodwill (2)	187	—	—	—	187	—
Share of impairment of goodwill at equity-method investment	78	—	—	—	78	—
Allocation of adjustments to noncontrolling interests	(65)	—	—	—	(65)	—
	1,138	—	—	108	1,246	—
Total adjustments	1,147	(6)	24	335	1,500	5
Less tax effect for above items	(316)	8	1	(68)	(375)	(1)
Adjusted income available to common stockholders	$ 313	$ 305	$ 333	$ 382	$ 1,333	$ 429
Adjusted income - diluted earnings per common share (1)	$ .26	$ .25	$ .27	$ .31	$ 1.10	$ .35
Weighted-average shares - diluted (thousands)	1,214,348	1,214,581	1,215,335	1,216,381	1,215,165	1,217,211

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

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

Reconciliation of Cash Flow from Operating Activities to Non-GAAP Available Funds from Operations

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

Reconciliation of Net Income to Modified EBITDA, Non-GAAP Adjusted EBITDA

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

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

Reconciliation of Net Income to Modified EBITDA, Non-GAAP Adj. EBITDA and CFFO Activities to Non-GAAP AFFO

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

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