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Williams 3rd Quarter 2021 Earnings Call

November 2, 2021

WE MAKE CLEAN ENERGY HAPPEN®

Williams®

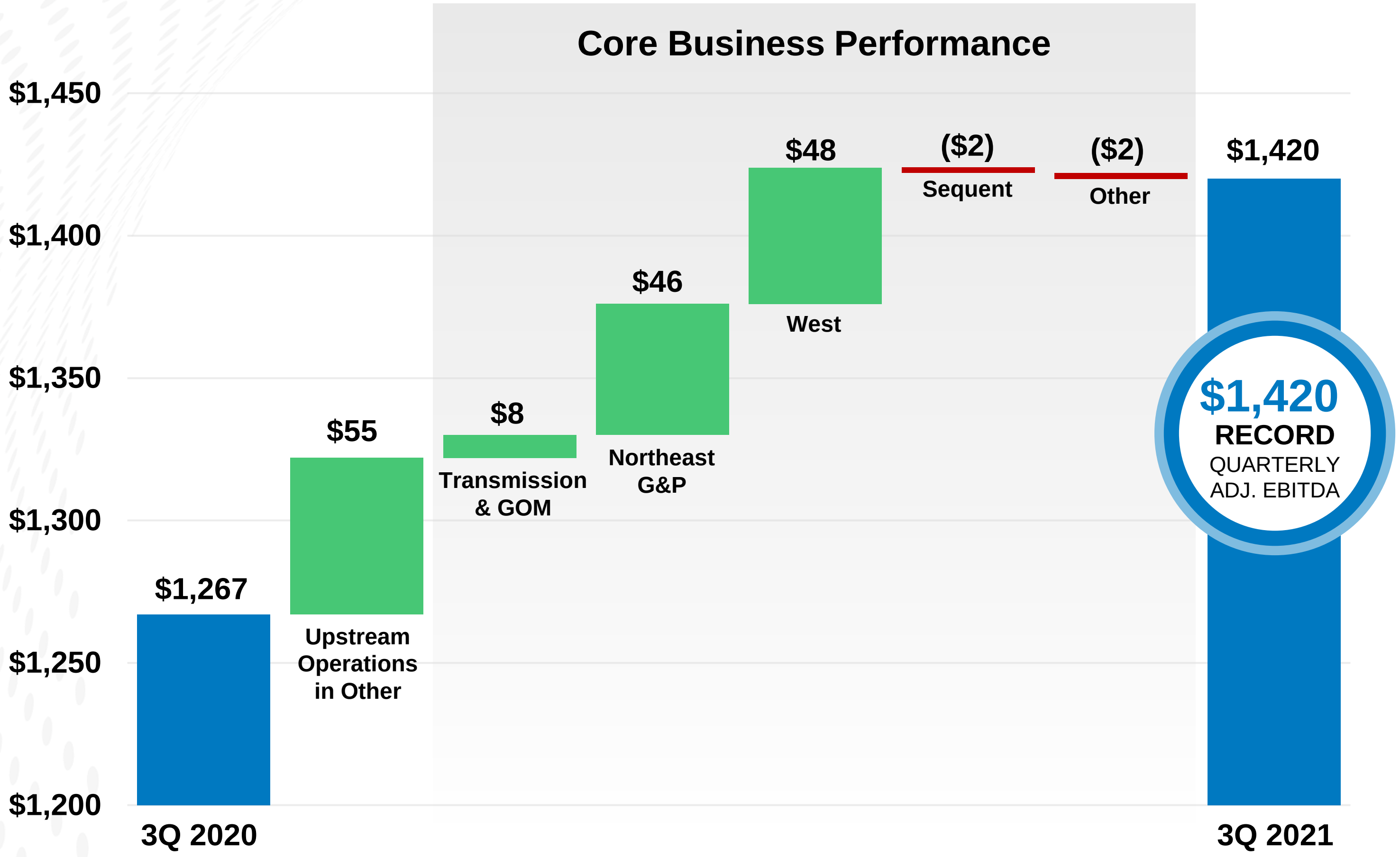
Strong third quarter results across key financial metrics

Strong Financial Performance Across Key Metrics	3Q 2021	3Q 2020	Change	3Q YTD 2021	3Q YTD 2020	Change
Adjusted EBITDA *(Less winter storm benefit in 1Q '21)*	$1,420	$1,267	12%	$4,152 *$4,075*	$3,769 *$3,769*	10% *8%*
Adjusted Earnings per Share	$0.34	$0.27	26%	$0.96	$0.78	23%
Available Funds from Operations	$1,080	$863	25%	$3,028	$2,655	14%
Dividend Coverage Ratio *(AFFO basis)*	2.17x	1.78x	22%	2.03x	1.82x	12%
Balance Sheet Strength and Capital Discipline						
Debt-to-Adjusted EBITDA[1]	4.04x	4.42x				
Capital Investments[2]	$469	$415	13%	$1,206	$1,062	14%

[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]Capital Investments includes increases to property, plant, and equipment (growth & maintenance capital), 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.

Delivered 12% growth 3Q'21 vs. 3Q'20

WMB Adjusted EBITDA ($MM): 3Q 2021 vs. 3Q 2020



CORE BUSINESS PERFORMANCE DRIVERS

> **TRANSMISSION & GOM**

Increased revenues from transmission expansion projects and favorable commodity margins; Partially offset by slightly higher segment operating costs and hurricane related shut-ins

> **NORTHEAST G&P**

Increased results from 5% higher gathering volumes primarily driven by Bradford, higher processing revenues at OVM JV and increased ownership in Blue Racer

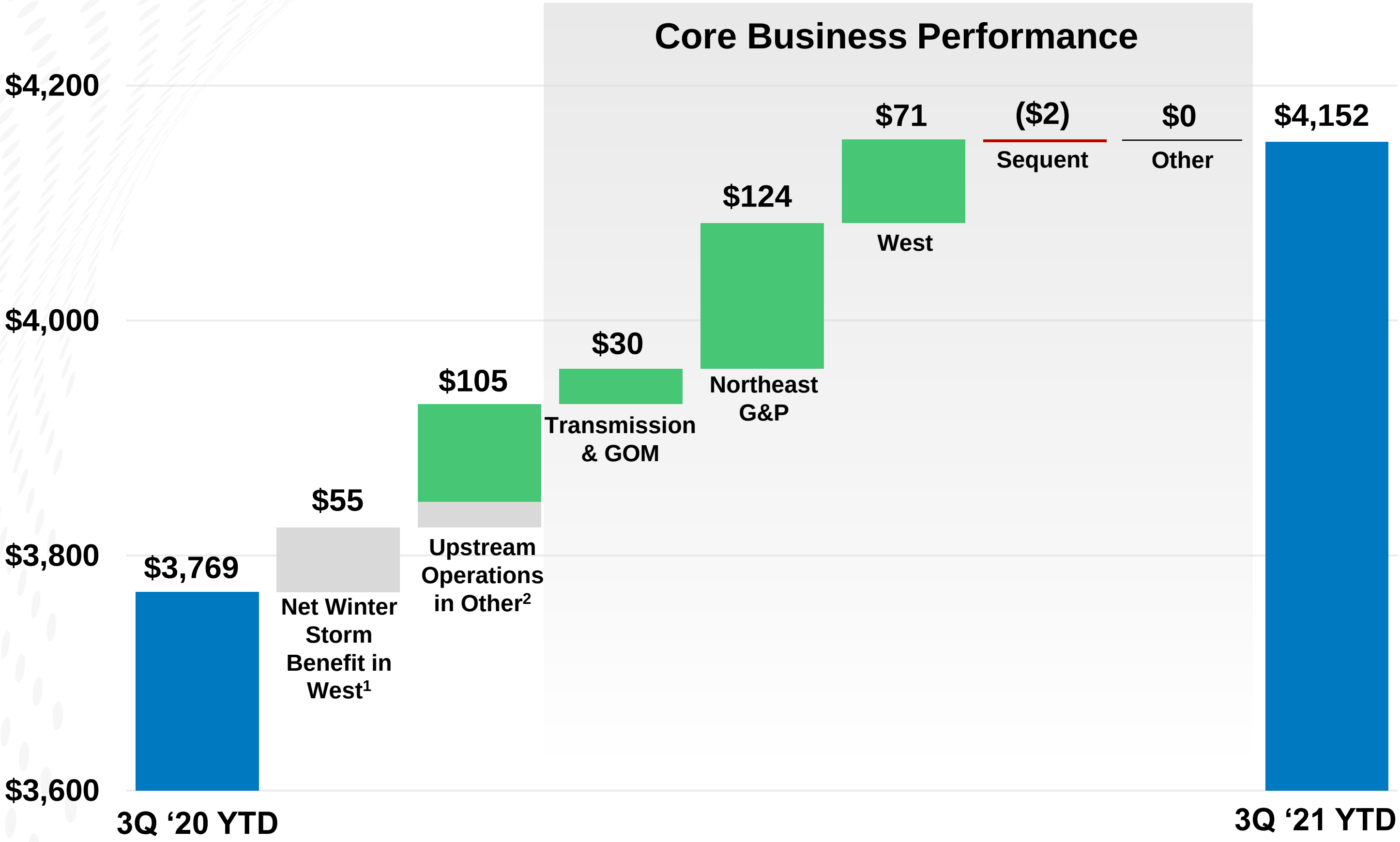
> **WEST**

Increased revenues driven by favorable margins and improved commodity-based G&P rates; Partially offset by absence of OPPL true up payment

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.

Achieved 10% growth 3Q’21 YTD vs. 3Q’20YTD

WMB Adjusted EBITDA ($MM): 3Q ‘21 YTD vs. 3Q ’20 YTD



[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 (+$83 mm).

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CORE BUSINESS PERFORMANCE DRIVERS

> **TRANSMISSION & GOM**

Increased revenues from transmission expansion projects, higher JV EBITDA and favorable commodity margins; Partially offset by higher segment operating costs and one less billable day on Transco

> **NORTHEAST G&P**

Increased results from 8% higher gathering volumes primarily driven by Bradford, higher processing volumes at OVM JV and increased ownership in Blue Racer

> **WEST**

Favorable marketing margins, higher MVC shortfall payments and favorable segment operating costs; Partially offset by lower gathering volumes, lower non-cash Barnett deferred revenue, lower JV EBITDA and absence of OPPL true up payment

Key investor focus areas

Financial strength & stability

- ✓ Increased full-year 2021 Adj. EBITDA guidance again; 8% growth vs. 2020[1]
- ✓ Improving leverage organically; ~4.04x in 3Q'21 vs. ~4.42x in 3Q'20[2]
- ✓ Priced $1.25B of senior notes at attractive rates

Focus on long-term shareholder value

- ✓ Announced opportunistic share repurchase program up to $1.5B
- ✓ Outlined company's capital allocation priorities
- ✓ Paid quarterly dividend of $0.41

Position of growth

- ✓ Leidy South Expansion online 4Q'21
- ✓ Executing customer expansion projects in Northeast
- ✓ Announced two Mid-Atlantic demand-pull projects adding 523 MMcf/d of Transco expansion capacity

Sustainable strategy

- ✓ Announced MOU with Ørsted
- ✓ Progressing 12 solar projects
- ✓ Advancing Responsibly Sourced Gas to include transparency across entire value chain, including gathering, processing and transportation

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

[1] 2020 Adj. EBITDA of $5.105B vs. the midpoint ($5.525B) of updated 2021 Adj. EBITDA guidance range. [2] Debt-to-adjusted EBITDA at quarter end. 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.

Appendix

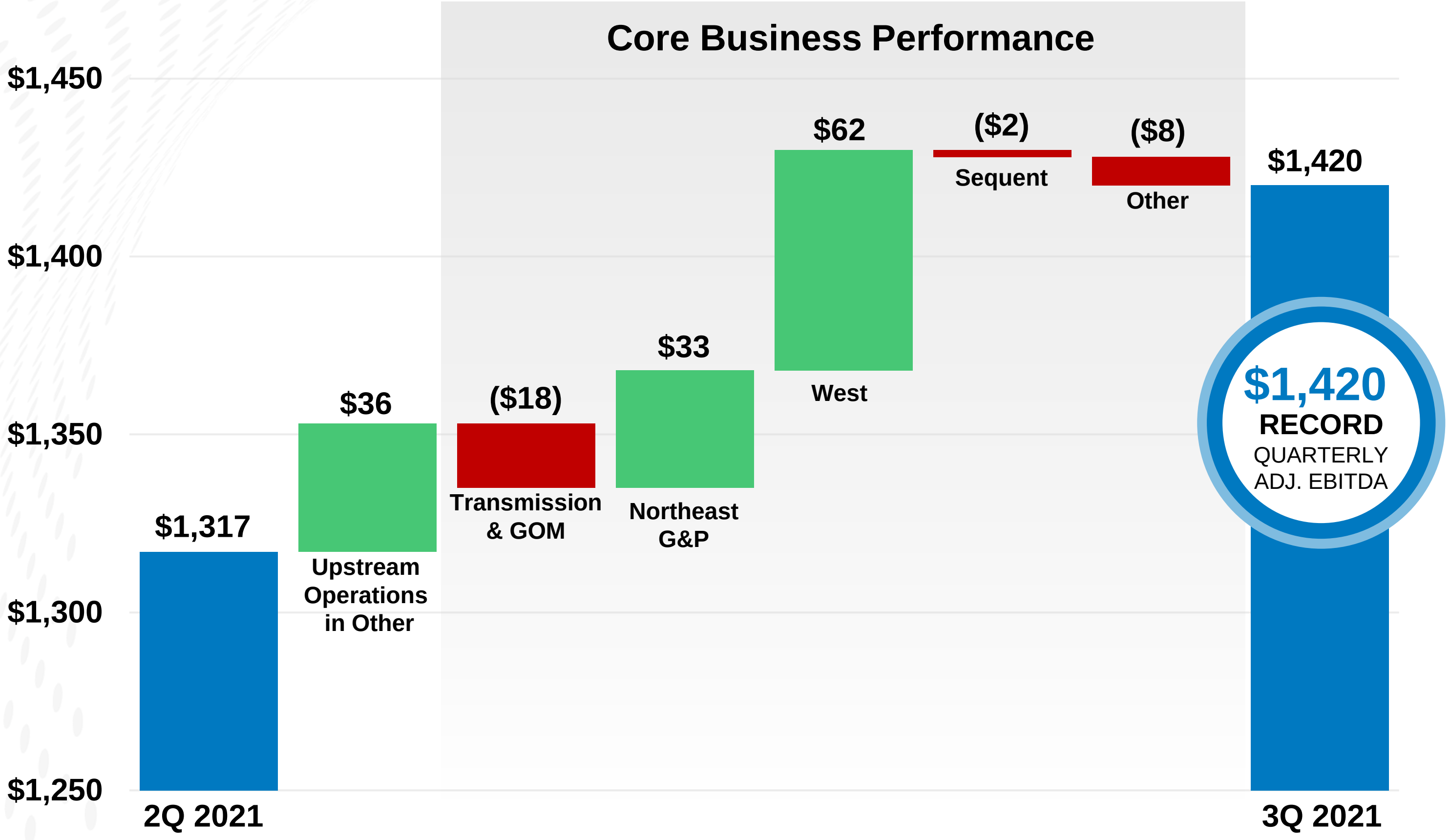
2021 Guidance ranges

FINANCIAL METRIC	2021 GUIDANCE	Initial Guidance, Feb. '21
Adjusted Net Income[1]	$1.505 Bn - $1.555 Bn	$1.200 Bn - $1.500 Bn
Adjusted Diluted EPS[1]	$1.24 - $1.28	$0.99 - $1.23
Adjusted EBITDA	$5.50 Bn - $5.55 Bn	$5.050 Bn - $5.350 Bn
Available Funds from Operations (AFFO)	$4.025 Bn - $4.075 Bn	$3.550 Bn - $3.850 Bn
AFFO per share	$3.30 - $3.35	$2.92 - $3.16
Dividend Coverage Ratio *(Based on AFFO)*	2.03x (midpoint)	1.85x (midpoint)
Debt-to-Adjusted EBITDA[2]	~4.0x (midpoint)	~4.25x (midpoint)
Growth Capex	$1.0 Bn - $1.2 Bn	$1.0 Bn - $1.2 Bn
Maintenance Capex	$400 Mn - $500 Mn	$400 Mn - $500 Mn
Dividend Growth Rate	2.5% annual growth ($1.64 per share)	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.

Delivered 8% growth 3Q 2021 vs. 2Q 2021

WMB Adjusted EBITDA ($MM): 3Q 2021 vs. 2Q 2021



CORE BUSINESS PERFORMANCE DRIVERS

> **TRANSMISSION & GOM**

Decrease in revenues due to hurricane related shut-ins in GOM and higher operating costs; Partially offset by higher seasonal services and one more billable day at Transco

> **NORTHEAST G&P**

Higher results driven by increased gathering volumes of 3% and higher JV EBITDA driven by increased volumes and favorable commodity pricing

> **WEST**

Higher results driven by favorable marketing margins, lower maintenance expenses and higher G&P commodity-based rates

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Thoughtful and disciplined approach to capital allocation

CAPITAL ALLOCATION PRIORITIES	
1 Balance Sheet	Protect long-term health of balance sheet and investment-grade rating
2 Dividends	Preserve long-standing commitment to shareholder returns; Dividend growth rate aligned with Adj. EBITDA growth
3 Reinvest	~$1.20B annually in high-return growth capex
4 Emissions Reduction & Renewables	~$0.30B annually in emissions reduction capital while generating regulated return; ~$0.25B annually seeking renewables projects while leveraging existing footprint
5 Investor Returns	Seek arbitrage within capital structure by allocating excess cash for deleveraging or potential buybacks

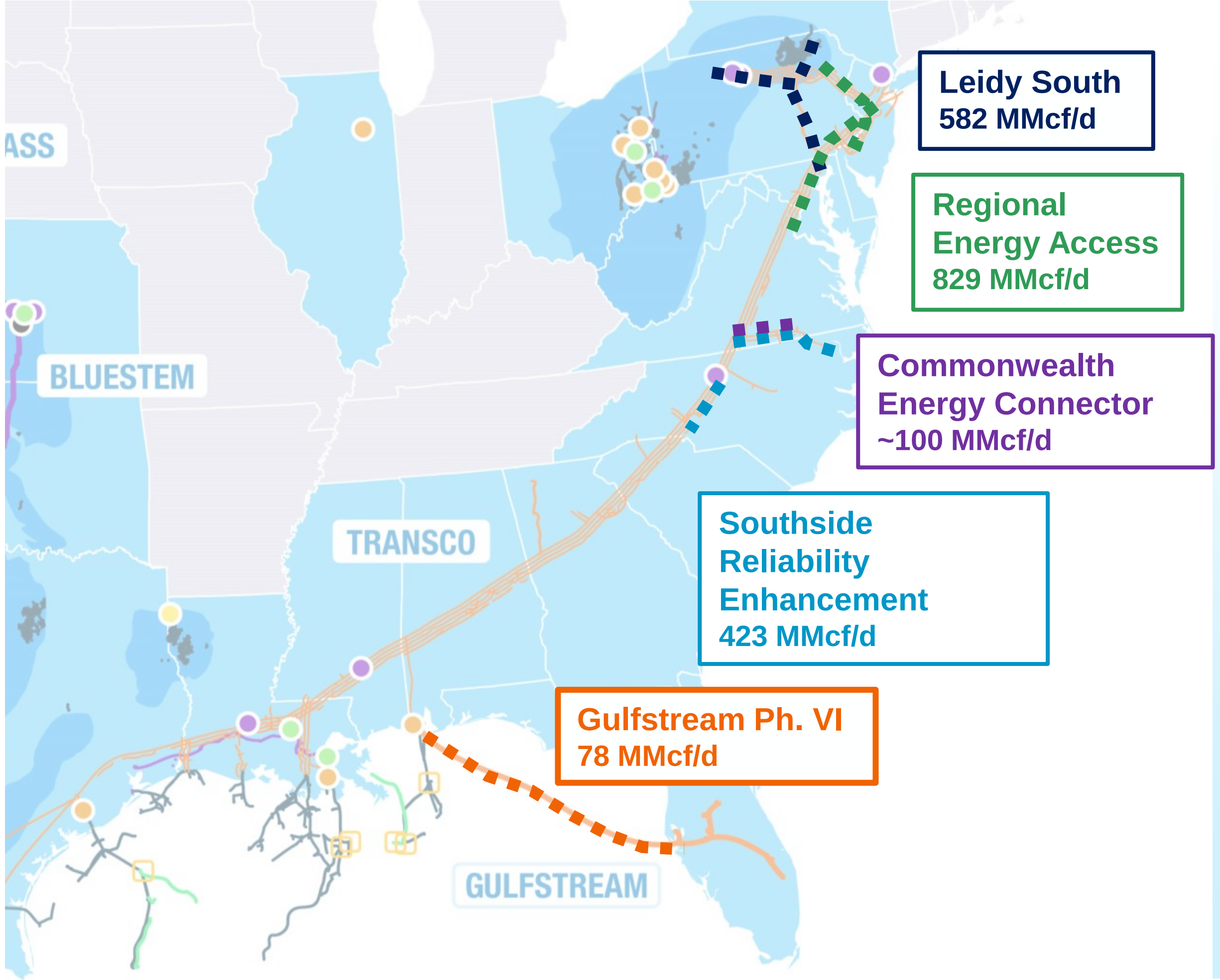
Recent accomplishments

Record G&P Performance	Achieved record quarterly natural gas gathering volumes of 14 Bcf/d and record contracted transmission capacity of 23.8 Bcf/d.
ESG Reporting	Published 2020 Sustainability Report and responded to the CDP Climate Change Questionnaire to provide key stakeholders with continued insight into Williams sustainable practices and ESG performance
Strategic Partnerships – Crowheart and GeoSouthern	Announced upstream joint ventures with Crowheart in Wamsutter and GeoSouthern in Haynesville which enhance the value of Williams' midstream infrastructure; Effective 3Q 2021
Strategic Acquisition – Sequent Energy Management	Completed acquisition of Sequent on July 1st increasing Williams' natural gas pipeline and storage optimization opportunities as well as marketing footprint to 8 Bcf/d from 1 Bcf/d
Transco – Mid-Atlantic Expansion Projects	Secured precedent agreements for two Mid-Atlantic demand-pull projects. Commonwealth Energy Connector will add ~100 MMcf/d; Southside Reliability Enhancement will add 423 MMcf/d
Transco – Leidy South	Completing construction on 582 MMcf/d[1] expansion connecting Appalachia natural gas supplies with Atlantic Seaboard demand; Brought 125 MMcf/d[1] of capacity on line in November 2020 and 382 MMcf/d[1] of capacity on line as of November 1, 2021. Remaining 75 MMcf/d[1] expected to be on line by year-end 2021
Transco – Regional Energy Access	Filed FERC Application in March 2021 for an 829 MMcf/d[1] pipeline expansion to connect Marcellus natural gas supplies with Northeast demand in time for the 2023-2024 winter heating season
Deepwater – Whale Expansion Project	Signed definitive agreements in July 2021; customers Shell and Chevron reached FID for an expansion project to provide services from the Whale offshore development to Williams' Perdido infrastructure in the Western Gulf of Mexico. Expected to come on line in 2024
New Energy Ventures – MOU with Ørsted	Announced MOU with Ørsted to explore opportunities for large-scale wind energy, electrolysis, and synthetic gas-via-methanation co-development in western Wyoming where Williams owns over 200,000 surface acres
New Energy Ventures – Wyoming Hydrogen Hub	Awarded ~$1 million grant from the Wyoming Energy Authority to continue the feasibility study and development of a green hydrogen hub near Williams' operations in Wyoming. Purpose of the study will be to identify water impacts associated with green hydrogen production within the region, as well as studying the impacts of hydrogen blending on existing natural gas infrastructure

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

Executing significant portfolio of gas transmission growth projects

Williams' U.S. Asset Map, Highlighting Natural Gas Transmission Pipeline Expansion Projects



WILLIAMS' GAS TRANSMISSION PIPELINE GROWTH PROJECTS IN EXECUTION

~2.0	~6x	~$1.6B
Bcf/d Capacity	EBITDA Multiples	Capital Investment

Enough incremental natural gas to serve
~10 MILLION
American homes annually

Executing significant portfolio of gas transmission growth projects

PROJECTS IN EXECUTION ~$1.6B

Project	Target In-service	Current Status*	Project Capacity[1]	Markets Served
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	Under Construction	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
Southside Reliability Enhancement	4Q ‘24	Secured Precedent Agreement Pre-filed FERC Application	423 MMcf/d	Res/Com demand in Mid-Atlantic
Commonwealth Energy Connector	4Q ‘25	Secured Precedent Agreement	~100 MMcf/d	Res/Com demand in Mid-Atlantic

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

[1]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

- ✓ Positive FID 2Q 2021
- ✓ Signed Definitive Agreement
- ✓ Under existing dedication
- ✓ Project execution underway
- Target first flow in 2024

Eastern Gulf

Ballymore

- ✓ Under existing dedication
- ✓ In facility-planning discussions
- Target customer FID 1Q 2022
- Target first flow in 4Q 2024

Taggart

- ✓ Positive FID June 2020
- ✓ Signed Definitive Agreement
- Target first flow in 3Q 2022

Discovery

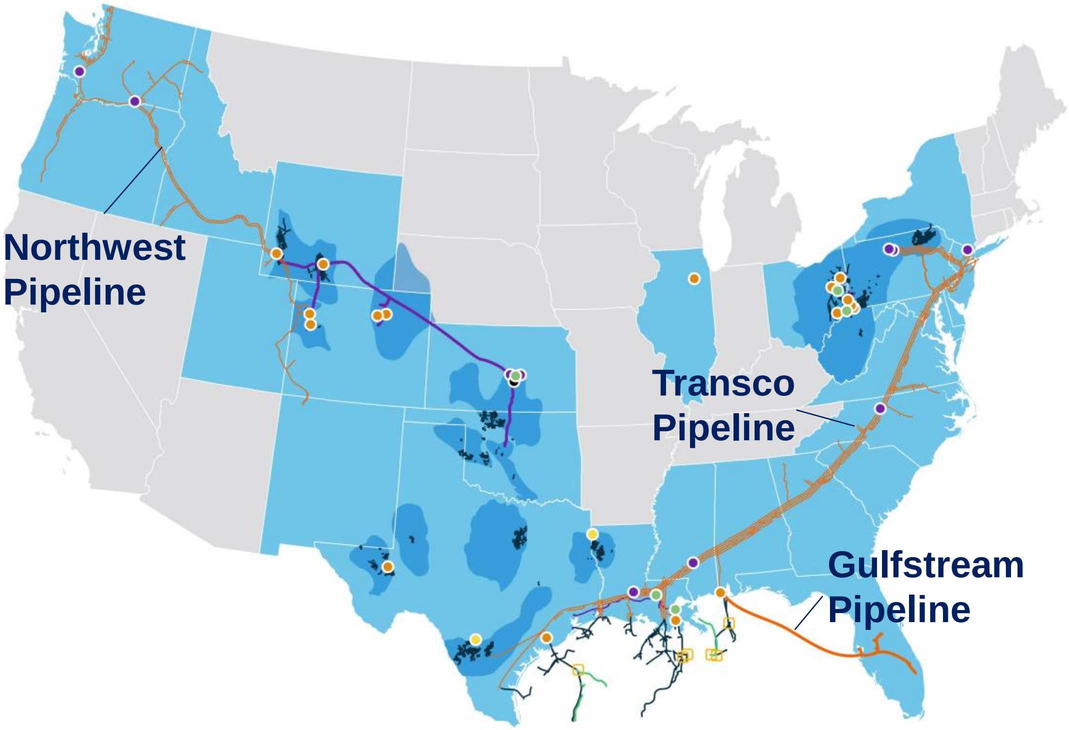
- ✓ Signed Definitive Agreements:
  - **Spruance** first flow target in 1Q 2022
  - **Anchor** first flow target in 2Q 2024
  - **Louisiana Gulf Enhancement** positive FID 3Q 2021; first flow 4Q 2024

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 ($Bn)	Capacity (Bcf/d)	Estimated ISDs
Transporting Natural Gas to Power Generation Facilities	9	$4	3	'24-'30
Transporting Natural Gas to LNG Export Facilities	9	$4	6	'24-'26
Transporting Natural Gas to Industrial Facilities/LDC	12	$3	3	'23-'31

Note: Updated as of October 2021

Sequent Energy Management at a glance

SEQUENT ENHANCES WILLIAMS' CORE BUSINESS

PROVIDES DEVELOPMENT OPPORTUNITIES	Significant opportunity to better source and deliver responsibly produced natural gas and enables expansion into new gas-fired power generation, LNG exports and RNG customers.
OFFERS A DIVERSE PORTFOLIO	Enhances Williams' pipeline and storage optimization opportunities through diverse portfolio of transportation and storage assets as well as fuel supply agreements. Increases Williams' marketing footprint to over 8 Bcf/d.
CAPTURES THE UPSIDE	Provides an option for potential incremental upside under certain volatile market conditions such as Winter Storm Uri.
MANAGES THE DOWNSIDE	Business model proven successful under variety of market conditions, expecting base level EBITDA of $20-$30MM annually with closely managed downside risk.

Finalized upstream JV with GeoSouthern in Haynesville

Enhancing Value of Haynesville Midstream Infrastructure through Strategic Upstream JV

FINALIZED JV PARTNER IN HAYNESVILLE

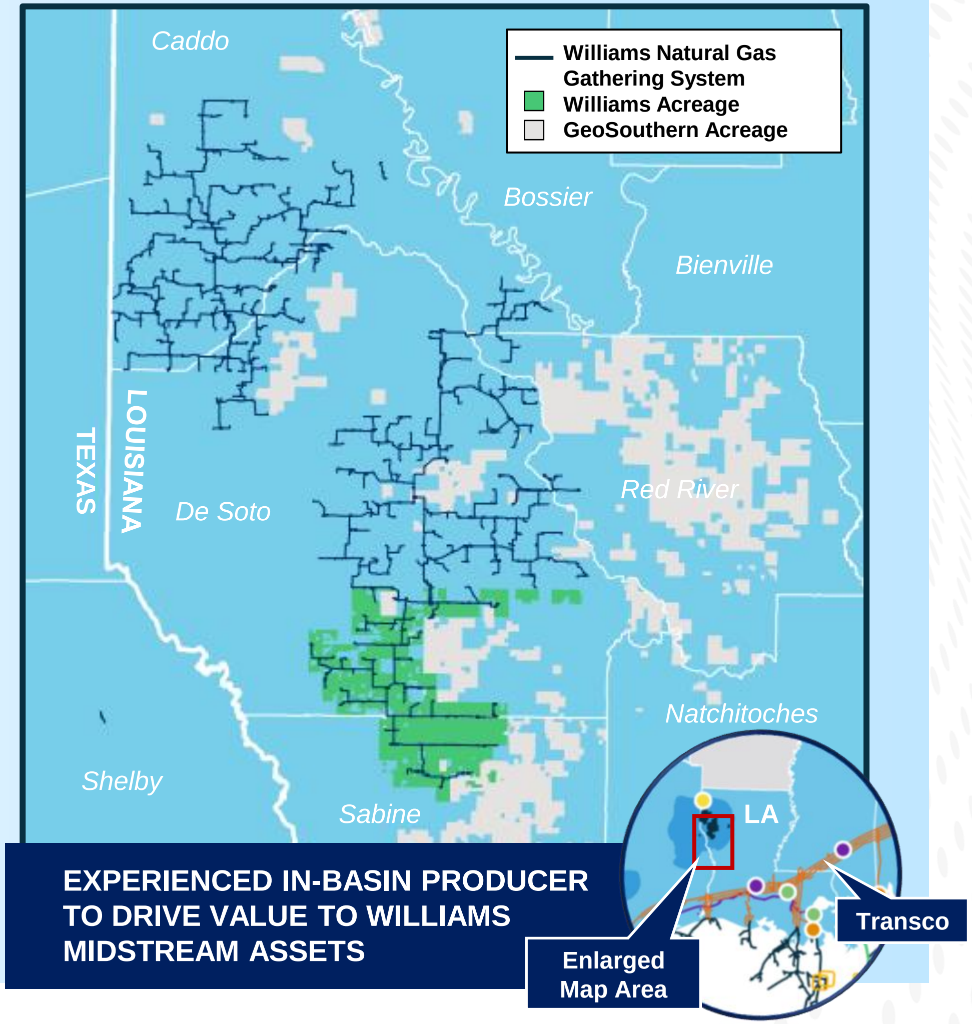
- GeoSouthern purchased 50% of existing South Mansfield PDP and committed to long-term development plan
- Proven in-basin operator initiating a two-rig program consistent with commitment; third rig addition under evaluation

UNLOCKS SIGNIFICANT MIDSTREAM VALUE

- Williams continues to gather and treat all South Mansfield production
- GeoSouthern's right to earn additional interests is contingent on development over time and satisfaction of $50 million drilling carry
- Williams to market all production through fixed fee arrangements

FUTURE DEVELOPMENT OPPORTUNITIES

- Williams controls volumes for downstream opportunities
- Assets in close proximity to Transco pipeline
- Opportunity to source and deliver responsibly produced natural gas in partnership with GeoSouthern

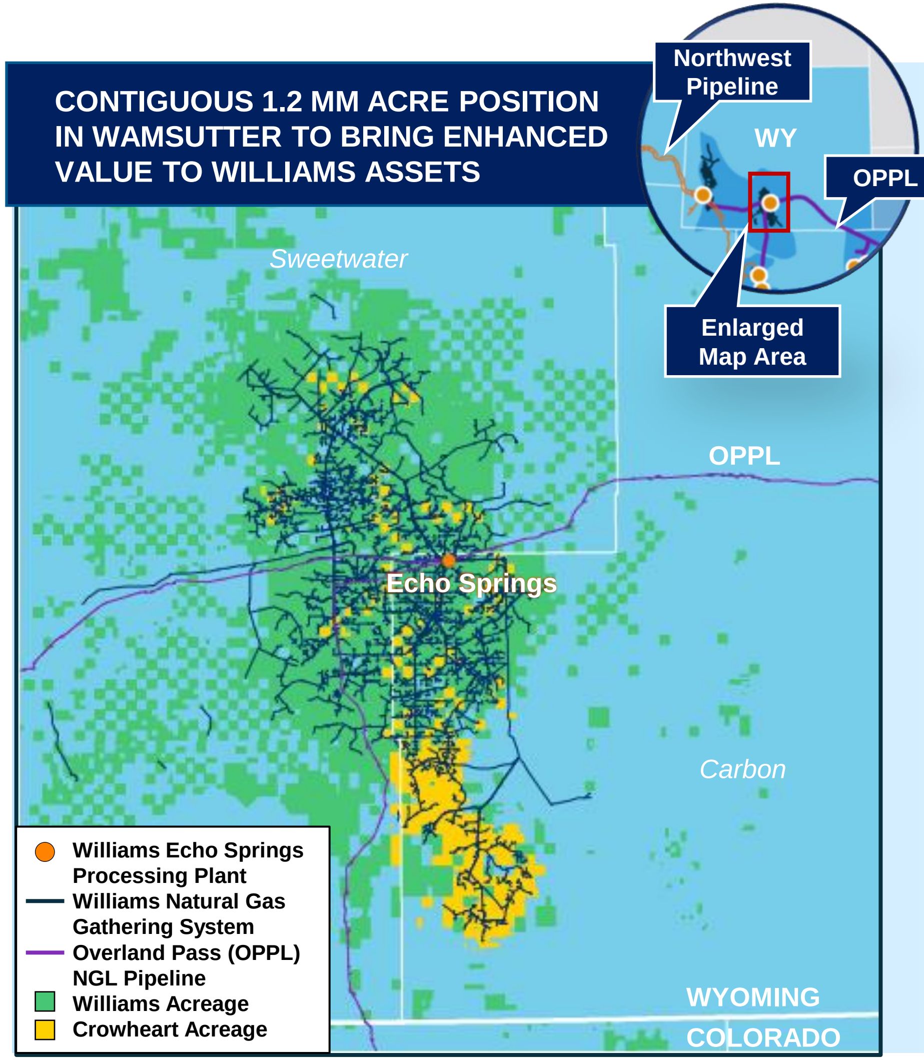


EXPERIENCED IN-BASIN PRODUCER TO DRIVE VALUE TO WILLIAMS MIDSTREAM ASSETS

Finalized upstream JV with Crowheart in Wamsutter

Enhancing Value of Midstream & Downstream Infrastructure through Strategic Upstream JV

CONTIGUOUS 1.2 MM ACRE POSITION IN WAMSUTTER TO BRING ENHANCED VALUE TO WILLIAMS ASSETS



SIMPLIFIED OPERATING STRUCTURE

- Consolidated ~1.2 million contiguous net acres and 3,500 wells
- Crowheart operating upstream assets; Williams continues to own and operate midstream assets
- Eliminated price sensitive contracts by consolidating numerous G&P contracts into simple, fixed fee structure

STRATEGIC CONTRACT FRAMEWORK

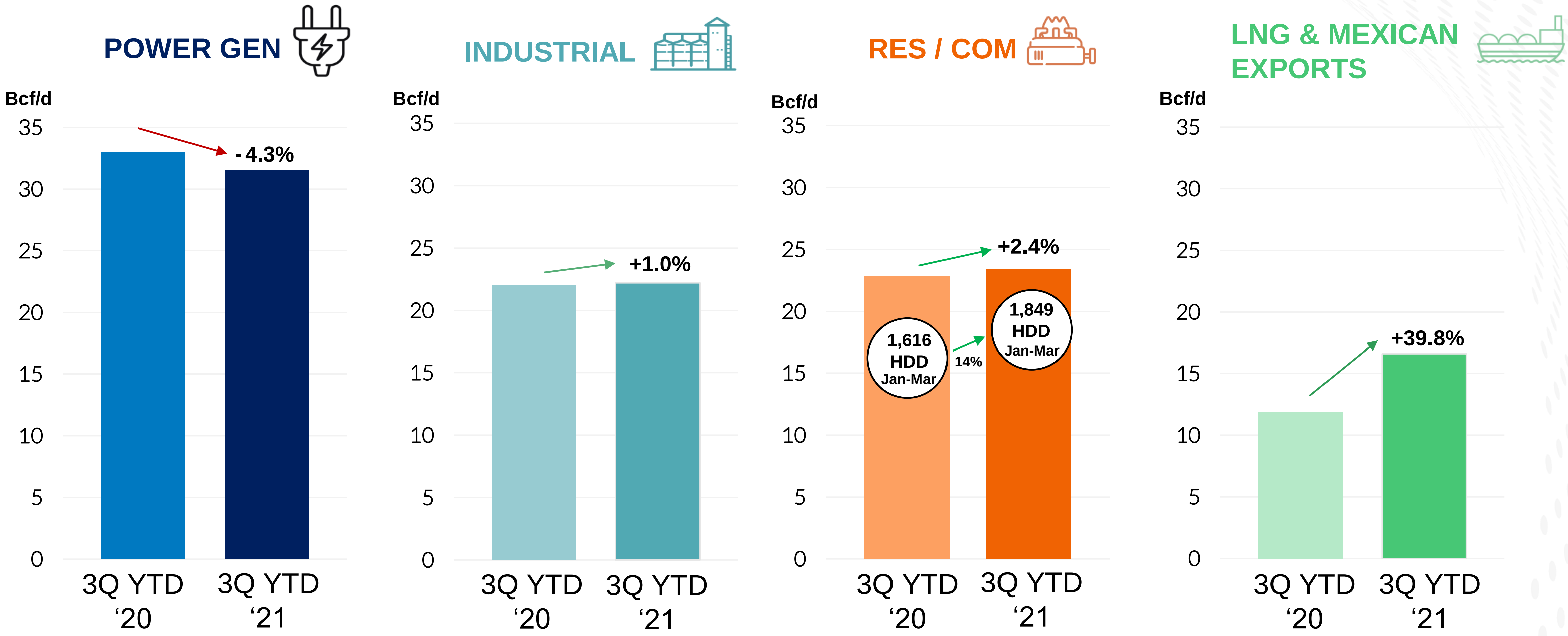
- Crowheart initially owns a 25% interest; can increase interest in new development through performance
- Williams retains significant governance and various rights, including undeveloped acreage and surface rights

ENHANCED ASSET VALUE

- Promotes drilling activity and increased gathering volumes
  - Currently running ~7 active workover rigs; completing 2 DUCs by year-end 2021
- NGL volumes dedicated to Williams, increasing OPPL, Bluestem and downstream fractionation utilization
- Sequent currently marketing ~225 MMcf/d of JV volumes
- Opportunity to source and deliver responsibly produced gas and expand renewable development

Natural gas demand resilient year-to-date in 2021

Total demand averaged 96.0 Bcf/d in 3Q YTD 2021 compared to 91.9 Bcf/d in 3Q YTD 2020

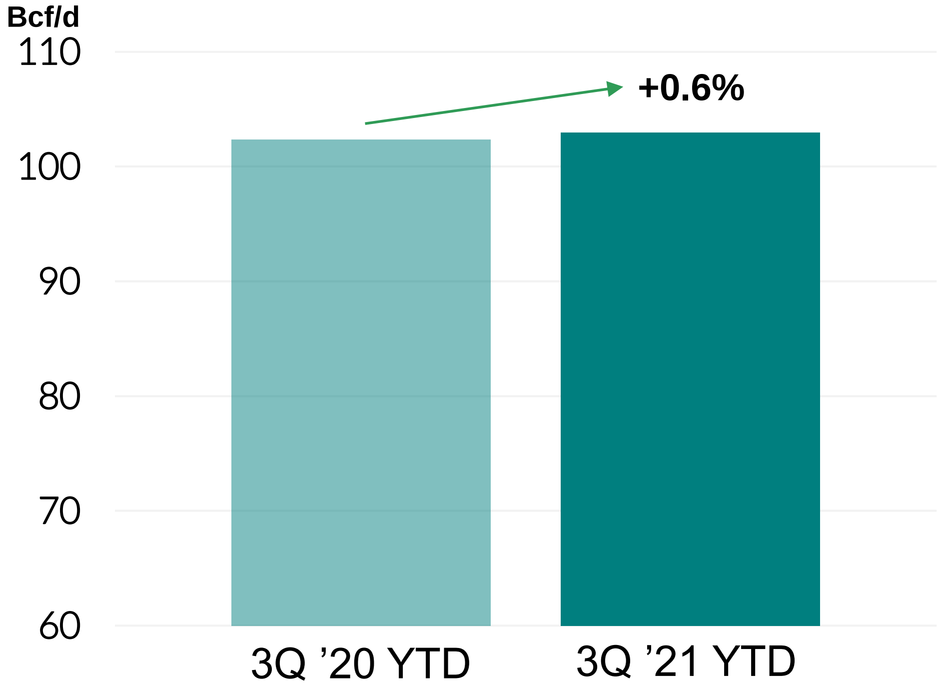


LOWER-48 NATURAL GAS DEMAND + EXPORTS 3Q YTD 2021 v. 3Q YTD 2020 COMPARISON

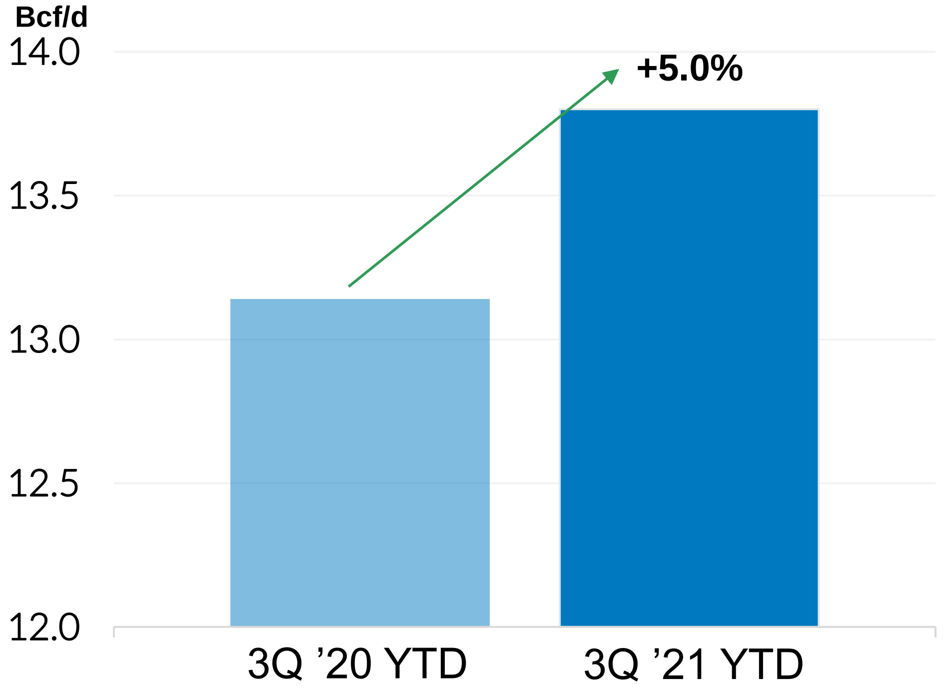
Source: S&P Global Platts, ©2021 by S&P Global Inc.; Note: Pipeloss/Fuel demand is excluded from the charts. Note that HDD is U.S. population-weighted Heating Degree Days.

Production growth across Williams assets outpaces market rate

LOWER-48 + GOM NATURAL GAS WELLHEAD PRODUCTION



WILLIAMS NATURAL GAS GATHERING VOLUMES

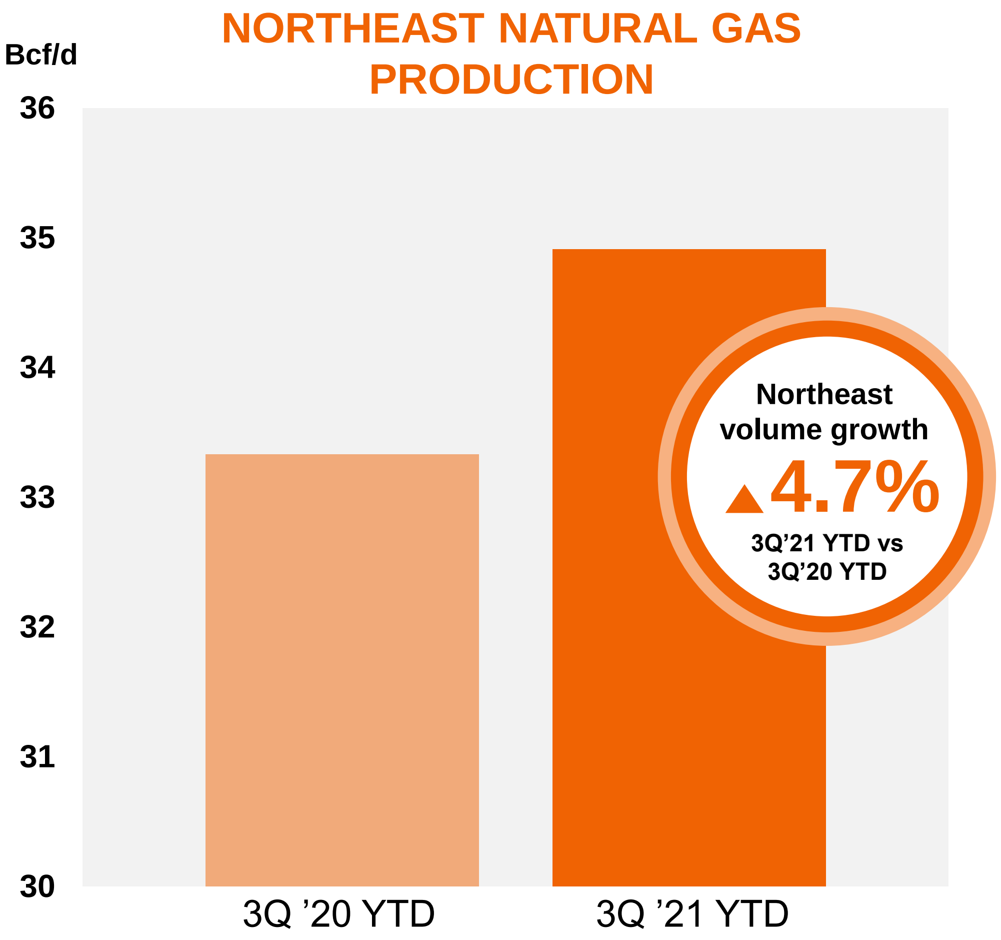


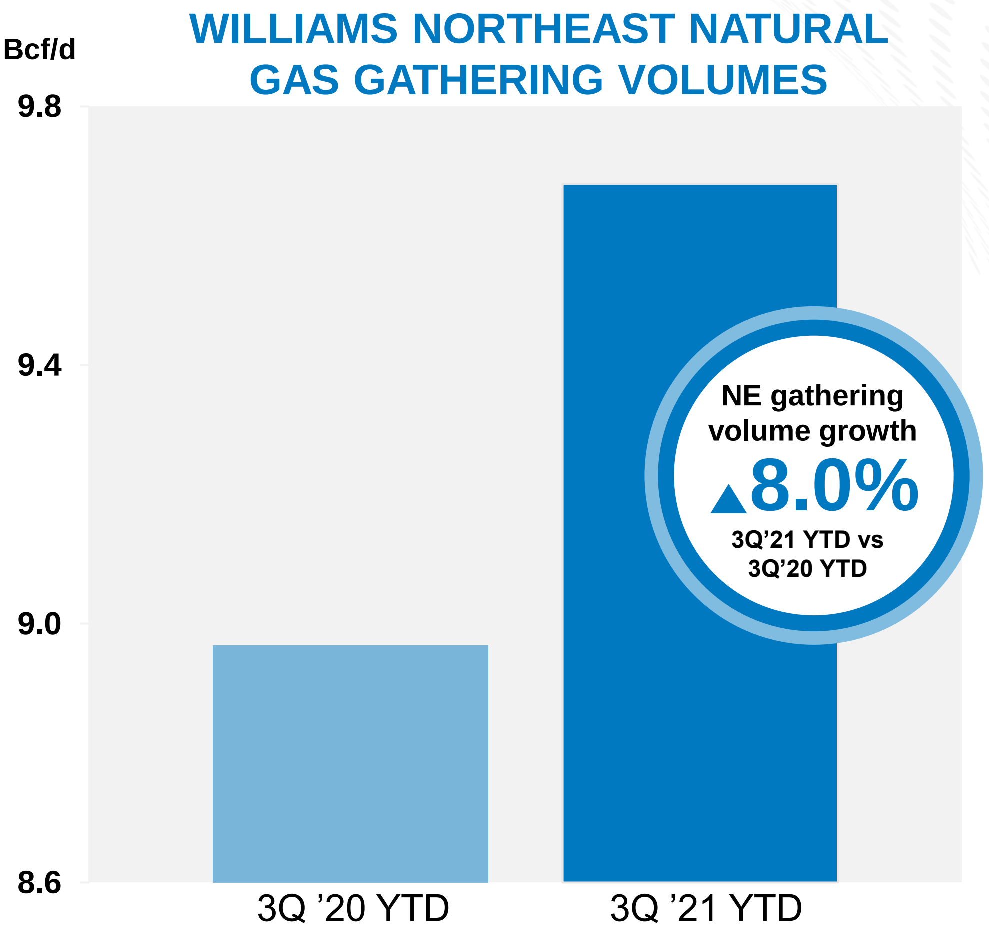
STRATEGICALLY POSITIONED: CONNECTING BEST SUPPLIES TO BEST MARKETS

Note: Williams gathering volumes include 100% of operated assets

Northeast gathering assets serving basin supply growth

STRATEGICALLY POSITIONED: *CAPTURING NORTHEAST VOLUME GROWTH*





Note: Williams gathering volumes include 100% of operated assets

Focused on environmental stewardship and building strong communities

Link here for full report

56% **REDUCTION GOAL**

in company-wide greenhouse gas emissions by 2030 vs 2005 levels of 22.6 million MT CO_2e, working toward net zero carbon emissions by 2050

58% **REDUCTION**

in reported methane emissions from gas processing plants and transmission compressor stations since 2012 while increasing throughput volumes by 27% over the same period

33% **DECREASE**

in all reportable air releases from 2019, surpassing 2020 goal of 10%

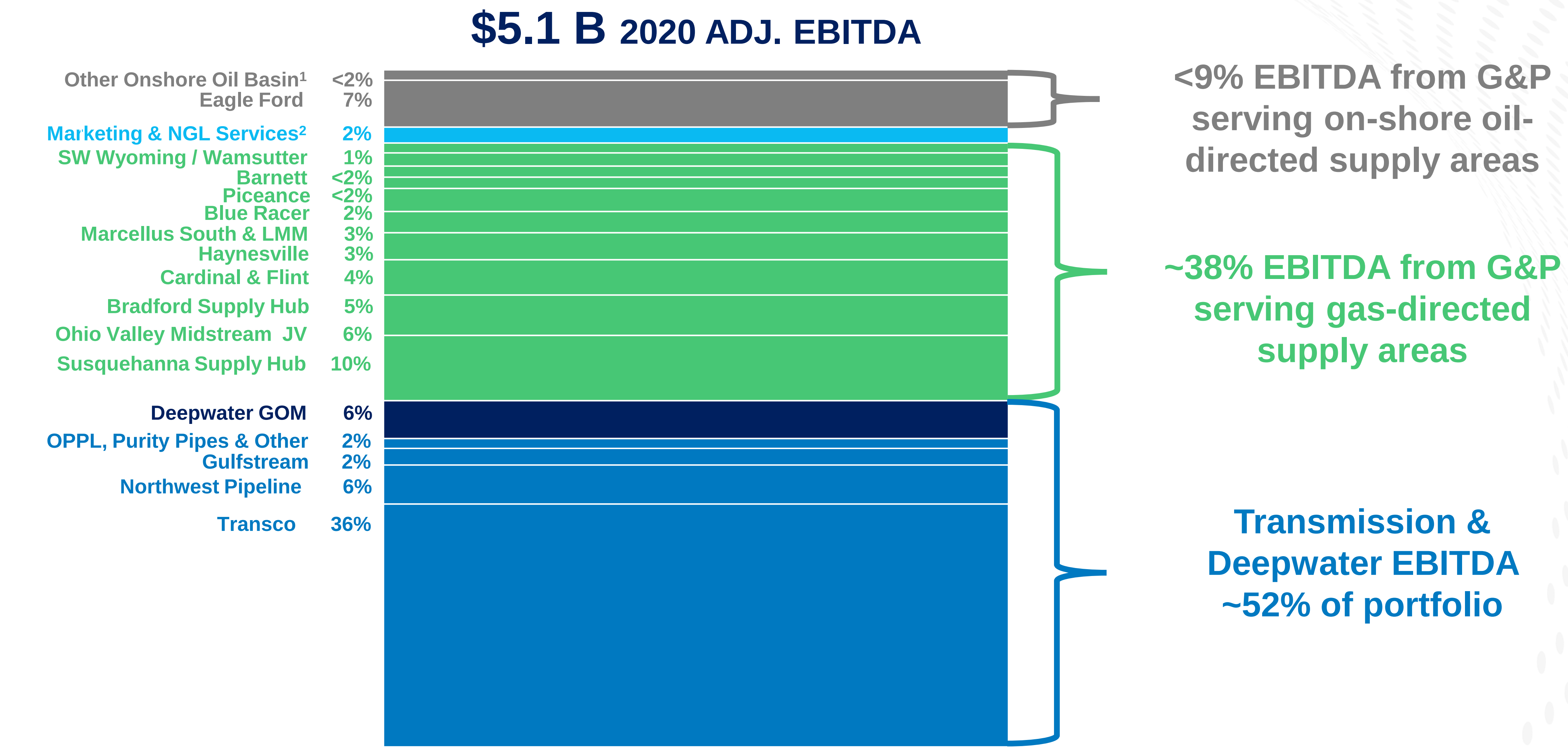
$11 **MILLION**

in contributions to initiatives and organizations that make communities stronger

18,263 **HOURS**

volunteered by employees to charitable organizations, representing $521,226 in value

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. 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.

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, 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 (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;
- 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 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, and our other periodic reports filed with the SEC.**


Williams
Non-GAAP Reconciliations
Williams

Non-GAAP Disclaimer

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

Reconciliation of Income (Loss) 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*	*2nd Qtr*	*3rd Qtr*	*Year*
Income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ (518)	$ 303	$ 308	$ 115	$ 208	$ 425	$ 304	$ 164	$ 893
Income (loss) - diluted earnings (loss) per common share (1)	$ (.43)	$ .25	$ .25	$ .09	$ .17	$ .35	$ .25	$ .13	$ .73
Adjustments:									
Transmission & Gulf of Mexico									
Northeast Supply Enhancement project development costs	$ —	$ 3	$ 3	$ —	$ 6	$ —	$ —	$ —	$ —
Impairment of certain assets	—	—	—	170	170	—	2	—	2
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	—	2	—	2
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)	—	—	—	—
Commodity derivative non-cash mark-to-market	—	—	—	—	—	—	—	17	17
Total West adjustments	1	(1)	(2)	(6)	(8)	—	—	17	17

(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*	*2nd Qtr*	*Year*
<u>Sequent</u>									
Amortization of purchase accounting inventory fair value adjustment	—	—	—	—	—	—	—	2	2
Commodity derivative non-cash mark-to-market	—	—	—	—	—	—	—	277	277
Total Sequent adjustments	—	—	—	—	—	—	—	279	279
<u>Other</u>									
Regulatory asset reversals from impaired projects	—	—	8	7	15	—	—	—	—
Expenses associated with Sequent acquisition and transition	—	—	—	—	—	—	—	3	3
Commodity derivative non-cash mark-to-market	—	—	—	—	—	—	4	16	20
Reversal of costs capitalized in prior periods	—	—	3	—	3	—	—	—	—
Pension plan settlement charge	—	—	—	1	1	—	—	—	—
Accrual for loss contingencies	—	—	—	24	24	5	5	—	10
Total Other adjustments	—	—	11	32	43	5	9	19	33
Adjustments included in Modified EBITDA	9	(6)	24	227	254	5	11	315	331
<u>Adjustments below Modified EBITDA</u>									
Accelerated depreciation for decommissioning assets	—	—	—	—	—	—	20	13	33
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	—	20	13	33
Total adjustments	1,147	(6)	24	335	1,500	5	31	328	364
Less tax effect for above items	(316)	8	1	(68)	(375)	(1)	(8)	(82)	(91)
Adjusted income available to common stockholders	$ 313	$ 305	$ 333	$ 382	$ 1,333	$ 429	$ 327	$ 410	$ 1,166
Adjusted income - diluted earnings per common share (1)	$ .26	$ .25	$ .27	$ .31	$ 1.10	$ .35	$ .27	$ .34	$ .96
Weighted-average shares - diluted (thousands)	1,214,348	1,214,581	1,215,335	1,216,381	1,215,165	1,217,211	1,217,476	1,217,979	1,217,558

(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

	2020					2021			
(Dollars in millions, except coverage ratios)	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*4th Qtr*	*Year*	*1st Qtr*	*2nd Qtr*	*3rd Qtr*	*Year*
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	$ 1,057	$ 834	$ 2,806
Exclude: Cash (provided) used by changes in:									
Accounts receivable	(67)	(18)	103	(16)	2	59	(9)	488	538
Inventories	(19)	28	24	(22)	11	8	50	54	112
Other current assets and deferred charges	(20)	33	2	(26)	(11)	6	50	11	67
Accounts payable	155	(391)	313	(70)	7	(38)	(56)	(476)	(570)
Accrued liabilities	150	86	50	23	309	116	(130)	(53)	(67)
Changes in current and noncurrent derivative assets and liabilities	—	4	(2)	2	4	6	25	236	267
Other, including changes in noncurrent assets and liabilities	(23)	39	(30)	15	1	10	(31)	27	6
Preferred dividends paid	(1)	—	(1)	(1)	(3)	(1)	—	(1)	(2)
Dividends and distributions paid to noncontrolling interests	(44)	(54)	(49)	(38)	(185)	(54)	(41)	(40)	(135)
Contributions from noncontrolling interests	2	2	1	2	7	2	4	—	6
Available funds from operations	$ 920	$ 872	$ 863	$ 983	$ 3,638	$ 1,029	$ 919	$ 1,080	$ 3,028
Common dividends paid	$ 485	$ 486	$ 485	$ 485	$ 1,941	$ 498	$ 498	$ 498	$ 1,494
Coverage ratio:									
Available funds from operations divided by Common dividends paid	1.90	1.79	1.78	2.03	1.87	2.07	1.85	2.17	2.03

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	2021 2nd Qtr	2021 3rd Qtr	2021 Year
Net income (loss)	$ (570)	$ 315	$ 323	$ 130	$ 198	$ 435	$ 322	$ 173	$ 930
Provision (benefit) for income taxes	(204)	117	111	55	79	141	119	53	313
Interest expense	296	294	292	290	1,172	294	298	292	884
Equity (earnings) losses	(22)	(108)	(106)	(92)	(328)	(131)	(135)	(157)	(423)
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)	(2)	(2)	(6)
Proportional Modified EBITDA of equity-method investments	192	192	189	176	749	225	230	247	702
Depreciation and amortization expenses	429	430	426	436	1,721	438	463	487	1,388
Accretion expense associated with asset retirement obligations for nonregulated operations	10	7	10	8	35	10	11	12	33
Modified EBITDA	**$ 1,253**	**$ 1,246**	**$ 1,243**	**$ 1,109**	**$ 4,851**	**$ 1,410**	**$ 1,306**	**$ 1,105**	**$ 3,821**
Transmission & Gulf of Mexico	$ 662	$ 615	$ 616	$ 486	$ 2,379	$ 660	$ 646	$ 630	$ 1,936
Northeast G&P	369	370	387	363	1,489	402	409	442	1,253
West	215	253	247	283	998	315	231	276	822
Sequent	—	—	—	—	—	—	—	(281)	(281)
Other	7	8	(7)	(23)	(15)	33	20	38	91
Total Modified EBITDA	**$ 1,253**	**$ 1,246**	**$ 1,243**	**$ 1,109**	**$ 4,851**	**$ 1,410**	**$ 1,306**	**$ 1,105**	**$ 3,821**
Adjustments (1):									
Transmission & Gulf of Mexico	$ 7	$ 2	$ 6	$ 158	$ 173	$ —	$ 2	$ —	$ 2
Northeast G&P	1	(7)	9	43	46	—	—	—	—
West	1	(1)	(2)	(6)	(8)	—	—	17	17
Sequent	—	—	—	—	—	—	—	279	279
Other	—	—	11	32	43	5	9	19	33
Total Adjustments	**$ 9**	**$ (6)**	**$ 24**	**$ 227**	**$ 254**	**$ 5**	**$ 11**	**$ 315**	**$ 331**
Adjusted EBITDA:									
Transmission & Gulf of Mexico	$ 669	$ 617	$ 622	$ 644	$ 2,552	$ 660	$ 648	$ 630	$ 1,938
Northeast G&P	370	363	396	406	1,535	402	409	442	1,253
West	216	252	245	277	990	315	231	293	839
Sequent	—	—	—	—	—	—	—	(2)	(2)
Other	7	8	4	9	28	38	29	57	124
Total Adjusted EBITDA	**$ 1,262**	**$ 1,240**	**$ 1,267**	**$ 1,336**	**$ 5,105**	**$ 1,415**	**$ 1,317**	**$ 1,420**	**$ 4,152**

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

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

(Dollars in millions, except per-share amounts and coverage ratio)	2021 Guidance Low	Mid	High
Net income (loss)	$ 1,277	$ 1,302	$ 1,327
Provision (benefit) for income taxes		440	
Interest expense		1,175	
Equity (earnings) losses		(545)	
Proportional Modified EBITDA of equity-method investments		915	
Depreciation and amortization expenses and accretion for asset retirement obligations associated with nonregulated operations		1,905	
Other		(5)	
Modified EBITDA	**$ 5,162**	**$ 5,187**	**$ 5,212**
EBITDA Adjustments		338	
Adjusted EBITDA	**$ 5,500**	**$ 5,525**	**$ 5,550**
Net income (loss)	$ 1,277	$ 1,302	$ 1,327
Less: Net income (loss) attributable to noncontrolling interests & preferred dividends		50	
Net income (loss) attributable to The Williams Companies, Inc. available to common stockholders	$ 1,227	$ 1,252	$ 1,277
Adjustments:			
Adjustments included in Modified EBITDA (1) (2)		338	
Adjustments below Modified EBITDA (1)		33	
Allocation of adjustments to noncontrolling interests (1)		—	
Total adjustments		371	
Less tax effect for above items (1)		(93)	
Adjusted income available to common stockholders	$ 1,505	$ 1,530	$ 1,555
Adjusted diluted earnings per common share	**$ 1.24**	**$ 1.26**	**$ 1.28**
Weighted-average shares - diluted (millions)		1,218	
Available Funds from Operations (AFFO):			
Net cash provided by operating activities (net of changes in working capital, changes in current and noncurrent derivative assets and liabilities, and changes in other, including changes in noncurrent assets and liabilities)	$ 4,200	$ 4,225	$ 4,250
Preferred dividends paid		(3)	
Dividends and distributions paid to noncontrolling interests		(185)	
Contributions from noncontrolling interests		13	
Available funds from operations (AFFO)	**$ 4,025**	**$ 4,050**	**$ 4,075**
AFFO per common share	**$ 3.30**	**$ 3.33**	**$ 3.35**
Common dividends paid		**$ 1,995**	
Coverage Ratio (AFFO/Common dividends paid)	**2.02x**	**2.03x**	**2.04x**

(1) See "Reconciliation of Income (Loss) Attributable to The Williams Companies, Inc. to Non-GAAP Adjusted Income“ for additional details.
(2) Includes fourth quarter amortization of Sequent purchase accounting inventory fair value adjustment of $7 million.