# Williams 4th Quarter and Full-year 2021 Earnings

February 22, 2022

Subset of 2022 Analyst Day Materials

# Strong results across key financial metrics

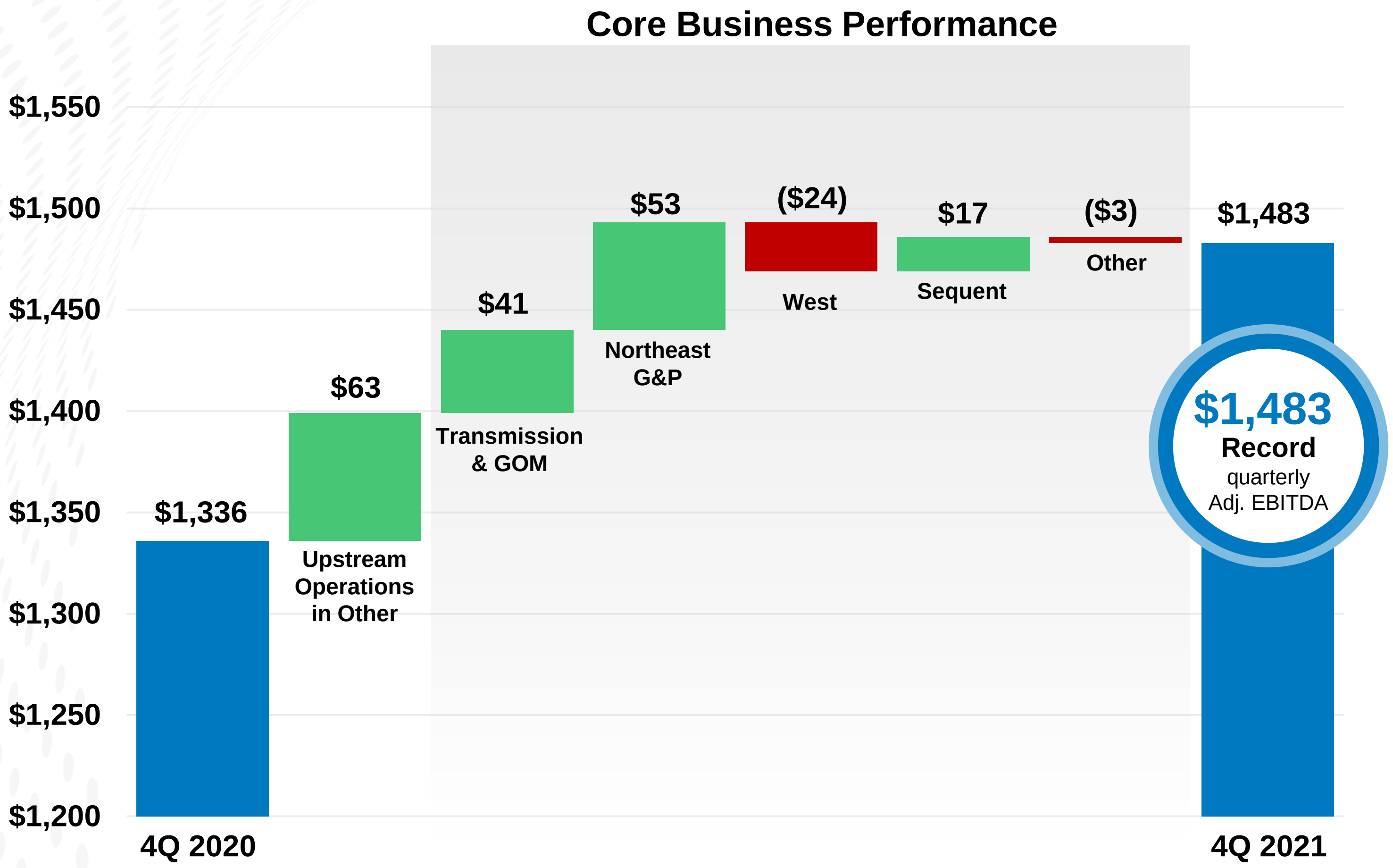
| Strong Financial Performance Across Key Metrics | 4Q 2021 | 4Q 2020 | Change | 2021 | 2020 | Change |
|---|---|---|---|---|---|---|
| **Adjusted EBITDA**<br>*(Less winter storm benefit in 1Q '21)* | $1,483 | $1,336 | 11% | $5,635<br>*$5,558* | $5,105<br>*$5,105* | 10%<br>*9%* |
| **Adjusted Earnings per Share** | $0.39 | $0.31 | 26% | $1.36 | $1.10 | 24% |
| **Available Funds from Operations** | $1,045 | $983 | 6% | $4,073 | $3,638 | 12% |
| **Dividend Coverage Ratio** *(AFFO basis)* | 2.10x | 2.03x | 3% | 2.04x | $1.87x | 9% |

| Balance Sheet Strength and Capital Discipline | 4Q 2021 | 4Q 2020 | Change | 2021 | 2020 | Change |
|---|---|---|---|---|---|---|
| **Debt-to-Adjusted EBITDA**[1] | 3.90x | 4.35x | | | | |
| **Capital Investments**[2] | $371 | $423 | (12%) | $1,577 | $1,485 | 6% |

[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.

# Strong finish to a strong year
# 11% growth 4Q'21 vs. 4Q'20

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




## Core business performance drivers

### Transmission & GOM
Increased revenues from transmission expansion projects, higher JV EBITDA and favorable commodity margins

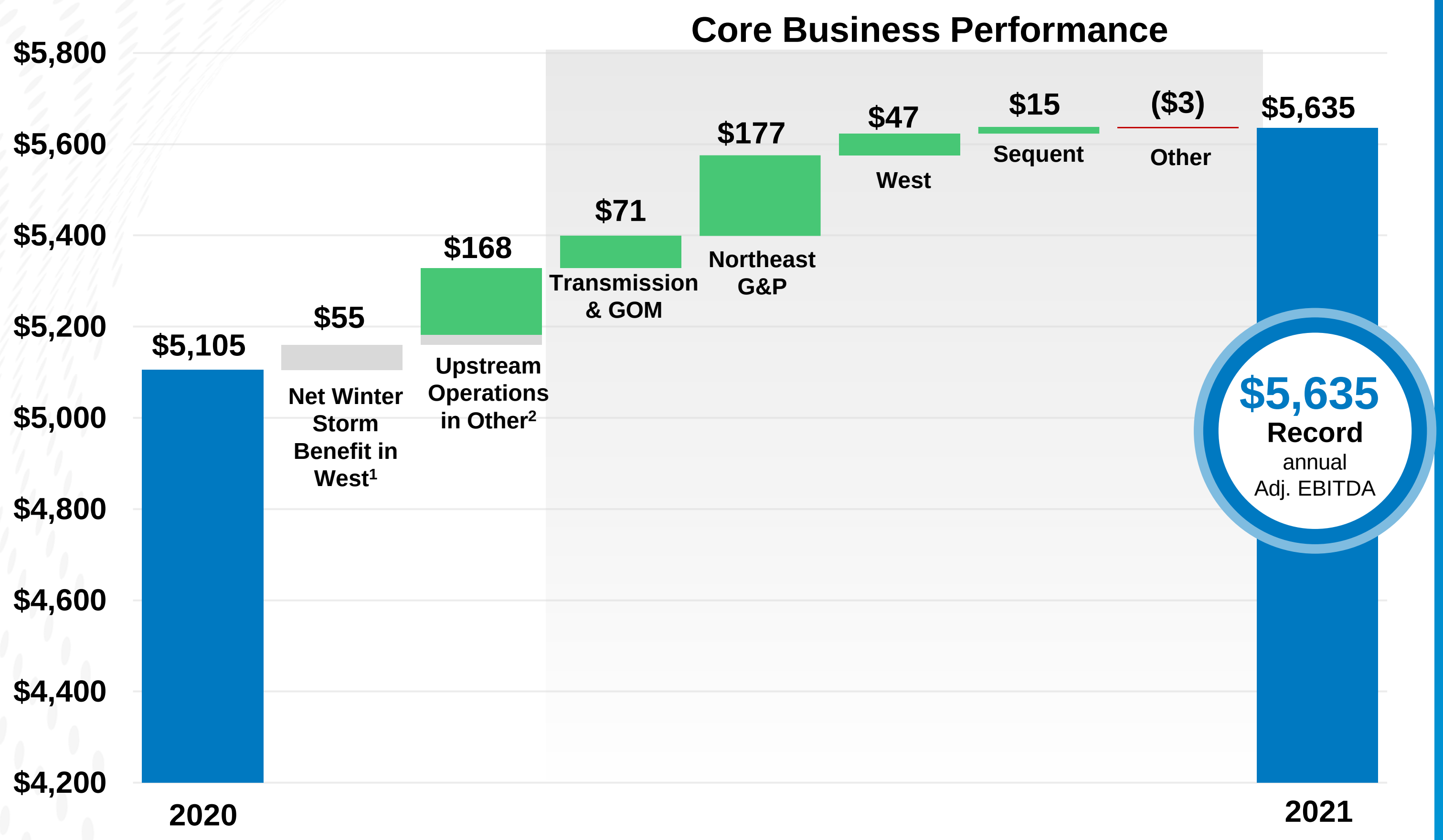
### Northeast G&P
Increased results led by 5% higher gathering volumes, improved commodity-based rates at Laurel Mountain Midstream and increased ownership in Blue Racer

### West
Decreased revenues driven by absence of the full-year 2020 Wamsutter MVC cash payment recognized in 4Q'20 and NGL inventory write-downs; Partially offset by increased revenues driven by improved commodity-based G&P rates

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.

# Broad-based growth across core business drives 10% growth FY 2021 vs. FY 2020

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




[1] Includes net benefit of winter storm Uri on the West segment (+$55MM ). [2] Includes net benefit of winter storm Uri on upstream operations in Other segment (+$22MM) and non-storm related upstream earnings in normalized commodity price environment (+$146MM).

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.

## Core business performance drivers

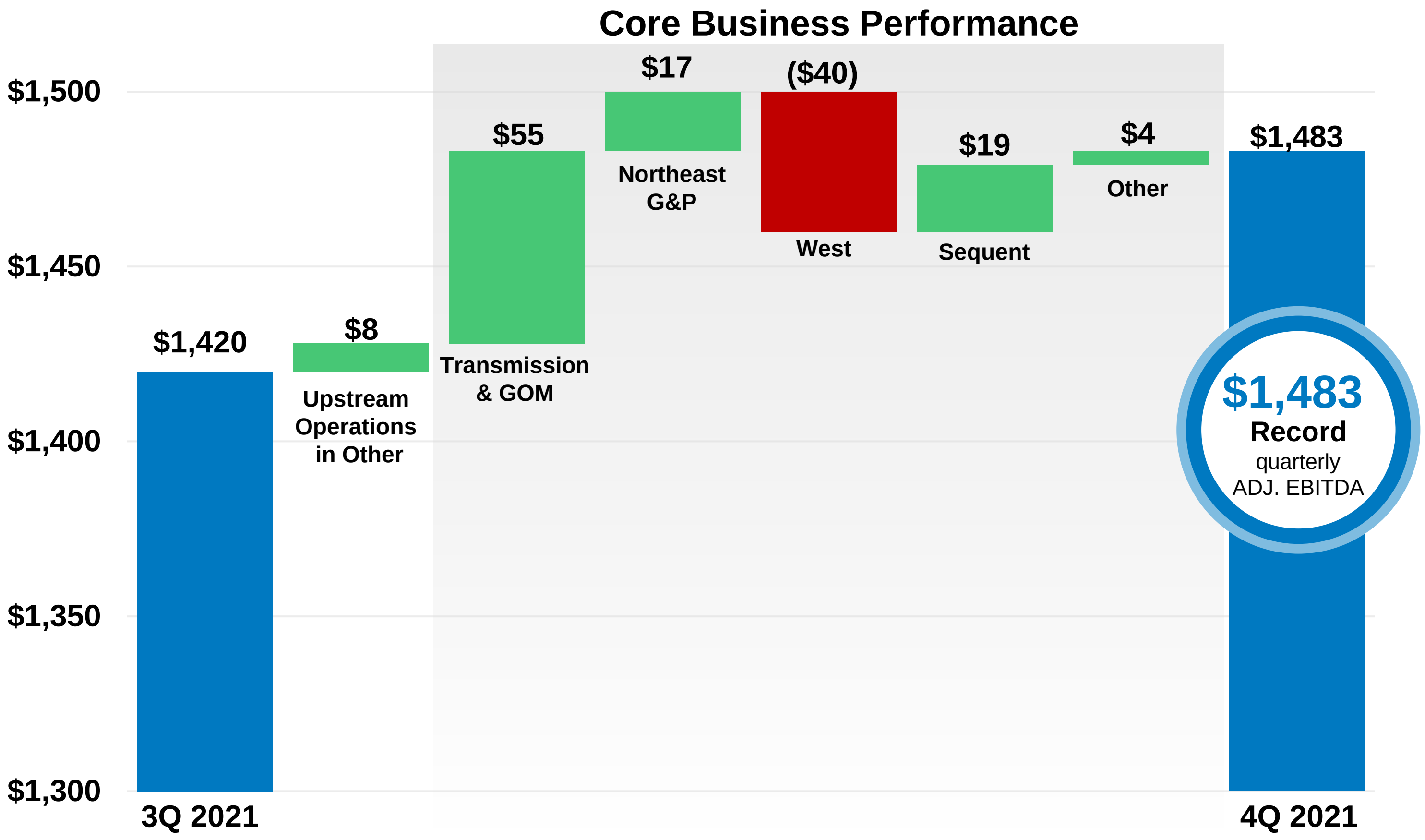
**Transmission & GOM**
Increased revenues from transmission expansion projects, higher JV EBITDA and favorable commodity margins

**Northeast G&P**
Increased results led by 7% higher gathering volumes, increased ownership in Blue Racer, higher revenues from OVM JV, improved commodity-based rates at Laurel Mountain Midstream and higher Aux Sable results

**West**
Favorable marketing margins and operating costs; Partially offset by lower Wamsutter MVC payments and OPPL true up payment

# Delivered 4% growth 4Q 2021 vs. 3Q 2021

## WMB Adjusted EBITDA ($MM): 4Q 2021 vs. 3Q 2021




## Core business performance drivers

**Transmission & GOM**

Increased revenues from transmission expansion projects and fewer hurricane related shut-ins

**Northeast G&P**

Higher results driven by higher JV EBITDA driven by increased volumes and favorable commodity pricing

**West**

Decrease in revenue primarily driven by unfavorable non-cash inventory write-downs impacting marketing margins

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# 2022 guidance ranges

| FINANCIAL METRIC | 2022 GUIDANCE[3] |
| --- | --- |
| Adjusted Net Income[1] | $1.575B - $1.875B |
| Adjusted Diluted EPS[1] | $1.29 - $1.54 |
| Adjusted EBITDA | $5.6B - $6.0B |
| Available Funds from Operations (AFFO) | $4.15B - $4.55B |
| AFFO per share | $3.40 - $3.73 |
| Dividend Coverage Ratio *(Based on AFFO)* | 2.1x (midpoint) |
| Debt-to-Adjusted EBITDA[2] | ~3.8x (midpoint) |
| Growth CAPEX | $1.25B - $1.35B |
| Maintenance CAPEX *(Includes ERP modernization)* | $650MM - $750MM *($200MM - $300MM)* |
| Dividend Growth Rate | 4% annual growth ($1.70 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. [3] 2022 guidance based on 12/31/21 strip pricing. 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.

# Forward Looking Statements


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# 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 (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.**

# Non-GAAP Reconciliations

# 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)

| | 2020 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions, except per-share amounts)* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* | *4th Qtr* | *Year* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* [(1)] | *4th Qtr* | *Year* |
| **Income (loss) attributable to The Williams Companies, Inc. available to common stockholders** | $ (518) | $ 303 | $ 308 | $ 115 | $ 208 | $ 425 | $ 304 | $ 164 | $ 621 | $ 1,514 |
| **Income (loss) - diluted earnings (loss) per common share** [(2)] | $ (0.43) | $ 0.25 | $ 0.25 | $ 0.09 | $ 0.17 | $ 0.35 | $ 0.25 | $ 0.13 | $ 0.51 | $ 1.24 |
| **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) | - | - | - | - | - |
| Net unrealized (gain) loss from derivative instruments | - | - | - | - | - | - | - | 17 | (20) | (3) |
| *Total West adjustments* | 1 | (1) | (2) | (6) | (8) | - | - | 17 | (20) | (3) |

(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 (2020- 2021 con't)

| | 2020 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions, except per-share amounts)* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* | *4th Qtr* | *Year* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* [1] | *4th Qtr* | *Year* |
| Sequent | | | | | | | | | | |
| Amortization of purchase accounting inventory fair value adjustment | - | - | - | - | - | - | - | 2 | 16 | 18 |
| Net unrealized (gain) loss from derivative instruments | - | - | - | - | - | - | - | 277 | (168) | 109 |
| *Total Sequent adjustments* | - | - | - | - | - | - | - | 279 | (152) | 127 |
| Other | | | | | | | | | | |
| Regulatory asset reversals from impaired projects | - | - | 8 | 7 | 15 | - | - | - | - | - |
| Expenses associated with Sequent acquisition and transition | - | - | - | - | - | - | - | 3 | 2 | 5 |
| Net unrealized (gain) loss from derivative instruments | - | - | - | - | - | - | 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 | (18) | 15 |
| Adjustments included in Modified EBITDA | 9 | (6) | 24 | 227 | 254 | 5 | 11 | 315 | (190) | 141 |
| Adjustments below Modified EBITDA | | | | | | | | | | |
| *Accelerated depreciation for decommissioning assets* | - | - | - | - | - | - | 20 | 13 | - | 33 |
| *Amortization of intangible assets from Sequent acquisition* [1] | - | - | - | - | - | - | - | 21 | (3) | 18 |
| *Impairment of equity-method investments* | 938 | - | - | 108 | 1,046 | - | - | - | - | - |
| *Impairment of goodwill* [3] | 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 | 34 | (3) | 51 |
| **Total adjustments** | 1,147 | (6) | 24 | 335 | 1,500 | 5 | 31 | 349 | (193) | 192 |
| Less tax effect for above items [1][3] | (316) | 8 | 1 | (68) | (375) | (1) | (8) | (87) | 48 | (48) |
| **Adjusted income available to common stockholders** | $ 313 | $ 305 | $ 333 | $ 382 | $ 1,333 | $ 429 | $ 327 | $ 426 | $ 476 | $ 1,658 |
| **Adjusted income - diluted earnings per common share** [2] | $ 0.26 | $ 0.25 | $ 0.27 | $ 0.31 | $ 1.10 | $ 0.35 | $ 0.27 | $ 0.35 | $ 0.39 | $ 1.36 |
| **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 | 1,221,454 | 1,218,215 |

(1) Third-quarter 2021 recast due to addition of adjustment to amortization of Sequent intangible asset.
(2) 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.
(3) 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 Net Income to Modified EBITDA, Non-GAAP Adjusted EBITDA (2020-2021)

| | 2020 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions)* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* | *4th Qtr* | *Year* | *1st Qtr* | *2nd Qtr* | *3rd Qtr* | *4th Qtr* | *Year* |
| **Net income (loss)** | $ (570) | $ 315 | $ 323 | $ 130 | $ 198 | $ 435 | $ 322 | $ 173 | $ 632 | $ 1,562 |
| Provision (benefit) for income taxes | (204) | 117 | 111 | 55 | 79 | 141 | 119 | 53 | 198 | 511 |
| Interest expense | 296 | 294 | 292 | 290 | 1,172 | 294 | 298 | 292 | 295 | 1,179 |
| Equity (earnings) losses | (22) | (108) | (106) | (92) | (328) | (131) | (135) | (157) | (185) | (608) |
| 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) | (1) | (7) |
| Proportional Modified EBITDA of equity-method investments | 192 | 192 | 189 | 176 | 749 | 225 | 230 | 247 | 268 | 970 |
| Depreciation and amortization expenses | 429 | 430 | 426 | 436 | 1,721 | 438 | 463 | 487 | 454 | 1,842 |
| Accretion expense associated with asset retirement obligations for nonregulated operations | 10 | 7 | 10 | 8 | 35 | 10 | 11 | 12 | 12 | 45 |
| **Modified EBITDA** | **$ 1,253** | **$ 1,246** | **$ 1,243** | **$ 1,109** | **$ 4,851** | **$ 1,410** | **$ 1,306** | **$ 1,105** | **$ 1,673** | **$ 5,494** |
| Transmission & Gulf of Mexico | $ 662 | $ 615 | $ 616 | $ 486 | $ 2,379 | $ 660 | $ 646 | $ 630 | $ 685 | $ 2,621 |
| Northeast G&P | 369 | 370 | 387 | 363 | 1,489 | 402 | 409 | 442 | 459 | 1,712 |
| West | 215 | 253 | 247 | 283 | 998 | 315 | 231 | 276 | 273 | 1,095 |
| Sequent | - | - | - | - | - | - | - | (281) | 169 | (112) |
| Other | 7 | 8 | (7) | (23) | (15) | 33 | 20 | 38 | 87 | 178 |
| **Total Modified EBITDA** | **$ 1,253** | **$ 1,246** | **$ 1,243** | **$ 1,109** | **$ 4,851** | **$ 1,410** | **$ 1,306** | **$ 1,105** | **$ 1,673** | **$ 5,494** |
| **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 | (20) | (3) |
| Sequent | - | - | - | - | - | - | - | 279 | (152) | 127 |
| Other | - | - | 11 | 32 | 43 | 5 | 9 | 19 | (18) | 15 |
| **Total Adjustments** | **$ 9** | **$ (6)** | **$ 24** | **$ 227** | **$ 254** | **$ 5** | **$ 11** | **$ 315** | **$ (190)** | **$ 141** |
| **Adjusted EBITDA:** | | | | | | | | | | |
| Transmission & Gulf of Mexico | $ 669 | $ 617 | $ 622 | $ 644 | $ 2,552 | $ 660 | $ 648 | $ 630 | $ 685 | $ 2,623 |
| Northeast G&P | 370 | 363 | 396 | 406 | 1,535 | 402 | 409 | 442 | 459 | 1,712 |
| West | 216 | 252 | 245 | 277 | 990 | 315 | 231 | 293 | 253 | 1,092 |
| Sequent | - | - | - | - | - | - | - | (2) | 17 | 15 |
| Other | 7 | 8 | 4 | 9 | 28 | 38 | 29 | 57 | 69 | 193 |
| **Total Adjusted EBITDA** | **$ 1,262** | **$ 1,240** | **$ 1,267** | **$ 1,336** | **$ 5,105** | **$ 1,415** | **$ 1,317** | **$ 1,420** | **$ 1,483** | **$ 5,635** |

(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 Cash Flow from Operating Activities to Non-GAAP Available Funds from Operations (2020-2021)

| *(Dollars in millions, except coverage ratios)* | 2020 1st Qtr | 2020 2nd Qtr | 2020 3rd Qtr | 2020 4th Qtr | 2020 Year | 2021 1st Qtr | 2021 2nd Qtr | 2021 3rd Qtr | 2021 4th Qtr | 2021 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 | $ 1,139 | $ 3,945 |
| Exclude: Cash (provided) used by changes in: | | | | | | | | | | |
| Accounts receivable | (67) | (18) | 103 | (16) | 2 | 59 | (9) | 488 | 7 | 545 |
| Inventories | (19) | 28 | 24 | (22) | 11 | 8 | 50 | 54 | 12 | 124 |
| Other current assets and deferred charges | (20) | 33 | 2 | (26) | (11) | 6 | 50 | 11 | (4) | 63 |
| Accounts payable | 155 | (391) | 313 | (70) | 7 | (38) | (56) | (476) | (73) | (643) |
| Accrued liabilities | 150 | 86 | 50 | 23 | 309 | 116 | (130) | (53) | 9 | (58) |
| Changes in current and noncurrent derivative assets and liabilities | - | 4 | (2) | 2 | 4 | 6 | 25 | 236 | 10 | 277 |
| Other, including changes in noncurrent assets and liabilities | (23) | 39 | (30) | 15 | 1 | 10 | (31) | 27 | (5) | 1 |
| Preferred dividends paid | (1) | - | (1) | (1) | (3) | (1) | - | (1) | (1) | (3) |
| Dividends and distributions paid to noncontrolling interests | (44) | (54) | (49) | (38) | (185) | (54) | (41) | (40) | (52) | (187) |
| Contributions from noncontrolling interests | 2 | 2 | 1 | 2 | 7 | 2 | 4 | - | 3 | 9 |
| **Available funds from operations** | $ 920 | $ 872 | $ 863 | $ 983 | $ 3,638 | $ 1,029 | $ 919 | $ 1,080 | $ 1,045 | $ 4,073 |
| Common dividends paid | $ 485 | $ 486 | $ 485 | $ 485 | $ 1,941 | $ 498 | $ 498 | $ 498 | $ 498 | $ 1,992 |
| **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 | 2.10 | 2.04 |

# 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)* | 2022 Guidance Low | Mid | High |
|---|---|---|---|
| **Net income (loss)** | $ 1,524 | $ 1,674 | $ 1,824 |
| Provision (benefit) for income taxes | 500 | 550 | 600 |
| Interest expense | | 1,140 | |
| Equity (earnings) losses | | (525) | |
| Proportional Modified EBITDA of equity-method investments | | 870 | |
| Depreciation and amortization expenses and accretion for asset retirement obligations associated with nonregulated operations | | 2,075 | |
| Other | | 1 | |
| **Modified EBITDA** | **$ 5,585** | **$ 5,785** | **$ 5,985** |
| **EBITDA Adjustments** | | 15 | |
| **Adjusted EBITDA** | **$ 5,600** | **$ 5,800** | **$ 6,000** |
| | | | |
| **Net income (loss)** | $ 1,524 | $ 1,674 | $ 1,824 |
| Less: Net income (loss) attributable to noncontrolling interests & preferred dividends | | 85 | |
| Net income (loss) attributable to The Williams Companies, Inc. available to common stockholders | $ 1,439 | $ 1,589 | $ 1,739 |
| | | | |
| **Adjustments:** | | | |
| Adjustments included in Modified EBITDA (1) | | 15 | |
| Adjustments below Modified EBITDA (2) | | 167 | |
| Allocation of adjustments to noncontrolling interests | | - | |
| Total adjustments | | 182 | |
| Less tax effect for above items | | (46) | |
| Adjusted income available to common stockholders | $ 1,575 | $ 1,725 | $ 1,875 |
| Adjusted diluted earnings per common share | **$ 1.29** | **$ 1.41** | **$ 1.54** |
| Weighted-average shares - diluted (millions) | | 1,221 | |
| | | | |
| **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) | $ 4,300 | $ 4,500 | $ 4,700 |
| Preferred dividends paid | | (3) | |
| Dividends and distributions paid to noncontrolling interests | | (200) | |
| Contributions from noncontrolling interests | | 53 | |
| Available funds from operations (AFFO) | $ 4,150 | $ 4,350 | $ 4,550 |
| AFFO per common share | $ 3.40 | $ 3.56 | $ 3.73 |
| Common dividends paid | | $ 2,075 | |
| Coverage Ratio (AFFO/Common dividends paid) | 2.00x | 2.10x | 2.19x |

(1) Includes Sequent amortization of purchase accounting inventory fair value adjustment of $15 million.

(2) Includes amortization of Sequent intangible asset of $167 million.