UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

Commission file number 1-4174

THE WILLIAMS COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	73-0569878
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Williams Center Tulsa, Oklahoma	74172-0172
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 800-945-5426 (800-WILLIAMS)

NO CHANGE

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 par value	WMB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at May 1, 2023
Common Stock, $1.00 par value	1,218,187,114

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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 and Section 21E of the 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.

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 consummate asset sales on acceptable terms;
- Whether we are able to successfully identify, evaluate, and timely execute our capital projects and investment opportunities;
- The strength and financial resources of our competitors and the effects of competition;
- The amount of cash distributions from and capital requirements of our investments and joint ventures in which we participate;
- Whether we will be able to effectively execute our financing plan;
- Increasing scrutiny and changing expectations from stakeholders with respect to our environmental, social, and governance practices;
- The physical and financial risks associated with climate change;
- The impacts of operational and developmental hazards and unforeseen interruptions;
- The risks resulting from outbreaks or other public health crises, including COVID-19;

- Risks associated with weather and natural phenomena, including climate conditions and physical damage to our facilities;
- Acts of terrorism, cybersecurity incidents, and related disruptions;
- Our costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;
- Changes in maintenance and construction costs, as well as our ability to obtain sufficient construction-related inputs, including skilled labor;
- Inflation, interest rates, and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on customers and suppliers);
- Risks related to financing, including restrictions stemming from debt agreements, future changes in credit ratings as determined by nationally recognized credit rating agencies, and the availability and cost of capital;
- The ability of the members of the Organization of Petroleum Exporting Countries (OPEC) 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, including the Russian invasion of Ukraine;
- 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 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, 2022, as filed with the SEC on February 27, 2023.

DEFINITIONS

The following is a listing of certain abbreviations, acronyms, and other industry terminology that may be used throughout this Form 10-Q.

Measurements:

Barrel or Bbl: One barrel of petroleum products that equals 42 U.S. gallons
Mbbls/d: One thousand barrels per day

Bcf: One billion cubic feet of natural gas
Bcf/d: One billion cubic feet of natural gas per day
MMcf/d: One million cubic feet per day

British Thermal Unit (Btu): A unit of energy needed to raise the temperature of one pound of water by one degree Fahrenheit
MMbtu: One million British thermal units

Dekatherms (Dth): A unit of energy equal to one million British thermal units
Mdth/d: One thousand dekatherms per day
MMdth: One million dekatherms or approximately one trillion British thermal units
MMdth/d: One million dekatherms per day

Consolidated Entities: Entities in which we either own 100 percent ownership interest or for which we do not own 100 percent ownership interest but which we control and therefore consolidate, including the following:

Cardinal: Cardinal Gas Services, L.L.C.

Gulfstar One: Gulfstar One LLC

Northeast JV: Ohio Valley Midstream LLC

Northwest Pipeline: Northwest Pipeline LLC

Transco: Transcontinental Gas Pipe Line Company, LLC

Nonconsolidated Entities: Entities in which we do not own a 100 percent ownership interest and which, as of March 31, 2023, we account for as equity-method investments, including principally the following:

Blue Racer: Blue Racer Midstream LLC

Brazos Permian II: Brazos Permian II, LLC

Discovery: Discovery Producer Services LLC

Gulfstream: Gulfstream Natural Gas System, L.L.C.

Laurel Mountain: Laurel Mountain Midstream, LLC

OPPL: Overland Pass Pipeline Company LLC

RMM: Rocky Mountain Midstream Holdings LLC

Targa Train 7: Targa Train 7 LLC

Government and Regulatory:

EPA: Environmental Protection Agency

Exchange Act, the: Securities and Exchange Act of 1934, as amended

FERC: Federal Energy Regulatory Commission

IRS: Internal Revenue Service

SEC: Securities and Exchange Commission

Securities Act, the: Securities Act of 1933, as amended

Other:

EBITDA: Earnings before interest, taxes, depreciation, and amortization

Fractionation: The process by which a mixed stream of natural gas liquids is separated into constituent products, such as ethane, propane, and butane

GAAP: U.S. generally accepted accounting principles

LNG: Liquefied natural gas; natural gas which has been liquefied at cryogenic temperatures

MVC: Minimum volume commitments

NGLs: Natural gas liquids; natural gas liquids result from natural gas processing and crude oil refining and are used as petrochemical feedstocks, heating fuels, and gasoline additives, among other applications

Appalachia Midstream Investments: Our equity-method investments with an approximate average 66 percent interest in multiple gas gathering systems in the Marcellus Shale region.

Sequent Acquisition: The July 1, 2021, acquisition of 100 percent of Sequent Energy Management, L.P. and Sequent Energy Canada, Corp.

Trace Acquisition: The April 29, 2022, acquisition of 100 percent of Gemini Arklatex, LLC, through which we acquired the Haynesville Shale region gas gathering and related assets of Trace Midstream (Trace).

NorTex Asset Purchase: The August 31, 2022, purchase of a group of assets in north Texas, primarily natural gas storage facilities and pipelines, from NorTex Midstream Holdings, LLC.

MountainWest Acquisition: The February 14, 2023, acquisition of 100 percent of MountainWest Pipelines Holding Company (MountainWest), which includes FERC-regulated interstate natural gas pipeline systems and natural gas storage capacity.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended March 31,	
	2023	2022
	(Millions, except per-share amounts)	
Revenues:		
Service revenues	$ 1,694	$ 1,537
Service revenues – commodity consideration	36	77
Product sales	845	1,104
Net gain (loss) on commodity derivatives	506	(194)
Total revenues	3,081	2,524
Costs and expenses:		
Product costs	553	803
Net processing commodity expenses	54	30
Operating and maintenance expenses	463	394
Depreciation and amortization expenses	506	498
Selling, general, and administrative expenses	176	154
Other (income) expense – net	(31)	(9)
Total costs and expenses	1,721	1,870
Operating income (loss)	1,360	654
Equity earnings (losses)	147	136
Other investing income (loss) – net	8	1
Interest incurred	(304)	(289)
Interest capitalized	10	3
Other income (expense) – net	20	5
Income (loss) before income taxes	1,241	510
Less: Provision (benefit) for income taxes	284	118
Net income (loss)	957	392
Less: Net income (loss) attributable to noncontrolling interests	30	12
Net income (loss) attributable to The Williams Companies, Inc.	927	380
Less: Preferred stock dividends	1	1
Net income (loss) available to common stockholders	$ 926	$ 379
Basic earnings (loss) per common share:		
Net income (loss) available to common stockholders	$ .76	$ .31
Weighted-average shares (thousands)	1,219,465	1,216,940
Diluted earnings (loss) per common share:		
Net income (loss) available to common stockholders	$ .76	$ .31
Weighted-average shares (thousands)	1,225,781	1,221,279

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Net income (loss)	$ 957	$ 392
Other comprehensive income (loss):		
Designated interest rate cash flow hedging activities:		
Net unrealized gain (loss) from derivative instruments, net of taxes of $(7) in 2023 and $(1) in 2022	20	3
Pension and other postretirement benefits:		
Amortization of actuarial (gain) loss and net actuarial loss from settlements included in net periodic benefit cost (credit), net of taxes of $0 in 2023 and ($1) in 2022	1	2
Other comprehensive income (loss)	21	5
Comprehensive income (loss)	978	397
Less: Comprehensive income (loss) attributable to noncontrolling interests	30	12
Comprehensive income (loss) attributable to The Williams Companies, Inc.	$ 948	$ 385

See accompanying notes.

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

	March 31, 2023	December 31, 2022
	(Millions, except per-share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 477	$ 152
Trade accounts and other receivables	1,530	2,729
Allowance for doubtful accounts	(6)	(6)
Trade accounts and other receivables – net	1,524	2,723
Inventories	244	320
Derivative assets	243	323
Other current assets and deferred charges	269	279
Total current assets	2,757	3,797
Investments	5,067	5,065
Property, plant, and equipment	49,546	47,057
Accumulated depreciation and amortization	(17,451)	(16,168)
Property, plant, and equipment – net	32,095	30,889
Intangible assets – net of accumulated amortization	7,660	7,363
Regulatory assets, deferred charges, and other	1,357	1,319
Total assets	$ 48,936	$ 48,433
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,258	$ 2,327
Derivative liabilities	180	316
Accrued and other current liabilities	955	1,270
Commercial paper	—	350
Long-term debt due within one year	1,627	627
Total current liabilities	4,020	4,890
Long-term debt	22,785	21,927
Deferred income tax liabilities	3,177	2,887
Regulatory liabilities, deferred income, and other	4,631	4,684
Contingent liabilities and commitments (Note 9)		
Equity:		
Stockholders' equity:		
Preferred stock ($1 par value; 30 million shares authorized at March 31, 2023 and December 31, 2022; 35,000 shares issued at March 31, 2023 and December 31, 2022)	35	35
Common stock ($1 par value; 1,470 million shares authorized at March 31, 2023 and December 31, 2022; 1,256 million shares issued at March 31, 2023 and 1,253 million shares issued at December 31, 2022)	1,256	1,253
Capital in excess of par value	24,516	24,542
Retained deficit	(12,895)	(13,271)
Accumulated other comprehensive income (loss)	(3)	(24)
Treasury stock, at cost (37 million shares at March 31, 2023 and 35 million shares at December 31, 2022 of common stock)	(1,124)	(1,050)
Total stockholders' equity	11,785	11,485
Noncontrolling interests in consolidated subsidiaries	2,538	2,560
Total equity	14,323	14,045
Total liabilities and equity	$ 48,936	$ 48,433

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Changes in Equity
(Unaudited)

	The Williams Companies, Inc. Stockholders								
	Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Deficit	AOCI*	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	(Millions)								
Balance – December 31, 2022	$ 35	$ 1,253	$ 24,542	$ (13,271)	$ (24)	$ (1,050)	$ 11,485	$ 2,560	$ 14,045
Net income (loss)	—	—	—	927	—	—	927	30	957
Other comprehensive income (loss)	—	—	—	—	21	—	21	—	21
Cash dividends – common stock ($0.4475 per share)	—	—	—	(546)	—	—	(546)	—	(546)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(54)	(54)
Stock-based compensation and related common stock issuances, net of tax	—	3	(26)	—	—	—	(23)	—	(23)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	3	3
Purchases of treasury stock	—	—	—	—	—	(74)	(74)	—	(74)
Other	—	—	—	(5)	—	—	(5)	(1)	(6)
Net increase (decrease) in equity	—	3	(26)	376	21	(74)	300	(22)	278
Balance – March 31, 2023	$ 35	$ 1,256	$ 24,516	$ (12,895)	$ (3)	$ (1,124)	$ 11,785	$ 2,538	$ 14,323
Balance – December 31, 2021	$ 35	$ 1,250	$ 24,449	$ (13,237)	$ (33)	$ (1,041)	$ 11,423	$ 2,678	$ 14,101
Net income (loss)	—	—	—	380	—	—	380	12	392
Other comprehensive income (loss)	—	—	—	—	5	—	5	—	5
Cash dividends – common stock ($0.425 per share)	—	—	—	(518)	—	—	(518)	—	(518)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(37)	(37)
Stock-based compensation and related common stock issuances, net of tax	—	2	27	—	—	—	29	—	29
Contributions from noncontrolling interests	—	—	—	—	—	—	—	3	3
Other	—	—	—	(3)	—	—	(3)	(1)	(4)
Net increase (decrease) in equity	—	2	27	(141)	5	—	(107)	(23)	(130)
Balance – March 31, 2022	$ 35	$ 1,252	$ 24,476	$ (13,378)	$ (28)	$ (1,041)	$ 11,316	$ 2,655	$ 13,971

* Accumulated Other Comprehensive Income (Loss)

See accompanying notes.

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

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
OPERATING ACTIVITIES:		
Net income (loss)	$ 957	$ 392
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and amortization	506	498
Provision (benefit) for deferred income taxes	283	115
Equity (earnings) losses	(147)	(136)
Distributions from equity-method investees	208	212
Net unrealized (gain) loss from derivative instruments	(327)	123
Inventory write-downs	18	—
Amortization of stock-based awards	17	21
Cash provided (used) by changes in current assets and liabilities:		
Accounts receivable	1,269	(3)
Inventories	27	178
Other current assets and deferred charges	(4)	(65)
Accounts payable	(1,017)	(138)
Accrued and other current liabilities	(318)	(149)
Changes in current and noncurrent derivative assets and liabilities	82	101
Other, including changes in noncurrent assets and liabilities	(40)	(67)
Net cash provided (used) by operating activities	1,514	1,082
FINANCING ACTIVITIES:		
Proceeds from (payments of) commercial paper – net	(352)	—
Proceeds from long-term debt	1,502	3
Payments of long-term debt	(7)	(1,256)
Proceeds from issuance of common stock	3	37
Purchases of treasury stock	(74)	—
Common dividends paid	(546)	(518)
Dividends and distributions paid to noncontrolling interests	(54)	(37)
Contributions from noncontrolling interests	3	3
Payments for debt issuance costs	(8)	—
Other – net	(17)	(30)
Net cash provided (used) by financing activities	450	(1,798)
INVESTING ACTIVITIES:		
Property, plant, and equipment:		
Capital expenditures (1)	(545)	(291)
Dispositions – net	(7)	(6)
Contributions in aid of construction	11	(3)
Purchases of businesses, net of cash acquired (Note 3)	(1,056)	—
Purchases of and contributions to equity-method investments	(39)	(56)
Other – net	(3)	(4)
Net cash provided (used) by investing activities	(1,639)	(360)
Increase (decrease) in cash and cash equivalents	325	(1,076)
Cash and cash equivalents at beginning of year	152	1,680
Cash and cash equivalents at end of period	$ 477	$ 604

	2023	2022
(1) Increases to property, plant, and equipment	$ (484)	$ (260)
Changes in related accounts payable and accrued liabilities	(61)	(31)
Capital expenditures	$ (545)	$ (291)

See accompanying notes.

The Williams Companies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Note 1 – General, Description of Business, and Basis of Presentation

General

Our accompanying interim consolidated financial statements do not include all the notes in our annual financial statements and, therefore, should be read in conjunction with our consolidated financial statements and notes thereto for the year ended December 31, 2022, in our Annual Report on Form 10-K. The accompanying unaudited financial statements include all normal recurring adjustments and others that, in the opinion of management, are necessary to present fairly our interim financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Unless the context clearly indicates otherwise, references in this report to “Williams,” “we,” “our,” “us,” or like terms refer to The Williams Companies, Inc. and its subsidiaries. Unless the context clearly indicates otherwise, references to “Williams,” “we,” “our,” and “us” include the operations in which we own interests accounted for as equity-method investments that are not consolidated in our financial statements. When we refer to our equity investees by name, we are referring exclusively to their businesses and operations

Share Repurchase Program

In September 2021, our Board of Directors authorized a share repurchase program with a maximum dollar limit of $1.5 billion. Repurchases may be made from time to time in the open market, by block purchases, in privately negotiated transactions, or in such other manner as determined by our management. Our management will also determine the timing and amount of any repurchases based on market conditions and other factors. The share repurchase program does not obligate us to acquire any particular amount of common stock, and it may be suspended or discontinued at any time. This share repurchase program does not have an expiration date. During 2023, there have been $74 million in repurchases under the program which are included in our Consolidated Statement of Changes in Equity. Cumulative repurchases to date under the program total $83 million.

Description of Business

We are a Delaware corporation whose common stock is listed and traded on the New York Stock Exchange. Our operations are located in the United States and are presented within the following reportable segments: Transmission & Gulf of Mexico, Northeast G&P, West, and Gas & NGL Marketing Services, consistent with the manner in which our chief operating decision maker evaluates performance and allocates resources. All remaining business activities, including our upstream operations and corporate activities, are included in Other.

Transmission & Gulf of Mexico is comprised of our interstate natural gas pipelines, Transcontinental Gas Pipe Line Company, LLC (Transco), Northwest Pipeline LLC (Northwest Pipeline), and MountainWest (see Note 3 – Acquisitions), and their related natural gas storage facilities, as well as natural gas gathering and processing and crude oil production handling and transportation assets in the Gulf Coast region, including a 51 percent interest in Gulfstar One LLC (Gulfstar One) (a consolidated variable interest entity, or VIE), a 50 percent equity-method investment in Gulfstream Natural Gas System, L.L.C. (Gulfstream), and a 60 percent equity-method investment in Discovery Producer Services LLC (Discovery). Transmission & Gulf of Mexico also includes natural gas storage facilities and pipelines providing services in north Texas.

Northeast G&P is comprised of our midstream gathering, processing, and fractionation businesses in the Marcellus Shale region primarily in Pennsylvania and New York, and the Utica Shale region of eastern Ohio, as well

as a 65 percent interest in Ohio Valley Midstream LLC (Northeast JV) (a consolidated VIE) which operates in West Virginia, Ohio, and Pennsylvania, a 66 percent interest in Cardinal Gas Services, L.L.C. (Cardinal) (a consolidated VIE) which operates in Ohio, a 69 percent equity-method investment in Laurel Mountain Midstream, LLC (Laurel Mountain), a 50 percent equity-method investment in Blue Racer Midstream LLC (Blue Racer), and Appalachia Midstream Services, LLC, a wholly owned subsidiary that owns equity-method investments with an approximate average 66 percent interest in multiple gas gathering systems in the Marcellus Shale region (Appalachia Midstream Investments).

West is comprised of our gas gathering, processing, and treating operations in the Rocky Mountain region of Colorado and Wyoming, the Barnett Shale region of north-central Texas, the Eagle Ford Shale region of south Texas, the Haynesville Shale region of east Texas and northwest Louisiana, and the Mid-Continent region which includes the Anadarko and Permian basins. This segment also includes our NGL storage facilities, an undivided 50 percent interest in an NGL fractionator near Conway, Kansas, a 50 percent equity-method investment in Overland Pass Pipeline Company LLC (OPPL), a 50 percent equity-method investment in Rocky Mountain Midstream Holdings LLC (RMM), a 20 percent equity-method investment in Targa Train 7 LLC (Targa Train 7) (a nonconsolidated VIE), and a 15 percent equity-method investment in Brazos Permian II, LLC (Brazos Permian II) (a nonconsolidated VIE).

Gas & NGL Marketing Services is comprised of our NGL and natural gas marketing and trading operations, which includes risk management and transactions related to the storage and transportation of natural gas and natural gas liquids (NGLs) on strategically positioned assets.

Basis of Presentation

Significant risks and uncertainties

We believe that the carrying value of certain of our property, plant, and equipment and intangible assets, notably certain acquired assets accounted for as business combinations between 2012 and 2014, may be in excess of current fair value. However, the carrying value of these assets, in our judgment, continues to be recoverable. It is reasonably possible that future strategic decisions, including transactions such as monetizing assets or contributing assets to new ventures with third parties, as well as unfavorable changes in expected producer activities, could impact our assumptions and ultimately result in impairments of these assets. Such transactions or developments may also indicate that certain of our equity-method investments have experienced other-than-temporary declines in value, which could result in impairment.

Note 2 – Variable Interest Entities

Consolidated VIEs

As of March 31, 2023, we consolidate the following VIEs:

Northeast JV

We own a 65 percent interest in the Northeast JV, a subsidiary that is a VIE due to certain of our voting rights being disproportionate to our obligation to absorb losses and substantially all of the Northeast JV's activities being performed on our behalf. We are the primary beneficiary because we have the power to direct the activities that most significantly impact the Northeast JV's economic performance. The Northeast JV provides midstream services for producers in the Marcellus Shale and Utica Shale regions. Future expansion activity is expected to be funded with capital contributions from us and the other equity partner on a proportional basis.

Gulfstar One

We own a 51 percent interest in Gulfstar One, a subsidiary that, due to certain risk-sharing provisions in its customer contracts, is a VIE. Gulfstar One includes a proprietary floating production system, Gulfstar FPS, and associated pipelines that provide production handling and gathering services in the eastern deepwater Gulf of

Mexico. We are the primary beneficiary because we have the power to direct the activities that most significantly impact Gulfstar One's economic performance.

Cardinal

We own a 66 percent interest in Cardinal, a subsidiary that provides gathering services for the Utica Shale region and is a VIE due to certain risks shared with customers. We are the primary beneficiary because we have the power to direct the activities that most significantly impact Cardinal's economic performance. Future expansion activity is expected to be funded with capital contributions from us and the other equity partner.

The following table presents amounts included in our Consolidated Balance Sheet that are only for the use or obligation of our consolidated VIEs:

	March 31, 2023	December 31, 2022
	(Millions)	
Assets (liabilities):		
Cash and cash equivalents	$ 33	$ 49
Trade accounts and other receivables – net	156	136
Inventories	4	4
Other current assets and deferred charges	4	7
Property, plant, and equipment – net	5,123	5,154
Intangible assets – net of accumulated amortization	2,131	2,158
Regulatory assets, deferred charges, and other	30	29
Accounts payable	(74)	(76)
Accrued and other current liabilities	(33)	(34)
Regulatory liabilities, deferred income, and other	(275)	(275)

Nonconsolidated VIEs

Targa Train 7

We own a 20 percent interest in Targa Train 7, which provides fractionation services at Mont Belvieu, Texas, and is a VIE due primarily to our limited participating rights as the minority equity holder. At March 31, 2023, the carrying value of our investment in Targa Train 7 was $45 million. Our maximum exposure to loss is limited to the carrying value of our investment.

Brazos Permian II

We own a 15 percent interest in Brazos Permian II, which provides gathering and processing services in the Delaware basin and is a VIE due primarily to our limited participating rights as the minority equity holder. At March 31, 2023, the carrying value of our investment in Brazos Permian II was $18 million. Our maximum exposure to loss is limited to the carrying value of our investment.

Note 3 – Acquisitions

MountainWest Acquisition

On February 14, 2023, we closed on the acquisition of 100 percent of MountainWest Pipelines Holding Company (MountainWest), which includes Federal Energy Regulatory Commission (FERC) -regulated interstate natural gas pipeline systems and natural gas storage capacity (MountainWest Acquisition), for $1.08 billion of cash, funded with available sources of short-term liquidity, and retaining $430 million outstanding principal amount of MountainWest long-term debt, subject to post-closing adjustments. The purpose of the MountainWest Acquisition was to expand our existing transmission and storage infrastructure footprint into major markets in Utah, Wyoming, and Colorado.

During the period from the acquisition date of February 14, 2023 to March 31, 2023, the operations acquired in the MountainWest Acquisition contributed *Revenues* of $34 million and *Modified EBITDA* (as defined in Note 10 – Segment Disclosures) of $20 million.

Acquisition-related costs for the MountainWest Acquisition of $12 million are reported within our Transmission & Gulf of Mexico segment and included in *Selling, general, and administrative expenses* in our Consolidated Statement of Income during 2023.

We accounted for the MountainWest Acquisition as a business combination, which requires, among other things, that identifiable assets acquired and liabilities assumed be recognized at their acquisition date fair values. The valuation techniques used consisted of depreciated replacement costs for non-regulated property, plant, and equipment, as well as the market approach for the assumed long-term debt consistent with the valuation technique discussed in Note 7 – Fair Value Measurements and Guarantees. MountainWest's regulated operations are accounted for pursuant to Accounting Standards Codification 980, Regulated Operations. The fair value of assets and liabilities subject to rate making and cost recovery provisions were determined utilizing the income approach. MountainWest's expected return on rate base is consistent with expected returns of similarly situated assets, resulting in carryover basis of these assets and liabilities equaling their fair value.

The following table presents the preliminary allocation of the acquisition date fair value of the major classes of the assets acquired, which are included in our Transmission & Gulf of Mexico segment, and liabilities assumed at February 14, 2023. The fair value of accounts receivable acquired equals contractual amounts receivable. The allocation is considered preliminary because the valuation work has not been completed due to the ongoing review of the valuation results and validation of significant inputs and assumptions. Preliminary fair value measurements were made for certain acquired assets and liabilities, primarily property, plant, and equipment and long-term debt; however, adjustments to those measurements may be made in subsequent periods, up to one year from the acquisition date, as new information related to facts and circumstances as of the acquisition date may be identified.

		(Millions)
Cash and cash equivalents	$	23
Trade accounts and other receivables – net		14
Other current assets		28
Investments		22
Property, plant, and equipment – net		1,092
Other noncurrent assets		33
Total identifiable assets acquired	$	1,212
Current liabilities	$	(38)
Long-term debt (see Note 6)		(365)
Other noncurrent liabilities		(155)
Total liabilities assumed	$	(558)
Net identifiable assets acquired	$	654
Goodwill included in *Intangible assets – net of accumulated amortization*		400
Net assets acquired	$	1,054

Goodwill recognized in the MountainWest Acquisition relates primarily to enhancing and diversifying our basin positions and the long-term value associated with rate regulated businesses and is reported within our Transmission & Gulf of Mexico segment. Substantially all of the goodwill is deductible for tax purposes. Goodwill is included within *Intangible assets – net of accumulated amortization* in our Consolidated Balance Sheet and represents the excess of the consideration over the fair value of the net assets acquired. It is not subject to amortization but is evaluated annually as of October 1 for impairment or more frequently if impairment indicators are present that would indicate it is more likely than not that the fair value of the reporting unit is less than its carrying amount. As part of the evaluation, we compare our estimate of the fair value of the reporting unit with its

carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, an impairment charge is recorded for the difference (not to exceed the carrying value of goodwill). Judgments and assumptions are inherent in our management's estimates of fair value.

Trace Acquisition

On April 29, 2022, we closed on the acquisition of 100 percent of Gemini Arklatex, LLC through which we acquired the Haynesville Shale region gas gathering and related assets of Trace Midstream (Trace) for $972 million of cash funded with cash on hand and proceeds from issuance of commercial paper (Trace Acquisition). The purpose of the Trace Acquisition was to expand our footprint into the east Texas area of the Haynesville Shale region, increasing in-basin scale in one of the largest growth basins in the country.

During the period from the acquisition date of April 29, 2022 to December 31, 2022, the operations acquired in the Trace Acquisition contributed *Revenues* of $148 million and *Modified EBITDA* of $73 million.

Acquisition-related costs for the Trace Acquisition of $8 million are reported within our West segment and were included in *Selling, general, and administrative expenses* in our Consolidated Statement of Income during 2022.

We accounted for the Trace Acquisition as a business combination. The following table presents the allocation of the acquisition date fair value of the major classes of the assets acquired, which are included in our West segment, and liabilities assumed at April 29, 2022. The fair value of accounts receivable acquired equals contractual amounts receivable. The valuation techniques used consisted of the income approach (excess earnings method) for valuation of intangible assets and depreciated replacement costs for property, plant, and equipment.

		(Millions)
Cash and cash equivalents	$	39
Trade accounts and other receivables – net		18
Property, plant, and equipment – net		448
Intangible assets – net of accumulated amortization		472
Other noncurrent assets		20
Total assets acquired	$	997
Accounts payable	$	(12)
Accrued and other current liabilities		(5)
Other noncurrent liabilities		(8)
Total liabilities assumed	$	(25)
Net assets acquired	$	972

Other intangible assets

Other intangible assets recognized in the Trace Acquisition are related to contractual customer relationships from gas gathering agreements with our customers. The basis for determining the value of these intangible assets is estimated future net cash flows to be derived from acquired contractual customer relationships discounted using a risk-adjusted discount rate. These intangible assets are being amortized on a straight-line basis over an initial period of 20 years which represents the term over which the contractual customer relationships are expected to contribute to our cash flows. Approximately 2 percent of the expected future revenues from these contractual customer relationships are impacted by our ability and intent to renew or renegotiate existing customer contracts. We expense costs incurred to renew or extend the terms of our gas gathering contracts with customers. Based on the estimated future revenues during the current contract periods (as estimated at the time of the acquisition), the weighted-average period prior to the next renewal or extension of the existing contractual customer relationships is approximately 19 years.

Supplemental Pro Forma

The following pro forma *Revenues* and *Net income (loss) attributable to The Williams Companies, Inc.* for the three months ended March 31, 2023 and 2022, are presented as if the MountainWest Acquisition had been completed on January 1, 2022, and the Trace Acquisition had been completed on January 1, 2021. These pro forma amounts are not necessarily indicative of what the actual results would have been if the MountainWest Acquisition and Trace Acquisition had in fact occurred on the dates or for the periods indicated, nor do they purport to project *Revenues* or *Net income (loss) attributable to The Williams Companies, Inc.* for any future periods or as of any date. These amounts do not give effect to any potential cost savings, operating synergies, or revenue enhancements to result from the transaction or the potential costs to achieve these cost savings, operating synergies, and revenue enhancements.

	Three Months Ended March 31, 2023		
	As Reported	Pro Forma MountainWest (1)	Pro Forma Combined
	(Millions)		
Revenues	$ 3,081	$ 35	$ 3,116
Net income (loss) attributable to The Williams Companies, Inc.	927	6	933

	Three Months Ended March 31, 2022			
	As Reported	Pro Forma MountainWest	Pro Forma Trace	Pro Forma Combined
	(Millions)			
Revenues	$ 2,524	$ 67	$ 35	$ 2,626
Net income (loss) attributable to The Williams Companies, Inc.	380	17	14	411

(1) Excludes results from operations acquired in the MountainWest Acquisition for the period beginning on the acquisition date of February 14, 2023, as these results are included in the amounts as reported.

NorTex Asset Purchase

On August 31, 2022, we purchased a group of assets in north Texas, primarily natural gas storage facilities and pipelines, from NorTex Midstream Holdings, LLC (NorTex Asset Purchase) for approximately $424 million. These assets are included in our Transmission & Gulf of Mexico segment.

Note 4 – Revenue Recognition

Revenue by Category

The following table presents our revenue disaggregated by major service line:

	Regulated Interstate Transportation & Storage	Gulf of Mexico Midstream & Storage	Northeast Midstream	West Midstream	Gas & NGL Marketing Services	Other	Eliminations	Total
				(Millions)				
Three Months Ended March 31, 2023								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 813	$ —	$ —	$ —	$ —	$ —	$ (11)	$ 802
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	100	391	343	—	—	(43)	791
Commodity consideration	—	12	6	18	—	—	—	36
Other	4	6	56	10	1	—	(5)	72
Total service revenues	817	118	453	371	1	—	(59)	1,701
Product sales	22	36	49	90	1,373	102	(254)	1,418
Total revenues from contracts with customers	839	154	502	461	1,374	102	(313)	3,119
Other revenues (1)	13	4	7	42	1,916	15	—	1,997
Other adjustments (2)	—	—	—	—	(2,159)	—	124	(2,035)
Total revenues	$ 852	$ 158	$ 509	$ 503	$ 1,131	$ 117	$ (189)	$ 3,081
Three Months Ended March 31, 2022								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 778	$ —	$ —	$ —	$ —	$ —	$ (18)	$ 760
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	82	323	317	—	—	(30)	692
Commodity consideration	—	21	7	49	—	—	—	77
Other	2	6	51	12	1	—	(6)	66
Total service revenues	780	109	381	378	1	—	(54)	1,595
Product sales	16	87	36	187	2,470	104	(393)	2,507
Total revenues from contracts with customers	796	196	417	565	2,471	104	(447)	4,102
Other revenues (1)	4	2	6	(3)	1,615	(65)	(3)	1,556
Other adjustments (2)	—	—	—	—	(3,232)	—	98	(3,134)
Total revenues	$ 800	$ 198	$ 423	$ 562	$ 854	$ 39	$ (352)	$ 2,524

(1) Revenues not derived from contracts with customers primarily consist of physical product sales related to derivative contracts, realized and unrealized gains and losses associated with our derivative contracts, which are reported in *Net gain (loss) on commodity derivatives* in the Consolidated Statement of Income, management fees that we receive for certain services we provide to operated equity-method investments, and leasing revenues associated with our headquarters building.

(2) Other adjustments reflect certain costs of Gas & NGL Marketing Services' risk management activities. As we are acting as agent for natural gas marketing customers or engage in energy trading activities, the resulting revenues are presented net of the related costs of those activities in our Consolidated Statement of Income.

Contract Assets

The following table presents a reconciliation of our contract assets:

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Balance at beginning of period	$ 29	$ 22
Revenue recognized in excess of amounts invoiced	43	55
Minimum volume commitments invoiced	(30)	(41)
Balance at end of period	$ 42	$ 36

Contract Liabilities

The following table presents a reconciliation of our contract liabilities:

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Balance at beginning of period	$ 1,043	$ 1,126
Payments received and deferred	29	29
Significant financing component	2	2
Contract liability acquired	5	—
Recognized in revenue	(69)	(64)
Balance at end of period	$ 1,010	$ 1,093

Remaining Performance Obligations

Remaining performance obligations primarily include reservation charges on contracted capacity for our gas pipeline firm transportation contracts with customers, storage capacity contracts, long-term contracts containing minimum volume commitments (MVC) associated with our midstream businesses, and fixed payments associated with offshore production handling. For our interstate natural gas pipeline businesses, remaining performance obligations reflect the rates for such services in our current FERC tariffs for the life of the related contracts; however, these rates may change based on future tariffs approved by the FERC and the amount and timing of these changes are not currently known.

Our remaining performance obligations exclude variable consideration, including contracts with variable consideration for which we have elected the practical expedient for consideration recognized in revenue as billed. Certain of our contracts contain evergreen and other renewal provisions for periods beyond the initial term of the contract. The remaining performance obligation amounts as of March 31, 2023, do not consider potential future performance obligations for which the renewal has not been exercised and exclude contracts with customers for which the underlying facilities have not received FERC authorization to be placed into service. Consideration received prior to March 31, 2023, that will be recognized in future periods is also excluded from our remaining performance obligations and is instead reflected in contract liabilities.

The following table presents the amount of the contract liabilities balance expected to be recognized as revenue when performance obligations are satisfied and the transaction price allocated to the remaining performance obligations under certain contracts as of March 31, 2023.

	Contract Liabilities	Remaining Performance Obligations
	(Millions)	
2023 (nine months)	$ 98	$ 2,887
2024 (one year)	124	3,647
2025 (one year)	122	3,363
2026 (one year)	107	2,837
2027 (one year)	101	2,564
Thereafter	458	15,096
Total	$ 1,010	$ 30,394

Accounts Receivable

The following is a summary of our *Trade accounts and other receivables – net*:

	March 31, 2023	December 31, 2022
	(Millions)	
Accounts receivable related to revenues from contracts with customers	$ 1,205	$ 1,771
Receivables from derivatives	291	889
Other accounts receivable	28	63
Trade accounts and other receivables – net	$ 1,524	$ 2,723

Note 5 – Provision (Benefit) for Income Taxes

The *Provision (benefit) for income taxes* includes:

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Current:		
Federal	$ 1	$ 1
State	—	2
	1	3
Deferred:		
Federal	237	94
State	46	21
	283	115
Provision (benefit) for income taxes	$ 284	$ 118

The effective income tax rates for the total provision (benefit) for both the three months ended March 31, 2023 and 2022, are greater than the federal statutory rate primarily due to the effect of state income taxes.

Note 6 – Debt and Banking Arrangements

Long-Term Debt

Issuances and retirements

On March 2, 2023, we issued $750 million of 5.40 percent senior unsecured notes due March 2, 2026, and $750 million of 5.65 percent senior unsecured notes due March 15, 2033.

As a result of the MountainWest Acquisition on February 14, 2023, our Consolidated Balance Sheet now includes $100 million of 3.53 percent senior unsecured notes due January 31, 2028, $150 million of 3.91 percent senior unsecured notes due January 31, 2038, and $180 million of 4.875 percent senior unsecured notes due December 1, 2041. The acquisition date fair value reflects a $65 million reduction to the aggregate principal amount. (See Note 3 – Acquisitions).

Commercial Paper Program

At March 31, 2023, no commercial paper was outstanding under our $3.5 billion commercial paper program.

Credit Facility

	March 31, 2023	
	Stated Capacity	Outstanding
	(Millions)	
Long-term credit facility (1)	$ 3,750	$ —
Letters of credit under certain bilateral bank agreements		18

(1) In managing our available liquidity, we do not expect a maximum outstanding amount in excess of the capacity of our credit facility inclusive of any outstanding amounts under our commercial paper program.

Note 7 – Fair Value Measurements and Guarantees

The following table presents, by level within the fair value hierarchy, certain of our significant financial assets and liabilities. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and commercial paper approximate fair value because of the short-term nature of these instruments. Therefore, these assets and liabilities are not presented in the following table.

			Fair Value Measurements Using		
	Carrying Amount	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(Millions)		
Assets (liabilities) at March 31, 2023:					
Measured on a recurring basis:					
ARO Trust investments	$ 242	$ 242	$ 242	$ —	$ —
Commodity derivative assets (1)	132	132	17	109	6
Commodity derivative liabilities (1)	(449)	(449)	(1)	(395)	(53)
Other financial assets (liabilities) – net	(1)	(1)	—	(1)	—
Additional disclosures:					
Long-term debt, including current portion	(24,412)	(23,727)	—	(23,727)	—
Guarantees	(38)	(27)	—	(11)	(16)
Assets (liabilities) at December 31, 2022:					
Measured on a recurring basis:					
ARO Trust investments	$ 230	$ 230	$ 230	$ —	$ —
Commodity derivative assets (2)	166	166	20	132	14
Commodity derivative liabilities (2)	(810)	(810)	(22)	(718)	(70)
Other financial assets (liabilities) – net	(5)	(5)	—	(5)	—
Additional disclosures:					
Long-term debt, including current portion	(22,554)	(21,569)	—	(21,569)	—
Guarantees	(38)	(25)	—	(9)	(16)

(1) Net commodity derivative assets and liabilities exclude $120 million of net cash collateral in Level 1.

(2) Net commodity derivative assets and liabilities exclude $202 million of net cash collateral in Level 1.

Fair Value Methods

We use the following methods and assumptions in estimating the fair value of our financial instruments:

Assets measured at fair value on a recurring basis

ARO Trust investments: Transco deposits a portion of its collected rates, pursuant to its rate case settlement, into an external trust (ARO Trust) that is specifically designated to fund future asset retirement obligations (ARO). The ARO Trust invests in a portfolio of actively traded mutual funds that are measured at fair value on a recurring basis based on quoted prices in an active market and is reported in *Regulatory assets, deferred charges, and other* in our

Consolidated Balance Sheet. Both realized and unrealized gains and losses are ultimately recorded as regulatory assets or liabilities.

Commodity derivatives: Commodity derivatives include exchange-traded contracts and over-the-counter (OTC) contracts, which consist of physical forwards, futures, and swaps that are measured at fair value on a recurring basis. We also have other derivatives related to asset management agreements and other contracts that require physical delivery. Derivatives classified as Level 1 are valued using New York Mercantile Exchange (NYMEX) futures prices. Derivatives classified as Level 2 are valued using basis transactions that represent the cost to transport natural gas from a NYMEX delivery point to the contract delivery point. These transactions are based on quotes obtained either through electronic trading platforms or directly from brokers. Derivatives classified as Level 3 are valued using a combination of observable and unobservable inputs. The fair value amounts are presented on a net basis and reflect the netting of asset and liability positions permitted under the terms of our master netting arrangements and cash held on deposit in margin accounts that we have received or remitted to collateralize certain derivative positions. Commodity derivative assets are reported in *Derivative assets* and *Regulatory assets, deferred charges, and other* in our Consolidated Balance Sheet. Commodity derivative liabilities are reported in *Derivative liabilities* and *Regulatory liabilities, deferred income, and other* in our Consolidated Balance Sheet. Changes in the fair value of our derivative assets and liabilities are recorded in *Net gain (loss) on commodity derivatives* and *Net processing commodity expenses* in our Consolidated Statement of Income. See Note 8 – Derivatives for additional information on our derivatives.

Additional fair value disclosures

Long-term debt, including current portion: The disclosed fair value of our long-term debt is determined primarily by a market approach using broker quoted indicative period-end bond prices. The quoted prices are based on observable transactions in less active markets for our debt or similar instruments. The fair values of the financing obligations associated with our Dalton, Leidy South, and Atlantic Sunrise projects, which are included within long-term debt, were determined using an income approach.

Guarantees: Guarantees primarily consist of a guarantee we have provided in the event of nonpayment by our previously owned communications subsidiary, Williams Communications Group (WilTel), on a lease performance obligation that extends through 2042. Guarantees also include an indemnification related to a disposed operation.

To estimate the fair value of the WilTel guarantee, an estimated default rate is applied to the sum of the future contractual lease payments using an income approach. The estimated default rate is determined by obtaining the average cumulative issuer-weighted default rate based on the credit rating of WilTel's current owner and the term of the underlying obligation. The default rate is published by Moody's Investors Service. The carrying value of the WilTel guarantee is reported in *Accrued and other current liabilities* in our Consolidated Balance Sheet. The maximum potential undiscounted liquidity exposure is approximately $24 million at March 31, 2023. Our exposure declines systematically through the remaining term of WilTel's obligation.

The fair value of the guarantee associated with the indemnification related to a disposed operation was estimated using an income approach that considered probability-weighted scenarios of potential levels of future performance. The terms of the indemnification do not limit the maximum potential future payments associated with the guarantee. The carrying value of this guarantee is reported in *Regulatory liabilities, deferred income, and other* in our Consolidated Balance Sheet.

We are required by our revolving credit agreement to indemnify lenders for certain taxes required to be withheld from payments due to the lenders and for certain tax payments made by the lenders. The maximum potential amount of future payments under these indemnifications is based on the related borrowings and such future payments cannot currently be determined. These indemnifications generally continue indefinitely unless limited by the underlying tax regulations and have no carrying value. We have never been called upon to perform under these indemnifications and have no current expectation of a future claim.

Note 8 – Derivatives

Commodity-Related Derivatives

We are exposed to commodity price risk. To manage this volatility, we use various contracts in our marketing and trading activities that generally meet the definition of derivatives. Derivative positions are monitored using techniques including, but not limited to value at risk. Derivative instruments are recognized at fair value in our Consolidated Balance Sheet as either assets or liabilities and are presented on a net basis by counterparty, net of margin deposits. See Note 7 – Fair Value Measurements and Guarantees for additional fair value information. In our Consolidated Statement of Cash Flows, any cash impacts of settled commodity-related derivatives are recorded as operating activities.

We enter into commodity-related derivatives to economically hedge exposures to natural gas, NGLs, and crude oil and retain exposure to price changes that can, in a volatile energy market, be material and can adversely affect our results of operations.

At March 31, 2023, the notional volume of the net long (short) positions for our commodity-related derivative contracts were as follows:

	Commodity	Unit of Measure	Net Long (Short) Position
Index Risk	Natural Gas	MMBtu	931,475,691
Central Hub Risk - Henry Hub	Natural Gas	MMBtu	(30,773,146)
Basis Risk	Natural Gas	MMBtu	(38,069,941)
Central Hub Risk - Mont Belvieu	Natural Gas Liquids	Barrels	(1,153,119)
Basis Risk	Natural Gas Liquids	Barrels	(2,231,000)
Central Hub Risk - WTI	Crude Oil	Barrels	91,250

Derivative Financial Statement Presentation

The fair value of commodity-related derivatives, which are not designated as hedging instruments for accounting purposes, was reflected as follows:

Derivative Category	March 31, 2023 Assets	March 31, 2023 (Liabilities)	December 31, 2022 Assets	December 31, 2022 (Liabilities)
	(Millions)			
Current	$ 611	$ (623)	$ 1,099	$ (1,278)
Noncurrent	156	(461)	269	(734)
Total derivatives	$ 767	$ (1,084)	$ 1,368	$ (2,012)
Counterparty and collateral netting offset	(511)	631	(1,034)	1,236
Amounts recognized in our Consolidated Balance Sheet	$ 256	$ (453)	$ 334	$ (776)

The pre-tax effects of commodity-related derivative instruments in *Net gain (loss) on commodity derivatives* reflected within *Total revenues* and *Net processing commodity expenses* in our Consolidated Statement of Income were as follows:

	Gain (Loss) Three Months Ended March 31,	
	2023	2022
	(Millions)	
Realized commodity-related derivatives not designated as hedging instruments	$ 174	$ (69)
Unrealized commodity-related derivatives not designated as hedging instruments	332	(125)
Net gain (loss) on commodity derivatives	$ 506	$ (194)
Realized commodity-related derivatives not designated as hedging instruments in *Net processing commodity expenses*	$ (4)	$ 1
Unrealized commodity-related derivatives not designated as hedging instruments in *Net processing commodity expenses*	$ (5)	$ 2

Contingent Features

Generally, collateral may be provided by a parent guaranty, letter of credit, or cash. If collateral is required, fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral are offset against fair value amounts recognized for derivatives executed with the same counterparty.

We have specific trade and credit contracts that contain minimum credit rating requirements. These credit rating requirements typically give counterparties the right to suspend or terminate credit if our credit ratings are downgraded to non-investment grade status. Under such circumstances, we would need to post collateral to continue transacting business with these counterparties. At March 31, 2023, the contractually required collateral in the event of a credit rating downgrade to non-investment grade status was $7 million.

We maintain accounts with brokers or the clearing houses of certain exchanges to facilitate financial derivative transactions. Based on the value of the positions in these accounts and the associated margin requirements, we may be required to deposit cash into these accounts. At March 31, 2023, net cash collateral held on deposit in broker margin accounts was $120 million.

Note 9 – Contingent Liabilities

Alaska Refinery Contamination Litigation

We are involved in litigation arising from our ownership and operation of the North Pole Refinery in North Pole, Alaska, from 1980 until 2004, through our wholly owned subsidiaries Williams Alaska Petroleum Inc. (WAPI) and MAPCO Inc. We sold the refinery to Flint Hills Resources Alaska, LLC (FHRA), a subsidiary of Koch Industries, Inc., in 2004. The litigation involves three cases, with filing dates ranging from 2010 to 2014. The actions primarily arise from sulfolane contamination allegedly emanating from the refinery. A putative class action lawsuit was filed by James West in 2010 naming us, WAPI, and FHRA as defendants. We and FHRA filed claims against each other seeking, among other things, contractual indemnification alleging that the other party caused the sulfolane contamination. In 2011, we and FHRA settled the claim with James West. Certain claims by FHRA against us were resolved by the Alaska Supreme Court in our favor. FHRA's claims against us for contractual indemnification and statutory claims for damages related to off-site sulfolane were remanded to the Alaska Superior Court. The State of Alaska filed its action in March 2014, seeking damages. The City of North Pole (North Pole) filed its lawsuit in November 2014, seeking past and future damages, as well as punitive damages. Both we and WAPI asserted counterclaims against the State of Alaska and North Pole, and cross-claims against FHRA. FHRA has also filed cross-claims against us.

The underlying factual basis and claims in the cases are similar and may duplicate exposure. As such, in February 2017, the three cases were consolidated into one action in state court containing the remaining claims from the James West case and those of the State of Alaska and North Pole. The State of Alaska later announced the discovery of additional contaminants per- and polyfluoralkyl (PFOS and PFOA) offsite of the refinery, and the court permitted the State of Alaska to amend its complaint to add a claim for offsite PFOS/PFOA contamination. The court subsequently remanded the offsite PFOS/PFOA claims to the Alaska Department of Environmental Conservation for investigation and stayed the claims pending their potential resolution at the administrative agency. Several trial dates encompassing all three cases have been scheduled and stricken. In the summer of 2019, the court deconsolidated the cases for purposes of trial. A bench trial on all claims except North Pole's claims began in October 2019.

In January 2020, the Alaska Superior Court issued its Memorandum of Decision finding in favor of the State of Alaska and FHRA, with the total incurred and potential future damages estimated to be $86 million. The court found that FHRA is not entitled to contractual indemnification from us because FHRA contributed to the sulfolane contamination. On March 23, 2020, the court entered final judgment in the case. Filing deadlines were stayed until May 1, 2020. However, on April 21, 2020, we filed a Notice of Appeal. We also filed post-judgment motions including a Motion for New Trial and a Motion to Alter or Amend the Judgment. These post-trial motions were resolved with the court's denial of the last motion on June 11, 2020. Our Statement of Points on Appeal was filed on July 13, 2020. On June 22, 2020, the court stayed the North Pole's case pending resolution of the appeal in the State of Alaska and FHRA case. On December 23, 2020, we filed our opening brief on appeal. Oral argument was held on December 15, 2021. We have recorded an accrued liability in the amount of our estimate of the probable loss. It is reasonably possible that we may not be successful on appeal and could ultimately pay up to the amount of judgment.

Royalty Matters

Certain of our customers, including Chesapeake Energy Corporation (Chesapeake), have been named in various lawsuits alleging underpayment of royalties and claiming, among other things, violations of anti-trust laws and the Racketeer Influenced and Corrupt Organizations Act. We have also been named as a defendant in certain of these cases filed in Pennsylvania based on allegations that we improperly participated with Chesapeake in causing the alleged royalty underpayments. We believe that the claims asserted are subject to indemnity obligations owed to us by Chesapeake. Chesapeake has reached a settlement to resolve substantially all Pennsylvania royalty cases pending, which settlement applies to both Chesapeake and us. The settlement does not require any contribution from us. On August 23, 2021, the court approved the settlement, but two objectors filed an appeal with the United States Court of Appeals for the Fifth Circuit.

Litigation Against Energy Transfer and Related Parties

On April 6, 2016, we filed suit in Delaware Chancery Court against Energy Transfer Equity, L.P. (Energy Transfer) and LE GP, LLC (the general partner for Energy Transfer) alleging willful and material breaches of the Agreement and Plan of Merger (ETE Merger Agreement) with Energy Transfer resulting from the private offering by Energy Transfer on March 8, 2016, of Series A Convertible Preferred Units (Special Offering) to certain Energy Transfer insiders and other accredited investors. The suit seeks, among other things, an injunction ordering the defendants to unwind the Special Offering and to specifically perform their obligations under the ETE Merger Agreement. On April 19, 2016, we filed an amended complaint seeking the same relief. On May 3, 2016, Energy Transfer and LE GP, LLC filed an answer and counterclaims.

On May 13, 2016, we filed a separate complaint in Delaware Chancery Court against Energy Transfer, LE GP, LLC and the other Energy Transfer affiliates that are parties to the ETE Merger Agreement, alleging material breaches of the ETE Merger Agreement for failing to cooperate and use necessary efforts to obtain a tax opinion required under the ETE Merger Agreement (Tax Opinion) and for otherwise failing to use necessary efforts to consummate the merger under the ETE Merger Agreement wherein we would be merged with and into the newly formed Energy Transfer Corp LP (ETC) (ETC Merger). The suit sought, among other things, a declaratory judgment and injunction preventing Energy Transfer from terminating or otherwise avoiding its obligations under the ETE Merger Agreement due to any failure to obtain the Tax Opinion.

The Court of Chancery coordinated the Special Offering and Tax Opinion suits. On May 20, 2016, the Energy Transfer defendants filed amended affirmative defenses and verified counterclaims in the Special Offering and Tax Opinion suits, alleging certain breaches of the ETE Merger Agreement by us and seeking, among other things, a declaration that we were not entitled to specific performance, that Energy Transfer could terminate the ETC Merger, and that Energy Transfer is entitled to a $1.48 billion termination fee. On June 24, 2016, following a two-day trial, the court issued a Memorandum Opinion and Order denying our requested relief in the Tax Opinion suit. The court did not rule on the substance of our claims related to the Special Offering or on the substance of Energy Transfer's counterclaims. On June 27, 2016, we filed an appeal of the court's decision with the Supreme Court of Delaware, seeking reversal and remand to pursue damages. On March 23, 2017, the Supreme Court of Delaware affirmed the Court of Chancery's ruling. On March 30, 2017, we filed a motion for reargument with the Supreme Court of Delaware, which was denied on April 5, 2017.

On September 16, 2016, we filed an amended complaint with the Court of Chancery seeking damages for breaches of the ETE Merger Agreement by defendants. On September 23, 2016, Energy Transfer filed a second amended and supplemental affirmative defenses and verified counterclaim with the Court of Chancery seeking, among other things, payment of the $1.48 billion termination fee due to our alleged breaches of the ETE Merger Agreement. On December 1, 2017, the court granted our motion to dismiss certain of Energy Transfer's counterclaims, including its claim seeking payment of the $1.48 billion termination fee. On December 8, 2017, Energy Transfer filed a motion for reargument, which the Court of Chancery denied on April 16, 2018. Trial was held May 10 through May 17, 2021. On December 29, 2021, the court entered judgment in our favor in the amount of $410 million, plus interest at the contractual rate, and our reasonable attorneys' fees and expenses. On September 21, 2022, the court entered a final order and judgment awarding us the termination fee, attorney's fees, expenses, and interest in the amount of $602 million plus additional interest starting September 17, 2022. Energy Transfer has appealed to the Delaware Supreme Court.

Environmental Matters

We are a participant in certain environmental activities in various stages including assessment studies, cleanup operations, and/or remedial processes at certain sites, some of which we currently do not own. We are monitoring these sites in a coordinated effort with other potentially responsible parties, the U.S. Environmental Protection Agency (EPA), or other governmental authorities. We are jointly and severally liable along with unrelated third parties in some of these activities and solely responsible in others. Certain of our subsidiaries have been identified as potentially responsible parties at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. As of March 31, 2023, we have accrued liabilities totaling $40 million for these matters, as discussed below. Estimates of the most likely costs of cleanup are generally based on completed assessment studies, preliminary results of studies, or our experience with other similar cleanup operations. At March 31, 2023, certain assessment studies were still in process for which the ultimate outcome may yield different estimates of most likely costs. Therefore, the actual costs incurred will depend on the final amount, type, and extent of contamination discovered at these sites, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

The EPA and various state regulatory agencies routinely propose and promulgate new rules and issue updated guidance to existing rules. These rulemakings include, but are not limited to, rules for reciprocating internal combustion engine and combustion turbine maximum achievable control technology, reviews and updates to the National Ambient Air Quality Standards, and rules for new and existing source performance standards for volatile organic compound and methane. We continuously monitor these regulatory changes and how they may impact our operations. Implementation of new or modified regulations may result in impacts to our operations and increase the cost of additions to *Property, plant, and equipment – net* in our Consolidated Balance Sheet for both new and existing facilities in affected areas; however, due to regulatory uncertainty on final rule content and applicability timeframes, we are unable to reasonably estimate the cost of these regulatory impacts at this time.

Continuing operations

Our interstate gas pipelines are involved in remediation and monitoring activities related to certain facilities and locations for polychlorinated biphenyls, mercury, and other hazardous substances. These activities have involved the EPA and various state environmental authorities, resulting in our identification as a potentially responsible party at various Superfund waste sites. At March 31, 2023, we have accrued liabilities of $13 million for these costs and expect to recover approximately $4 million through rates.

We also accrue environmental remediation costs for natural gas underground storage facilities, primarily related to soil and groundwater contamination. At March 31, 2023, we have accrued liabilities totaling $10 million for these costs.

Former operations

We have potential obligations in connection with assets and businesses we no longer operate. These potential obligations include remediation activities at the direction of federal and state environmental authorities and the indemnification of the purchasers of certain of these assets and businesses for environmental and other liabilities existing at the time the sale was consummated. Our responsibilities relate to the operations of the assets and businesses described below.

- Former agricultural fertilizer and chemical operations and former retail petroleum and refining operations;
- Former petroleum products and natural gas pipelines;
- Former petroleum refining facilities;
- Former exploration and production and mining operations;
- Former electricity and natural gas marketing and trading operations.

At March 31, 2023, we have accrued environmental liabilities of $17 million related to these matters.

Other Divestiture Indemnifications

Pursuant to various purchase and sale agreements relating to divested businesses and assets, we have indemnified certain purchasers against liabilities that they may incur with respect to the businesses and assets acquired from us. The indemnities provided to the purchasers are customary in sale transactions and are contingent upon the purchasers incurring liabilities that are not otherwise recoverable from third parties. The indemnities generally relate to breach of warranties, tax, historic litigation, personal injury, property damage, environmental matters, right of way, and other representations that we have provided.

At March 31, 2023, other than as previously disclosed, we are not aware of any material claims against us involving the above-described indemnities; thus, we do not expect any of the indemnities provided pursuant to the sales agreements to have a material impact on our future financial position. Any claim for indemnity brought against us in the future may have a material adverse effect on our results of operations in the period in which the claim is made.

In addition to the foregoing, various other proceedings are pending against us that are incidental to our operations, none of which are expected to be material to our expected future annual results of operations, liquidity, and financial position.

Summary

We have disclosed our estimated range of reasonably possible losses for certain matters above, as well as all significant matters for which we are unable to reasonably estimate a range of possible loss. We estimate that for all other matters for which we are able to reasonably estimate a range of loss, our aggregate reasonably possible losses

beyond amounts accrued are immaterial to our expected future annual results of operations, liquidity, and financial position. These calculations have been made without consideration of any potential recovery from third parties.

Note 10 – Segment Disclosures

Our reportable segments are Transmission & Gulf of Mexico, Northeast G&P, West, and Gas & NGL Marketing Services. All remaining business activities are included in Other. (See Note 1 – General, Description of Business, and Basis of Presentation.)

Performance Measurement

We evaluate segment operating performance based upon *Modified EBITDA*. This measure represents the basis of our internal financial reporting and is the primary performance measure used by our chief operating decision maker in measuring performance and allocating resources among our reportable segments. Intersegment *Service revenues* primarily represent transportation services provided to our marketing business and gathering services provided to our oil and gas properties. Intersegment *Product sales* primarily represent the sale of natural gas and NGLs from our natural gas processing plants and our oil and gas properties to our marketing business.

We define *Modified EBITDA* as follows:

- Net income (loss) before:
    - Provision (benefit) for income taxes;
    - Interest incurred, net of interest capitalized;
    - Equity earnings (losses);
    - Other investing income (loss) – net;
    - Depreciation and amortization expenses;
    - Accretion expense associated with asset retirement obligations for nonregulated operations.
- This measure is further adjusted to include our proportionate share (based on ownership interest) of *Modified EBITDA* from our equity-method investments calculated consistently with the definition described above.

The following table reflects the reconciliation of *Modified EBITDA* to *Net income (loss)* as reported in our Consolidated Statement of Income.

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Modified EBITDA by segment:		
Transmission & Gulf of Mexico	$ 715	$ 697
Northeast G&P	470	418
West	304	260
Gas & NGL Marketing Services (1)	567	13
Other	74	5
	2,130	1,393
Accretion expense associated with asset retirement obligations for nonregulated operations	(15)	(11)
Depreciation and amortization expenses	(506)	(498)
Equity earnings (losses)	147	136
Other investing income (loss) – net	8	1
Proportional Modified EBITDA of equity-method investments	(229)	(225)
Interest expense	(294)	(286)
(Provision) benefit for income taxes	(284)	(118)
Net income (loss)	$ 957	$ 392

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(1) *Modified EBITDA* for the three months ended March 31, 2023 and 2022, includes charges of $18 million and $0 million, respectively, associated with lower of cost or net realizable value adjustments to our inventory. These charges are reflected in *Product sales* and *Product costs* in our Consolidated Statement of Income. Net unrealized commodity-related derivatives gains (losses) of $(5) million and $2 million for the three months ended March 31, 2023 and 2022, respectively, are reflected in *Net processing commodity expenses*.

The following table reflects the reconciliation of *Segment revenues* to *Total revenues* as reported in our Consolidated Statement of Income.

	Transmission &Gulf of Mexico	Northeast G&P	West	Gas & NGL Marketing Services (1)	Other	Eliminations	Total
				(Millions)			
Three Months Ended March 31, 2023							
Segment revenues:							
Service revenues							
External	$ 915	$ 443	$ 332	$ 1	$ 3	$ —	$ 1,694
Internal	25	11	24	—	—	(60)	—
Total service revenues	940	454	356	1	3	(60)	1,694
Total service revenues – commodity consideration	12	6	18	—	—	—	36
Product sales							
External	24	8	19	776	18	—	845
Internal	31	41	71	(101)	84	(126)	—
Total product sales	55	49	90	675	102	(126)	845
Net gain (loss) on commodity derivatives							
Realized	—	—	39	117	18	—	174
Unrealized	—	—	—	338	(6)	—	332
Total net gain (loss) on commodity derivatives (2)	—	—	39	455	12	—	506
Total revenues	$ 1,007	$ 509	$ 503	$ 1,131	$ 117	$ (186)	$ 3,081
Three Months Ended March 31, 2022							
Segment revenues:							
Service revenues							
External	$ 845	$ 370	$ 316	$ 1	$ 5	$ —	$ 1,537
Internal	29	10	15	—	4	(58)	—
Total service revenues	874	380	331	1	9	(58)	1,537
Total service revenues – commodity consideration	21	7	49	—	—	—	77
Product sales							
External	51	5	11	1,015	22	—	1,104
Internal	49	31	176	(47)	82	(291)	—
Total product sales	100	36	187	968	104	(291)	1,104
Net gain (loss) on commodity derivatives							
Realized	—	—	(5)	(56)	(8)	—	(69)
Unrealized	—	—	—	(59)	(66)	—	(125)
Total net gain (loss) on commodity derivatives (2)	—	—	(5)	(115)	(74)	—	(194)
Total revenues	$ 995	$ 423	$ 562	$ 854	$ 39	$ (349)	$ 2,524

(1) As we are acting as agent for natural gas marketing customers or engage in energy trading activities, the resulting revenues are presented net of the related costs of those activities.

(2) We record transactions that qualify as derivatives at fair value with changes in fair value recognized in earnings in the period of change and characterized as unrealized gains or losses. Gains and losses on derivatives held for energy trading purposes are presented on a net basis in revenue.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

We are an energy company committed to being the leader in providing infrastructure that safely delivers natural gas products to reliably fuel the clean energy economy. Our operations are located in the United States.

Our interstate natural gas pipeline strategy is to create value by maximizing the utilization of our pipeline capacity by providing high-quality, low-cost transportation of natural gas to large and growing markets. Our gas pipeline businesses' interstate transmission and storage activities are subject to regulation by the FERC and as such, our rates and charges for the transportation of natural gas in interstate commerce, and the extension, expansion or abandonment of jurisdictional facilities and accounting, among other things, are subject to regulation. The rates are established primarily through the FERC's ratemaking process, but we also may negotiate rates with our customers pursuant to the terms of our tariffs and FERC policy. Changes in commodity prices and volumes transported have limited near-term impact on these revenues because the majority of cost of service is recovered through firm capacity reservation charges in transportation rates.

The ongoing strategy of our midstream operations is to safely and reliably operate large-scale midstream infrastructure where our assets can be fully utilized and drive low per-unit costs. We focus on consistently attracting new business by providing highly reliable service to our customers. These services include natural gas gathering, processing, treating, compression, and storage, NGL fractionation, transportation and storage, crude oil production handling and transportation, as well as marketing services for NGL, crude oil, and natural gas.

Consistent with the manner in which our chief operating decision maker evaluates performance and allocates resources, our operations are conducted, managed, and presented within the following reportable segments: Transmission & Gulf of Mexico, Northeast G&P, West, and Gas & NGL Marketing Services. All remaining business activities, including our upstream operations and corporate activities, are included in Other. Our reportable segments are comprised of the following business activities:

- Transmission & Gulf of Mexico is comprised of our interstate natural gas pipelines, Transco, Northwest Pipeline, and MountainWest, and their related natural gas storage facilities, as well as natural gas gathering and processing and crude oil production handling and transportation assets in the Gulf Coast region, including a 51 percent interest in Gulfstar One, a 50 percent equity-method investment in Gulfstream, and a 60 percent equity-method investment in Discovery. Transmission & Gulf of Mexico also includes natural gas storage facilities and pipelines providing services in north Texas.

- Northeast G&P is comprised of our midstream gathering, processing, and fractionation businesses in the Marcellus Shale region primarily in Pennsylvania and New York, and the Utica Shale region of eastern Ohio, as well as a 65 percent interest in our Northeast JV which operates in West Virginia, Ohio, and Pennsylvania, a 66 percent interest in Cardinal which operates in Ohio, a 69 percent equity-method investment in Laurel Mountain, a 50 percent equity-method investment in Blue Racer, and Appalachia Midstream Investments.

- West is comprised of our gas gathering, processing, and treating operations in the Rocky Mountain region of Colorado and Wyoming, the Barnett Shale region of north-central Texas, the Eagle Ford Shale region of south Texas, the Haynesville Shale region of east Texas and northwest Louisiana, and the Mid-Continent region which includes the Anadarko and Permian basins. This segment also includes our NGL storage facilities, an undivided 50 percent interest in an NGL fractionator near Conway, Kansas, a 50 percent equity-method investment in OPPL, a 50 percent equity-method investment in RMM, a 20 percent equity-method investment in Targa Train 7, and a 15 percent equity-method investment in Brazos Permian II.

- Gas & NGL Marketing Services is comprised of our NGL and natural gas marketing and trading operations which includes risk management and transactions related to the storage and transportation of natural gas and NGLs on strategically positioned assets.

Unless indicated otherwise, the following discussion and analysis of results of operations and financial condition and liquidity relates to our current continuing operations and should be read in conjunction with the consolidated financial statements and notes thereto of this Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022 dated February 27, 2023.

Dividends

In March 2023, we paid a regular quarterly dividend of $0.4475 per share. In April 2023, our Board of Directors approved a regular quarterly dividend of $0.4475 per share payable on June 26, 2023.

Overview of Three Months Ended March 31, 2023

Net income (loss) attributable to The Williams Companies, Inc., for the three months ended March 31, 2023, increased $547 million compared to the three months ended March 31, 2022. Further discussion of our results is found in this report in the Results of Operations.

Recent Developments

MountainWest Acquisition

On February 14, 2023, we closed on the acquisition of 100 percent of MountainWest which includes FERC-regulated interstate natural gas pipeline systems and natural gas storage capacity, for $1.08 billion of cash and retaining $430 million outstanding principal amount of MountainWest’s long-term debt, subject to post-closing adjustments. The MountainWest Acquisition expands our existing transmission and storage infrastructure footprint into major markets in Utah, Wyoming, and Colorado.

Northwest Pipeline FERC Rate Case Settlement

On November 15, 2022, Northwest Pipeline received approval from the FERC for a stipulation and settlement agreement which generally reduces rates effective January 1, 2023, resolves other rate issues, establishes a Modernization and Emission Reduction Program, and satisfies its rate case filing obligation. Provisions were included in the settlement that establishes a moratorium on any proceedings that would seek to place new rates in effect any earlier than January 1, 2026, and that a general rate case filing will be made for rates to become effective not later than April 1, 2028, unless we have entered into a pre-filing settlement prior to that date.

Company Outlook

Our strategy is to provide a large-scale, reliable, and clean energy infrastructure designed to maximize the opportunities created by the vast supply of natural gas and natural gas products that exists in the United States. We accomplish this by connecting the growing demand for cleaner fuels and feedstocks with our major positions in the premier natural gas and natural gas products supply basins. We continue to maintain a strong commitment to safety, environmental stewardship including seeking opportunities for renewable energy ventures, operational excellence, and customer satisfaction. We believe that accomplishing these goals will position us to deliver safe, reliable, clean energy services to our customers and an attractive return to our shareholders. Our business plan for 2023 includes a continued focus on earnings and cash flow growth.

In 2023, our operating results are expected to benefit from the MountainWest Acquisition, volume growth in the Haynesville and Northeast G&P areas, and annual inflation-based rate increases across our gathering and processing business. We also anticipate increases resulting from a full year of contribution from recently acquired Trace and NorTex assets. These increases are partially offset by a lower expected commodity price environment.

We seek to maintain a strong financial position and liquidity, as well as manage a diversified portfolio of safe, clean, and reliable energy infrastructure assets that continue to serve key growth markets and supply basins in the United States. Our growth capital and investment expenditures in 2023 are expected to be in a range from $1.6 billion to $1.9 billion, excluding the MountainWest Acquisition. Growth capital spending in 2023 primarily includes Transco expansions, all of which are fully contracted with firm transportation agreements, projects supporting the Northeast G&P business and projects supporting growth in the Haynesville basin, including the Louisiana Energy

Gateway project. We also expect to invest capital in the development of our upstream oil and gas properties. In addition to growth capital and investment expenditures, we also remain committed to projects that maintain our assets for safe and reliable operations, as well as projects that reduce emissions, and meet legal, regulatory, and/or contractual commitments.

Potential risks and obstacles that could impact the execution of our plan include:

- A global recession, which could result in downturns in financial markets and commodity prices, as well as impact demand for natural gas and related products;
- Opposition to, and regulations affecting, our infrastructure projects, including the risk of delay or denial in permits and approvals needed for our projects;
- Counterparty credit and performance risk;
- Unexpected significant increases in capital expenditures or delays in capital project execution, including increases from inflation or delays caused by supply chain disruptions;
- Unexpected changes in customer drilling and production activities, which could negatively impact gathering and processing volumes;
- Lower than anticipated demand for natural gas and natural gas products which could result in lower-than-expected volumes, energy commodity prices, and margins;
- General economic, financial markets, or industry downturns, including increased inflation and interest rates;
- Physical damages to facilities, including damage to offshore facilities by weather-related events;
- Other risks set forth under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 27, 2023.

Expansion Projects

Our ongoing major expansion projects include the following:

Transmission & Gulf of Mexico

Deepwater Shenandoah Project

In June 2021, we reached an agreement with two third-parties to provide offshore natural gas gathering and transportation services as well as onshore natural gas processing services. The project expands our existing Gulf of Mexico offshore infrastructure via a 5-mile offshore lateral pipeline from the Shenandoah platform to Discovery’s existing Keathley Canyon Connector pipeline, adds onshore processing facilities at Larose, Louisiana to handle the expected rich Shenandoah production, and the natural gas liquids will be fractionated and marketed at Discovery’s Paradis plant in Louisiana. We plan to place the project into service in the fourth quarter of 2024.

Deepwater Whale Project

In August 2021, we reached an agreement with two third-parties to provide offshore natural gas gathering and crude oil transportation services as well as onshore natural gas processing services. The project expands our existing Western Gulf of Mexico offshore infrastructure via a 26-mile gas lateral pipeline from the Whale platform to the existing Perdido gas pipeline and adds a new 125-mile oil pipeline from the Whale platform to our existing junction platform. We plan to place the project into service in the fourth quarter of 2024.

Regional Energy Access

In January 2023, we received approval from the FERC for the project to expand Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from receipt points in northeastern Pennsylvania to multiple delivery points in Pennsylvania, New Jersey, and Maryland. We plan to place a portion of the project into service as early as the fourth quarter of 2023, and the remainder of the project into service as early as the 2024/2025 winter heating season, assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by 829 Mdth/d.

Southside Reliability Enhancement

In May 2022, we filed an application with the FERC for the project, which is an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from receipt points in Virginia and North Carolina to delivery points in North Carolina. We plan to place the project into service as early as the 2024/2025 winter heating season assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by 423 Mdth/d.

Texas to Louisiana Energy Pathway

In August 2022, we filed an application with the FERC for the project, which involves an expansion of Transco’s existing natural gas transmission system to provide firm transportation capacity from receipt points in south Texas to delivery points in Texas and Louisiana. We plan to place the project into service as early as the first quarter of 2025, assuming timely receipt of all necessary regulatory approvals. The project is expected to provide 364 Mdth/d of new firm transportation service through a combination of increasing capacity, converting interruptible capacity to firm, and utilizing existing capacity.

Southeast Energy Connector

In August 2022, we filed an application with the FERC for the project, which is an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from receipt points in Mississippi and Alabama to a delivery point in Alabama. We plan to place the project into service in the first quarter of 2025, assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by 150 Mdth/d.

Commonwealth Energy Connector

In August 2022, we filed an application with the FERC for the project, which involves an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity in Virginia. We plan to place the project into service as early as the fourth quarter of 2025, assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by 105 Mdth/d.

Alabama Georgia Connector

In April 2023, we filed an application with the FERC, which involves an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from our Station 85 pooling point in Alabama to customers in Georgia. We plan to place the project into service as early as the fourth quarter of 2025, assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by approximately 64 Mdth/d.

West

Louisiana Energy Gateway

In June 2022, we announced our intention to construct new natural gas gathering assets which are expected to gather 1.8 Bcf/d of natural gas produced in the Haynesville Shale basin for delivery to premium markets,

including Transco, industrial markets, and growing LNG export demand along the Gulf Coast. This project is expected to go into service in the fourth quarter of 2024.

Haynesville Gathering Expansion

In February 2023, we announced our agreement with a third party to facilitate natural gas production growth in the Haynesville basin. We plan to construct a greenfield gathering system in support of the third party's 26,000-acre dedication. The system, once constructed, will provide natural gas gathering services to the third party. The third party has also agreed to a long-term capacity commitment on our Louisiana Energy Gateway project.

Northeast G&P

Susquehanna Supply Hub Gathering Expansion

We have an agreement in place with a third party to facilitate natural gas production growth in the Susquehanna region. We plan to construct approximately 22 miles of gathering pipeline and associated incremental compression. The system, once constructed, will add incremental capacity of 320 MMcf/d and will provide natural gas gathering services to the third party. The project is expected to go into service in the fourth quarter of 2023.

Utica Shale Gathering Expansion

We have an agreement in place with a third party to facilitate natural gas production growth in the Utica region, on our Cardinal gathering system. We are constructing approximately 20 miles of gathering pipeline and associated incremental compression. The system, once constructed, will add incremental capacity of 125 MMcf/d and will provide natural gas gathering services to the third party. The project is expected to go into service in the second half of 2023.

Results of Operations

Consolidated Overview

The following table and discussion is a summary of our consolidated results of operations for the three months ended March 31, 2023, compared to the three months ended March 31, 2022. The results of operations by segment are discussed in further detail following this consolidated overview discussion.

	Three Months Ended March 31,			
	2023	2022	$ Change*	% Change*
	(Millions)			
Revenues:				
Service revenues	$ 1,694	$ 1,537	+157	+10 %
Service revenues – commodity consideration	36	77	-41	-53 %
Product sales	845	1,104	-259	-23 %
Net gain (loss) on commodity derivatives	506	(194)	+700	NM
Total revenues	3,081	2,524		
Costs and expenses:				
Product costs	553	803	+250	+31 %
Net processing commodity expenses	54	30	-24	-80 %
Operating and maintenance expenses	463	394	-69	-18 %
Depreciation and amortization expenses	506	498	-8	-2 %
Selling, general, and administrative expenses	176	154	-22	-14 %
Other (income) expense – net	(31)	(9)	+22	NM
Total costs and expenses	1,721	1,870		
Operating income (loss)	1,360	654		
Equity earnings (losses)	147	136	+11	+8 %
Other investing income (loss) – net	8	1	+7	NM
Interest expense	(294)	(286)	-8	-3 %
Other income (expense) – net	20	5	+15	NM
Income (loss) before income taxes	1,241	510		
Less: Provision (benefit) for income taxes	284	118	-166	-141 %
Net income (loss)	957	392		
Less: Net income (loss) attributable to noncontrolling interests	30	12	-18	-150 %
Net income (loss) attributable to The Williams Companies, Inc.	$ 927	$ 380	+547	+144 %

* + = Favorable change; - = Unfavorable change; NM = A percentage calculation is not meaningful due to a change in signs, a zero-value denominator, or a percentage change greater than 200.

Three months ended March 31, 2023 vs. three months ended March 31, 2022

Service revenues increased primarily due to higher volumes from the MountainWest and Trace Acquisitions, and the NorTex Asset Purchase, as well as higher gathering and processing volumes at certain of our Northeast G&P and West operations.

Service revenues – commodity consideration decreased primarily due to lower NGL prices and volumes. These revenues represent consideration we receive in the form of commodities as full or partial payment for processing services provided. Most of these NGL volumes are sold during the month processed and therefore are offset within *Product costs* below.

Product sales decreased primarily due to lower natural gas and NGL marketing prices and volumes, and lower prices and volumes related to our equity NGL sales. These decreases were substantially offset by lower prices and volumes for natural gas marketing associated purchases. As we are acting as agent for natural gas marketing customers of our Gas & NGL Marketing Services segment, our natural gas marketing product sales are presented net of the related costs of those activities. *Product sales* from our upstream operations decreased slightly due to lower commodity prices and lower NGL and crude oil production volumes, substantially offset by higher natural gas production volumes.

Net gain (loss) on commodity derivatives includes realized and unrealized gains and losses from derivative instruments reflected within *Total revenues* in our Gas & NGL Marketing Services, West, and Other segments. We experience significant earnings volatility from the fair value accounting required for the derivatives used to hedge a portion of the economic value of the underlying transportation and storage portfolio as well as upstream related production. However, the unrealized fair value measurement gains and losses are generally offset by valuation changes in the economic value of the underlying production or transportation and storage contracts, which is not recognized until the underlying transaction occurs.

Product costs decreased primarily due to lower prices and volumes associated with our NGL marketing activities and lower volumes and prices associated with NGLs acquired as commodity consideration related to our equity NGL production activities.

Net processing commodity expenses increased primarily due to higher prices and the impact of net unrealized and realized losses on derivatives for processing plant shrink gas purchases, partially offset by lower volumes for natural gas purchases associated with our equity NGL production activities.

The net sum of *Service revenues – commodity consideration*, *Product sales*, *Product costs,* net realized gains and losses on commodity derivatives related to sales of product, and net realized processing commodity expenses comprise our *Commodity margins*. However, *Product sales* and net realized gains and losses on commodity derivatives at our Other segment reflecting sales related to our oil and gas producing properties comprise *Net realized product sales* and are excluded from our *Commodity margins*. See Results of Operations— Period-Over-Period Operating Results - Segments for additional discussion of *Commodity margins* and *Net realized product sales* on a segment basis.

Operating and maintenance expenses increased primarily due to higher operating costs, including increased costs associated with the 2023 MountainWest Acquisition, the 2022 Trace Acquisition, and the NorTex Asset Purchase, as well as the increased scale of our upstream operations and increased scope and timing of maintenance activities.

Depreciation and amortization expenses increased primarily related to our upstream assets, and assets acquired in the 2023 MountainWest Acquisition, the 2022 Trace Acquisition and the NorTex Asset Purchase. The increase is partially offset by lower amortization of intangibles related to our 2021 Sequent Acquisition and a decrease in ARO-related depreciation at Transco (offset in *Other (income) expense – net* within *Operating income (loss)* resulting in no net impact on our results of operations).

Selling, general, and administrative expenses increased primarily due to the MountainWest Acquisition, including acquisition and transition-related costs.

Other (income) expense – net within *Operating income (loss)* changed favorably primarily due to a gain related to a contract settlement in 2023 and an $11 million favorable change associated with regulatory liabilities established for the impacts of deferred income taxes at Northwest Pipeline, partially offset by a decrease in the deferral of ARO depreciation (offset in *Depreciation and amortization expenses*, resulting in no net impact on our results of operations).

Provision (benefit) for income taxes changed unfavorably primarily due to higher pre-tax income. See Note 5 – Provision (Benefit) for Income Taxes of Notes to Consolidated Financial Statements for a discussion of the effective tax rate compared to the federal statutory rate for both periods.

The unfavorable change in *Net income (loss) attributable to noncontrolling interests* is primarily due to higher results at the Northeast JV and Cardinal.

Period-Over-Period Operating Results - Segments

We evaluate segment operating performance based upon *Modified EBITDA*. Note 10 – Segment Disclosures of Notes to Consolidated Financial Statements includes a reconciliation of this non-GAAP measure to *Net income (loss)*. Management uses *Modified EBITDA* because it is an accepted financial indicator used by investors to compare company performance. In addition, management believes that this measure provides investors an enhanced perspective of the operating performance of our assets. *Modified EBITDA* should not be considered in isolation or as a substitute for a measure of performance prepared in accordance with GAAP.

Transmission & Gulf of Mexico

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Service revenues	$ 940	$ 874
Service revenues – commodity consideration (1)	12	21
Product sales (1)	55	100
Segment revenues	1,007	995
Product costs (1)	(53)	(100)
Net processing commodity expenses (1)	(4)	(6)
Other segment costs and expenses	(288)	(240)
Proportional Modified EBITDA of equity-method investments	53	48
Transmission & Gulf of Mexico Modified EBITDA	$ 715	$ 697
Commodity margins	$ 10	$ 15

(1) Included as a component of *Commodity margins*.

Three months ended March 31, 2023 vs. three months ended March 31, 2022

Transmission & Gulf of Mexico Modified EBITDA increased primarily due to higher *Service revenues*, partially offset by higher *Other segment costs and expenses.*

Service revenues increased primarily due to:

- A $33 million increase in transportation and storage revenues due to the acquisition of MountainWest in February 2023;
- A $13 million increase in storage and transportation revenues due to the NorTex Asset Purchase in August 2022;
- A $12 million increase in Transco's and Northwest Pipeline's revenues primarily associated with park and loan services, partially offset by lower rates from the FERC rate case settlement effective January 1, 2023 at Northwest Pipeline.

Other segment costs and expenses increased primarily due to higher operating costs including higher operating, acquisition, and transition costs related to our MountainWest Acquisition and NorTex Asset Purchase; higher costs related to timing and scope of general maintenance activities at Transco; and an unfavorable change in the deferral of ARO-related depreciation at Transco. These increases are partially offset by favorable changes associated with

regulatory liabilities established for the impacts of deferred income taxes at Northwest Pipeline and allowance for equity funds used during construction as a result of increased capital expenditures at Transco.

Northeast G&P

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Service revenues	$ 454	$ 380
Service revenues – commodity consideration (1)	6	7
Product sales (1)	49	36
Segment revenues	509	423
Product costs (1)	(52)	(37)
Net processing commodity expenses (1)	2	—
Other segment costs and expenses	(132)	(118)
Proportional Modified EBITDA of equity-method investments	143	150
Northeast G&P Modified EBITDA	$ 470	$ 418
Commodity margins	$ 5	$ 6

(1) Included as a component of *Commodity margins*.

Three months ended March 31, 2023 vs. three months ended March 31, 2022

Northeast G&P Modified EBITDA increased primarily due to higher *Service revenues*, partially offset by higher *Other segment costs and expenses* and lower *Proportional Modified EBITDA of equity-method investments*.

Service revenues increased primarily due to:

- A $48 million increase in revenues at the Northeast JV primarily related to higher processing, gathering, transportation, and fractionation volumes as well as higher processing rates;
- A $21 million increase in gathering revenues in the Utica Shale region primarily related to higher volumes as well as higher rates resulting from annual cost of service contract redetermination.

Other segment costs and expenses increased primarily due to higher operating expenses related to the scope and timing of activities.

Proportional Modified EBITDA of equity-method investments decreased at Laurel Mountain due to lower commodity-based gathering rates and lower MVC revenue, partially offset by an increase at Appalachia Midstream Investments primarily driven by higher volumes offset by lower gathering rates resulting from annual cost of service contract redetermination.

West

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Service revenues	$ 356	$ 331
Service revenues – commodity consideration (1)	18	49
Product sales (1)	90	187
Net realized gain (loss) on commodity derivatives – service revenues	39	—
Net realized gain (loss) on commodity derivatives – product sales (1)	—	(5)
Net realized gain (loss) on commodity derivatives	39	(5)
Segment revenues	503	562
Product costs (1)	(85)	(182)
Net processing commodity expenses (1)	(47)	(26)
Other segment costs and expenses	(100)	(121)
Proportional Modified EBITDA of equity-method investments	33	27
West Modified EBITDA	$ 304	$ 260
Commodity margins	$ (24)	$ 23

(1) Included as a component of *Commodity margins.*

Three months ended March 31, 2023 vs. three months ended March 31, 2022

West Modified EBITDA increased primarily due to favorable *Net realized gain (loss) on commodity derivatives – service revenues,* higher *Service revenues,* and lower *Other segment costs and expenses*, partially offset by lower *Commodity margins*.

Service revenues increased primarily due to:

- A $47 million increase in the Haynesville Shale region primarily associated with higher gathering volumes including from the Trace Acquisition in April 2022 and increased producer activity; partially offset by
- An $8 million decrease in the Piceance region primarily due to lower gathering and processing volumes driven by natural production rate declines;
- A $7 million decrease in the Barnett Shale region primarily due to lower gathering rates driven by unfavorable commodity pricing;
- A $6 million decrease in the Wamsutter region primarily due to lower volumes associated with weather-related events in first-quarter 2023.

Net realized gain (loss) on commodity derivatives – service revenues reflects a favorable change in settled commodity prices relative to our natural gas hedge positions.

Commodity margins decreased primarily due to a $44 million decrease from our equity NGLs, driven by unfavorable net realized pricing for shrink gas purchases and equity NGL sales, as well as lower volumes processed under commodity-consideration contracts.

Other segment costs and expenses decreased primarily due to favorable contract settlements in first-quarter 2023 and a favorable change in our net imbalance liability due to changes in pricing, partially offset by higher operating expenses including from operations acquired in the Trace Acquisition and an unfavorable change related to system gains and losses.

Gas & NGL Marketing Services

	Three Months Ended March 31, 2023	2022
	(Millions)	
Service revenues	$ 1	$ 1
Product sales (1)	675	968
Net realized gain (loss) from derivative instruments (1)	117	(56)
Net unrealized gain (loss) from derivative instruments	338	(59)
Net gain (loss) on commodity derivatives	455	(115)
Segment revenues	1,131	854
Net unrealized gain (loss) from derivative instruments within Net processing commodity expenses	(5)	2
Product costs (1)	(527)	(812)
Other segment costs and expenses	(32)	(31)
Gas & NGL Marketing Services Modified EBITDA	$ 567	$ 13
Commodity margins	$ 265	$ 100

(1) Included as a component of *Commodity margins*.

Three months ended March 31, 2023 vs. three months ended March 31, 2022

Gas & NGL Marketing Services Modified EBITDA increased primarily due to a favorable change in *Net unrealized gain (loss) from derivative instruments* and higher *Commodity margins*.

Commodity margins increased $165 million primarily due to:

- A $180 million increase from our natural gas marketing operations including $104 million of higher natural gas storage marketing margins driven by lower cost of storage inventory in the first quarter of 2023 resulting from a fourth-quarter 2022 lower of cost or net realizable value inventory adjustment and $85 million of higher natural gas transportation capacity marketing margins due to favorable pricing spreads. The increase in our natural gas storage marketing margins also includes the absence of a $15 million charge related to the remaining recognition of a purchase accounting inventory fair value adjustment in 2022 offset by a $15 million lower of cost or net realizable value adjustment in 2023; partially offset by

- A $15 million decrease in our NGL marketing margins including lower gains on sale of inventory in 2023 compared to 2022 and a $3 million lower of cost or net realizable value inventory adjustment in 2023, partially offset by a favorable change in realized gains on derivatives.

Net unrealized gain (loss) from derivative instruments relates to derivative contracts that are not designated as hedges for accounting purposes. The change from 2022 is primarily due to a change in forward commodity prices relative to our hedge positions in 2023 compared to 2022.

Other

	Three Months Ended March 31,	
	2023	2022
	(Millions)	
Service revenues	$ 3	$ 9
Product sales (1)	102	104
Net realized gain (loss) from derivative instruments (1)	18	(8)
Net unrealized gain (loss) from derivative instruments	(6)	(66)
Net gain (loss) on commodity derivatives	12	(74)
Segment revenues	117	39
Other segment costs and expenses	(43)	(34)
Other Modified EBITDA	$ 74	$ 5
Net realized product sales	$ 120	$ 96

(1) Included as a component of *Net realized product sales*.

Three months ended March 31, 2023 vs. three months ended March 31, 2022

Other Modified EBITDA increased primarily due to higher results from our upstream operations which included the following:

- A $60 million favorable change in *Net unrealized gain (loss) from derivative instruments* due to a change in forward commodity prices relative to our hedge positions in 2023 compared to 2022;

- A $24 million increase in *Net realized product sales* primarily due to higher natural gas volumes associated with production from new wells, partially offset by lower net realized natural gas prices and lower natural gas, oil, and natural gas liquids volumes due to severe winter weather in 2023; partially offset by

- An increase in *Other segment costs and expenses* primarily due to the increased scale of our upstream operations.

Management's Discussion and Analysis of Financial Condition and Liquidity

Outlook

Our growth capital and investment expenditures in 2023 are currently expected to be in a range from $1.6 billion to $1.9 billion, excluding the MountainWest Acquisition discussed below. Growth capital spending in 2023 primarily includes Transco expansions, all of which are fully contracted with firm transportation agreements, projects supporting the Northeast G&P business and projects supporting growth in the Haynesville basin, including the Louisiana Energy Gateway project. We also expect to invest capital in the development of our upstream oil and gas properties. In addition to growth capital and investment expenditures, we also remain committed to projects that maintain our assets for safe and reliable operations, as well as projects that reduce emissions, and meet legal, regulatory, and/or contractual commitments. We intend to fund substantially all planned 2023 capital spending with cash available after paying dividends. We retain the flexibility to adjust planned levels of growth capital and investment expenditures in response to changes in economic conditions or business opportunities including the repurchase of our common stock.

On February 14, 2023, we acquired 100 percent of MountainWest which includes FERC-regulated interstate natural gas pipeline systems and natural gas storage capacity, for $1.08 billion of cash and retaining $430 million outstanding principal amount of MountainWest's long-term debt, subject to post-closing adjustments. The acquisition was funded with available sources of short-term liquidity.

During the first quarter of 2023, we issued $1.5 billion of long-term debt, a portion of which we used to pay down our commercial paper outstanding. As of March 31, 2023, we have approximately $1.6 billion of long-term debt due within one year. Our potential sources of liquidity available to address these maturities include cash on hand, proceeds from refinancing, our credit facility, or our commercial paper program, as well as proceeds from asset monetizations.

Liquidity

Based on our forecasted levels of cash flow from operations and other sources of liquidity, we expect to have sufficient liquidity to manage our businesses in 2023. Our potential material internal and external sources and uses of liquidity are as follows:

Sources:	
	Cash and cash equivalents on hand
	Cash generated from operations
	Distributions from our equity-method investees
	Utilization of our credit facility and/or commercial paper program
	Cash proceeds from issuance of debt and/or equity securities
	Proceeds from asset monetizations
Uses:	
	Working capital requirements
	Capital and investment expenditures
	Product costs
	Gas & NGL Marketing Services payments for transportation and storage capacity and gas supply
	Other operating costs including human capital expenses
	Quarterly dividends to our shareholders
	Repayments of borrowings under our credit facility and/or commercial paper program
	Debt service payments, including payments of long-term debt
	Distributions to noncontrolling interests
	Share repurchase program

As of March 31, 2023, we have $22.8 billion of long-term debt due after one year. Our potential sources of liquidity available to address these maturities include cash generated from operations, proceeds from refinancing, our credit facility, or our commercial paper program, as well as proceeds from asset monetizations.

Potential risks associated with our planned levels of liquidity discussed above include those previously discussed in Company Outlook.

As of March 31, 2023, we had a working capital deficit of $1.3 billion, including cash and cash equivalents and long-term debt due within one year. Our available liquidity is as follows:

Available Liquidity	**March 31, 2023**
	(Millions)
Cash and cash equivalents	$ 477
Capacity available under our $3.75 billion credit facility, less amounts outstanding under our $3.5 billion commercial paper program (1)	3,750
	$ 4,227

(1) In managing our available liquidity, we do not expect a maximum outstanding amount in excess of the capacity of our credit facility inclusive of any outstanding amounts under our commercial paper program. We had no commercial paper outstanding as of March 31, 2023. Through March 31, 2023, the highest amount outstanding under our commercial paper program and credit facility during 2023 was $730 million. At March 31, 2023, we were in compliance with the financial covenants associated with our credit facility.

Dividends

We increased our regular quarterly cash dividend to common stockholders by approximately 5.3 percent from the $0.425 per share paid in each quarter of 2022, to $0.4475 per share paid in March 2023.

Distributions from Equity-Method Investees

The organizational documents of entities in which we have an equity-method investment generally require periodic distributions of their available cash to their members. In each case, available cash is reduced, in part, by reserves appropriate for operating their respective businesses.

Credit Ratings

The interest rates at which we are able to borrow money are impacted by our credit ratings. The current ratings are as follows:

Rating Agency	Outlook	Senior Unsecured Debt Rating
S&P Global Ratings	Stable	BBB
Moody's Investors Service	Stable	Baa2
Fitch Ratings	Stable	BBB

These credit ratings are included for informational purposes and are not recommendations to buy, sell, or hold our securities, and each rating should be evaluated independently of any other rating. No assurance can be given that the credit rating agencies will continue to assign us investment-grade ratings even if we meet or exceed their current criteria for investment-grade ratios. A downgrade of our credit ratings might increase our future cost of borrowing and, if ratings were to fall below investment grade, could require us to provide additional collateral to third parties, negatively impacting our available liquidity.

Sources (Uses) of Cash

The following table summarizes the sources (uses) of cash and cash equivalents for each of the periods presented in the Consolidated Statement of Cash Flows (see Notes to Consolidated Financial Statements for the Notes referenced in the table):

	Cash Flow Category	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
		(Millions)	
Sources of cash and cash equivalents:			
Net cash provided (used) by operating activities	Operating	$ 1,514	$ 1,082
Proceeds from long-term debt	Financing	1,502	3
Uses of cash and cash equivalents:			
Purchases of businesses, net of cash acquired (see Note 3)	Investing	(1,056)	—
Common dividends paid	Financing	(546)	(518)
Capital expenditures	Investing	(545)	(291)
Proceeds from (payments of) commercial paper - net	Financing	(352)	—
Purchases of treasury stock	Financing	(74)	—
Dividends and distributions paid to noncontrolling interests	Financing	(54)	(37)
Purchases of and contributions to equity-method investments	Investing	(39)	(56)
Payments of long-term debt	Financing	(7)	(1,256)
Other sources / (uses) – net	Financing and Investing	(18)	(3)
Increase (decrease) in cash and cash equivalents		$ 325	$ (1,076)

Operating activities

The factors that determine operating activities are largely the same as those that affect *Net income (loss)*, with the exception of noncash items such as *Depreciation and amortization*, *Provision (benefit) for deferred income taxes*, *Equity (earnings) losses, Net unrealized (gain) loss from derivative instruments, Inventory write-downs,* and *Amortization of stock-based awards.*

Our *Net cash provided (used) by operating activities* for the three months ended March 31, 2023 increased from the same period in 2022 primarily due higher operating income (excluding noncash items as previously discussed) and net favorable changes in operating working capital.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our current interest rate risk exposure is related primarily to our debt portfolio and has not materially changed during the first three months of 2023. We may utilize interest rate derivative instruments to hedge interest rate risk associated with future debt issuances.

Commodity Price Risk

We are exposed to commodity price risk through our natural gas and NGL marketing activities, including contracts to purchase, sell, transport, and store product. We routinely manage this risk with a variety of exchange-traded and OTC energy contracts such as forward contracts, futures contracts, and basis swaps, as well as physical transactions. Although many of the contracts used to manage commodity exposure are derivative instruments, these economic hedges are not designated or do not qualify for hedge accounting treatment.

We are also exposed to commodity prices through our upstream business and certain gathering and processing contracts. We use derivative instruments to lock in forward sales prices on a portion of our expected future production. These economic hedges are not designated for hedge accounting treatment.

The maturities of our commodity derivative contracts at March 31, 2023 were as follows:

Fair Value Measurements of Assets (Liabilities) Using (1)	Total Fair Value	Maturity		
		2023	2024 - 2025	2026 - 2027+
	(Millions)			
Level 1 (2)	$ 16	$ (2)	$ 23	$ (5)
Level 2	(286)	51	(150)	(187)
Level 3	(47)	(4)	(3)	(40)
Fair value of contracts outstanding at end of period	$ (317)	$ 45	$ (130)	$ (232)

(1) See Note 7 – Fair Value Measurements and Guarantees of Notes to Consolidated Financial Statements for discussion of valuation techniques by level within the fair value hierarchy. See Note 8 – Derivatives of Notes to Consolidated Financial Statements for the amount of change in fair value recognized in our Consolidated Statement of Income.

(2) Net commodity derivative assets and liabilities exclude $120 million of net cash collateral in Level 1.

Value at Risk (VaR)

VaR is the maximum predicted loss in portfolio value over a specified time period that is not expected to be exceeded within a given degree of probability. Our VaR may not be comparable to that of other companies due to differences in the factors used to calculate VaR. Our VaR is determined using parametric models with 95 percent confidence intervals and one-day holding periods, which means that 95 percent of the time, the risk of loss in a day from a portfolio of positions is expected to be less than or equal to the amount of VaR calculated. Our open exposure is managed in accordance with established policies that limit market risk and require daily reporting of predicted financial loss to management. Because we generally manage physical gas assets and economically protect our positions by hedging in the futures markets, our open exposure is generally mitigated. We employ daily risk testing, using both VaR and stress testing, to evaluate the risk of our positions.

We actively monitor open commodity marketing positions and the resulting VaR and maintain a relatively small risk exposure as total buy volume is close to sell volume, with minimal open natural gas price risk.

The VaR associated with our integrated natural gas trading operations activity was $12 million at March 31, 2023 and was $10 million at December 31, 2022. We had the following VaRs for the period shown:

	Three Months Ended March 31, 2023	
	Trading	
	(Millions)	
Average	$	6
High	$	13
Low	$	4

Our non-trading portfolio primarily consists of derivatives that hedge our upstream business and certain gathering and processing contracts. The VaR associated with these derivatives was $3 million at March 31, 2023 and $8 million at December 31, 2022. We had the following VaRs for the period shown:

	Three Months Ended March 31, 2023	
	Non-trading	
	(Millions)	
Average	$	5
High	$	8
Low	$	3

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) of the Exchange Act) (Disclosure Controls) or our internal control over financial reporting (Internal Controls) will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. We monitor our Disclosure Controls and Internal Controls and make modifications as necessary; our intent in this regard is that the Disclosure Controls and Internal Controls will be modified as systems change and conditions warrant.

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our Disclosure Controls was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these Disclosure Controls are effective at a reasonable assurance level.

As disclosed in Note 3 – Acquisitions of Notes to Consolidated Financial Statements, we acquired MountainWest on February 14, 2023, and its total revenues constituted approximately 1 percent of total revenues as shown on our consolidated financial statements for the three months ended March 31, 2023. MountainWest’s total assets constituted approximately 3 percent of total assets as shown on our consolidated financial statements as of

March 31, 2023. We excluded MountainWest's disclosure controls and procedures that are subsumed by its internal control over financial reporting from the scope of management's assessment of the effectiveness of our disclosure controls and procedures. This exclusion is in accordance with the guidance issued by the Staff of the Securities and Exchange Commission that an assessment of recent business combinations may be omitted from management's assessment of internal control over financial reporting for one year following the acquisition.

Changes in Internal Control Over Financial Reporting

As noted above, we acquired MountainWest on February 14, 2023. We are currently integrating MountainWest into our operations and internal control processes. The scope of our assessment of our internal control over financial reporting as of December 31, 2023, will exclude MountainWest's internal control over financial reporting.

Other than as set forth above, there have been no changes during the first quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our Internal Control over Financial Reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Environmental

Certain reportable legal proceedings involving governmental authorities under federal, state, and local laws regulating the discharge of materials into the environment are described below. While it is not possible for us to predict the final outcome of the proceedings that are still pending, we do not anticipate a material effect on our consolidated financial position if we receive an unfavorable outcome in any one or more of such proceedings. Our threshold for disclosing material environmental legal proceedings involving a governmental authority where potential monetary sanctions are involved is $1 million.

On January 19, 2016, we received a Notice of Noncompliance with certain Leak Detection and Repair (LDAR) regulations under the Clean Air Act at our Moundsville Fractionator Facility from the EPA, Region 3. Subsequently, the EPA alleged similar violations of certain LDAR regulations at our Oak Grove Gas Plant. On March 19, 2018, we received a Notice of Violation of certain LDAR regulations at our former Ignacio Gas Plant from the EPA, Region 8, following an on-site inspection of the facility. On March 20, 2018, we also received a Notice of Violation of certain LDAR regulations at our Parachute Creek Gas Plant from the EPA, Region 8. All such notices were subsequently referred to a common attorney at the Department of Justice (DOJ). We have reached an agreement in principle with the DOJ and other agencies regarding global resolution of the claims at these facilities, as well as alleged violations at certain other facilities. The proposed global resolution includes both payment of a civil penalty in the amount of $3.75 million and an injunctive relief component. We continue to work with the DOJ and the other agencies towards finalization of the global resolution.

Other environmental matters called for by this Item are described under the caption "*Environmental Matters*" in Note 9 – Contingent Liabilities of Notes to Consolidated Financial Statements included under Part I, Item 1. Financial Statements of this report, which information is incorporated by reference into this Item.

Other litigation

The additional information called for by this Item is provided in Note 9 – Contingent Liabilities of Notes to Consolidated Financial Statements included under Part I, Item 1. Financial Statements of this report, which information is incorporated by reference into this Item.

Item 1A. Risk Factors

Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 27, 2023, includes risk factors that could materially affect our business, financial condition, or future results. Those Risk Factors have not materially changed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2023	—	$ —	—	$ 1,491,248,057
February 1 - February 28, 2023	—	$ —	—	$ 1,491,248,057
March 1 - March 31, 2023	2,597,698	$ 28.68	2,597,698	$ 1,416,749,645
Total	2,597,698		2,597,698	

(1) In September 2021, our Board of Directors authorized a share repurchase program with a maximum dollar limit of $1.5 billion. Repurchases may be made from time to time in the open market, by block purchases, in privately negotiated transactions, or in such other manner as determined by our management. Our management will also determine the timing and amount of any repurchases based on market conditions and other factors. The share repurchase program does not obligate us to acquire any particular amount of common stock, and it may be suspended or discontinued at any time. This share repurchase program does not have an expiration date.

Item 6. Exhibits

Exhibit No.		Description
2.1	—	Agreement and Plan of Merger dated as of May 16, 2018, by and among The Williams Companies, Inc., SCMS LLC, Williams Partners L.P., and WPZ GP LLC (filed on May 17, 2018 as Exhibit 2.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
2.2	—	Amendment No 1. to Agreement and Plan of Merger dated as of May 1, 2016, by and among The Williams Companies, Inc., Energy Transfer Corp LP, Energy Transfer Corp GP, LLC, Energy Transfer Equity, L.P., LE GP, LLC, and Energy Transfer Equity GP, LLC (filed on May 3, 2016 as Exhibit 2.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
2.3	—	Agreement and Plan of Merger dated as of September 28, 2015, by and among The Williams Companies, Inc., Energy Transfer Corp LP, Energy Transfer Corp GP, LLC, Energy Transfer Equity, L.P., LE GP, LLC, and Energy Transfer Equity GP, LLC (filed on October 1, 2015 as Exhibit 2.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
3.1	—	Amended and Restated Certificate of Incorporation as supplemented (filed on May 26, 2010, as Exhibit 3.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
3.2	—	Certificate of Designations of Series B Preferred Stock of The Williams Companies, Inc. (filed on July 17, 2018 as Exhibit 3.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
3.3	—	Certificate of Amendment dated August 10, 2018 (filed on August 10, 2018 as Exhibit 3.1 to The Williams Companies, Inc.'s current report on Form 8-K (File No. 001-04174) and incorporated herein by reference).
3.4	—	By-Laws of The Williams Companies, Inc., as last amended effective October 25, 2022 (filed on October 31, 2022, as Exhibit 3.4 to The Williams Companies, Inc.'s current report on Form 10-Q (File No. 001-04174) and incorporated herein by reference).
10.1§*	—	Form of Two-Year Ratable Restricted Stock Unit Agreement among The Williams Companies, Inc. and certain employees and officers.
10.2§*	—	Form of Three-Year Ratable Restricted Stock Unit Agreement among The Williams Companies, Inc. and certain employees and officers.
31.1*	—	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	—	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	—	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	—	XBRL Instance Document. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH*	—	XBRL Taxonomy Extension Schema.
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase.

Exhibit No.		Description
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase.
104*	—	Cover Page Interactive Data File. The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document (contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

§ Management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE WILLIAMS COMPANIES, INC.
(Registrant)

/s/ Mary A. Hausman

Mary A. Hausman
Vice President, Chief Accounting Officer and Controller (Duly Authorized Officer and Principal Accounting Officer)

May 3, 2023

Date=Grant Date

TO: **Participant Name**

FROM:

SUBJECT: **[**YEAR] Restricted Stock Unit Award

You have been selected to receive a restricted stock unit award. This award is subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended and restated from time to time, and, the [YEAR] Two-Year Ratable Restricted Stock Unit Agreement (the "Agreement").

This award is granted to you in recognition of your role as an employee whose responsibilities and performance are critical to the attainment of long-term goals. This award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

Subject to all of the terms of the Agreement, you will become entitled to payment of this award if you are an active employee of the Company on the vesting dates specified herein.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

[YEAR] TWO-YEAR RATABLE RESTRICTED STOCK UNIT AGREEMENT

THIS TWO-YEAR RATABLE RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the [YEAR] Restricted Stock Unit Award Letter delivered in hard copy or electronically to Participant ("[YEAR] Award Letter"), is by and between **THE WILLIAMS COMPANIES, INC.,** a Delaware corporation (the "Company") and the individual identified on the last page hereof (the "Participant").

1. Grant of RSUs. Subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended and restated from time to time (the "Plan"), this Agreement and the [YEAR] Award Letter, the Company hereby grants an award (the "Award") to the Participant of **Quantity Granted** RSUs effective **Grant Date** (the "Effective Date"). The Award gives the Participant the opportunity to earn the right to receive the number of shares of the Common Stock of the Company equal to the number of RSUs shown in the prior sentence, subject to adjustment under the terms of this Agreement. These shares are referred to in this Agreement as the "Shares." Until the Participant both becomes vested in the RSUs under the terms of Paragraph 4 and is paid such Shares under the terms of Paragraph 5, the Participant shall have no rights as a stockholder of the Company with respect to the Shares; provided, however, that the Participant shall have the right to earn Dividend Equivalents with respect to the RSUs awarded under this Agreement in accordance with Subparagraph 4(i) below.

2. Incorporation of Plan and Acceptance of Documents. The Plan is hereby incorporated herein by reference, and all capitalized terms used herein which are not defined in this Agreement shall have the respective meanings set forth in the Plan. By accepting this Award, the Participant acknowledges that he or she has received a copy of, or has online access to, the Plan and hereby automatically accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement. The Participant hereby further agrees that he or she has received a copy of, or has online access to, the Plan prospectus, as updated from time to time, and hereby acknowledges his or her automatic acceptance and receipt of such prospectus electronically.

3. Committee Decisions and Interpretations. The Participant hereby agrees to accept as binding, conclusive and final all actions, decisions and/or interpretations of the Committee, its delegates, or agents, upon any questions or other matters arising under the Plan or this Agreement.

4. Vesting; Legally Binding Rights.

(a) Notwithstanding any other provision of this Agreement, (i) a Participant shall not be entitled to any payment of Shares under this Agreement unless and until such Participant obtains a legally binding right to such Shares and satisfies applicable vesting conditions for such payment and (ii) a Participant shall not be entitled to payment of any Dividend Equivalents unless and until such Participant obtains a legally binding right to, and satisfies applicable vesting conditions for payment of, the underlying Shares on which such Dividend Equivalents are payable.

(b) Except as otherwise provided in Subparagraphs 4(c) – 4(h) below, the Participant shall vest in one-half of the Shares ("First Tranche") on the first anniversary of the Effective Date(the "First Maturity Date") and the remaining half ("Second Tranche") on the second anniversary of the Effective Date (the "Second Maturity Date" and each anniversary a "Maturity Date"), but only if the Participant remains an active employee of the Company or any of its Affiliates through the applicable Maturity Date.

(c) If a Participant dies prior to the Second Maturity Date while an active employee of the Company or any of its Affiliates, the Participant shall vest in all remaining outstanding, unvested Shares at the time of such death.

(d) If a Participant becomes Disabled (as defined below) prior to the Second Maturity Date while an active employee of the Company or any of its Affiliates, the Participant shall vest in all remaining outstanding, unvested Shares at the time the Participant becomes Disabled. For purposes of this Subparagraph 4(d), the Participant shall be considered Disabled if he or she (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant's employer. Notwithstanding the forgoing, all determinations of whether a Participant is Disabled shall be made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the guidance thereunder.

(e) If the Participant qualifies for Retirement (as defined in (i) below) with the Company or any of its Affiliates prior to the First Maturity Date, at the time of such Participant's Retirement, the Participant shall vest in a pro rata number of the Shares determined as the sum of (i) the product the number of Shares in the First Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's Retirement, and the denominator of which is twelve (12) and (ii) the product the number of Shares in the Second Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's Retirement, and the denominator of which is twenty-four (24). If the Participant qualifies for Retirement with the Company or any of its Affiliates on or after the First Maturity Date and prior to the Second Maturity Date, at the time of such Participant's Retirement, the Participant shall vest in a pro rata number of the Shares determined by multiplying the number of Shares in the Second Tranche of the Award by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's Retirement, and the denominator of which is twenty-four (24).

Notwithstanding the preceding paragraph, if the Participant qualifies for Retirement with the Company or any of its Affiliates prior to the Second Maturity Date <u>and</u> (i) such Retirement occurs at least 6 months after the Effective Date, (ii) the Participant has attained age sixty (60) at the time of such Retirement, and (iii) the Participant has at the time of the Retirement at least 10 years of service as an active employee of the Company and its Affiliates as determined based on the Participant's company seniority date, then the Participant will vest in all of the remaining outstanding, unvested Shares.

(i) For purposes of this Subparagraph 4(e), a Participant "qualifies for Retirement" only if such Participant experiences a Separation from Service (as defined in (ii) below) after attaining age fifty-five (55) and completing at least three (3) years of service with the Company or any of its Affiliates.

(ii) As used in this Agreement, “Separation from Service” means a Participant’s termination or deemed termination from employment with the Company and its Affiliates. For purposes of determining whether a Separation from Service has occurred, the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed six (6) months, or if longer, so long as the Participant retains a right to reemployment with his or her employer under an applicable statute or by contract. For this purpose, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for his or her employer. If the period of leave exceeds six (6) months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship will be deemed to terminate on the first date immediately following such six (6) month period. Notwithstanding the foregoing, if a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, and such impairment causes the Participant to be unable to perform the duties of the Participant’s position of employment or any substantially similar position of employment, a twenty-nine (29) month period of absence shall be substituted for such six (6) month period. For purposes of this Agreement, a Separation from Service occurs at the date as of which the facts and circumstances indicate either that, after such date: (A) the Participant and the Company reasonably anticipate the Participant will perform no further services for the Company and its Affiliates (whether as an employee or an independent contractor) or (B) that the level of bona fide services the Participant will perform for the Company and its Affiliates (whether as an employee or independent contractor) will permanently decrease to no more than twenty (20%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period or, if the Participant has been providing services to the Company and its Affiliates for less than thirty-six (36) months, the full period over which the Participant has rendered services, whether as an employee or independent contractor. The determination of whether a Separation from Service has occurred shall be governed by the provisions of Treasury Regulation § 1.409A-1, as amended, taking into account the objective facts and circumstances with respect to the level of bona fide services performed by the Participant after a certain date.

(f) If the Participant experiences a Separation from Service prior to the Second Maturity Date within two years following a Change in Control (as defined in (i) below)**,** either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in all of the remaining outstanding, unvested Shares upon such Separation from Service.

(i) For the purposes of this Agreement, a “Change in Control” means, unless otherwise defined in an individual employment, change in control or other severance agreement, the occurrence of any of the following events:

(A) A majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not approved by a majority of the members constituting the Board prior to the date of the appointment or election; or

(B) any Person becomes a “Beneficial Owner” (such term for purposes of this definition being as defined in Rule 13d-3 under the 1934 Act),

directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of directors (the "Company Voting Securities"); provided, however, that for purposes of this subsection (B), the following acquisitions shall not constitute a Change in Control: (w) an acquisition directly from the Company, (x) an acquisition by the Company or a subsidiary of the Company (a "Subsidiary"), (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (C) below); or

(C) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a Subsidiary (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another entity (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding shares of common stock of the Company ("Company Common Stock") and outstanding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the "Surviving Entity") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Common Stock and the outstanding Company Voting Securities, as the case may be, and (2) no Person (other than (x) the Company or any Subsidiary of the Company, (y) the Surviving Entity or its ultimate parent, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 30% or more of the Company Voting Securities, and (3) at least a majority of the members of the board of directors or similar governing body of the Surviving Entity were members of the Incumbent Board at the time of the execution of the initial agreement, or at the time of the action of the Board, providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (1), (2) and (3) above shall be deemed to be a "Non-Qualifying Transaction"); or

(D) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(ii) "Incumbent Board" means, unless otherwise defined in an individual employment, change in control or other severance agreement, individuals who, as of the Effective Date, constitute the Board and any other individual who becomes a director of the Company after that date and whose election or appointment by the Board or nomination for election by the Company's stockholders was

approved by a vote of at least a majority of the directors then comprising the Incumbent Board.

(iii) "Person" means, unless otherwise defined in an individual employment, change in control or other severance agreement, a Person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "1934 Act") and as used in this Subparagraph (f) and 14(d)(2) of the 1934 Act.

(g) If the Participant experiences an involuntary Separation from Service prior to the Second Maturity Date and the Participant either receives cash severance benefits under a severance pay plan or program maintained by the Company or receives benefits under a separation agreement with the Company, the Participant shall vest in all remaining outstanding, unvested Shares upon such Separation from Service.

(h) If the Participant experiences an involuntary Separation from Service prior to the Second Maturity Date due to a sale of a business or the outsourcing of any portion of a business, the Participant shall vest in all remaining outstanding, unvested Shares upon such Separation from Service, but only if the Company or any of its Affiliates failed to make an offer of comparable employment, as defined by a severance pay plan or program maintained by the Company, to the Participant. For purposes of this Subparagraph 4(h), a Termination of Affiliation shall constitute an involuntary Separation from Service.

(i) If the Participant becomes entitled to payment of any Shares under this Agreement, the Participant shall also be entitled to receipt of Dividend Equivalents with respect to such Shares in an amount equal to the amount of dividends, if any, that would have been payable on such Shares if such Shares had been issued and outstanding from the date of this Agreement through the payment date of the Shares. Dividend Equivalents shall remain assets of the Company until paid hereunder and may, in the discretion of the Committee be paid in either cash or Shares. If Dividend Equivalents are paid in Shares, the number of Shares so payable will equal the total amount of Dividend Equivalents payable, if any, divided by the Fair Market Value of a Share on the payment date. No fractional Shares shall be issued.

5. Payment of Shares and Dividend Equivalents.

(a) The payment date for all Shares in which a Participant becomes vested pursuant to Subparagraph 4(b) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be the applicable Maturity Date on which the Shares vest.

(b) The payment date for all Shares in which a Participant becomes vested pursuant to Subparagraphs 4(c) and 4(d) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be no more than thirty (30) days after the date the Participant dies or becomes Disabled, as applicable. If such 30-day period spans two calendar years, then payment will be made in the later calendar year.

(c) The payment date for all Shares in which the Participant becomes vested pursuant to Subparagraphs 4(e), 4(f), 4(g) and 4(h) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be no more than sixty (60) days following such Participant's Separation from Service, unless otherwise provided in Subparagraph 5(e) below. If such 60-day period spans two calendar years, then payment will be made in the later calendar year.

(d) Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled. Shares that become payable under this Agreement and will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, of one or more certificates (or other indicia of ownership) representing shares of Williams Common Stock equal in number to the number of Shares otherwise payable under this Agreement less the number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, equal to a withholding amount approved by the Committee in advance. Notwithstanding the foregoing, to the extent permitted by Section 409A of the Code and the guidance issued by the Internal Revenue Service thereunder, if federal employment taxes become due upon the Participant's becoming entitled to payment of Shares, the number of Shares necessary to cover such taxes may be used to satisfy such taxes upon such entitlement.

(e) If the Participant was a "key employee" within the meaning of Section 409A(a)(B)(i) of the Code immediately prior to his or her Separation from Service, and such Participant vested in such Shares under Subparagraphs 4(e), (4)(f), 4(g) or 4(h) above, payment shall not be made sooner than six (6) months following the date such Participant experienced a Separation from Service. "Key employee" means an employee designated on an annual basis by the Company as of December 31 (the "Key Employee Designation Date") as an employee meeting the requirements of Section 416(i) of Code utilizing the definition of compensation under Treasury Regulation § 1.415(c)-2(d)(2). A Participant designated as a "key employee" shall be a "key employee" for the entire twelve (12) month period beginning on April 1 following the Key Employee Designation Date.

6. Other Provisions.

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan or any employee benefit plan as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that, subject to the limit expressed in clause (iii) of the following sentence, upon payment of Shares and Dividend Equivalents under this Agreement, stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to Company or any of its Affiliates, including but not limited to personal loan(s), Company credit card debt, relocation repayment obligations or benefits from any plan that provides for pre-paid educational assistance. In addition, the Company may accelerate the time or schedule of a payment of vested Shares and Dividend Equivalents, and/or deduct from any payment of Shares and Dividend Equivalents to the Participant under this Agreement, or to his or her beneficiaries in the case of the Participant's death, that number of Shares and Dividend Equivalents having a Fair Market Value at the date of such deduction to the amount of such debt as satisfaction of any such debt, *provided* that (i) such debt is incurred in the ordinary course of the employment relationship between the Company or any of its Affiliates and the Participant, (ii) the aggregate amount of any such debt-related collateral held or deduction made in any taxable year of the Company with respect to the Participant does not exceed $5,000, and (iii) the deduction of Shares and Dividend Equivalents is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(c) Except as provided in Subparagraphs 4(c) through 4(h) above, in the event that the Participant experiences a Separation from Service prior to the Participant's becoming vested in the Shares under this Agreement, RSUs subject to this Agreement and any right to Shares and Dividend Equivalents issuable hereunder shall be forfeited.

(d) The Participant acknowledges that this Award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

(e) RSUs, Shares and Dividend Equivalents and the Participant's interest in RSUs and Shares and Dividend Equivalents may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to both (i) the Participant's becoming vested in such Shares and (ii) payment of such Shares and Dividend Equivalents under this Agreement.

(f) If the Participant at any time forfeits any or all of the RSUs pursuant to this Agreement, the Participant agrees that all of the Participant's rights to and interest in such RSUs and in Shares and Dividend Equivalents payable thereon, if any, issuable hereunder shall terminate upon forfeiture without payment of consideration.

(g) The Committee shall determine whether an event has occurred resulting in the forfeiture of the Shares and Dividend Equivalents payable thereon in accordance with this Agreement, and all determinations of the Committee shall be final and conclusive.

(h) With respect to the right to receive payment of the Shares and Dividend Equivalents under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.

(i) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.

(j) The parties to this Agreement intend that this Agreement meet the applicable requirements of Section 409A of the Code and recognize that it may be necessary to modify this Agreement and/or the Plan to reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. Participant agrees that the Committee shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.

(k) The Participant hereby automatically becomes a party to this Agreement whether or not he or she accepts the Award electronically or in writing in accordance with procedures of the Committee, its delegates or agents.

(l) Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate the Participant's employment or service at any time, nor confer upon the Participant the right to continue in the employ of the Company and/or Affiliate.

(m) The Participant hereby acknowledges that nothing in this Agreement shall be construed as requiring the Committee to allow a Domestic Relations Order with respect to this Award.

7. Notices. All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa,

Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner. To direct the sale of any Shares issued under this Agreement, contact Fidelity at http://netbenefits.fidelity.com or by telephone at 800-544-9354.

8. Forfeiture and Clawback. Notwithstanding any other provision of the Plan or this Agreement to the contrary, by accepting the Award represented by this Agreement, the Participant acknowledges that any incentive-based compensation paid to the Participant hereunder may be subject to recovery by the Company under any clawback policy that the Company may adopt from time to time, including without limitation any policy that the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Shares may be listed. The Participant further agrees to promptly return any such incentive-based compensation which the Company determines it is required to recover from you under any such clawback policy.

9. Tax Consultation. You understand you will incur tax consequences as a result of acquisition or disposition of the Shares and Dividend Equivalents. You agree to consult with any tax consultants you think advisable in connection with the acquisition of the Shares and Dividend Equivalents and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

Participant: **Participant Name**
SSN: **Participant ID**

Exhibit 10.2

Date=Grant Date

TO: **Participant Name**

FROM:

SUBJECT: [YEAR] Restricted Stock Unit Award

You have been selected to receive a restricted stock unit award. This award is subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended and restated from time to time, and, the [YEAR] Three-Year Ratable Restricted Stock Unit Agreement (the “Agreement”).

This award is granted to you in recognition of your role as an employee whose responsibilities and performance are critical to the attainment of long-term goals. This award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

Subject to all of the terms of the Agreement, you will become entitled to payment of this award if you are an active employee of the Company on the vesting dates specified herein.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

[YEAR] THREE-YEAR RATABLE RESTRICTED STOCK UNIT AGREEMENT

THIS THREE-YEAR RATABLE RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the [YEA] Restricted Stock Unit Award Letter delivered in hard copy or electronically to Participant ("[YEAR] Award Letter"), is by and between **THE WILLIAMS COMPANIES, INC.,** a Delaware corporation (the "Company") and the individual identified on the last page hereof (the "Participant").

1. Grant of RSUs. Subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended and restated from time to time (the "Plan"), this Agreement and the [YEAR] Award Letter, the Company hereby grants an award (the "Award") to the Participant of **Quantity Granted** RSUs effective **Grant Date** (the "Effective Date"). The Award gives the Participant the opportunity to earn the right to receive the number of shares of the Common Stock of the Company equal to the number of RSUs shown in the prior sentence, subject to adjustment under the terms of this Agreement. These shares are referred to in this Agreement as the "Shares." Until the Participant both becomes vested in the RSUs under the terms of Paragraph 4 and is paid such Shares under the terms of Paragraph 5, the Participant shall have no rights as a stockholder of the Company with respect to the Shares; provided, however, that the Participant shall have the right to earn Dividend Equivalents with respect to the RSUs awarded under this Agreement in accordance with Subparagraph 4(i) below.

2. Incorporation of Plan and Acceptance of Documents. The Plan is hereby incorporated herein by reference, and all capitalized terms used herein which are not defined in this Agreement shall have the respective meanings set forth in the Plan. By accepting this Award, the Participant acknowledges that he or she has received a copy of, or has online access to, the Plan and hereby automatically accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement. The Participant hereby further agrees that he or she has received a copy of, or has online access to, the Plan prospectus, as updated from time to time, and hereby acknowledges his or her automatic acceptance and receipt of such prospectus electronically.

3. Committee Decisions and Interpretations. The Participant hereby agrees to accept as binding, conclusive and final all actions, decisions and/or interpretations of the Committee, its delegates, or agents, upon any questions or other matters arising under the Plan or this Agreement.

4. Vesting; Legally Binding Rights.

(a) Notwithstanding any other provision of this Agreement, (i) a Participant shall not be entitled to any payment of Shares under this Agreement unless and until such Participant obtains a legally binding right to such Shares and satisfies applicable vesting conditions for such payment and (ii) a Participant shall not be entitled to payment of any Dividend Equivalents unless and until such Participant obtains a legally binding right to, and satisfies applicable vesting conditions for payment of, the underlying Shares on which such Dividend Equivalents are payable.

(b) Except as otherwise provided in Subparagraphs 4(c) – 4(h) below, the Participant shall vest in one-third of the Shares the "First Tranche") on the first anniversary of the Effective Date (the "First Maturity Date"), one-third of the Shares (the "Second Tranche") on the second anniversary of the Effective Date (the "Second Maturity Date"), and the remaining outstanding, unvested Shares (the "Third Tranche") on the third anniversary of the Effective Date (the "Third Maturity Date" and each anniversary a

“Maturity Date”), but only if the Participant remains an active employee of the Company or any of its Affiliates through the applicable Maturity Date.

(c) If a Participant dies prior to the Third Maturity Date while an active employee of the Company or any of its Affiliates, the Participant shall vest in all remaining outstanding, unvested Shares at the time of such death.

(d) If a Participant becomes Disabled (as defined below) prior to the Third Maturity Date while an active employee of the Company or any of its Affiliates, the Participant shall vest in all remaining outstanding, unvested Shares at the time the Participant becomes Disabled. For purposes of this Subparagraph 4(d), the Participant shall be considered Disabled if he or she (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant’s employer. Notwithstanding the forgoing, all determinations of whether a Participant is Disabled shall be made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the guidance thereunder.

(e) If the Participant qualifies for Retirement (as defined in (i) below) with the Company or any of its Affiliates prior to the First Maturity Date, at the time of such Participant’s Retirement, the Participant shall vest in a pro rata number of the Shares determined as the sum of (i) the product of the number of Shares in the First Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant’s Retirement, and the denominator of which is twelve (12) and (ii) the product of the number of Shares in the Second Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant’s Retirement, and the denominator of which is twenty-four (24) and (iii) the product of the number of Shares in the Third Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant’s Retirement, and the denominator of which is thirty-six (36). If the Participant qualifies for Retirement with the Company or any of its Affiliates on or after the First Maturity Date but prior to the Second Maturity Date, at the time of such Participant’s Retirement, the Participant shall vest in a pro rata number of the Shares determined as the sum of (i) the product of the number of Shares in the Second Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant’s Retirement, and the denominator of which is twenty-four (24) and (ii) the product of the number of Shares in the Third Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant’s Retirement, and the denominator of which is thirty-six (36). If the Participant qualifies for Retirement with the Company or any of its Affiliates on or after the Second Maturity Date but prior to the Third Maturity Date, at the time of such Participant’s Retirement, the Participant shall vest in a pro rata number of

the Shares determined as the product of the number of Shares in the Third Tranche of the Award multiplied by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's Retirement, and the denominator of which is thirty-six (36).
Notwithstanding the preceding paragraph, if the Participant qualifies for Retirement with the Company or any of its Affiliates prior to the Third Maturity Date and (i) such Retirement occurs at least 6 months after the Effective Date, (ii) the Participant has attained age sixty (60) at the time of such Retirement, and (iii) the Participant has at the time of the Retirement at least 10 years of service as an active employee of the Company and its Affiliates as determined based on the Participant's company seniority date, then the Participant will vest in all of the remaining outstanding, unvested Shares.

(i) For purposes of this Subparagraph 4(e), a Participant "qualifies for Retirement" only if such Participant experiences a Separation from Service (as defined in (ii) below) after attaining age fifty-five (55) and completing at least three (3) years of service with the Company or any of its Affiliates.

(ii) As used in this Agreement, "Separation from Service" means a Participant's termination or deemed termination from employment with the Company and its Affiliates. For purposes of determining whether a Separation from Service has occurred, the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed six (6) months, or if longer, so long as the Participant retains a right to reemployment with his or her employer under an applicable statute or by contract. For this purpose, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for his or her employer. If the period of leave exceeds six (6) months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship will be deemed to terminate on the first date immediately following such six (6) month period. Notwithstanding the foregoing, if a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, and such impairment causes the Participant to be unable to perform the duties of the Participant's position of employment or any substantially similar position of employment, a twenty-nine (29) month period of absence shall be substituted for such six (6) month period. For purposes of this Agreement, a Separation from Service occurs at the date as of which the facts and circumstances indicate either that, after such date: (A) the Participant and the Company reasonably anticipate the Participant will perform no further services for the Company and its Affiliates (whether as an employee or an independent contractor) or (B) that the level of bona fide services the Participant will perform for the Company and its Affiliates (whether as an employee or independent contractor) will permanently decrease to no more than twenty (20%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period or, if the Participant has been providing services to the Company and its Affiliates for less than thirty-six (36) months, the full period over which the Participant has rendered services, whether as an employee or independent contractor. The determination of whether a Separation from Service has occurred shall be governed by the provisions of Treasury Regulation § 1.409A-1, as amended, taking into account the objective facts and circumstances with respect to the level of bona fide services performed by the Participant after a certain date.

(f) If the Participant experiences a Separation from Service prior to the Third Maturity Date within two years following a Change in Control (as defined in (i) below), either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in all of the remaining outstanding, unvested Shares upon such Separation from Service.

(i) For the purposes of this Agreement, a "Change in Control" means, unless otherwise defined in an individual employment, change in control or other severance agreement, the occurrence of any of the following events:

(A) A majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not approved by a majority of the members constituting the Board prior to the date of the appointment or election; or

(B) any Person becomes a "Beneficial Owner" (such term for purposes of this definition being as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of directors (the "Company Voting Securities"); provided, however, that for purposes of this subsection (B), the following acquisitions shall not constitute a Change in Control: (w) an acquisition directly from the Company, (x) an acquisition by the Company or a subsidiary of the Company (a "Subsidiary"), (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (C) below); or

(C) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a Subsidiary (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another entity (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding shares of common stock of the Company ("Company Common Stock") and outstanding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the "Surviving Entity") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Common Stock and the outstanding Company Voting Securities, as the case may be, and (2) no Person (other than (x) the Company or any Subsidiary of the Company, (y) the Surviving Entity or its ultimate parent, or (z) any employee benefit plan (or related trust) sponsored or maintained

by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 30% or more of the Company Voting Securities, and (3) at least a majority of the members of the board of directors or similar governing body of the Surviving Entity were members of the Incumbent Board at the time of the execution of the initial agreement, or at the time of the action of the Board, providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (1), (2) and (3) above shall be deemed to be a "Non-Qualifying Transaction"); or

(D) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(ii) "Incumbent Board" means, unless otherwise defined in an individual employment, change in control or other severance agreement, individuals who, as of the Effective Date, constitute the Board and any other individual who becomes a director of the Company after that date and whose election or appointment by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board.

(iii) "Person" means, unless otherwise defined in an individual employment, change in control or other severance agreement, a Person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "1934 Act") and as used in this Subparagraph (f) and 14(d)(2) of the 1934 Act.

(g) If the Participant experiences an involuntary Separation from Service prior to the Third Maturity Date and the Participant either receives cash severance benefits under a severance pay plan or program maintained by the Company or receives benefits under a separation agreement with the Company, the Participant shall vest in all remaining outstanding, unvested Shares upon such Separation from Service.

(h) If the Participant experiences an involuntary Separation from Service prior to the Third Maturity Date due to a sale of a business or the outsourcing of any portion of a business, the Participant shall vest in all remaining outstanding, unvested Shares upon such Separation from Service, but only if the Company or any of its Affiliates failed to make an offer of comparable employment, as defined by a severance pay plan or program maintained by the Company, to the Participant. For purposes of this Subparagraph 4(h), a Termination of Affiliation shall constitute an involuntary Separation from Service.

(i) If the Participant becomes entitled to payment of any Shares under this Agreement, the Participant shall also be entitled to receipt of Dividend Equivalents with respect to such Shares in an amount equal to the amount of dividends, if any, that would have been payable on such Shares if such Shares had been issued and outstanding from the date of this Agreement through the payment date of the Shares. Dividend Equivalents shall remain assets of the Company until paid hereunder and may, in the discretion of the Committee be paid in either cash or Shares. If Dividend Equivalents are paid in Shares, the number of Shares so payable will equal the total amount of Dividend Equivalents payable, if any, divided by the Fair Market Value of a Share on the payment date. No fractional Shares shall be issued.

5. Payment of Shares and Dividend Equivalents.

(a) The payment date for all Shares in which a Participant becomes vested pursuant to Subparagraph 4(b) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be the applicable Maturity Date on which the Shares vest.

(b) The payment date for all Shares in which a Participant becomes vested pursuant to Subparagraphs 4(c) and 4(d) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be no more than thirty (30) days after the date the Participant dies or becomes Disabled, as applicable. If such 30-day period spans two calendar years, then payment will be made in the later calendar year.

(c) The payment date for all Shares in which the Participant becomes vested pursuant to Subparagraphs 4(e), 4(f), 4(g) and 4(h) above, and Dividend Equivalents in which the Participant becomes vested pursuant to Subparagraph 4(i), shall be no more than sixty (60) days following such Participant's Separation from Service, unless otherwise provided in Subparagraph 5(e) below. If such 60-day period spans two calendar years, then payment will be made in the later calendar year.

(d) Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled. Shares that become payable under this Agreement and will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, of one or more certificates (or other indicia of ownership) representing shares of Williams Common Stock equal in number to the number of Shares otherwise payable under this Agreement less the number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, equal to a withholding amount approved by the Committee in advance. Notwithstanding the foregoing, to the extent permitted by Section 409A of the Code and the guidance issued by the Internal Revenue Service thereunder, if federal employment taxes become due upon the Participant's becoming entitled to payment of Shares, the number of Shares necessary to cover such taxes may be used to satisfy such taxes upon such entitlement.

(e) If the Participant was a "key employee" within the meaning of Section 409A(a)(B)(i) of the Code immediately prior to his or her Separation from Service, and such Participant vested in such Shares under Subparagraphs 4(e), (4)(f), 4(g) or 4(h) above, payment shall not be made sooner than six (6) months following the date such Participant experienced a Separation from Service. "Key employee" means an employee designated on an annual basis by the Company as of December 31 (the "Key Employee Designation Date") as an employee meeting the requirements of Section 416(i) of Code utilizing the definition of compensation under Treasury Regulation § 1.415(c)-2(d)(2). A Participant designated as a "key employee" shall be a "key employee" for the entire twelve (12) month period beginning on April 1 following the Key Employee Designation Date.

6. Other Provisions.

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan or any employee benefit plan

as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that, subject to the limit expressed in clause (iii) of the following sentence, upon payment of Shares and Dividend Equivalents under this Agreement, stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to Company or any of its Affiliates, including but not limited to personal loan(s), Company credit card debt, relocation repayment obligations or benefits from any plan that provides for pre-paid educational assistance. In addition, the Company may accelerate the time or schedule of a payment of vested Shares and Dividend Equivalents, and/or deduct from any payment of Shares and Dividend Equivalents to the Participant under this Agreement, or to his or her beneficiaries in the case of the Participant's death, that number of Shares and Dividend Equivalents having a Fair Market Value at the date of such deduction to the amount of such debt as satisfaction of any such debt, *provided* that (i) such debt is incurred in the ordinary course of the employment relationship between the Company or any of its Affiliates and the Participant, (ii) the aggregate amount of any such debt-related collateral held or deduction made in any taxable year of the Company with respect to the Participant does not exceed $5,000, and (iii) the deduction of Shares and Dividend Equivalents is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(c) Except as provided in Subparagraphs 4(c) through 4(h) above, in the event that the Participant experiences a Separation from Service prior to the Participant's becoming vested in the Shares under this Agreement, RSUs subject to this Agreement and any right to Shares and Dividend Equivalents issuable hereunder shall be forfeited.

(d) The Participant acknowledges that this Award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

(e) RSUs, Shares and Dividend Equivalents and the Participant's interest in RSUs and Shares and Dividend Equivalents may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to both (i) the Participant's becoming vested in such Shares and (ii) payment of such Shares and Dividend Equivalents under this Agreement.

(f) If the Participant at any time forfeits any or all of the RSUs pursuant to this Agreement, the Participant agrees that all of the Participant's rights to and interest in such RSUs and in Shares and Dividend Equivalents payable thereon, if any, issuable hereunder shall terminate upon forfeiture without payment of consideration.

(g) The Committee shall determine whether an event has occurred resulting in the forfeiture of the Shares and Dividend Equivalents payable thereon in accordance with this Agreement, and all determinations of the Committee shall be final and conclusive.

(h) With respect to the right to receive payment of the Shares and Dividend Equivalents under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.

(i) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.

(j) The parties to this Agreement intend that this Agreement meet the applicable requirements of Section 409A of the Code and recognize that it may be necessary to modify this Agreement and/or the Plan to reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. Participant agrees that the Committee shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.

(k) The Participant hereby automatically becomes a party to this Agreement whether or not he or she accepts the Award electronically or in writing in accordance with procedures of the Committee, its delegates or agents.

(l) Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate the Participant's employment or service at any time, nor confer upon the Participant the right to continue in the employ of the Company and/or Affiliate.

(m) The Participant hereby acknowledges that nothing in this Agreement shall be construed as requiring the Committee to allow a Domestic Relations Order with respect to this Award.

7. Notices. All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner. To direct the sale of any Shares issued under this Agreement, contact Fidelity at http://netbenefits.fidelity.com or by telephone at 800-544-9354.

8. Tax Consultation. You understand you will incur tax consequences as a result of acquisition or disposition of the Shares and Dividend Equivalents. You agree to consult with any tax consultants you think advisable in connection with the acquisition of the Shares and Dividend Equivalents and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

Participant: **Participant Name**
SSN: **Participant ID**

Exhibit 31.1

CERTIFICATIONS

I, Alan S. Armstrong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Williams Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

/s/ Alan S. Armstrong

Alan S. Armstrong
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, John D. Porter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Williams Companies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2023

/s/ John D. Porter

John D. Porter
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Williams Companies, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alan S. Armstrong
Alan S. Armstrong
President and Chief Executive Officer
May 3, 2023

/s/ John D. Porter
John D. Porter
Senior Vice President and Chief Financial Officer
May 3, 2023

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.