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 June 30, 2024

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 August 1, 2024
Common Stock, $1.00 par value	1,218,931,191

The Williams Companies, Inc.
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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 and the ability of other energy companies with whom we conduct or seek to conduct business, to obtain necessary permits and approvals, and our ability to 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;
- 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 and conflicts in the Middle East, including between Israel and Hamas and conflicts involving Iran and its proxy forces;
- 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, 2023, as filed with the SEC on February 21, 2024, as may be supplemented by disclosures in Part II, Item 1A. Risk Factors in subsequent Quarterly Reports on Form 10-Q.

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 of natural gas 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

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:

Note: References to numerical notes refer to our Notes to Consolidated Financial Statements.

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

NGL margins: NGL revenues less Btu replacement cost, plant fuel, transportation, and fractionation

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

Discovery Acquisition: On August 1, 2024, we closed on the acquisition of the remaining 40 percent interest in Discovery Producer Services, LLC (Discovery) which operates a natural gas gathering and transportation system in the Gulf of Mexico and processing and fractionation facilities in Louisiana, along with certain other assets.

DJ Basin Acquisitions: On November 30, 2023, we closed on the acquisition of 100 percent of Cureton Front Range, LLC (Cureton) (Cureton Acquisition) and also closed on the acquisition of the remaining 50 percent interest in Rocky Mountain Midstream Holdings LLC (RMM) (RMM Acquisition), both of which operate midstream assets in the Denver-Julesberg (DJ) Basin.

Gulf Coast Storage Acquisition: On January 3, 2024, we closed on the acquisition of 100 percent of both Hartree Cardinal Gas, LLC and Hartree Natural Gas Storage, LLC (collectively, "Hartree"), which own natural gas storage facilities and pipelines in Louisiana and Mississippi.

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.

PART I - FINANCIAL INFORMATION

Item 1. *Financial Statements*

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions, except per-share amounts)			
Revenues:				
Service revenues	$ 1,837	$ 1,748	$ 3,742	$ 3,442
Service revenues – commodity consideration	18	27	48	63
Product sales	610	593	1,455	1,438
Net gain (loss) from commodity derivatives	(129)	115	(138)	621
Total revenues	2,336	2,483	5,107	5,564
Costs and expenses:				
Product costs	424	421	950	974
Net processing commodity expenses	17	44	22	98
Operating and maintenance expenses	522	481	1,033	944
Depreciation and amortization expenses	540	515	1,088	1,021
Selling, general, and administrative expenses	164	161	350	337
Other (income) expense – net	(27)	(9)	(44)	(40)
Total costs and expenses	1,640	1,613	3,399	3,334
Operating income (loss)	696	870	1,708	2,230
Equity earnings (losses)	147	160	284	307
Other investing income (loss) – net	18	13	42	21
Interest expense	(339)	(306)	(688)	(600)
Other income (expense) – net	33	19	64	39
Income (loss) before income taxes	555	756	1,410	1,997
Less: Provision (benefit) for income taxes	129	175	322	459
Income (loss) from continuing operations	426	581	1,088	1,538
Income (loss) from discontinued operations (Note 1)	—	(87)	—	(87)
Net income (loss)	426	494	1,088	1,451
Less: Net income (loss) attributable to noncontrolling interests	25	34	55	64
Net income (loss) attributable to The Williams Companies, Inc.	401	460	1,033	1,387
Less: Preferred stock dividends	—	—	1	1
Net income (loss) available to common stockholders	$ 401	$ 460	$ 1,032	$ 1,386
Amounts attributable to The Williams Companies, Inc. available to common stockholders:				
Income (loss) from continuing operations	$ 401	$ 547	$ 1,032	$ 1,473
Income (loss) from discontinued operations (Note 1)	—	(87)	—	(87)
Net income (loss) available to common stockholders	$ 401	$ 460	$ 1,032	$ 1,386
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	$ .33	$ .45	$ .85	$ 1.21
Income (loss) from discontinued operations	—	(.07)	—	(.07)
Net income (loss) available to common stockholders	$ .33	$ .38	$ .85	$ 1.14
Weighted-average shares (thousands)	1,219,367	1,217,673	1,218,761	1,218,564
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	$ .33	$ .45	$ .84	$ 1.20
Income (loss) from discontinued operations	—	(.07)	—	(.07)
Net income (loss) available to common stockholders	$ .33	$ .38	$ .84	$ 1.13
Weighted-average shares (thousands)	1,222,236	1,219,915	1,222,229	1,223,429

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Net income (loss)	$ 426	$ 494	$ 1,088	$ 1,451
Other comprehensive income (loss):				
Designated interest rate cash flow hedging activities:				
Net unrealized gain (loss) from derivative instruments, net of taxes of $(2) and ($5) in 2024 and $(4) and $(11) in 2023	4	16	15	36
Reclassifications into earnings of net derivative instruments (gain) loss, net of taxes of $— and $— in 2024 and $— and $— in 2023	—	(1)	(1)	(1)
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 $— and $— in 2024 and $(1) and ($1) in 2023	(1)	—	(1)	1
Other comprehensive income (loss)	3	15	13	36
Comprehensive income (loss)	429	509	1,101	1,487
Less: Comprehensive income (loss) attributable to noncontrolling interests	25	34	55	64
Comprehensive income (loss) attributable to The Williams Companies, Inc.	$ 404	$ 475	$ 1,046	$ 1,423

See accompanying notes.

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

	June 30, 2024	December 31, 2023
	(Millions, except per-share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55	$ 2,150
Trade accounts and other receivables (net of allowance of $4 at June 30, 2024 and $3 at December 31, 2023)	1,398	1,655
Inventories	274	274
Derivative assets	218	239
Other current assets and deferred charges	170	195
Total current assets	2,115	4,513
Investments	4,612	4,637
Property, plant, and equipment	54,930	51,842
Accumulated depreciation and amortization	(18,228)	(17,531)
Property, plant, and equipment – net	36,702	34,311
Intangible assets – net of accumulated amortization	7,402	7,593
Regulatory assets, deferred charges, and other	1,578	1,573
Total assets	$ 52,409	$ 52,627
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,192	$ 1,379
Derivative liabilities	109	105
Accrued and other current liabilities	1,229	1,284
Commercial paper	630	725
Long-term debt due within one year	1,536	2,337
Total current liabilities	4,696	5,830
Long-term debt	24,096	23,376
Deferred income tax liabilities	4,107	3,846
Regulatory liabilities, deferred income, and other	4,764	4,684
Contingent liabilities and commitments (Note 9)		
Equity:		
Stockholders' equity:		
Preferred stock ($1 par value; 30 million shares authorized at June 30, 2024 and December 31, 2023; 35 thousand shares issued at June 30, 2024 and December 31, 2023)	35	35
Common stock ($1 par value; 1,470 million shares authorized at June 30, 2024 and December 31, 2023; 1,258 million shares issued at June 30, 2024 and 1,256 million shares issued at December 31, 2023)	1,258	1,256
Capital in excess of par value	24,589	24,578
Retained deficit	(12,419)	(12,287)
Accumulated other comprehensive income (loss)	13	—
Treasury stock, at cost (39 million shares at June 30, 2024 and December 31, 2023 of common stock)	(1,180)	(1,180)
Total stockholders' equity	12,296	12,402
Noncontrolling interests in consolidated subsidiaries	2,450	2,489
Total equity	14,746	14,891
Total liabilities and equity	$ 52,409	$ 52,627

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 at March 31, 2024	$ 35	$ 1,258	$ 24,564	$ (12,238)	$ 10	$ (1,180)	$ 12,449	$ 2,481	$ 14,930
Net income (loss)	—	—	—	401	—	—	401	25	426
Other comprehensive income (loss)	—	—	—	—	3	—	3	—	3
Cash dividends – common stock ($0.4750 per share)	—	—	—	(579)	—	—	(579)	—	(579)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(66)	(66)
Stock-based compensation and related common stock issuances, net of tax	—	—	25	—	—	—	25	—	25
Contributions from noncontrolling interests	—	—	—	—	—	—	—	10	10
Other	—	—	—	(3)	—	—	(3)	—	(3)
Net increase (decrease) in equity	—	—	25	(181)	3	—	(153)	(31)	(184)
Balance at June 30, 2024	$ 35	$ 1,258	$ 24,589	$ (12,419)	$ 13	$ (1,180)	$ 12,296	$ 2,450	$ 14,746
Balance at March 31, 2023	$ 35	$ 1,256	$ 24,516	$ (12,895)	$ (3)	$ (1,124)	$ 11,785	$ 2,538	$ 14,323
Net income (loss)	—	—	—	460	—	—	460	34	494
Other comprehensive income (loss)	—	—	—	—	15	—	15	—	15
Cash dividends – common stock ($0.4475 per share)	—	—	—	(545)	—	—	(545)	—	(545)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(58)	(58)
Stock-based compensation and related common stock issuances, net of tax	—	—	22	—	—	—	22	—	22
Contributions from noncontrolling interests	—	—	—	—	—	—	—	15	15
Purchases of treasury stock	—	—	—	—	—	(56)	(56)	—	(56)
Other	—	—	—	(2)	—	—	(2)	1	(1)
Net increase (decrease) in equity	—	—	22	(87)	15	(56)	(106)	(8)	(114)
Balance at June 30, 2023	$ 35	$ 1,256	$ 24,538	$ (12,982)	$ 12	$ (1,180)	$ 11,679	$ 2,530	$ 14,209

* Accumulated Other Comprehensive Income (Loss)

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Changes in Equity (Continued)
(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 at December 31, 2023	$ 35	$ 1,256	$ 24,578	$ (12,287)	$ —	$ (1,180)	$ 12,402	$ 2,489	$ 14,891
Net income (loss)	—	—	—	1,033	—	—	1,033	55	1,088
Other comprehensive income (loss)	—	—	—	—	13	—	13	—	13
Cash dividends – common stock ($0.9500 per share)	—	—	—	(1,158)	—	—	(1,158)	—	(1,158)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(130)	(130)
Stock-based compensation and related common stock issuances, net of tax	—	2	11	—	—	—	13	—	13
Contributions from noncontrolling interests	—	—	—	—	—	—	—	36	36
Other	—	—	—	(7)	—	—	(7)	—	(7)
Net increase (decrease) in equity	—	2	11	(132)	13	—	(106)	(39)	(145)
Balance at June 30, 2024	$ 35	$ 1,258	$ 24,589	$ (12,419)	$ 13	$ (1,180)	$ 12,296	$ 2,450	$ 14,746
Balance at December 31, 2022	$ 35	$ 1,253	$ 24,542	$ (13,271)	$ (24)	$ (1,050)	$ 11,485	$ 2,560	$ 14,045
Net income (loss)	—	—	—	1,387	—	—	1,387	64	1,451
Other comprehensive income (loss)	—	—	—	—	36	—	36	—	36
Cash dividends – common stock ($0.8950 per share)	—	—	—	(1,091)	—	—	(1,091)	—	(1,091)
Dividends and distributions to noncontrolling interests	—	—	—	—	—	—	—	(112)	(112)
Stock-based compensation and related common stock issuances, net of tax	—	3	(4)	—	—	—	(1)	—	(1)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	18	18
Purchases of treasury stock	—	—	—	—	—	(130)	(130)	—	(130)
Other	—	—	—	(7)	—	—	(7)	—	(7)
Net increase (decrease) in equity	—	3	(4)	289	36	(130)	194	(30)	164
Balance at June 30, 2023	$ 35	$ 1,256	$ 24,538	$ (12,982)	$ 12	$ (1,180)	$ 11,679	$ 2,530	$ 14,209

* Accumulated Other Comprehensive Income (Loss)

See accompanying notes.

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

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(Millions)	
OPERATING ACTIVITIES:		
Net income (loss)	$ 1,088	$ 1,451
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation and amortization	1,088	1,021
Provision (benefit) for deferred income taxes	258	427
Equity (earnings) losses	(284)	(307)
Distributions from equity-method investees	394	418
Net unrealized (gain) loss from commodity derivative instruments	223	(410)
Inventory write-downs	6	23
Amortization of stock-based awards	48	40
Cash provided (used) by changes in current assets and liabilities:		
Accounts receivable	270	1,423
Inventories	(3)	41
Other current assets and deferred charges	12	24
Accounts payable	(219)	(1,220)
Accrued and other current liabilities	(76)	(72)
Changes in current and noncurrent commodity derivative assets and liabilities	(141)	119
Other, including changes in noncurrent assets and liabilities	(151)	(87)
Net cash provided (used) by operating activities	2,513	2,891
FINANCING ACTIVITIES:		
Proceeds from (payments of) commercial paper – net	(95)	(352)
Proceeds from long-term debt	2,100	1,503
Payments of long-term debt	(2,274)	(14)
Payments for debt issuance costs	(18)	(13)
Proceeds from issuance of common stock	5	4
Purchases of treasury stock	—	(130)
Common dividends paid	(1,158)	(1,091)
Dividends and distributions paid to noncontrolling interests	(130)	(112)
Contributions from noncontrolling interests	36	18
Other – net	(18)	(17)
Net cash provided (used) by financing activities	(1,552)	(204)
INVESTING ACTIVITIES:		
Property, plant, and equipment:		
Capital expenditures (1)	(1,123)	(1,155)
Dispositions - net	(27)	(21)
Purchases of businesses, net of cash acquired (Note 3)	(1,844)	(1,053)
Purchases of and contributions to equity-method investments	(82)	(69)
Other – net	20	10
Net cash provided (used) by investing activities	(3,056)	(2,288)
Increase (decrease) in cash and cash equivalents	(2,095)	399
Cash and cash equivalents at beginning of year	2,150	152
Cash and cash equivalents at end of period	$ 55	$ 551

(1) Increases to property, plant, and equipment	$ (1,141)	$ (1,168)
Changes in related accounts payable and accrued liabilities	18	13
Capital expenditures	$ (1,123)	$ (1,155)

See accompanying notes.

The Williams Companies, Inc.
Notes to Consolidated Financial Statements

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, 2023, 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 the six months ended June 30, 2024 and 2023, there have been $0 and $130 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 $139 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 Pipelines Holding Company (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 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) (see Note 11 - Subsequent Events). Transmission & Gulf of Mexico also includes natural gas storage facilities and pipelines providing services in north Texas, and also in Louisiana and Mississippi related to the January 2024 Gulf Coast Storage Acquisition (see Note 3 – Acquisitions and Divestitures).

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, the Mid-Continent region which includes the Anadarko and Permian basins, and the Denver-Julesberg Basin (DJ Basin) of Colorado which includes Rocky Mountain Midstream Holdings LLC (RMM), a former 50 percent equity-method investment in which we acquired the remaining ownership interest in November 2023 (see Note 3 – Acquisitions and Divestitures). This segment also includes our NGL storage facilities, an undivided 50 percent interest in an NGL fractionator near Conway, Kansas, and a 50 percent equity-method investment in Overland Pass Pipeline Company LLC (OPPL).

Gas & NGL Marketing Services is comprised of our natural gas liquid (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.

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.

Discontinued operations

During the second quarter of 2023, we recorded pre-tax charges of $115 million to *Income (loss) from discontinued operations* in our Consolidated Statement of Income related to litigation associated with our former Alaska refinery, which was settled in January 2024. Except for this item and unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates to our continuing operations.

Accounting Standards Issued But Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which requires disclosure of significant segment expenses and expanded interim disclosures. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and early adoption is permitted. We do not expect adoption of ASU 2023-07 will have a material impact on our financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes: Improvements to Income Tax Disclosures*, which requires disclosure of specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. This ASU is effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. We do not expect adoption of ASU 2023-09 will have a material impact on our financial statements.

Note 2 – Variable Interest Entities

Consolidated VIEs

As of June 30, 2024, 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. In order to meet contractual gas gathering commitments, we may fund more than our proportional share of future expansion activity, which could ultimately impact relative ownership.

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

	June 30, 2024	December 31, 2023
	(Millions)	
Assets (liabilities):		
Cash and cash equivalents	$ 39	$ 33
Trade accounts and other receivables – net	170	215
Inventories	5	5
Other current assets and deferred charges	2	4
Property, plant, and equipment – net	4,980	5,046
Intangible assets – net of accumulated amortization	1,995	2,049
Regulatory assets, deferred charges, and other	28	31
Accounts payable	(64)	(109)
Accrued and other current liabilities	(30)	(28)
Regulatory liabilities, deferred income, and other	(269)	(268)

Nonconsolidated VIEs

We own certain equity-method investments that are VIEs due primarily to our limited participating rights as a minority equity holder. Our maximum exposure to loss is limited to the carrying value of these investments, which totaled $73 million at June 30, 2024.

Note 3 – Acquisitions and Divestitures

Gulf Coast Storage Acquisition

On January 3, 2024, we closed on the acquisition of 100 percent of a strategic portfolio of natural gas storage facilities and pipelines, located in Louisiana and Mississippi, from Hartree Partners LP (Gulf Coast Storage Acquisition) for $1.95 billion. The purpose of this acquisition was to expand our natural gas storage footprint in the Gulf Coast region. Assets acquired, acquisition-related costs incurred, and results of operations realized are included within our Transmission & Gulf of Mexico segment. The Gulf Coast Storage Acquisition was funded with cash on hand and $100 million of deferred consideration that does not accrue interest and is payable one year from the acquisition date. The obligation is presented within *Long-term debt due within one year* in our Consolidated Balance Sheet owed by our wholly owned subsidiary Williams Field Services Group, LLC.

During the period from the acquisition date of January 3, 2024 to June 30, 2024, the operations acquired in the Gulf Coast Storage Acquisition contributed *Revenues* of $112 million and *Modified EBITDA* (as defined in Note 10 – Segment Disclosures) of $81 million, which is impacted by acquisition-related costs. Acquisition-related costs for the Gulf Coast Storage Acquisition total $14 million, including $13 million incurred in the six months ended June 30, 2024 included in *Selling, general, and administrative expenses* in our Consolidated Statement of Income.

We accounted for the Gulf Coast Storage 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 technique used consisted of the cost approach for property, plant, and equipment.

The following table presents the preliminary allocation of the acquisition date fair value of the major classes of the assets acquired and liabilities assumed at January 3, 2024. 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; 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. The fair value of accounts receivable acquired, included in Other current assets in the following table, equals contractual amounts receivable.

	(Millions)
Cash and cash equivalents	$ 46
Other current assets	18
Property, plant, and equipment – net	2,035
Other noncurrent assets	2
Total assets acquired	$ 2,101
Current liabilities	$ (11)
Noncurrent liabilities	(107)
Total liabilities assumed	$ (118)
Net assets acquired	$ 1,983

DJ Basin Acquisitions

Cureton Acquisition

On November 30, 2023, we closed on the acquisition of 100 percent of Cureton Front Range, LLC (Cureton Acquisition), whose operations are located in the DJ Basin, for $546 million, subject to working capital and post-closing adjustments. The purpose of this acquisition was to expand our gathering and processing footprint and create operational synergies for our operations in the DJ Basin. Assets acquired, acquisition-related costs incurred, and results of operations realized are included within our West segment. The Cureton Acquisition was funded with cash on hand.

During the period from the acquisition date of November 30, 2023 to December 31, 2023, the operations acquired in the Cureton Acquisition contributed *Revenues* of $35 million and *Modified EBITDA* of $7 million.

Acquisition-related costs for the Cureton Acquisition total $7 million, including $1 million incurred in the six months ended June 30, 2024, included in *Selling, general, and administrative expenses* in our Consolidated Statement of Income.

We accounted for the Cureton Acquisition as a business combination. The valuation techniques used consisted of the cost approach for property, plant, and equipment and the income approach for valuation of other intangible assets.

The following table presents the preliminary allocation of the acquisition date fair value of the major classes of the assets acquired and liabilities assumed at November 30, 2023. 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 other intangible assets; 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. The fair value of accounts receivable acquired, included in Other current assets in the following table, equals contractual amounts receivable.

		(Millions)
Cash and cash equivalents	$	6
Other current assets		21
Property, plant, and equipment – net		435
Intangible assets – net of accumulated amortization		117
Other noncurrent assets		1
Total identifiable assets acquired	$	580
Current liabilities	$	(29)
Noncurrent liabilities		(14)
Total liabilities assumed	$	(43)
Net identifiable assets acquired	$	537
Goodwill included in *Intangible assets – net of accumulated amortization*		9
Net assets acquired	$	546

Other intangible assets recognized in the Cureton Acquisition are related to contractual customer relationships from gas gathering and processing 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 24 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 10 years.

RMM Acquisition

As of December 31, 2022, we owned a 50 percent interest in RMM which we accounted for as an equity-method investment. On November 30, 2023, we closed on the acquisition of the remaining 50 percent interest in RMM (RMM Acquisition) for $704 million. As a result of acquiring this additional interest, we obtained control and now consolidate RMM. The purpose of this acquisition was to expand our gathering and processing footprint and create operational synergies for our operations in the DJ Basin. Assets acquired and results of operations realized are included within our West segment. Substantially all of the RMM purchase price is not due to the seller until the first quarter of 2025, does not accrue interest until the fourth quarter of 2024, and may be repaid early without penalty. It was recorded as a deferred consideration obligation at fair value using an income approach, which resulted in a discount to the contractual amount due which will be imputed as interest expense over the term of the obligation. The obligation is presented within *Long-term debt due within one year* in our Consolidated Balance Sheet owed by our wholly owned subsidiary Williams Rocky Mountain Midstream Holdings LLC.

During the period from the acquisition date of November 30, 2023 to December 31, 2023, RMM contributed *Revenues* of $53 million and *Modified EBITDA* of $12 million.

We accounted for the RMM Acquisition as a business combination. The book value of our existing equity-method investment prior to the acquisition date of November 30, 2023, was $406 million. We recognized a $30 million gain on remeasuring our existing equity-method investment to fair value included in *Other investing income (loss) – net* in our Consolidated Statement of Income during 2023. The valuation techniques used consisted of the income approach for our previous equity-method investment in RMM and the valuation of other intangible assets, and the cost approach for property, plant, and equipment.

The following table presents the preliminary allocation of the acquisition date fair value of the major classes of the assets acquired and liabilities assumed at November 30, 2023. The net assets acquired primarily reflect the noncash consideration transferred, which includes the fair value of both our previous equity-method investment and the deferred consideration obligation. 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 other intangible assets; 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. The fair value of accounts receivable acquired, included in Other current assets in the following table, equals contractual amounts receivable.

		(Millions)
Cash and cash equivalents	$	28
Other current assets		4
Investments		20
Property, plant, and equipment – net		1,041
Intangible assets – net of accumulated amortization		63
Other noncurrent assets		12
Total identifiable assets acquired	$	1,168
Current liabilities	$	(44)
Noncurrent liabilities		(103)
Total liabilities assumed	$	(147)
Net identifiable assets acquired	$	1,021
Goodwill included in *Intangible assets – net of accumulated amortization*		55
Net assets acquired	$	1,076

Goodwill recognized in the RMM Acquisition relates primarily to enhancing and diversifying our basin positions as well as delivering operational synergies, including increasing volumes on our existing processing facilities and increasing revenues on our NGL transportation, fractionation, and storage assets, and is reported within our West 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, plus the fair value of any noncontrolling interest or any previously held equity interest, 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.

Other intangible assets recognized in the RMM Acquisition are related to contractual customer relationships from gas gathering and processing 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 18 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 10 years.

MountainWest Acquisition

On February 14, 2023, we closed on the acquisition of 100 percent of 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. For 2023,

$1.024 billion is presented in *Purchases of businesses, net of cash acquired* in our Consolidated Statement of Cash Flows reflecting the cash purchase price, reduced for post-closing adjustments and the cash acquired as presented in the purchase price allocation. The purpose of the MountainWest Acquisition was to expand our existing transmission and storage infrastructure footprint into major markets in Utah, Wyoming, and Colorado. Assets acquired, acquisition-related costs incurred, and results of operations realized are included within our Transmission & Gulf of Mexico segment.

During the period from the acquisition date of February 14, 2023 to December 31, 2023, the operations acquired in the MountainWest Acquisition contributed *Revenues* of $225 million and *Modified EBITDA* of $122 million, which includes $27 million of transition-related costs.

Acquisition-related costs for the MountainWest Acquisition total $17 million, including $13 million incurred in the six months ended June 30, 2023, included in *Selling, general, and administrative expenses* in our Consolidated Statement of Income.

We accounted for the MountainWest Acquisition as a business combination. The valuation techniques used consisted of the cost approach for nonregulated 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 Topic 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 allocation of the acquisition date fair value of the major classes of the assets acquired and liabilities assumed at February 14, 2023. The fair value of accounts receivable acquired equals contractual amounts receivable.

	(Millions)
Cash and cash equivalents	$ 23
Trade accounts and other receivables	33
Other current assets	26
Investments	20
Property, plant, and equipment – net	1,019
Other noncurrent assets	33
Total identifiable assets acquired	$ 1,154
Current liabilities	$ (47)
Long-term debt	(365)
Other noncurrent liabilities	(95)
Total liabilities assumed	$ (507)
Net identifiable assets acquired	$ 647
Goodwill included in *Intangible assets – net of accumulated amortization*	400
Net assets acquired	$ 1,047

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.

Supplemental Pro Forma

The following pro forma *Revenues* and *Net income (loss) attributable to The Williams Companies, Inc.* for the three and six months ended June 30, 2023, are presented as if the Gulf Coast Storage Acquisition had been completed on January 1, 2023, and the DJ Basin Acquisitions and MountainWest Acquisition had been completed on January 1, 2022. These pro forma amounts are not necessarily indicative of what the actual results would have been if the acquisitions 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 transactions or the potential costs to achieve these cost savings, operating synergies, and revenue enhancements.

	Three Months Ended June 30, 2023			
	As Reported	Pro Forma Gulf Coast Storage	Pro Forma DJ Basin	Pro Forma Combined
	(Millions)			
Revenues	$ 2,483	$ 48	$ 77	$ 2,608
Net income (loss) attributable to The Williams Companies, Inc.	460	19	5	484

	Six Months Ended June 30, 2023				
	As Reported	Pro Forma Gulf Coast Storage	Pro Forma DJ Basin	Pro Forma MountainWest (1)	Pro Forma Combined
	(Millions)				
Revenues	$ 5,564	$ 94	$ 141	$ 35	$ 5,834
Net income (loss) attributable to The Williams Companies, Inc.	1,387	35	8	6	1,436

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

Sale of Certain Gulf Coast Liquids Pipelines

On September 29, 2023, we completed the sale of various petrochemical and feedstock pipelines and associated contracts in the Gulf Coast region for $348 million. As a result of this sale, we recorded a gain of $129 million primarily in the third quarter of 2023 in our Transmission & Gulf of Mexico segment. The gain was reflected in *Gain on sale of business* in our Consolidated Statement of Income. The results of operations for this disposal group, excluding the gain noted, were not significant for the reporting periods.

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 June 30, 2024								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 846	$ —	$ —	$ —	$ —	$ —	$ (20)	$ 826
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	158	431	401	—	—	(37)	953
Commodity consideration	—	5	(5)	18	—	—	—	18
Other	5	6	23	5	—	—	(4)	35
Total service revenues	851	169	449	424	—	—	(61)	1,832
Product sales	22	19	23	191	922	86	(248)	1,015
Total revenues from contracts with customers	873	188	472	615	922	86	(309)	2,847
Other revenues (1)	5	3	11	6	337	2	(1)	363
Other adjustments (2)	—	—	—	—	(968)	—	94	(874)
Total revenues	$ 878	$ 191	$ 483	$ 621	$ 291	$ 88	$ (216)	$ 2,336
Three Months Ended June 30, 2023								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 826	$ —	$ —	$ —	$ —	$ —	$ (12)	$ 814
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	109	462	351	—	—	(45)	877
Commodity consideration	—	6	(3)	24	—	—	—	27
Other	5	6	20	4	—	—	(4)	31
Total service revenues	831	121	479	379	—	—	(61)	1,749
Product sales	57	24	28	85	957	83	(188)	1,046
Total revenues from contracts with customers	888	145	507	464	957	83	(249)	2,795
Other revenues (1)	8	3	7	36	627	8	—	689
Other adjustments (2)	—	—	—	—	(1,079)	—	78	(1,001)
Total revenues	$ 896	$ 148	$ 514	$ 500	$ 505	$ 91	$ (171)	$ 2,483

	Regulated Interstate Transportation & Storage	Gulf of Mexico Midstream & Storage	Northeast Midstream	West Midstream	Gas & NGL Marketing Services	Other	Eliminations	Total
				(Millions)				
Six Months Ended June 30, 2024								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 1,726	$ —	$ —	$ —	$ —	$ —	$ (41)	$ 1,685
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	303	875	831	—	—	(75)	1,934
Commodity consideration	—	14	—	34	—	—	—	48
Other	9	15	47	11	—	—	(9)	73
Total service revenues	1,735	332	922	876	—	—	(125)	3,740
Product sales	47	56	48	439	2,228	194	(566)	2,446
Total revenues from contracts with customers	1,782	388	970	1,315	2,228	194	(691)	6,186
Other revenues (1)	13	6	22	7	1,170	14	(1)	1,231
Other adjustments (2)	—	—	—	—	(2,537)	—	227	(2,310)
Total revenues	$ 1,795	$ 394	$ 992	$ 1,322	$ 861	$ 208	$ (465)	$ 5,107
Six Months Ended June 30, 2023								
Revenues from contracts with customers:								
Service revenues:								
Regulated interstate natural gas transportation and storage	$ 1,639	$ —	$ —	$ —	$ —	$ —	$ (23)	$ 1,616
Gathering, processing, transportation, fractionation, and storage:								
Monetary consideration	—	213	884	702	—	—	(89)	1,710
Commodity consideration	—	18	3	42	—	—	—	63
Other	9	8	45	6	1	—	(8)	61
Total service revenues	1,648	239	932	750	1	—	(120)	3,450
Product sales	79	60	77	175	2,330	185	(442)	2,464
Total revenues from contracts with customers	1,727	299	1,009	925	2,331	185	(562)	5,914
Other revenues (1)	21	7	14	78	2,543	23	—	2,686
Other adjustments (2)	—	—	—	—	(3,238)	—	202	(3,036)
Total revenues	$ 1,748	$ 306	$ 1,023	$ 1,003	$ 1,636	$ 208	$ (360)	$ 5,564

(1) Revenues not derived from contracts with customers primarily consist of physical product sales related to commodity derivative contracts, realized and unrealized gains and losses associated with our commodity derivative contracts, which are reported in *Net gain (loss) from commodity derivatives* in our 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 June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(Millions)			
Balance at beginning of period	$ 50	$ 42	$ 36	$ 29
Revenue recognized in excess of amounts invoiced	40	45	81	88
Minimum volume commitments invoiced	(23)	(31)	(50)	(61)
Balance at end of period	$ 67	$ 56	$ 67	$ 56

Contract Liabilities

The following table presents a reconciliation of our contract liabilities:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(Millions)			
Balance at beginning of period	$ 1,053	$ 1,010	$ 1,081	$ 1,043
Payments received and deferred	75	95	117	124
Significant financing component	2	2	4	4
Contract liability acquired (disposed) – net	—	—	—	5
Recognized in revenue	(66)	(68)	(138)	(137)
Balance at end of period	$ 1,064	$ 1,039	$ 1,064	$ 1,039

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 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 June 30, 2024, 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 June 30, 2024, 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 June 30, 2024.

	Contract Liabilities	Remaining Performance Obligations
	(Millions)	
2024 (six months)	$ 108	$ 2,007
2025 (one year)	165	3,815
2026 (one year)	136	3,562
2027 (one year)	128	3,070
2028 (one year)	114	2,496
Thereafter	413	13,919
Total	$ 1,064	$ 28,869

Accounts Receivable

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

	June 30, 2024	December 31, 2023
	(Millions)	
Accounts receivable related to revenues from contracts with customers	$ 1,122	$ 1,292
Receivables from derivatives	205	311
Other accounts receivable	71	52
Trade accounts and other receivables	$ 1,398	$ 1,655

Note 5 – Provision (Benefit) for Income Taxes

The *Provision (benefit) for income taxes* from continuing operations includes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Current:				
Federal	$ 19	$ (1)	$ 54	$ —
State	4	4	10	4
	23	3	64	4
Deferred:				
Federal	90	149	217	386
State	16	23	41	69
	106	172	258	455
Provision (benefit) for income taxes	$ 129	$ 175	$ 322	$ 459

The effective income tax rates for the total provision (benefit) for the three and six months ended June 30, 2024 and 2023 are greater than the federal statutory rate, primarily due to the effect of state income taxes.

Note 6 – Debt and Banking Arrangements

Issuances

Our senior unsecured public debt issuances for 2024 are as follows:

Issue Date	Maturity Date	Amount (Millions)	Rate
January 5, 2024	March 15, 2029	$ 1,100	4.900%
January 5, 2024	March 15, 2034	1,000	5.150%

Retirements

Our senior unsecured public debt retirements for 2024 are as follows:

Date of Retirement	Maturity Date	Amount (Millions)	Rate
March 4, 2024	March 4, 2024	$ 1,000	4.300%
June 24, 2024	June 24, 2024	1,250	4.550%

Credit Facility

	June 30, 2024	
	Stated Capacity	Outstanding
	(Millions)	
Long-term credit facility (1)	$ 3,750	$ —
Letters of credit under certain bilateral bank agreements		12

(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.

Commercial Paper Program

At June 30, 2024, we had $631 million (at par value) of *Commercial paper* outstanding at a weighted-average interest rate of 5.60 percent under our $3.5 billion 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 June 30, 2024:					
Measured on a recurring basis:					
ARO Trust investments	$ 283	$ 283	$ 283	$ —	$ —
Commodity derivative assets (1)	109	109	—	55	54
Commodity derivative liabilities (1)	(310)	(310)	(2)	(304)	(4)
Interest rate derivatives	2	2	—	2	—
Additional disclosures:					
Long-term debt, including current portion	(25,632)	(24,884)	—	(24,884)	—
Guarantees	(36)	(29)	—	(13)	(16)
Assets (liabilities) at December 31, 2023:					
Measured on a recurring basis:					
ARO Trust investments	$ 269	$ 269	$ 269	$ —	$ —
Commodity derivative assets (2)	310	310	141	112	57
Commodity derivative liabilities (2)	(285)	(285)	(3)	(278)	(4)
Interest rate derivatives	6	6	—	6	—
Additional disclosures:					
Long-term debt, including current portion	(25,713)	(25,553)	—	(25,553)	—
Guarantees	(37)	(28)	—	(12)	(16)

(1) Commodity derivative assets and liabilities exclude $143 million of net cash collateral in Level 1.

(2) Commodity derivative assets and liabilities exclude $2 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) from commodity derivatives* and *Net processing commodity expenses* in our Consolidated Statement of Income. See Note 8 – Commodity Derivatives for additional information on our derivatives.

Interest rate derivatives: At December 31, 2023, we held forward starting interest rate swap agreements with notional amounts totaling $1.15 billion. During January 2024 we terminated certain of these agreements totaling $750 million of notional value coinciding with the issuance of long-term debt (see Note 6 – Debt and Banking Arrangements). During the six months ended June 30, 2024, we entered into new agreements totaling $200 million of notional value. The fair value of these derivatives is determined using discounted cash flows considering forward interest rates and the terms of the agreements, corroborated by counterparty valuations, and is classified as a Level 2 measurement. We designated these derivatives as cash flow hedges to reduce interest rate exposure on future debt issuances. Gains and losses on these derivative instruments are reflected as a component of AOCI and, after the termination of the swap agreement, are amortized to earnings over the term of the related debt as a component of *Interest expense* in our Consolidated Statement of Income. These forward starting interest rate swaps are reported in *Derivative assets* and *Derivative liabilities* in our Consolidated Balance Sheet.

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, as well as the deferred consideration obligations associated with the RMM Acquisition and the Gulf Coast Storage Acquisition (see Note 3 – Acquisitions and Divestitures), all 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, Inc., (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 $22 million at June 30, 2024. 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 – Commodity 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 derivatives are recorded as operating activities.

We enter into commodity 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 June 30, 2024, the notional volume of the net long (short) positions for our commodity derivative contracts were as follows:

	Commodity	Unit of Measure	Net Long (Short) Position
Index Risk	Natural Gas	MMBtu	886,109,134
Central Hub Risk - Henry Hub	Natural Gas	MMBtu	(81,136,597)
Basis Risk	Natural Gas	MMBtu	(28,533,844)
Central Hub Risk - Mont Belvieu	Natural Gas Liquids	Barrels	(1,929,000)
Basis Risk	Natural Gas Liquids	Barrels	(300,000)
Central Hub Risk - WTI	Crude Oil	Barrels	(240,000)

Commodity Derivatives Financial Statement Presentation

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

	June 30, 2024		December 31, 2023	
Commodity Derivatives Categories	Assets	(Liabilities)	Assets	(Liabilities)
	(Millions)			
Current	$ 464	$ (500)	$ 623	$ (496)
Noncurrent	223	(388)	243	(345)
Total commodity derivatives	$ 687	$ (888)	$ 866	$ (841)
Counterparty and collateral netting offset	(420)	563	(552)	554
Amounts recognized in our Consolidated Balance Sheet	$ 267	$ (325)	$ 314	$ (287)

The pre-tax impacts of commodity derivatives, which are not designated as hedging instruments for accounting purposes, are reflected in our Consolidated Statement of Income as follows:

	Gain (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Net gain (loss) from commodity derivatives within *Total revenues*:				
Realized	$ (5)	$ 3	$ 81	$ 177
Unrealized	(124)	112	(219)	444
	$ (129)	$ 115	$ (138)	$ 621
Net gain (loss) from commodity derivatives within *Net processing commodity expenses*:				
Realized	$ (1)	$ 1	$ (5)	$ (3)
Unrealized	(7)	(29)	(4)	(34)
	$ (8)	$ (28)	$ (9)	$ (37)
Total net gain (loss) from commodity derivatives	$ (137)	$ 87	$ (147)	$ 584

Contingent Features

Generally, collateral may be provided in the form of 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 June 30, 2024, the contractually required collateral in the event of a credit rating downgrade to non-investment grade status was $15 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 June 30, 2024, net cash collateral held on deposit in broker margin accounts was $143 million.

Note 9 – Contingencies

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, which obligations survived Chesapeake's bankruptcy proceedings. Prior to its bankruptcy, Chesapeake reached a settlement to resolve substantially all Pennsylvania royalty cases pending. During the pendency of the bankruptcy, that settlement was renegotiated. The settlement applies to both Chesapeake and us and does not require any contribution from us. On August 23, 2021, after referral to the United States District Court for the Southern District of Texas by the bankruptcy court, the court approved the settlement. Two objectors filed an appeal with the United States Court of Appeals for the Fifth Circuit. On June 8, 2023, the Court of Appeals vacated the settlement approval and remanded to the United States District Court for the Southern District of Texas with instructions to dismiss the settlement proceedings for lack of jurisdiction. On August 31, 2023, the bankruptcy court entered an order finding the settlement agreements to be null and void. Certain plaintiffs have filed a notice of dismissal of their claims against Chesapeake that arose prior to February 8, 2021, in the United States District Court for the Middle District of Pennsylvania lawsuits. The notice states that plaintiffs are not releasing their claims against the other defendants, including us, or claims against Chesapeake that arose after February 9, 2021. We continue to believe the claims against us are subject to indemnity obligations owed to us by Chesapeake.

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 June 30, 2024, we have accrued liabilities totaling $43 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 June 30, 2024, 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 June 30, 2024, we have accrued liabilities of $12 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 June 30, 2024, we have accrued liabilities totaling $6 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. At June 30, 2024, we have accrued environmental liabilities of $25 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.

At June 30, 2024, other than as previously disclosed, we are not aware of any material claims against us involving the above-described indemnities. 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:
    - Income (loss) from discontinued operations;
    - Provision (benefit) for income taxes;
    - Interest expense;
    - 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.

Significant noncash items which are components of *Modified EBITDA* may include unrealized net gain (loss) from commodity derivatives within *Total revenues,* unrealized net gain (loss) from commodity derivatives within *Net processing commodity expenses* for our Gas & NGL Marketing segment, charges associated with lower of cost or net realizable value adjustments to our inventory within *Product sales* and *Product costs*, and impairments of certain assets within *Other (income) expense – net* within *Operating income (loss)*.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Modified EBITDA by segment:				
Transmission & Gulf of Mexico	$ 808	$ 731	$ 1,637	$ 1,446
Northeast G&P	481	515	985	985
West	318	312	645	616
Gas & NGL Marketing Services	(126)	68	(25)	635
Total reportable segments	1,481	1,626	3,242	3,682
Modified EBITDA of other business activities	47	41	123	115
	1,528	1,667	3,365	3,797
Accretion expense associated with asset retirement obligations for nonregulated operations	(21)	(14)	(39)	(29)
Depreciation and amortization expenses	(540)	(515)	(1,088)	(1,021)
Equity earnings (losses)	147	160	284	307
Other investing income (loss) – net	18	13	42	21
Proportional Modified EBITDA of equity-method investments	(238)	(249)	(466)	(478)
Interest expense	(339)	(306)	(688)	(600)
(Provision) benefit for income taxes	(129)	(175)	(322)	(459)
Income (loss) from discontinued operations	—	(87)	—	(87)
Net income (loss)	$ 426	$ 494	$ 1,088	$ 1,451

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 June 30, 2024							
Segment revenues:							
Service revenues							
External	$ 999	$ 462	$ 372	$ —	$ 4	$ —	$ 1,837
Internal	24	3	35	—	—	(62)	—
Total service revenues	1,023	465	407	—	4	(62)	1,837
Total service revenues – commodity consideration	5	(5)	18	—	—	—	18
Product sales							
External	25	5	34	508	38	—	610
Internal	15	18	157	(85)	48	(153)	—
Total product sales	40	23	191	423	86	(153)	610
Net gain (loss) from commodity derivatives							
Realized	—	—	5	(33)	23	—	(5)
Unrealized	—	—	—	(99)	(25)	—	(124)
Total net gain (loss) from commodity derivatives (2)	—	—	5	(132)	(2)	—	(129)
Total revenues	$ 1,068	$ 483	$ 621	$ 291	$ 88	$ (215)	$ 2,336
Three Months Ended June 30, 2023							
Segment revenues:							
Service revenues							
External	$ 933	$ 480	$ 330	$ —	$ 5	$ —	$ 1,748
Internal	23	9	28	—	—	(60)	—
Total service revenues	956	489	358	—	5	(60)	1,748
Total service revenues – commodity consideration	6	(3)	24	—	—	—	27
Product sales							
External	57	11	10	487	28	—	593
Internal	22	17	75	(60)	55	(109)	—
Total product sales	79	28	85	427	83	(109)	593
Net gain (loss) from commodity derivatives							
Realized	1	—	33	(45)	14	—	3
Unrealized	—	—	—	123	(11)	—	112
Total net gain (loss) from commodity derivatives (2)	1	—	33	78	3	—	115
Total revenues	$ 1,042	$ 514	$ 500	$ 505	$ 91	$ (169)	$ 2,483

	Transmission & Gulf of Mexico	Northeast G&P	West	Gas & NGL Marketing Services (1)	Other	Eliminations	Total
	(Millions)						
Six Months Ended June 30, 2024							
Segment revenues:							
Service revenues							
External	$ 2,028	$ 937	$ 769	$ —	$ 8	$ —	$ 3,742
Internal	44	7	75	—	—	(126)	—
Total service revenues	2,072	944	844	—	8	(126)	3,742
Total service revenues – commodity consideration	14	—	34	—	—	—	48
Product sales							
External	55	7	106	1,215	72	—	1,455
Internal	46	41	333	(205)	122	(337)	—
Total product sales	101	48	439	1,010	194	(337)	1,455
Net gain (loss) from commodity derivatives							
Realized	—	—	5	48	28	—	81
Unrealized	—	—	—	(197)	(22)	—	(219)
Total net gain (loss) from commodity derivatives (2)	—	—	5	(149)	6	—	(138)
Total revenues	$ 2,187	$ 992	$ 1,322	$ 861	$ 208	$ (463)	$ 5,107
Six Months Ended June 30, 2023							
Segment revenues:							
Service revenues							
External	$ 1,848	$ 923	$ 662	$ 1	$ 8	$ —	$ 3,442
Internal	48	20	52	—	—	(120)	—
Total service revenues	1,896	943	714	1	8	(120)	3,442
Total service revenues – commodity consideration	18	3	42	—	—	—	63
Product sales							
External	81	19	29	1,263	46	—	1,438
Internal	53	58	146	(161)	139	(235)	—
Total product sales	134	77	175	1,102	185	(235)	1,438
Net gain (loss) from commodity derivatives							
Realized	1	—	72	72	32	—	177
Unrealized	—	—	—	461	(17)	—	444
Total net gain (loss) from commodity derivatives (2)	1	—	72	533	15	—	621
Total revenues	$ 2,049	$ 1,023	$ 1,003	$ 1,636	$ 208	$ (355)	$ 5,564

(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 commodity 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 from commodity derivatives held for energy trading purposes are presented on a net basis in revenue.

Note 11 – Subsequent Events

Discovery Acquisition

As of December 31, 2023, we owned a 60 percent interest in Discovery which we accounted for as an equity-method investment. On August 1, 2024, we closed on the acquisition of the remaining 40 percent interest in Discovery, along with certain other assets, for $170 million, subject to working capital and post-closing adjustments. As a result of acquiring this additional interest, we obtained control and will consolidate Discovery. The purpose of this acquisition was to expand our gathering, processing, and transportation footprint in the Gulf of Mexico region. Assets acquired, acquisition-related costs incurred, and results of operations realized will be included within our Transmission & Gulf of Mexico segment. Due to the recent timing, the initial purchase price accounting for the transaction was not available at the time of filing.

Sale of Aux Sable Interest

Also on August 1, 2024, we completed the sale of our equity-method investments in Aux Sable Liquid Products Inc., Aux Sable Liquid Products LP, and Aux Sable Midstream LLC (collectively, “Aux Sable”) for total consideration of $160 million. As a result of this sale, we expect to record a gain in the third quarter of 2024 in our Northeast G&P segment.

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 (see Note 11 – Subsequent Events). Transmission & Gulf of Mexico also includes natural gas storage facilities and pipelines providing services in north Texas, and also in Louisiana and Mississippi related to the January 2024 Gulf Coast Storage Acquisition (see Note 3 – Acquisitions and Divestitures).
- 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 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, the Mid-Continent region which includes the Anadarko and Permian basins, and the DJ Basin of Colorado which includes RMM, a former 50 percent equity-method investment in which we acquired the remaining ownership interest in November 2023 (see Note 3 – Acquisitions and Divestitures). This segment also includes our NGL storage facilities, an undivided 50 percent interest in an NGL fractionator near Conway, Kansas, and a 50 percent equity-method investment in OPPL.

- 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, 2023 dated February 21, 2024.

Dividends

In June 2024, we paid a regular quarterly dividend of $0.4750 per share.

Overview of Six Months Ended June 30, 2024

Net income (loss) attributable to The Williams Companies, Inc. for the six months ended June 30, 2024, decreased $354 million compared to the six months ended June 30, 2023. Further discussion of our results is found in this report in the Results of Operations.

Recent Developments

Expansion Project Updates

Transmission & Gulf of Mexico

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 placed approximately half of the project into service in the fourth quarter of 2023 and placed the remainder of the project into service in August 2024. The project increased capacity by 829 Mdth/d.

On July 30, 2024, the D.C. Circuit Court of Appeals granted petitions for review of the FERC orders approving the project, vacating such orders and remanding the matter to the FERC for appropriate action. The court's decision will not be effective until the court has issued its mandate (which is not expected to occur until mid-September 2024 at the earliest), so the decision will not have an immediate impact on the project or the service being rendered through the project capacity. We will take the necessary legal and regulatory actions to ensure that the project capacity continues to be available to serve the needs of our customers without interruption.

Acquisitions and Divestitures

Discovery Acquisition

As of December 31, 2023, we owned a 60 percent interest in Discovery which we accounted for as an equity-method investment. On August 1, 2024, we closed on the acquisition of the remaining 40 percent interest in Discovery, along with certain other assets, for $170 million, subject to working capital and post-closing adjustments. As a result of acquiring this additional interest, we obtained control and will consolidate Discovery. The purpose of this acquisition was to expand our gathering, processing, and transportation footprint in the Gulf of Mexico region. Assets acquired, acquisition-related costs incurred, and results of operations realized will be included within our Transmission & Gulf of Mexico segment (see Note 11 – Subsequent Events).

Sale of Aux Sable Interest

Also on August 1, 2024, we completed the sale of our equity-method investments in Aux Sable for total consideration of $160 million. As a result of this sale, we expect to record a gain in the third quarter of 2024 in our Northeast G&P segment (see Note 11 – Subsequent Events).

Gulf Coast Storage Acquisition

On January 3, 2024, we closed on the acquisition of 100 percent of a strategic portfolio of natural gas storage facilities and pipelines, located in Louisiana and Mississippi, from Hartree Partners LP for $1.95 billion. The purpose of this acquisition, which is reported in the Transmission & Gulf of Mexico segment, was to expand our natural gas storage footprint in the Gulf Coast region. The Gulf Coast Storage Acquisition was funded with cash on hand and $100 million of deferred consideration (see Note 3 – Acquisitions and Divestitures).

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 2024 includes a continued focus on earnings and cash flow growth.

In 2024, our operating results are expected to benefit from the recent Gulf Coast Storage and DJ Basin acquisitions. We also anticipate increases resulting from Transmission & Gulf of Mexico expansion projects, including the Regional Energy Access project, and annual inflation-based rate increases across our gathering and processing business. These increases are partially offset by lower expected Gas & NGL Marketing Services results, the absence of realized hedge gains captured in 2023 in the West, and a decrease in expected volumes primarily in the Appalachian and Haynesville basins associated with 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 2024 are expected to range from $1.45 billion to $1.75 billion, excluding acquisitions. Growth capital spending in 2024 primarily includes Transco expansions, all of which are fully contracted with firm transportation agreements, projects supporting growth in the Haynesville Basin, and projects supporting the Northeast G&P business. We also expect to invest capital in our Other business ventures. 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, 2023, as filed with the SEC on February 21, 2024, as may be supplemented by disclosure in Part II, Item 1A. Risk Factors in subsequent Quarterly Reports on Form 10-Q.

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 second quarter of 2025.

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.

Southside Reliability Enhancement

In July 2023, we received approval from the FERC for the project, which involves 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 fourth quarter of 2024, 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 January 2024, we received approval from 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 November 2023, we received approval from the FERC for the project, which involves 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 second 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 November 2023, we received approval from 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 March 2024, we received approval from the FERC for the project, 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 64 Mdth/d.

Southeast Supply Enhancement

We plan to file an application with the FERC as early as the third quarter of 2024 for the project, which involves an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from receipt points in Virginia to delivery points in Virginia, North Carolina, South Carolina, Georgia, and Alabama. We plan to place the project into service as early as the fourth quarter of 2027, assuming timely receipt of all necessary regulatory approvals. The project is expected to increase capacity by 1,592 Mdth/d.

Gillis West

We plan to file our prior notice application for the project with the FERC as early as the fourth quarter of 2024, which involves an expansion of Transco’s existing natural gas transmission system to provide incremental firm transportation capacity from receipt points in Louisiana to delivery points in Texas. 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 115 Mdth/d.

Overthrust Westbound Compression Expansion

In November 2023, we filed an application with the FERC for the project, which involves an expansion of MountainWest’s existing natural gas transmission system to provide incremental firm transportation capacity from multiple receipt points in Wamsutter, Wyoming to a delivery point in Opal, Wyoming. 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 325 Mdth/d.

Northeast G&P

Cardinal Gathering Expansion

We have an agreement in place with a third party to facilitate natural gas production growth in the Utica Shale region. We plan to construct approximately 8 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 third quarter of 2025.

West

Louisiana Energy Gateway

In August 2024, we began construction activities on 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 second half of 2025.

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. This project is expected to go into service in the second quarter of 2025.

Results of Operations

Consolidated Overview

The following table and discussion is a summary of our consolidated results of operations for the three and six months ended June 30, 2024, compared to the three and six months ended June 30, 2023, and should be read in conjunction with the results of operations by segment, as discussed in further detail following this consolidated overview discussion.

	Three Months Ended June 30,		Change*		Six Months Ended June 30,		Change*	
	2024	2023	$	%	2024	2023	$	%
	(Dollars in millions)				(Dollars in millions)			
Revenues:								
Service revenues	$ 1,837	$ 1,748	+89	+5 %	$ 3,742	$ 3,442	+300	+9 %
Product sales and service revenues – commodity consideration	628	620	+8	+1 %	1,503	1,501	+2	— %
Net gain (loss) from commodity derivatives	(129)	115	-244	NM	(138)	621	-759	NM
Total revenues	2,336	2,483			5,107	5,564		
Costs and expenses:								
Product costs and net processing commodity expenses	441	465	+24	+5 %	972	1,072	+100	+9 %
Operating and maintenance expenses	522	481	-41	-9 %	1,033	944	-89	-9 %
Depreciation and amortization expenses	540	515	-25	-5 %	1,088	1,021	-67	-7 %
Selling, general, and administrative expenses	164	161	-3	-2 %	350	337	-13	-4 %
Other (income) expense – net	(27)	(9)	+18	+200 %	(44)	(40)	+4	+10 %
Total costs and expenses	1,640	1,613			3,399	3,334		
Operating income (loss)	696	870			1,708	2,230		
Equity earnings (losses)	147	160	-13	-8 %	284	307	-23	-7 %
Other investing income (loss) – net	18	13	+5	+38 %	42	21	+21	+100 %
Interest expense	(339)	(306)	-33	-11 %	(688)	(600)	-88	-15 %
Other income (expense) – net	33	19	+14	+74 %	64	39	+25	+64 %
Income (loss) before income taxes	555	756			1,410	1,997		
Less: Provision (benefit) for income taxes	129	175	+46	+26 %	322	459	+137	+30 %
Income (loss) from continuing operations	426	581			1,088	1,538		
Income (loss) from discontinued operations	—	(87)	+87	+100 %	—	(87)	+87	+100 %
Net income (loss)	426	494			1,088	1,451		
Less: Net income attributable to noncontrolling interests	25	34	+9	+26 %	55	64	+9	+14 %
Net income (loss) attributable to The Williams Companies, Inc.	$ 401	$ 460	-59	-13 %	$ 1,033	$ 1,387	-354	-26 %

* + = 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 June 30, 2024 vs. three months ended June 30, 2023

Service revenues increased primarily due to higher volumes from the November 2023 DJ Basin Acquisitions at our West segment and the January 2024 Gulf Coast Storage acquisition at our Transmission & Gulf of Mexico segment (see Note 3 – Acquisitions and Divestitures), and higher revenues associated with an expansion project at our Transmission & Gulf of Mexico segment; partially offset by lower gathering volumes at our Northeast G&P and West Segments.

The net sum of *Product sales and service revenues – commodity consideration*, *Product costs and net processing commodity expenses,* and net realized gains and losses on commodity derivatives related to sales of product and shrink gas purchases for our processing plants for our reportable segments comprise our *Commodity Margins*. *Service revenues - commodity consideration* represent payments we receive in the form of commodities for processing services provided. Most of these commodity volumes are sold during the month processed and are offset within *Product costs and net processing commodity expenses*. The sum of *Product sales* and net realized gains and losses on commodity derivatives related to our upstream operations comprise *Net realized product sales*.

The *Product sales and service revenues – commodity consideration* increase primarily consists of:

- Higher net natural gas marketing sales and purchases volumes, partially offset by lower net prices;
- Higher NGL marketing sales primarily due to higher non-ethane prices, partially offset by lower ethane volumes and prices; partially offset by
- Lower system management gas sales.

As we are acting as agent for natural gas marketing customers, our natural gas marketing product sales are presented net of the related costs of those activities within our Gas & NGL Marketing Services segment.

Net gain (loss) from commodity derivatives includes realized and unrealized gains and losses from derivative instruments reflected within *Total revenues* primarily in our Gas & NGL Marketing Services and West segments, and at Other (see Note 8 – Commodity Derivatives).

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 capacity portfolios 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 capacity contracts, which are not recognized until the underlying transaction occurs.

The *Product costs and net processing commodity expenses* decrease primarily consists of:

- Lower system management gas purchases; partially offset by
- Higher non-ethane prices, partially offset by lower ethane volumes for our NGL marketing activities.

Operating and maintenance expenses increased primarily due to operating costs of the assets acquired at our West and Transmission & Gulf of Mexico segments.

Depreciation and amortization expenses increased primarily related to assets acquired at our West and Transmission & Gulf of Mexico segments.

Equity earnings (losses) changed unfavorably primarily due to the consolidation of RMM following our acquisition of the remaining ownership interest in November 2023 and a decrease at Blue Racer, partially offset by favorable results at OPPL.

The increase in *Interest expense* was primarily due to our 2023 and 2024 debt issuances, and imputed interest on deferred consideration obligations related to our DJ Basin and Gulf Coast Storage acquisitions, partially offset by 2023 and 2024 debt retirements (see Note 6 – Debt and Banking Arrangements).

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

Income (loss) from discontinued operations in 2023 includes a pre-tax charge of $115 million to increase the accrued liability associated with our Alaska refinery contamination litigation, partially offset by the related income tax effect.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

Service revenues increased primarily due to higher volumes from the January 2024 Gulf Coast Storage and February 2023 MountainWest acquisitions at our Transmission & Gulf of Mexico segment and the November 2023 DJ Basin Acquisitions at our West segment, and higher revenues associated with an expansion project at our Transmission & Gulf of Mexico segment.

The *Product sales and service revenues – commodity consideration* increase primarily consists of:

- Higher net natural gas marketing sales primarily due to higher sales and purchases volumes substantially offset by lower net prices and higher storage costs;
- Higher product sales from our upstream operations primarily due to higher production volumes, partially offset by lower commodity prices. These sales are partially offset by
- Lower system management gas sales;
- Lower NGL marketing sales primarily due to lower ethane volumes, partially offset by higher non-ethane prices.

The *Product costs and net processing commodity expenses* decrease primarily consists of:

- Lower shrink gas purchases associated with our equity NGL production activities due to lower natural gas prices and volumes;
- Lower system management gas purchases; and
- Lower NGL marketing purchases due to lower ethane volumes, partially offset by higher non-ethane prices.

Operating and maintenance expenses increased primarily due to operating costs of the assets acquired at our West and Transmission & Gulf of Mexico segments, as well as an unfavorable change in our net imbalance liability due to changes in pricing.

Depreciation and amortization expenses increased primarily related to the assets acquired at our West and Transmission & Gulf of Mexico segments.

Equity earnings (losses) changed unfavorably primarily due to the consolidation of RMM following our acquisition of the remaining ownership interest in November 2023 and a decrease at Blue Racer, partially offset by favorable results at OPPL.

The increase in *Interest expense* was primarily due to our 2023 and 2024 debt issuances, and imputed interest on deferred consideration obligations related to our DJ Basin and Gulf Coast Storage Acquisitions, partially offset by 2023 and 2024 debt retirements (see Note 6 – Debt and Banking Arrangements).

The favorable change in *Other income (expense) – net* below *Operating income (loss)* includes an increase in equity allowance for funds used during construction (equity AFUDC) at our Transmission & Gulf of Mexico segment.

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

Income (loss) from discontinued operations in 2023 includes a pre-tax charge of $115 million to increase the accrued liability associated with our Alaska refinery contamination litigation, partially offset by the related income tax effect.

Period-Over-Period Operating Results – Segments

We evaluate segment operating performance based upon *Modified EBITDA*. Note 10 – Segment Disclosures 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Service revenues	$ 1,023	$ 956	$ 2,072	$ 1,896
Product sales and service revenues – commodity consideration (1)	45	85	115	152
Net realized gain (loss) from commodity derivatives (1)	—	1	—	1
Segment revenues	1,068	1,042	2,187	2,049
Product costs and net processing commodity expenses (1)	(40)	(78)	(101)	(135)
Other segment costs and expenses	(269)	(281)	(544)	(569)
Proportional Modified EBITDA of equity-method investments	49	48	95	101
Transmission & Gulf of Mexico Modified EBITDA	$ 808	$ 731	$ 1,637	$ 1,446
Commodity margins	$ 5	$ 8	$ 14	$ 18

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

Three months ended June 30, 2024 vs. three months ended June 30, 2023

Transmission & Gulf of Mexico Modified EBITDA increased primarily due to higher *Service revenues.*

Service revenues increased primarily due to:

- A $58 million increase due to the acquisition of Gulf Coast Storage assets in January 2024 primarily in storage revenues (see Note 3 – Acquisitions and Divestitures);
- A $20 million increase in Transco's revenues associated with the Regional Energy Access expansion project placed partially in-service in the fourth quarter of 2023; partially offset by
- A $12 million decrease due to the sale of certain liquids pipelines in the Gulf Coast region in September 2023 primarily in transportation revenues (see Note 3 – Acquisitions and Divestitures).

Other segment costs and expenses decreased primarily due to:

- A favorable change in equity AFUDC primarily as a result of increased capital expenditures at Transco;
- A favorable change in the deferral of ARO-related depreciation at Transco; partially offset by
- Higher operating expenses and administrative costs including higher operating, acquisition and transition costs related to our Gulf Coast Storage Acquisition and higher costs related to timing and scope of general maintenance activities; substantially offset by significantly lower acquisition and transition costs related to our MountainWest Acquisition (see Note 3 – Acquisitions and Divestitures); a gain associated with MountainWest cash-out sales; and the sale of certain liquids pipelines in the Gulf Coast region.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

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

Service revenues increased primarily due to:

- A $108 million increase due to the acquisition of Gulf Coast Storage assets primarily in storage revenues;
- A $40 million increase in Transco's revenues associated with the Regional Energy Access expansion project;
- A $37 million increase in transportation and storage revenues at MountainWest primarily due to the acquisition in February 2023;
- A $10 million increase in NorTex's revenues primarily associated with higher storage rates; partially offset by
- A $25 million decrease due to the sale of certain liquids pipelines in the Gulf Coast region primarily in transportation revenues.

Other segment costs and expenses decreased primarily due to:

- A favorable change in equity AFUDC primarily as a result of increased capital expenditures at Transco;
- A favorable change in the deferral of ARO-related depreciation at Transco; partially offset by

- Higher operating expenses and administrative costs including higher operating, acquisition and transition costs related to our Gulf Coast Storage Acquisition and higher operating and administrative expenses related to our MountainWest Acquisition; substantially offset by significantly lower acquisition and transition costs related to our MountainWest Acquisition; a gain associated with MountainWest cash-out sales; and the sale of certain liquids pipelines in the Gulf Coast region.

Northeast G&P

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Service revenues	$ 465	$ 489	$ 944	$ 943
Product sales and service revenues – commodity consideration (1)	18	25	48	80
Segment revenues	483	514	992	1,023
Product costs and net processing commodity expenses (1)	(18)	(26)	(37)	(76)
Other segment costs and expenses	(137)	(132)	(280)	(264)
Proportional Modified EBITDA of equity-method investments	153	159	310	302
Northeast G&P Modified EBITDA	$ 481	$ 515	$ 985	$ 985
Commodity margins	$ —	$ (1)	$ 11	$ 4

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

Three months ended June 30, 2024 vs. three months ended June 30, 2023

Northeast G&P Modified EBITDA decreased primarily due to lower *Service revenues* and lower *Proportional Modified EBITDA of equity-method investments*.

Service revenues decreased primarily due to:

- A $24 million decrease in revenues in the Utica Shale region primarily related to the timing of recognition of the 2023 cost of service rate increase at Cardinal associated with the annual redetermination of those rates as well as lower volumes at Flint and Cardinal;

- An $8 million decrease in gathering revenues at Susquehanna Supply Hub primarily related to lower volumes partially offset by escalated rates.

Proportional Modified EBITDA of equity-method investments decreased at Blue Racer primarily driven by lower gathering volumes. Additionally, Appalachia Midstream Investments decreased primarily driven by lower volumes significantly offset by higher gathering rates at the Bradford Supply Hub.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

Northeast G&P Modified EBITDA was consistent with the prior year primarily due to higher *Other segment costs and expenses*, partially offset by higher *Proportional Modified EBITDA of equity-method investments*.

Service revenues were consistent with the prior year primarily due to:

- An $11 million increase in gathering revenues at Susquehanna Supply Hub primarily related to escalated rates partially offset by lower volumes;

- An $8 million increase in joint venture operating fees primarily related to us assuming operatorship of Blue Racer effective January 1, 2024 (which is significantly offset by higher *Other segment costs and expenses* discussed below); offset by

- A $15 million decrease in revenues in the Utica Shale region primarily related to lower volumes at Flint and Cardinal;

- An $11 million decrease in revenues at the Northeast JV primarily related to lower transportation & fractionation, processing, and gathering volumes, partially offset by higher processing and transportation & fractionation rates.

Other segment costs and expenses increased primarily due to higher employee-related costs as well as increased corporate allocations of support costs related to us assuming operatorship of Blue Racer effective January 1, 2024 (substantially offset by higher *Service revenues* discussed above).

Proportional Modified EBITDA of equity-method investments increased at Aux Sable Liquid Products LP primarily due to the terms of the new product marketing agreement. Additionally, Appalachia Midstream Investments increased primarily driven by higher gathering rates partially offset by lower volumes at the Bradford Supply Hub. The increase was partially offset by a decrease at Blue Racer primarily driven by lower gathering volumes offset by higher processing volumes.

West

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Service revenues	$ 407	$ 358	$ 844	$ 714
Product sales and service revenues – commodity consideration (1)	209	109	473	217
Net realized gain (loss) from commodity derivatives relating to service revenues	7	29	10	68
Net realized gain (loss) from commodity derivatives relating to product sales (1)	(2)	4	(5)	4
Net realized gain (loss) from commodity derivatives	5	33	5	72
Segment revenues	621	500	1,322	1,003
Product costs and net processing commodity expenses (1)	(177)	(95)	(426)	(227)
Other segment costs and expenses	(162)	(136)	(312)	(236)
Proportional Modified EBITDA of equity-method investments	36	43	61	76
West Modified EBITDA	$ 318	$ 312	$ 645	$ 616
Commodity margins	$ 30	$ 18	$ 42	$ (6)

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

Three months ended June 30, 2024 vs. three months ended June 30, 2023

West Modified EBITDA increased primarily due to higher *Service revenues* and *Commodity margins,* partially offset by higher *Other segment costs and expenses* and an unfavorable change in *Net realized gain (loss) from commodity derivatives relating to service revenues.*

Service revenues increased primarily due to:

- A $69 million increase in the DJ Basin region associated with the DJ Basin Acquisitions in November 2023 (see Note 3 – Acquisitions and Divestitures);
- An $8 million increase in our NGL operations associated with higher fractionation and transportation revenue both due to higher volumes; partially offset by
- A $17 million decrease in the Haynesville Shale region primarily associated with lower gathering volumes from decreased producer activity;
- A $9 million decrease in the Eagle Ford Shale region primarily due to lower MVC revenues and lower gathering volumes.

Net realized gain (loss) from commodity derivatives relating to service revenues reflects an unfavorable change in settled commodity prices relative to our natural gas hedge positions.

Commodity margins increased $12 million primarily due to a $12 million increase in marketing margins and a $6 million increase from other sales activities both associated primarily with the Cureton Acquisition, partially offset by a $6 million decrease from our equity NGLs primarily due to an unfavorable change in net realized commodity pricing.

Other segment costs and expenses increased primarily due to higher operating expenses including those resulting from the DJ Basin Acquisitions.

Proportional Modified EBITDA of equity-method investments decreased primarily due to lower proportional results as RMM was consolidated as of November 30, 2023, partially offset by higher volumes at OPPL.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

West Modified EBITDA increased primarily due higher *Service revenues* and *Commodity margins,* partially offset by higher *Other segment costs and expenses,* an unfavorable change in *Net realized gain (loss) from commodity derivatives relating to service revenues,* and lower *Proportional Modified EBITDA of equity-method investments.*

Service revenues increased primarily due to:

- A $141 million increase in the DJ Basin region associated with the DJ Basin Acquisitions in November 2023 (see Note 3 – Acquisitions and Divestitures);
- A $20 million increase in our other NGL operations associated with higher fractionation and transportation revenue due to higher volumes and higher storage fees primarily due to a new contract;
- A $17 million increase in the Wamsutter region primarily associated with higher gathering volumes from increased producer activity as well as higher volumes associated with the absence of weather-related events in first-quarter 2023; partially offset by
- An $18 million decrease in the Eagle Ford Shale region primarily due to lower MVC revenues as well as lower gathering volumes;

- A $16 million decrease in the Haynesville Shale region primarily due to lower gathering volumes from decreased producer activity;
- A $14 million decrease in the Barnett Shale region primarily due to lower gathering rates driven by unfavorable commodity pricing.

Net realized gain (loss) from commodity derivatives relating to service revenues reflects an unfavorable change in settled commodity prices relative to our natural gas hedge positions.

Commodity margins increased $48 million primarily due to a $24 million increase from our equity NGLs due to a favorable change in net realized commodity pricing primarily for shrink gas purchases and a $13 million increase in marketing margins as well as an $11 million increase from other sales activities, both associated primarily with the Cureton Acquisition.

Other segment costs and expenses increased primarily due to higher operating and employee-related expenses including those resulting from the DJ Basin Acquisitions, the absence of favorable contract settlements in first-quarter 2023, and an unfavorable change in our net imbalance liability due to changes in pricing.

Proportional Modified EBITDA of equity-method investments decreased primarily due to lower proportional results as RMM was consolidated as of November 30, 2023, partially offset by higher volumes at OPPL.

Gas & NGL Marketing Services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Service revenues	$ —	$ —	$ —	$ 1
Product sales (1)	423	427	1,010	1,102
Net realized gain (loss) from commodity derivative instruments (1)	(33)	(45)	48	72
Net unrealized gain (loss) from commodity derivative instruments	(99)	123	(197)	461
Net gain (loss) from commodity derivatives	(132)	78	(149)	533
Segment revenues	291	505	861	1,636
Net unrealized gain (loss) from commodity derivative instruments within Net processing commodity expenses	(7)	(29)	(4)	(34)
Product costs (1)	(387)	(384)	(819)	(911)
Other segment costs and expenses	(23)	(24)	(63)	(56)
Gas & NGL Marketing Services Modified EBITDA	$ (126)	$ 68	$ (25)	$ 635
Commodity margins	$ 3	$ (2)	$ 239	$ 263

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

Three months ended June 30, 2024 vs. three months ended June 30, 2023

Gas & NGL Marketing Services Modified EBITDA decreased primarily due to an unfavorable change in *Net unrealized gain (loss) from commodity derivative instruments*.

Net unrealized gain (loss) from commodity derivative instruments within *Segment revenues* and *Net processing commodity expenses* relates to derivative contracts that are not designated as hedges for accounting purposes. The change from 2023 is primarily due to a change in forward commodity prices relative to our hedge positions in 2024 compared to 2023.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

Gas & NGL Marketing Services Modified EBITDA decreased primarily due to an unfavorable change in *Net unrealized gain (loss) from commodity derivative instruments* and lower *Commodity margins*.

Commodity margins decreased $24 million primarily due to a $29 million decrease in our natural gas marketing margins including $18 million of lower natural gas storage marketing margins primarily driven by lower withdrawals from warmer winter weather in first quarter 2024 compared to 2023 and a less favorable change in realized derivative gains, partially offset by a favorable change of $12 million in lower cost or net realizable value inventory adjustment. The decrease in our natural gas marketing margins also includes $11 million of lower natural gas transportation capacity marketing margins due to less favorable net realized pricing spreads.

The change in *Net unrealized gain (loss) from commodity derivative instruments* within *Segment revenues* and *Net processing commodity expenses* from 2023 is primarily due to a change in forward commodity prices relative to our hedge positions in 2024 compared to 2023.

Other

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Millions)			
Service revenues	$ 4	$ 5	$ 8	$ 8
Product sales (1)	86	83	194	185
Net realized gain (loss) from derivative instruments (1)	23	14	28	32
Net unrealized gain (loss) from derivative instruments	(25)	(11)	(22)	(17)
Net gain (loss) from commodity derivatives	(2)	3	6	15
Segment revenues	88	91	208	208
Other segment costs and expenses	(41)	(49)	(85)	(92)
Proportional Modified EBITDA of equity-method investments	—	(1)	—	(1)
Modified EBITDA of other business activities	$ 47	$ 41	$ 123	$ 115
Net realized product sales	$ 109	$ 97	$ 222	$ 217

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

Three months ended June 30, 2024 vs. three months ended June 30, 2023

Modified EBITDA of other business activities increased primarily due to:

- A $12 million increase in *Net realized product sales* from our upstream operations primarily due to higher production volumes;
- An $8 million favorable *Other segment costs and expenses* related to lower corporate costs; partially offset by

- A $14 million unfavorable change in *Net unrealized gain (loss) from derivative instruments* due to changes in forward commodity prices relative to our upstream hedge positions in 2024 compared to 2023.

Six months ended June 30, 2024 vs. six months ended June 30, 2023

Modified EBITDA of other business activities increased primarily due to:

- A $5 million increase in *Net realized product sales* from our upstream operations primarily due to higher production volumes, partially offset by lower net realized commodity prices;

- A $7 million favorable change in *Other segment costs and expenses* related to lower corporate costs.

Management’s Discussion and Analysis of Financial Condition and Liquidity

Outlook

Our growth capital and investment expenditures in 2024 are expected to range from $1.45 billion to $1.75 billion, excluding acquisitions. Growth capital spending in 2024 primarily includes Transco expansions, all of which are fully contracted with firm transportation agreements, projects supporting growth in the Haynesville Basin, and projects supporting the Northeast G&P business. We also expect to invest capital in our Other business ventures. 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 2024 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 January 3, 2024, we acquired 100 percent of a strategic portfolio of natural gas storage facilities and pipelines, located in Louisiana and Mississippi for $1.95 billion. The acquisition was funded with cash on hand and $100 million of deferred consideration that does not accrue interest and is payable one year from the acquisition date.

On August 1, 2024, we completed the Discovery Acquisition for $170 million. Also, on August 1, 2024, we completed the sale of certain equity-method investments for $160 million (see Note 11 – Subsequent Events).

On January 5, 2024, we issued $2.1 billion in long-term debt. We retired long-term debt of $1.0 billion on March 4, 2024, and $1.25 billion on June 24, 2024 (see Note 6 – Debt and Banking Arrangements).

As of June 30, 2024, we have approximately $1.536 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 2024. 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 June 30, 2024, we have approximately $24.1 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 June 30, 2024, we had a working capital deficit of $2.581 billion, including cash and cash equivalents and long-term debt due within one year. Our available liquidity is as follows:

Available Liquidity		June 30, 2024
		(Millions)
Cash and cash equivalents	$	55
Capacity available under our $3.75 billion credit facility, less amounts outstanding under our $3.5 billion commercial paper program (1)		3,119
	$	3,174

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(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 $631 million of *Commercial paper* (at par value) outstanding as of June 30, 2024. Through June 30, 2024, the highest amount outstanding under our commercial paper program and credit facility during 2024 was $730 million. At June 30, 2024, 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 6.1 percent from the $0.4475 per share paid in each quarter of 2023, to $0.4750 per share paid in March and June 2024.

Registrations

In February 2024, we filed a shelf registration statement as a well-known seasoned issuer.

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	Positive	BBB
Moody's Investors Service	Stable	Baa2
Fitch Ratings	Stable	BBB

In April 2024, S&P Global Ratings changed its Outlook from Stable to Positive.

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	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
		(Millions)	
Sources of cash and cash equivalents:			
Net cash provided (used) by operating activities	Operating	$ 2,513	$ 2,891
Proceeds from long-term debt	Financing	2,100	1,503
Uses of cash and cash equivalents:			
Payments of long-term debt	Financing	(2,274)	(14)
Purchases of businesses, net of cash acquired (Note 3)	Investing	(1,844)	(1,053)
Common dividends paid	Financing	(1,158)	(1,091)
Capital expenditures	Investing	(1,123)	(1,155)
Dividends and distributions paid to noncontrolling interests	Financing	(130)	(112)
Proceeds from (payments of) commercial paper - net	Financing	(95)	(352)
Purchases of and contributions to equity-method investments	Investing	(82)	(69)
Purchases of treasury stock	Financing	—	(130)
Other sources / (uses) – net	Financing and Investing	(2)	(19)
Increase (decrease) in cash and cash equivalents		$ (2,095)	$ 399

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 commodity derivative instruments*, *Inventory write-downs,* and *Amortization of stock-based awards.*

Our *Net cash provided (used) by operating activities* for the six months ended June 30, 2024 decreased from the same period in 2023 primarily due to unfavorable changes in margin requirements and net operating working capital partially offset by higher operating income (excluding non-cash items previously discussed).

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. Our debt portfolio is primarily comprised of fixed rate debt, which mitigates the impact of fluctuations in interest rates. Any borrowings under our credit facility and any issuances under our commercial paper program could be at a variable interest rate and could expose us to the risk of increasing interest rates. The maturity of our long-term debt portfolio is partially influenced by the expected lives of our operating assets. We may utilize interest rate derivative instruments to hedge interest rate risk associated with future debt issuances (see Note 6 – Debt and Banking Arrangements).

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 and to lock in NGL margin on a portion of our commodity-exposed gathering and processing volumes. These economic hedges are not designated for hedge accounting treatment.

The maturities of our commodity derivative contracts at June 30, 2024 were as follows:

Fair Value Measurements of Assets (Liabilities) Using (1)	Total Fair Value	Maturity 2024	Maturity 2025 - 2026	Maturity 2027 - 2028+
	(Millions)			
Level 1 (2)	$ (2)	$ (11)	$ 22	$ (13)
Level 2	(249)	(9)	(110)	(130)
Level 3	50	1	14	35
Fair value of contracts outstanding at June 30, 2024	$ (201)	$ (19)	$ (74)	$ (108)

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

(2) Commodity derivative assets and liabilities exclude $143 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 was $3 million at June 30, 2024 and $9 million at December 31, 2023. We had the following VaRs for the period shown:

	Six Months Ended June 30, 2024
	(Millions)
Average	$ 4
High	$ 15
Low	$ 1

Our non-trading portfolio primarily consists of commodity derivatives that hedge our upstream business and certain gathering and processing contracts. The VaR associated with these commodity derivatives was $4 million at June 30, 2024 and $3 million at December 31, 2023. We had the following VaRs for the period shown:

	Six Months Ended June 30, 2024
	(Millions)
Average	$ 4
High	$ 8
Low	$ 3

Item 4. *Controls and Procedures*

Disclosure 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 and Divestitures, we acquired Hartree as part of the Gulf Coast Storage Acquisition on January 3, 2024. Hartree's total revenues constituted approximately 2 percent of total revenues as shown in our consolidated financial statements for the six months ended June 30, 2024. Hartree's total assets constituted approximately 4 percent of total assets as shown in our consolidated financial statements as of June 30, 2024. We also acquired Cureton on November 30, 2023, and its total revenues constituted approximately 4 percent of total revenues as shown in our consolidated financial statements for the six months ended June 30, 2024. Cureton's total assets constituted approximately 1 percent of total assets as shown in our consolidated financial statements as of June 30, 2024. We excluded Hartree's and Cureton's disclosure controls and procedures that are subsumed by their 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

There have been no changes during the second quarter of 2024 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.

Other environmental matters called for by this Item are described under the caption "*Environmental Matters*" in Note 9 – Contingencies included under Part II, Item 8 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 – Contingencies included under Part II, Item 8 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, 2023, as filed with the SEC on February 21, 2024, 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, Use of Proceeds, and Issuer Purchases of Equity Securities

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
April 1 - April 30, 2024	—	$ —	—	$ 1,360,938,325
May 1 - May 31, 2024	—	$ —	—	$ 1,360,938,325
June 1 - June 30, 2024	—	$ —	—	$ 1,360,938,325
Total	—		—	

(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 5. Other Information

During the three months ended June 30, 2024, no director or officer of the Company terminated a “Rule 10b5-1 trading arrangement,” and no director or officer of the Company adopted or terminated a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

On June 14, 2024, T. Lane Wilson, Senior Vice President and General Counsel of the Company, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c)(a “Rule 10b5-1 Trading Plan”) for the sale of up to 24,000 shares of the Company’s common stock. The Rule 10b5-1 Trading Plan will terminate on August 29, 2025.

Item 6. Exhibits

Exhibit No.		Description
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).
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.
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.

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)

August 5, 2024

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: August 5, 2024

/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: August 5, 2024

/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 June 30, 2024, 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
August 5, 2024

/s/ John D. Porter
John D. Porter
Senior Vice President and Chief Financial Officer
August 5, 2024

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.