

WILLIAMS COMPANIES INC  
Form DEF 14A  
April 05, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**The Williams Companies, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:



4) Date Filed:

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FRANK T. MACINNIS

CHAIRMAN OF THE BOARD

Dear Williams Stockholders:

You are cordially invited to attend the 2012 annual meeting of stockholders of The Williams Companies, Inc. The meeting will be held on Thursday, May 17, 2012, in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, at 11:00 a.m., Central Daylight Time. We look forward to greeting personally as many of our stockholders as possible at the annual meeting.

The notice of the annual meeting and proxy statement accompanying this letter provide information concerning matters to be considered and acted upon at the annual meeting. Also at the annual meeting we will provide a report on our operations, followed by a question-and-answer and discussion period.

For security reasons, briefcases, backpacks, and other large bags are not permitted in the theater. All such items can be checked with security upon arrival at the theater.

I know that most of our stockholders are unable to attend the annual meeting in person. However, it is important that your shares be represented and voted at the meeting. Whether or not you plan to attend, you can be sure your shares are represented by promptly voting and submitting your proxy by phone, by Internet, or by completing, signing, dating, and returning your proxy card in the enclosed postage-paid envelope.

Thank you for your continued interest in our Company.

Very truly yours,

Frank T. MacInnis

April 5, 2012

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**THE WILLIAMS COMPANIES, INC.**

**One Williams Center**

**Tulsa, Oklahoma 74172**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 17, 2012**

Details for the annual meeting of stockholders of The Williams Companies, Inc. are below:

<b>TIME</b>	11:00 a.m., Central Daylight Time, on Thursday, May 17, 2012
<b>PLACE</b>	Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma 74172
<b>ITEMS OF BUSINESS</b>	<ol style="list-style-type: none"><li>1. To elect the 10 director nominees identified in this proxy statement each for a one-year term;</li><li>2. To ratify the appointment of Ernst &amp; Young LLP as our independent auditors for 2012;</li><li>3. To conduct an advisory vote on executive compensation; and</li><li>4. To transact such other business as may properly come before the annual meeting or any adjournment of the meeting.</li></ol>
<b>RECORD DATE</b>	You can vote and attend the annual meeting if you were a stockholder of record at the close of business on March 26, 2012.
<b>ANNUAL REPORT</b>	Our 2011 annual report, which includes a copy of our annual report on Form 10-K, accompanies this proxy statement.
<b>VOTING</b>	Even if you intend to be present at the annual meeting, please promptly vote in one of the following ways so that your shares of common stock may be represented and voted at the annual meeting: <ol style="list-style-type: none"><li>1. Call the toll-free telephone number shown on the proxy card;</li><li>2. Vote via the Internet on the website shown on the proxy card; or</li><li>3. Mark, sign, date, and return the enclosed proxy card in the postage-paid envelope.</li></ol>

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 17, 2012:**

**The annual report and proxy statement are available at [www.edocumentview.com/wmb](http://www.edocumentview.com/wmb).**

By order of the Board of Directors,

Sarah C. Miller  
*Corporate Secretary*

Tulsa, Oklahoma

April 5, 2012

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**THE WILLIAMS COMPANIES, INC.**

**One Williams Center**

**Tulsa, Oklahoma 74172**

**PROXY STATEMENT**

**GENERAL**

We are providing this proxy statement as part of a solicitation by the Board of Directors (the Board) of The Williams Companies, Inc. for use at our 2012 annual meeting of stockholders and at any adjournment or postponement thereof. We will hold the meeting in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, 74172 on Thursday, May 17, 2012, at 11:00 a.m., Central Daylight Time.

As permitted by the rules of the Securities and Exchange Commission (SEC), we have elected to send you this full set of proxy materials, including a proxy card, and additionally to notify you of the availability of these proxy materials on the Internet. This proxy statement and our 2011 annual report are available at [www.edocumentview.com/wmb](http://www.edocumentview.com/wmb), which does not have cookies that identify visitors to the site.

We expect to mail this proxy statement and accompanying proxy card to stockholders beginning on April 5, 2012.

Unless the context otherwise requires, all references in this proxy statement to Williams, the Company, we, us, and our refer to The Williams Companies, Inc. and its consolidated subsidiaries.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Q: Why am I receiving these materials?**

A: You are receiving these materials because, at the close of business on March 26, 2012 (the Record Date), you owned shares of Williams common stock. All stockholders of record on the Record Date are entitled to attend and vote at the annual meeting. Each stockholder will have one vote on each matter for every share of common stock owned on the Record Date. On the Record Date, we had 595,173,538 shares of common stock outstanding. (The shares held in our treasury are not considered outstanding and will not be voted or considered present at the meeting.)

**Q: What information is contained in this proxy statement?**

A: This proxy statement includes information about the nominees for director and other matters to be voted on at the annual meeting. It also explains the voting process and requirements; describes the compensation of the principal executive officer, the principal financial officer, and the three other most highly compensated officers (collectively referred to as our Named Executive Officers or NEOs); describes the compensation of our directors; and provides certain other information required under SEC rules.

**Q: What matters can I vote on?**

A: You can vote on the following matters:

election of 10 of our directors, each for a one-year term;

ratification of the appointment of Ernst & Young LLP as our independent auditors for 2012;

an advisory vote on executive compensation; and

any other business properly coming before the annual meeting.

In the election of directors, you may vote **FOR** or **AGAINST** each individual nominee or indicate that you wish to **ABSTAIN** from voting on one or more nominee. For the ratification of Ernst & Young LLP as independent auditors and the advisory vote on executive compensation, you may vote **FOR** or **AGAINST** the respective matter, or you may indicate that you wish to **ABSTAIN** from voting on the matter.

We are not aware of any matter to be presented at the annual meeting that is not included in this proxy statement. However, your proxy authorizes the persons named on the proxy card to take action on additional matters that may properly arise. These individuals will exercise their best judgment to vote on any other matter, including a question of adjourning the annual meeting.



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All votes are confidential unless disclosure is legally necessary.

### **Q: How does the Board recommend that I vote on each of the matters?**

A: **FOR ITEMS 1-3:** The Board recommends that you vote **FOR** each of the director nominees, **FOR** the ratification of Ernst & Young LLP as our independent auditors for 2012, and **FOR** the approval, on an advisory basis, of the Company's executive compensation.

### **Q. What is the difference between a stockholder of record and a stockholder who holds stock in street name?**

A. If your shares are registered in your name with our transfer agent, Computershare Trust Company, N.A. ( Computershare ), you are a stockholder of record, and the Company's proxy materials, including a proxy card, were sent to you directly by Computershare. If you hold your shares with a broker or in an account at a bank, then you are a beneficial owner of shares held in street name. The Company's proxy materials were forwarded to you by your broker or bank, who is considered the stockholder of record for purposes of voting at the annual meeting. Your broker or bank should also have provided you with instructions for directing the broker or bank how to vote your shares.

### **Q: How do I vote if I am a stockholder of record?**

A: As a stockholder of record, you may vote your shares in any one of the following ways:

Call the toll-free number shown on the proxy card;

Vote on the Internet on the website shown on the proxy card;

Mark, sign, date, and return the enclosed proxy card in the postage-paid envelope; or

Vote in person at the annual meeting.

### **Q: How do I vote if I am a beneficial owner?**

A: As the beneficial owner, you have the right to direct your broker or bank how to vote your shares by following the instructions sent to you by your broker or bank. You will receive proxy materials and voting instructions for each account you have with a broker or bank. As a beneficial owner, if you wish to change the directions you have provided your broker or bank, you should follow the instructions sent to you by your broker or bank.

As a beneficial owner, you are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you obtain a signed legal proxy from your broker or bank giving you the right to vote the shares.

**Q. Will my shares held in street name be voted if I do not tell my broker or bank how I want them voted?**

- A. Under the rules of the New York Stock Exchange ( NYSE ), if you are a beneficial owner, your broker or bank only has discretion to vote on certain routine matters without your voting instructions. The proposal to ratify Ernst & Young LLP as our independent auditors is considered a routine matter. However, the election of directors and the advisory vote on executive compensation are not considered routine matters. Accordingly, your broker or bank will not be permitted to vote your shares on such matters unless you provide proper voting instructions.

**Q. How do I vote if I participate in The Williams Investment Plus Plan?**

- A. If you hold shares in The Williams Investment Plus Plan, Computershare sent you the Company's proxy materials directly. You may direct the trustee of the plan how to vote your plan shares by calling the toll-free number shown on the proxy card, voting on the Internet on the website shown on the proxy card, or completing and returning the enclosed proxy card in the postage-paid envelope. Please note, in order to permit the trustee to tally and vote all shares of Williams common stock held in The Williams Investment Plus Plan, your instructions, whether by Internet, by telephone, or by proxy card, must be completed prior to 1:00 a.m. Central Daylight Time on Monday, May 14, 2012. You may not change your vote related to such plan shares after this deadline.

If you do not instruct the trustee how to vote, your plan shares will be voted by the trustee in the same proportion that it votes shares in other plan accounts for which it did receive timely voting instructions. The proportional voting policy is detailed under the terms of the plan and the trust agreement.

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**Q. What if I return my proxy card or vote by Internet or phone but do not specify how I want to vote?**

A. If you are a stockholder of record and sign and return your proxy card or complete the Internet or telephone voting procedures, but do not specify how you want to vote your shares, we will vote them as follows:

**FOR** the election of each of the director nominees.

**FOR** the approval ratifying the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2012.

**FOR** the approval, on an advisory basis, of the Company's executive compensation.

**Q: Can I change my vote or revoke my proxy?**

A: If you are a stockholder of record, you can change your vote within the regular voting deadlines by voting again by telephone or on the Internet, executing and returning a later dated proxy, or attending the annual meeting and voting in person. If you are a stockholder of record, you can revoke your proxy by delivering a written notice of your revocation to our corporate secretary at One Williams Center, MD 47, Tulsa, Oklahoma 74172.

**Q: What shares are included on my proxy card?**

A. You will receive one proxy card for all the shares of common stock you hold as a stockholder of record (in certificate form or in book-entry form) and in The Williams Investment Plus Plan.

If you hold your shares in street name, you will receive voting instructions for each account you have with a broker or bank.

**Q. How may I obtain directions to attend the meeting?**

A. If you need assistance with directions to attend the meeting call us at 1-800-945-5426 or write us at The Williams Companies, Inc., One Williams Center, MD 47, Tulsa, Oklahoma 74172, Attn: Corporate Secretary.

**Q: What is the quorum requirement for the meeting?**

A: There must be quorum to take action at the meeting (other than adjournment or postponement of the meeting). A quorum will exist at the meeting if stockholders holding a majority of the shares entitled to vote at the annual meeting are present in person or by proxy. Stockholders of record who return a proxy or vote in person at the meeting will be considered part of the quorum. Abstentions are counted as present for determining a quorum. Uninstructed broker votes, also called broker non-votes, are also counted as present for determining a quorum so long as there is at least one matter that a broker may vote on without specific instructions from a beneficial owner. See *Will my shares held in street name be voted if I do not tell my broker how I want them voted?*

**Q: What is the voting requirement to approve each of the matters?**

A: Items 1-3 may be approved by a majority of the votes cast. Other matters that may properly come before the annual meeting may require more than a majority vote under our bylaws, our Restated Certificate of Incorporation, the laws of Delaware, or other applicable laws.

**Q: How will the votes be counted?**

A: Abstentions from voting on the election of a director nominee will not be considered a vote cast with respect to that director's election and therefore will not be counted in determining whether the director received a majority of the votes cast. Abstentions from voting on any other proposal will have the same effect as a vote against that proposal.

Broker non-votes (i.e., shares held by brokers or nominees that cannot be voted because the beneficial owner did not provide specific voting instructions) will be treated as not present and not entitled to vote.

**Q: Who will count the votes?**

A: A representative of Computershare will act as the inspector of elections and count the votes.

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**Q: Where can I find the voting results of the meeting?**

A: We will announce the voting results at the meeting. We also will disclose the voting results in a Form 8-K within four business days after the annual meeting.

**Q: May I propose actions for consideration at the 2013 meeting of stockholders?**

A: Yes. For your proposal to be considered for inclusion in our proxy statement for the 2013 meeting, we must receive your written proposal no later than December 7, 2012. If we change the date of the 2013 meeting by more than 30 days from the anniversary of the date of this year's meeting, then the deadline to submit proposals will be a reasonable time before we begin to print and mail our proxy materials. Your proposal, including the manner in which you submit it, must comply with SEC regulations regarding stockholder proposals.

If you wish to raise a proposal (including a director nomination) from the floor during our 2013 annual meeting of stockholders, we must receive a written notice of the proposal between January 18, 2013 and February 17, 2013. Your submission must contain the additional information required by our bylaws. Proposals should be addressed to our corporate secretary at One Williams Center, MD 47, Tulsa, Oklahoma 74172.

**Q: Who is paying for this proxy solicitation?**

A: Your proxy is solicited by the Board. We expect to solicit proxies in person, by telephone, or by other electronic means. We have retained MacKenzie Partners, Inc. to assist in this solicitation. We expect to pay MacKenzie Partners, Inc. an estimated \$20,000 in fees, plus expenses and disbursements.

We also will pay the expenses of this proxy solicitation including the cost of preparing and mailing the proxy statement and accompanying proxy card. Such expenses may include the charges and expenses of banks, brokerage firms, and other custodians, nominees, or fiduciaries for forwarding proxy materials to beneficial owners of our common stock.

**Q: Are you householding for stockholders sharing the same address?**

A: The SEC's rules permit us to deliver a single copy of this proxy statement and our 2011 Annual Report to an address shared by two or more stockholders. This method of delivery is referred to as "householding" and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. We will deliver only one proxy statement and 2011 Annual Report to multiple registered stockholders sharing an address, unless we receive instructions to the contrary from one or more of the stockholders. We will still send each stockholder an individual proxy card.

If you would like to receive more than one copy of this proxy statement and our 2011 Annual Report, we will promptly send you additional copies upon request directed to our transfer agent, Computershare. You can call Computershare toll free at 1-800-884-4225. You can call the same phone number to notify us that you wish to receive a separate annual report or proxy statement in the future, or to request delivery of a single copy of any materials if you are receiving multiple copies now.

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### **CORPORATE GOVERNANCE AND BOARD MATTERS**

#### **Corporate Governance**

##### *General*

Our Board believes that strong corporate governance is critical to achieving our performance goals and to maintaining the trust and confidence of investors, employees, suppliers, business partners, regulatory agencies, and other stakeholders.

##### *Corporate Governance Guidelines*

Our Corporate Governance Guidelines provide a framework for the governance of Williams as a whole and also address the operation, structure, and practice of the Board and its committees. The Nominating and Governance Committee reviews these guidelines at least annually.

##### *Strategic Planning*

During the year, the Board meets with management to discuss and approve strategic plans, financial goals, capital spending, and other factors critical to successful performance. The Board also conducts a mid-year review of progress on objectives and strategies. During Board meetings, directors review key issues and financial performance. The Board meets privately with the Chief Executive Officer ( CEO ) six times per year and meets in executive session at each regular Board meeting and additionally as required. Further, the CEO communicates regularly with the Board on important business opportunities and developments. In 2011, the Board held one of its regularly scheduled meetings at one of our field locations to further educate the directors about our operations.

##### *Board/Committee/Director Evaluations*

The Board and each of its committees conduct annual self-assessments. In addition, the Nominating and Governance Committee evaluates each individual director annually.

##### *Chief Executive Officer Evaluation and Management Succession*

The Board and the CEO annually discuss and collaborate to set the CEO's performance goals and objectives. The Board meets annually in executive session to assess the CEO's performance. The Board maintains a process for planning orderly succession for the CEO and other executive officer positions and oversees executive officer development.

##### *Board Leadership Structure*

Pursuant to our Bylaws and Corporate Governance Guidelines the positions of Chairman of the Board and President and CEO may be held by the same or different persons. At this time, the Board believes that the Company and its stockholders are best served by a leadership structure in which an independent director serves as Chairman of the Board. In this regard, Alan S. Armstrong serves as President and CEO of Williams and Frank T. MacInnis serves as Chairman of the Board. The Board believes that having an independent Chairman aids in the Board's oversight of management and promotes communications among the Board, the CEO, and other senior management. In addition, having a separate Chairman of the Board and CEO allows Mr. Armstrong to focus on his responsibilities in managing the Company.

The responsibilities of the Chairman of the Board include: (1) presiding over meetings of the Board and executive sessions of the independent directors; (2) overseeing the planning of the annual Board calendar and, in consultation with the CEO, scheduling and setting the agendas for meetings of the Board and its committees; (3) overseeing the appropriate flow of information to the Board; (4) acting as liaison between the independent directors and management; (5) assisting the Chairs of the various Board committees in preparing agendas for committee meetings; (6) chairing the Company's Annual Meeting of Stockholders; (7) being available for consultation and communication with stockholders as appropriate; and (8) performing other functions and responsibilities referred to in the Corporate Governance Guidelines or requested by the Board from time to time.

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The Board believes that having an independent Chairman of the Board is the most appropriate leadership structure for the Board at this time. However, it has the flexibility to revise this structure in the future based upon the Board's assessment of the Company's needs and leadership from time to time. In this regard, the Board periodically reviews the Board structure and leadership as well as director succession planning.

### *Board Oversight of Williams Risk Assurance Process*

We employ an annual risk assurance process that is designed to provide positive assurance to management and the Board that risks are effectively managed to enable achievement of strategic and operating objectives. The risk process is governed by the committees of the Board, our executive officers, and our risk subject matter experts. We utilize the Enterprise Risk Management (ERM) framework to identify the top risks to the Company considering our internal and external environments and objectives and to measure the likelihood of occurrence and potential impact of each risk. The Audit Committee annually reviews and provides feedback about the list of the top risks so identified. Such top risks are then further reviewed by the most appropriate Board committee. For example, the financial reporting and disclosure risk is reviewed by the Audit Committee, the capital availability risk is reviewed by the Finance Committee, and the ethics and compliance program risk is reviewed by the Nominating and Governance Committee. Each Board committee annually considers a summary for each of its risks, including the definition, likelihood, and potential impact of each risk, the planned response to the risk, management's assessment of the effectiveness of mitigation efforts, and a status report of any action required. For so long as any action is required for the planned response to a risk, such risk is reviewed at each committee meeting until management assesses the risk's mitigation efforts as effective. Each committee provides feedback to management about the risk assurance process.

### *Executive Sessions of Non-Employee Directors*

Non-Employee directors meet without management present at each regularly scheduled Board meeting. Additional meetings may be called by the Chairman in his discretion or at the request of the Board.

### *Director Independence*

Our Corporate Governance Guidelines require that the Board make an annual determination regarding the independence of each of Williams directors. The Board made these determinations on January 19, 2012, based on an annual evaluation performed by and recommendations made by the Nominating and Governance Committee.

The Board has affirmatively determined that each of Mr. Cleveland, Dr. Cooper, Mr. Engelhardt, Mr. Hagg, Ms. Hinshaw, Mr. MacInnis, Mr. Nance, Mr. Smith, Ms. Stoney, and Ms. Sugg is an independent director. In addition, the Board affirmatively determined that Mr. Green, who will retire in conjunction with the 2012 annual meeting, is an independent director. In so doing, the Board determined that each of these individuals met the bright line independence standards of the NYSE and our own director independence standards. In addition, the Board considered transactions and relationships between each director and any member of his or her immediate family on one hand, and Williams and its affiliates on the other, to confirm that those transactions and relationships do not vitiate the affected director's independence. We discuss these relationships below.

Ms. Hinshaw is a director of Aegion Corporation, a company whose subsidiaries, Bayou Coating LLC, Bayou Companies LLC, Corrpro Canada Inc., and Corrpro Companies Inc. provide services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Ms. Hinshaw is a director of Aegion, that she has no material interest in any transactions between the subsidiaries and Williams, and that she had no role in any such transactions.

Mr. MacInnis is the non-executive Chairman of the Board of ITT Corporation, whose subsidiaries Godwin Pumps of America, Inc. and Goulds Pumps, Inc. provide services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Mr. MacInnis is a director of ITT, that he has no material interest in any transactions between the ITT subsidiaries and Williams, and that he had no role in any such transactions.

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Mr. MacInnis also serves as the non-executive Chairman of the Board of EMCOR Group Inc. EMCOR and its subsidiaries Integrated Solutions Group, Ohmstede Ltd, and Wasatch Electric provide services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Mr. MacInnis is a director of EMCOR, that he has no material interest in any transactions between EMCOR or its subsidiaries and Williams, and that he had no role in any such transactions.

No member of our Board serves as an executive officer of any non-profit organization that has received contributions from Williams exceeding the greater of \$1 million or 2% of such organization's consolidated gross revenues in any single fiscal year of the preceding three years. Further, in accordance with our director independence standards, the Board determined that there were no discretionary contributions to a non-profit organization with which a director, or a director's spouse, has a relationship that affects the director's independence.

Mr. Armstrong, the current Chief Executive Officer and President and a director, is not independent, because of his role as an executive officer of the Company.

### *Transactions with Related Persons*

The Board has adopted policies and procedures with respect to related person transactions as part of the Audit Committee charter. Any proposed related person transaction involving a member of the Board must be reviewed and approved by the full Board. The Audit Committee reviews proposed transactions with any other related persons, promoters, and certain control persons that are required to be disclosed in our filings with the SEC. If it is impractical to convene an Audit Committee meeting before a related person transaction occurs, the chair of the committee may review the transaction alone.

No director may participate in any review, consideration or approval of any related person transaction with respect to which such director or any of his or her immediate family members is the related person. The Audit Committee or its chair, or the Board, as the case may be, in good faith, may approve only those related person transactions that are in, or not inconsistent with, Williams' best interests and the best interests of our stockholders. In conducting a review of whether a transaction is, or is not inconsistent with the best interest of Williams and its stockholders, the Audit Committee or its chair, or the Board, as the case may be, will consider the benefits of the transaction to the Company, the availability of other sources for comparable products or services, the terms of the transaction, the terms available to unrelated third parties and to employees generally, and the nature of the relationship between the Company and the related party, among other things. During 2011, there were no transactions that required review or approval by the Audit Committee or the full Board.

### *Majority Vote Standard*

Our Board has adopted a majority vote standard for the election of directors in uncontested elections. Each of our directors has executed an irrevocable resignation that will become effective if he or she fails to receive a majority of the votes cast in an uncontested election and the Board accepts such resignation. If a director fails to receive the required votes for election, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the resignation. The Nominating and Governance Committee will then submit its recommendation for consideration by the Board. The Board will act on the recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results. The Board expects the director whose tendered resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's tendered resignation. If the Board accepts a director's resignation, the Nominating and Governance Committee will recommend to the Board whether to fill such vacancy or reduce the size of the Board.

### *Director Attendance at Annual Meeting of Stockholders*

We have a policy that all Board members are expected to attend our annual meeting of stockholders. All of the then-current Board members attended the 2011 annual meeting of stockholders.



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### *Communications with Directors*

Any stockholder or other interested party may communicate with our directors, individually or as a group, by contacting our corporate secretary or the Chairman of the Board. The contact information is maintained on the Investor page of our website at [www.williams.com](http://www.williams.com).

The current contact information is as follows:

The Williams Companies, Inc.

One Williams Center, MD 49

Tulsa, Oklahoma 74172

Attn: Chairman of the Board

The Williams Companies, Inc.

One Williams Center, MD 47

Tulsa, Oklahoma 74172

Attn: Corporate Secretary

Communications will be forwarded to the relevant director(s) except for solicitations or other matters not related to the Company.

### *Code of Ethics*

We have adopted a code of ethics specific to the CEO, Chief Financial Officer, and Chief Accounting Officer, which was filed with the SEC as Exhibit 14 to our annual report on Form 10-K for the year ended December 31, 2003. In addition, we have adopted a code of business conduct that is applicable to all employees and directors.

### *How to Obtain Copies of our Governance-Related Materials*

The following documents are available on our website at [www.williams.com](http://www.williams.com) from the Corporate Responsibility/Corporate Governance tab.

Corporate Governance Guidelines,

Code of Ethics for Senior Officers,

Williams Code of Business Conduct, and

Charters for the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating and Governance Committee.

If you want to receive these documents in print, please send a written request to our corporate secretary at The Williams Companies, Inc., One Williams Center, MD 47, Tulsa, Oklahoma 74172.

## **Board and Committee Structure and Meetings**

*Board Meetings*

Board members actively participate in Board and committee meetings. Generally, materials are distributed one week in advance of each regular Board meeting so that members can be prepared for the discussion.

The full Board met 14 times in 2011. Further, the non-employee directors met six times without the CEO present. Each director attended at least 75% of the aggregate of the Board and applicable committee meetings held in 2011.

*Board Committees*

The Board has four standing committees – Audit, Compensation, Finance, and Nominating and Governance. Each standing committee has a charter adopted by the Board. The standing committees report to the full Board at each regular Board meeting.

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The Board elects each committee's members and chair annually. The chart below shows the current composition of the standing committees and the number of committee meetings in 2011.

	Audit Committee	Compensation Committee	Finance Committee	Nominating and Governance Committee
Alan S. Armstrong				
Joseph R. Cleveland	ü		ü	
Kathleen B. Cooper			ü	
Irl F. Engelhardt	ü		ü	
William E. Green(1)	ü			
John A. Hagg (2)	ü		ü	
Juanita H. Hinshaw	ü			
Frank T. MacInnis		ü		ü
Steven W. Nance (2)		ü		ü
Murray D. Smith (2)		ü		ü
Janice D. Stoney				ü
Laura A. Sugg		ü	ü	
<b>Number of Meetings in 2011</b>	14	9	8	8

= Chair

ü = Committee Member

(1) Mr. Green will retire from the Board in conjunction with the 2012 annual meeting in accordance with the director retirement policy in our Corporate Governance Guidelines.

(2) Messrs. Hagg, Nance, and Smith joined our Board on January 19, 2012, and their committee appointments were effective on March 1, 2012. Each committee has authority under its charter to retain, approve fees for, and terminate advisors, consultants, and agents as it deems necessary to assist in the fulfillment of its responsibilities.

*Audit Committee*

Williams has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended ( Exchange Act ). The Audit Committee:

appoints, evaluates, and approves the compensation of Ernst & Young LLP, our independent registered public accounting firm;

assists the Board in fulfilling its responsibilities for generally overseeing Williams' financial reporting processes and the audit of Williams' financial statements, including the integrity of Williams' financial statements, Williams' compliance with legal and regulatory requirements, and risk assessment and risk management;

reviews the qualifications and independence of the independent registered public accounting firm;

reviews the performance of Williams' internal audit function and the independent registered public accounting firm;

reviews Williams' earnings releases;

reviews transactions between Williams and related persons that are required to be disclosed in our filings with the SEC;

oversees investigations into complaints concerning financial matters;

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reviews with the General Counsel, as needed, any actual and alleged violations of the Company's code of conduct;

annually reviews its charter and performance; and

prepares the Audit Committee report for inclusion in the annual proxy statement.

The Board has determined that all members of the Audit Committee are financially literate as defined by the NYSE rules and that Dr. Cooper and Ms. Hinshaw qualify as audit committee financial experts as defined by the rules of the SEC. No Audit Committee member serves on more than three public company audit committees.

*Compensation Committee*

The Compensation Committee oversees the design and implementation of strategic compensation programs for our executive officers that align the interests of our executive officers with those of our stockholders. The Compensation Committee's key responsibilities include:

approving executive compensation philosophy, policies, and programs;

overseeing the material risks associated with compensation structure, policies, and programs;

recommending to the Board equity-based compensation plans;

recommending to the Board cash-based incentive compensation plans for the NEOs and other executives;

setting corporate goals and objectives for compensation for the NEOs and other executives;

evaluating the NEOs and certain other executives' performance in light of those goals and objectives;

approving the NEOs and certain other executives' compensation, including salary, incentive compensation, equity-based compensation, and any other remuneration;

approving, amending, modifying, or terminating, in its settlor (non-fiduciary) capacity, the terms of any benefit plan that does not require stockholder approval;

reviewing and revising (if necessary) annual succession and development plans for the positions of CEO and certain other executives;

reviewing and discussing with management and, based on the review and discussions, recommending to the Board the Compensation Discussion and Analysis required by the SEC for inclusion in the annual proxy statement and annual report on Form 10-K;

reviewing annually and recommending to the Board the appropriate compensation of non-employee directors;

monitoring the directors and executive officers compliance with Williams stock ownership policies; and

reviewing annually its charter and performance.

The Compensation Committee has selected and retained Frederic W. Cook & Co., an independent executive compensation consulting firm, to:

provide competitive market data and advice related to the CEO's compensation level and incentive design;

review and evaluate management-developed market data and recommendations on compensation levels, incentive mix, and incentive design for NEOs and certain other executives (excluding the CEO);

develop the selection criteria and recommend comparator companies for executive compensation and performance comparisons;

provide information on executive compensation trends and their implications to Williams, and

provide competitive market data and advice on non-employee director compensation.

The Compensation Committee reviews the total fees paid to its outside advisors to ensure that the advisors maintain objectivity and independence when rendering advice to the Committee. Frederic W. Cook & Co. does

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not provide any additional services to Williams. The independent compensation consultant reports to the Compensation Committee chair.

The Compensation Committee chair works with the Senior Vice President and Chief Administrative Officer ( CAO ) to determine the agenda for committee meetings. The CEO and the CAO are invited to attend the Compensation Committee meetings, though they leave the room during discussions of compensation actions that could affect them personally. Williams Human Resources department supports the Compensation Committee in its duties and, along with the CEO, may perform certain functions regarding compensation programs. For more information on the Compensation Committee, please see the Compensation Discussion and Analysis in this proxy statement.

### *Finance Committee*

The Finance Committee oversees Williams finances. Among other tasks, this committee:

reviews and approves and/or recommends to the Board Williams capital spending in accordance with the Board s delegation of authority;

oversees Williams financial strategies, plans, and policies;

reviews risks relating to capital availability;

reviews and approves any amendments to Williams financing agreements; and

reviews annually its charter and performance.

### *Nominating and Governance Committee*

The Nominating and Governance Committee:

develops and recommends to the Board director qualifications;

identifies and recommends to the Board director candidates;

reviews candidates recommended or nominated by stockholders;

recommends to the Board the individual, or individuals, to be the Chairman of the Board and the CEO;

reviews the CEO s recommendations for individuals to be officers;

monitors significant developments in the regulation and practice of corporate governance;

reviews the size and composition of the Board and its committees and recommends to the Board any changes;

determines if a Lead Director shall be designated, and if so determined, recommends a director to serve as Lead Director;

conducts a preliminary review of director independence and the financial literacy and expertise of the Audit Committee members;

recommends assignments to the Board committees;

oversees and assists the Board in the review of the Board's performance and reviews its own performance;

annually reviews each committee charter, the Corporate Governance Guidelines, the Code of Ethics for Senior Officers, and the Williams Code of Business Conduct;

oversees and reviews risks relating to Williams' ethics and compliance programs and annually reviews the codes of conduct, Williams policies and procedures regarding compliance with these codes, and the results of the Code of Business Conduct and Ethics survey;

reviews, on an annual basis, the implementation and effectiveness of the Company's ethics and compliance program with the General Counsel, and, as applicable, considers any actual and alleged violations of the



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codes of conduct, including any matters involving criminal or potential criminal conduct communicated by the General Counsel to the committee;

reviews stockholder proposals and recommends responses to the Board; and

reviews annually the performance of individual directors.

*Consideration of nominees.* The process for selecting a director nominee starts with a preliminary assessment of each candidate based upon his/her resume and other biographical and background information, and his/her willingness to serve. The Committee considers prior Williams Board performance and contributions for any director nominee who is a current or former Board member. A candidate's qualifications are then evaluated against the criteria set forth in Proposal 1 Election of Directors, as well as the specific needs of Williams at the time. Qualified candidates are interviewed by the Chairman of the Board and at least one member of the Nominating and Governance Committee. Candidates may then meet with other members of the Board and senior management. At the conclusion of this process, if the Board and senior management determine that the candidate will be a good fit, the Nominating and Governance Committee may appoint the candidate to the Board and recommend him or her for election by our stockholders at the next annual meeting.

The Nominating and Governance Committee uses the same process to evaluate all candidates regardless of the source of the nomination. The Committee has in the past and may in the future engage third party consultants to identify and evaluate potential director nominees, as it deems appropriate.

*Stockholder nominations.* The Nominating and Governance Committee will consider written recommendations from stockholders for director nominations. If you wish to nominate a candidate, please forward the candidate's name and a detailed description of the candidate's qualifications, a document indicating the candidate's willingness to serve, and evidence that you own Williams stock to: The Williams Companies, Inc., One Williams Center, MD 47, Tulsa, Oklahoma 74172, Attn: Corporate Secretary. A stockholder wishing to nominate a candidate must also comply with the notice and other requirements described above under the question *May I propose actions for consideration at the 2013 meeting of stockholders?*

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**PROPOSAL 1 ELECTION OF DIRECTORS**

Our restated certificate of incorporation provides that the Board must consist of between five and 17 members, with the actual number of directors at any time to be determined by the Board. Until 2009 our Board was divided into three classes and the members of each class were elected to serve a three-year term with the term of office for each class ending in consecutive years. At our 2010 annual meeting, our stockholders approved amendments to our restated certificate of incorporation that provided for the phased-in elimination of the classification of our Board and the annual election of our directors. These amendments resulted in the directors at our 2011 annual meeting and thereafter being elected to one-year terms but did not shorten the term of any director elected at or prior to our 2010 annual meeting.

Messrs. Granberry, Lorch, and Lowrie joined the board of directors of WPX Energy, Inc., Williams' former subsidiary and resigned from our Board, in connection with WPX Energy's separation from Williams on December 31, 2011.

Six of the 2012 nominees for the office of director—Messrs. Armstrong, Cleveland, and MacInnis and Mesdames Hinshaw, Stoney, and Sugg were elected in 2011 by Williams' stockholders to a one-year term that expires this year. Mr. Engelhardt was elected in 2009 by Williams stockholders to a three-year term that expires this year. Messrs. Hagg, Nance, and Smith were first appointed to the Board effective on January 19, 2012 following the Board's search for additional members to replace Messrs. Granberry, Lorch, and Lowrie. Unless otherwise instructed, the individuals designated by the Board as proxies intend to vote to elect Messrs. Armstrong, Cleveland, Engelhardt, Hagg, MacInnis, Nance, and Smith and Mesdames Hinshaw, Stoney, and Sugg. Should any of these nominees become unable for any reason to stand for election as a director, the designated proxies will vote to elect another nominee recommended by the Nominating and Governance Committee. Alternatively, the Board may choose to reduce its size.

Dr. Cooper was elected to a three-year term that will expire at the annual meeting in 2013. Mr. Green has reached retirement age and is not standing for re-election.

*Director and Nominee Experience and Qualifications.* At each of its regularly scheduled meetings, in satisfaction of our Corporate Governance Guidelines, the Nominating and Governance Committee evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future, given the Company's current situation and strategic plans. The Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board in such areas as geography, race, gender, ethnicity, and age. This assessment enables the Board to update (if necessary) the skills and experience it seeks in the Board as a whole, and in individual directors, as the Company's needs evolve and change over time. For Board membership, the Nominating and Governance Committee considers the appropriate balance of experience, skills, and characteristics that best suits the needs of the Company and our stockholders. The Committee develops long-term Board succession plans to ensure that the appropriate balance is maintained.

The minimum qualifications and attributes that the Nominating and Governance Committee believes a director nominee must possess include:

an understanding of business and financial affairs and the complexities of a business organization.

genuine interest in Williams and in representing all of its stockholders.

a willingness and ability to spend the time required to function effectively as a director.

an open-minded approach and the resolve to make independent decisions on matters presented for consideration.

a reputation for honesty and integrity beyond question.

In evaluating the director nominees and in reviewing the qualifications and experience of the directors continuing in office, the Nominating and Governance Committee considered a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments, and experience in



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light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board. Among other things, the Board has determined that it is important to have individuals with the following skills and experiences on the Board:

*Industry Experience* in the oil and natural gas business.

*Financial Experience* with which to evaluate our financial statements and capital investments.

*Corporate Governance Experience* to support our goals of greater transparency, accountability for management and the Board, and protection of stockholders interests.

*Legal Experience* is valuable to the Board oversight of the Company's legal and regulatory compliance.

*Public Policy and Government Experience* is relevant to the Company as it operates in a highly regulated industry.

*Operating Experience*, which is relevant to the understanding of the Company's operating plan and strategy.

*Compensation Experience* to help us attract, motivate and retain world class talent.

*Technology Experience*, which is relevant to understand the operations of the Company's networking technology, data requirements, and security.

We have included below certain information about the nominees for election as directors as well as the directors who will continue in office after the annual meeting.

**Alan S. Armstrong, Age 49**

Director

Director since 2011. Mr. Armstrong became one of our directors and our Chief Executive Officer and President effective January 3, 2011. From 2002 until January 2011, he was Senior Vice President - Midstream and acted as President of our midstream business. From 1999 to 2002, Mr. Armstrong was Vice President, Gathering and Processing for Midstream. From 1998 to 1999 he was Vice President, Commercial Development for our midstream business. Since January 2011, Mr. Armstrong has served as Chairman of the Board and Chief Executive Officer of Williams Partners GP LLC, the general partner of Williams Partners L.P., where he was Senior Vice President - Midstream from February 2010, and Chief Operating Officer and a director from 2005. He also serves as a member and the former Chairman of the Board of Directors of Junior Achievement of Oklahoma, Inc., President of the Gas Processors Association, a member of the Board for the Natural Gas Supply Association, and Chairman of the University of Oklahoma College of Engineering Board of Visitors.

As our current Chief Executive Officer and due to his roles of increasing responsibilities in our midstream business, Mr. Armstrong's qualifications include industry, financial, public policy and government, and operating experience.

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**Joseph R. Cleveland, Age 67**

Member Audit Committee

Member Finance Committee

Director since 2008. Mr. Cleveland was the Chief Information Officer of Lockheed Martin Corporation (an advanced technology company) from 2001 to 2008. Mr. Cleveland was responsible for Lockheed Martin's information technology vision, consolidating its resources, implementing e-commerce initiatives, leveraging economies of scale, and supporting its businesses. He was also President of Lockheed Martin Enterprise Information Systems from 1995 to 2008. From 2001 to 2008, Mr. Cleveland served as a director of Exostar (a joint venture formed to support the supply chain and security requirements of the aerospace and defense industry). Prior to the merger of Lockheed and Martin Marietta in 1995, Mr. Cleveland was Vice President and General Manager of Martin Marietta Internal Information Systems. From 1982 to 1986, Mr. Cleveland held an international assignment as Managing Director of GE Medical Systems Operations in Radlett, England. Mr. Cleveland began his career in 1970 as a member of General Electric Medical Systems' engineering department. Mr. Cleveland is a member of the board of Aerospace Industries Association, the Florida High Tech Corridor Committee, and the Metro Orlando Economic Development Commission, among other civic and charitable organizations.

As the former Chief Information Officer of Lockheed Martin Corporation, a former Vice President of Martin Marietta, and due to his multiple executive operating positions with G.E., Mr. Cleveland's qualifications include operating and technology experience.

**Irl F. Engelhardt, Age 65**

Member Audit Committee

Member Finance Committee

Director since 2005. Mr. Engelhardt has served as Chairman of Patriot Coal Corporation (a producer and marketer of coal in the eastern United States) since 2007. He was Chairman of Peabody Energy Corporation (a private-sector coal company) or its predecessor companies from 1993 to 2007, and Chief Executive Officer from 1990 through 2005. He was also co-Chief Executive Officer of The Energy Group (comprising Eastern Electricity in the United Kingdom, Peabody in the United States and Australia, and Citizens Power in the United States) from 1997 to 1998 and Chairman of Citizens Power (a power marketer, formerly a subsidiary of Peabody) from 1998 to 2000. Mr. Engelhardt served as a director of Valero Energy Corporation (an independent petroleum refiner and marketer) from 2006 to 2010. He is a director of Patriot Coal and the former Chairman of The Federal Reserve Bank of St. Louis.

As Chairman of Patriot Coal Corporation, former Chairman and Chief Executive Officer of Peabody Energy Corporation, and, co-Chief Executive Officer of The Energy Group, Mr. Engelhardt's qualifications include industry, financial, corporate governance, operating, and compensation experience.

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**John A. Hagg, Age 64**

Member Audit Committee

Member Finance Committee

Director since 2012. Since 2006, Mr. Hagg has been Chairman of the Board of Strad Energy Services Ltd. (a drilling services company for exploration and development operations in the United States and Canada), serving as chair of its corporate governance committee. Since 2001, Mr. Hagg has also served as a director of TMX Group, Inc. (an integrated, multi-asset class exchange group and the parent company of The Toronto Stock Exchange, The Montreal Exchange, TSX Venture Exchange, and NGX Gas Marketing Inc.). Mr. Hagg has served as Chairman of Clark Builders (an Alberta-based commercial construction company) since 2007, a director for The Fraser Institute (a Canadian economic research and educational organization) since 1999, and a director of PetroShale, Inc. (an oil exploration company) since 2012. Mr. Hagg served Northstar Energy Corporation (an oil and gas production services company) as its Chief Executive Officer from 1985 to 1999 and its Chairman from 1985 to 2001. In 1977 Mr. Hagg co-founded Canadian Northstar Corporation (the former controlling shareholder of Northstar Energy Corporation, a subsidiary of Devon Energy Corporation since 1998). During his 35 years of experience as a senior executive in the petroleum industry working in the exploration and production, service and financial sectors in Canada and the United States, Mr. Hagg also served as a director of S&T Drilling Ltd. (a Canadian oil well drilling contractor) from 1980 to 1992, Canadian Venture Exchange Inc. (renamed the TSX Venture Exchange upon its purchase by the TMX Group, Inc. in 2001) from 1999 to 2001, Devon Energy Corporation (an independent oil and natural gas exploration and production company) from December 1998 to 2000, Devon Canada Inc. (a subsidiary of Devon Energy Corporation) from 1998 to 2001, Berry Petroleum Company (an independent energy company engaged in the exploration and production of crude oil and natural gas) from 1994 to 2005, and Tristone Capital, Inc. (a provider of corporate financial advisory and investment banking services to the energy industry now known as Macquarie Tristone) from 2002 to 2009.

As Chairman of Strad Energy Services Ltd and Clark Builders and with 35 years of experience as a senior executive in the petroleum industry, service and financial sectors in Canada and the United States, Mr. Hagg's qualifications include industry, financial, and operating experience.

**Juanita H. Hinshaw, Age 67**

Member Audit Committee

Chair Finance Committee

Director since 2004. Ms. Hinshaw is President and Chief Executive Officer of H&H Advisors (a financial consulting firm she founded in 2005). From 2000 to 2005 she was Senior Vice President and Chief Financial Officer of Graybar Electric Company (a distributor of electrical and communications products and provider of related supply chain management and logistics services), where she was responsible for the treasury, tax, auditing, and accounting areas. Ms. Hinshaw was a director of Graybar from 2000 to 2005. Prior to joining Graybar, she was with Monsanto Company (an agricultural company) for fifteen years, retiring as Monsanto's

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Vice President and Treasurer in 1999. Ms. Hinshaw was a director of IPSCO (a supplier of steel products, tubular products, and coil processing services and products) from 2001 until the company was sold in 2007. Ms. Hinshaw is a director of Aegion Corporation, now the reorganized parent holding company of Insituform Technologies Inc. (a provider of technologies and services for the rehabilitation of pipeline systems), which Ms. Hinshaw has served as a director since 2000. Ms. Hinshaw is also a director of Synergetics USA, Inc. (which designs, manufactures, and markets instruments used for eye and neurosurgery).

As the President and Chief Executive Officer of a consulting firm, the former Senior Vice President and Chief Financial Officer of Graybar Electric Company, and the former Vice President and Treasurer of Monsanto Company, Ms. Hinshaw's qualifications include financial and operating experience.

**Frank T. MacInnis, Age 65**

Chairman of the Board

Member Compensation Committee

Chair Nominating and Governance Committee

Director since 1998. Mr. MacInnis was named Chairman of our Board effective January 3, 2011. He is Chairman of the Board of EMCOR Group Inc. (an electrical and mechanical construction company and energy infrastructure service provider), where he also served as Chief Executive Officer from 1994 to 2010 and managed the reorganization and emergence from bankruptcy of its predecessor. Mr. MacInnis also is Chairman of the Board and Chief Executive Officer of ComNet Communications, LLC (a provider of turnkey voice, data, and video infrastructure support). Mr. MacInnis is a director of Gilbane, Inc. (a real estate development and construction firm) since 2012. From 1981 to 1984, Mr. MacInnis served as Chairman and Chief Executive Officer of H.C. Price Construction (a builder of large diameter oil and gas pipelines). He has managed construction and operations all over the world, including in Tehran, Baghdad, Bangkok, the United Arab Emirates, London, the United States, and Canada. Mr. MacInnis has a law degree, having graduated from the University of Alberta Law School in 1971. He is a director and non-executive Chairman of the Board of ITT Corporation (a high-technology engineering and manufacturing company).

As the Chairman of our Board, EMCOR, and ITT Corporation, the former Chief Executive Officer of EMCOR Group Inc., and the current Chairman of the Board and Chief Executive Officer of ComNet Communications, LLC, Mr. MacInnis' qualifications include industry, financial, corporate governance, legal, operating, and compensation experience.

**Steven W. Nance, Age 55**

Member Compensation Committee

Member Nominating and Governance Committee

Director since 2012. Mr. Nance is president and manager of Steele Creek Energy, LLC (a private company with investments in oil and natural gas). He is also a director for Cloud Peak Energy, Inc. (a coal producing company specializing in the production of low sulfur, subbituminous coal), chairing its health, safety,

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environment and communities committee and serving as a member of its audit committee. Mr. Nance has more than 30 years of experience in the oil and gas industry, 12 of which Mr. Nance spent performing roles of increasing responsibility for Burlington Resources Inc. and its affiliates (an independent natural gas exploration and production company), departing as its Vice President, Gulf Coast Division, in 1997. From 1997 to 1999, Mr. Nance served XPLOR Energy and its predecessor company (a Gulf Coast-based exploration and production company), acting as its Chairman, President and Chief Executive Officer in 1999 when XPLOR Energy was acquired by Harken Energy Corporation. From 2000 to 2007, Mr. Nance served as president of Peoples Energy Production Company (an oil and gas production company) until it was acquired by a subsidiary of El Paso Corporation. Mr. Nance is on the Board of Trustees for the Independent Petroleum Association of America, and serves on the board for The Center for the Performing Arts at the Woodlands.

As president of Steele Creek Energy, LLC and with more than 30 years of leadership experience in the oil and gas industry, Mr. Nance's qualifications include industry and operating experience.

**Murray D. Smith, Age 62**

Member Compensation Committee

Member Nominating and Governance Committee

Director since 2012. Mr. Smith is president of Murray D. Smith and Associates Limited (a consulting firm which provides strategic advice to the North American energy sector). From 1993 to 2004 Mr. Smith was an elected member of the Legislative Assembly of Alberta, Canada, serving in four different Cabinet portfolios – Energy, Gaming, Labour, and Economic Development. He served as Minister of Energy for Alberta, Canada from 2001 to 2004. Mr. Smith was the first Official Representative of the Province of Alberta to the United States of America in Washington, DC, from 2005 to 2007. Prior to serving in elected office, Mr. Smith was an independent businessman, owning a number of Alberta-based energy services companies, providing drilling fluids, services rigs, and oilfield consulting. Mr. Smith is currently a member of the Energy Advisory Board of TD Securities Inc. (a Canadian provider of advisory and capital market services) and the advisory board of Hatch (a Canada-based global engineering firm). He is also a director of Surge Energy Inc. (a public oil-focused oil and gas company with operations throughout Alberta, Manitoba and North Dakota), N Solv Corporation (the owner of proprietary technology for water-free oil sands in-situ extraction), Critical Control Solutions (a public Canadian provider of energy measurement services), and Oak Point Energy Ltd. (a private thermal in-situ oil sands exploration and development company focused on optimal recovery of bitumen in Western Canada).

As a former member of the Legislative Assembly of Alberta, Canada and diplomat and now an energy consultant, Mr. Smith's qualifications include industry and public policy and government experience.

**Janice D. Stoney, Age 71**

Chair Compensation Committee

Member Nominating and Governance Committee



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Director since 1999. Ms. Stoney served as Executive Vice President of US West Communications Group, Inc. from March 1991 until retiring in 1993 after a 33-year career. Previously she served as the President, Consumer Division, of US West (the Denver-based parent company of Northwestern Bell Telephone Company, Mountain States Telephone & Telegraph Company, and Pacific Northwest Bell Telephone Company) from 1989 to 1991. Beginning in 1980, Ms. Stoney held officer positions at Northwestern Bell, including as its Chief Operating Officer and ultimately its President and Chief Executive Officer. Ms. Stoney was the 1994 Nebraska Republican nominee for the U.S. Senate. She served as a national vice-chair finance and the Nebraska chair finance for the Dole for President campaign in 1995 to 1996, and as a delegate to the 2000 and 2004 national Republican conventions. Ms. Stoney was a director of Gordmans (a chain of mid-western discount department stores) from 1998 to 2008, Bridges Investment Fund (a venture capital fund) from 1999 to 2006, and Swanson Corporation (a vending and food service corporation) from 1999 to 2006. Ms. Stoney was a director of Whirlpool Corporation (a manufacturer of home appliances) from 1987 to 2011. Through 22 years as a director in manufacturing, consumer products, retailing, and investment funds industries, Ms. Stoney has board experience with director searches, CEO and management succession, management development, executive compensation, and strategic planning. She has chaired compensation and audit committees for other entities. She has served on the Federal Reserve Bank, Tenth District, Omaha Branch and the Omaha Community Foundation.

As a former Executive Vice President of US West Communications Group, Inc., Chief Executive Officer of Northwestern Bell, and through her engagement in the political process, Ms. Stoney's qualifications include corporate governance, public policy and government, operating, and compensation experience.

**Laura A. Sugg, Age 51**

Member Compensation Committee

Member Finance Committee

Director since 2010. Ms. Sugg retired from ConocoPhillips in April 2010, having served as President, Australasia Division, a position responsible for the profit & loss and growth responsibility of ConocoPhillips' operations in Australia and East Timor. Ms. Sugg began her career in 1983 at Sohio Petroleum and joined Phillips Petroleum, now ConocoPhillips, in 1986 and performed various business development, human resources and operations roles. From 2003 to 2005, Ms. Sugg was ConocoPhillips' General Manager E&P Human Resources, with responsibility for global compensation and benefits, leadership succession planning, and all human resource functions for 10,000 worldwide employees in 16 countries. From 2002 to 2003, Ms. Sugg was a ConocoPhillips' midstream executive responsible for profit & loss, health, safety and environment, and operations for its gas gathering, processing, and fractionation business in the U.S., Canada, and Trinidad. From 2000 to 2002, Ms. Sugg was Vice President Worldwide Gas for Phillips with responsibility for its global liquefied natural gas and coal bed methane business development and the profit and loss for its North American gas marketing operations. Ms. Sugg was a director of Mariner Energy, Inc. (an independent oil and gas exploration and production company) from November 2009 until its merger with Apache Corporation in November 2010. In December 2011, Ms. Sugg was elected as a director of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P., serving on its audit committee, and in January 2012, Ms. Sugg joined the board of Denbury Resources, Inc. (an independent oil and gas company). She is a member of the National Association of Corporate Directors and the Oklahoma State University Engineering Advisory Board.

As the former President, Australasia Division, General Manager E&P Human Resources, and midstream executive, each with ConocoPhillips, Ms. Sugg's qualifications include industry, financial, operating, and compensation experience.

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***Board of Directors Recommendation: THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE DIRECTORS NAMED IN PROPOSAL 1.***

**Director Continuing in Office**

**Director Whose Term Will Expire at the Annual Meeting in 2013**

**Kathleen B. Cooper, Age 67, Class III**

Chairman Audit Committee

Member Finance Committee

Director since 2006. Dr. Cooper has served as Senior Fellow of the Tower Center for Political Studies at Southern Methodist University since August 2007. From 2005 to 2007, she was the Dean of the College of Business Administration at the University of North Texas. From 2001 to 2005, she was the Under Secretary for Economic Affairs at the U.S. Department of Commerce. Dr. Cooper was at Exxon Mobil Corporation (an international oil and gas company) from 1990 to 2001, serving as Chief Economist the entire time and adding the position of Manager, Economics & Energy Division, Corporate Planning in 1999. Dr. Cooper also served as Chief Economist for Security Pacific Bank (1981 to 1990) and United Banks of Colorado (1971 to 1981). Dr. Cooper was a founding director of Texas Security Bank from 2008 through January 2010. She has participated in numerous professional and community service organizations, including Harvard University's Higher Education Leadership Forum, the Oxford Energy Forum, and the International Women's Forum. She currently serves as chair of the National Bureau of Economic Research.

As Senior Fellow of the Tower Center for Political Studies at Southern Methodist University, former Under Secretary for Economic Affairs at the U.S. Department of Commerce, and former executive of a Fortune 500 energy company, Dr. Cooper's qualifications include industry, financial, and public policy and government experience.

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As of February 29, 2012 there were no beneficial holders of five percent or more of our common stock.

The following table sets forth, as of February 29, 2012, the number of shares of our common stock beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group.

Name of Individual or Group	Shares of	Shares Underlying	Total	Percent of Class(4)
	Common Stock Owned Directly or Indirectly(1)(2)	Options Exercisable Within 60 Days(3)		
Alan S. Armstrong	490,215	394,993	885,208	*
Donald R. Chappel	507,592	682,431	1,190,023	*
Joseph R. Cleveland	29,843		29,843	*
Kathleen B. Cooper	32,554	5,527	38,081	*
Irl F. Engelhardt	62,545	13,379	75,924	*
William E. Green	59,079	19,388	78,467	*
John A. Hagg				*
Ralph A. Hill (5)	229,924	403,536	633,460	*
Juanita H. Hinshaw	38,505	16,383	54,888	*
Frank T. MacInnis	81,626	37,415	119,041	*
Steve J. Malcolm (6)	883,425	900,002	1,783,427	*
Rory L. Miller	152,506	97,347	249,853	*
Steven W. Nance				*
Murray D. Smith	1,500		1,500	*
Janice D. Stoney	75,681	19,388	95,069	*
Laura A. Sugg	8,710		8,710	*
Phillip D. Wright	463,268	369,317	832,585	*
All directors and executive officers as a group (22 persons)	3,720,960	3,332,745	7,053,705	1.19

\* Less than 1%.

- (1) Includes shares held under the terms of incentive plans as follows: Mr. Armstrong, 293,159 restricted stock units; Mr. Chappel, 222,583 restricted stock units; Mr. Hill, 650 shares in The Williams Investment Plus Plan; Mr. Malcolm, 172,579 restricted stock units; Mr. Miller, 103,724 restricted stock units; and Mr. Wright, 126,732 restricted stock units. Restricted stock units include both time-based and performance-based units and do not have voting or investment power. Shares held in The Williams Investment Plus Plan have voting and investment power.
- (2) Includes restricted stock units over which directors have no voting or investment power held under the terms of compensation plans as follows: Mr. Cleveland, 22,865; Dr. Cooper, 22,865; Mr. Engelhardt, 22,865; Mr. Green, 22,865; Ms. Hinshaw, 22,865; Mr. MacInnis, 22,865; Ms. Stoney, 52,423; and Ms. Sugg, 8,710.
- (3) The SEC deems a person to have beneficial ownership of all shares that the person has the right to acquire within 60 days. The shares indicated represent stock options granted under our current or previous stock option plans that are currently exercisable or will become exercisable within 60 days of February 29, 2012. Shares subject to options cannot be voted.

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- (4) Ownership percentage is reported based on 593,914,068 shares of common stock outstanding on February 29, 2012, plus, as to the holder thereof only and no other person, the number of shares (if any) that the person has the right to acquire as of February 29, 2012, or within 60 days from that date, through the exercise of all options and other rights.
- (5) Mr. Hill resigned as Senior Vice President, Exploration and Production, on December 31, 2011 immediately preceding the separation from Williams of WPX Energy, Inc., Williams former subsidiary, for which Mr. Hill is the Chief Executive Officer.
- (6) Mr. Malcolm retired as Chairman of the Board, Chief Executive Officer, and President of the Company, effective January 3, 2011.

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The following table sets forth, as of February 29, 2012, the number of shares of common units of Williams Partners L.P. beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group.

Name of Individual or Group	Shares of	Shares Underlying	Total	Percent of Class(2)
	Common Units Owned Directly or Indirectly	Options Exercisable Within 60 Days(1)		
Alan S. Armstrong (3)	20,000		20,000	*
Donald R. Chappel	22,584		22,584	*
Joseph R. Cleveland	2,000		2,000	*
Kathleen B. Cooper	0		0	*
Irl F. Engelhardt	0		0	*
William E. Green	1,345		1,345	*
John A. Hagg	0		0	*
Ralph A. Hill (4)	4,292		4,292	*
Juanita H. Hinshaw	1,876		1,876	*
Frank T. MacInnis	8,792		8,792	*
Steven J. Malcolm (5)	32,684		32,684	*
Rory L. Miller	0		0	*
Steven W. Nance	0		0	*
Murray D. Smith	0		0	*
Janice D. Stoney	8,792		8,792	*
Laura A. Sugg	0		0	*
Phillip D. Wright	12,084		12,084	*
All directors and executive officers as a group (20 persons)	125,532		125,532	*

\* Less than 1%.

- (1) The SEC deems a person to have beneficial ownership of all shares that the person has the right to acquire within 60 days.
- (2) Ownership percentage is reported based on 306,058,540 shares of common units outstanding on February 29, 2012.
- (3) Represents 10,000 units held by the Shelly Stone Armstrong Trust dated August 10, 2004.
- (4) Mr. Hill resigned as Senior Vice President, Exploration and Production, on December 31, 2011 immediately preceding the separation from Williams of WPX Energy, Inc., Williams former subsidiary, for which Mr. Hill is the Chief Executive Officer.
- (5) Mr. Malcolm retired as Chairman of the Board, Chief Executive Officer, and President, effective January 3, 2011.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and certain of its officers to file reports of their ownership of Williams common stock and of changes in such ownership with the SEC and the NYSE. Regulations also require Williams to identify in this proxy statement any person subject to this requirement who failed to file any such report on a timely basis. Based solely on a review of the copies of such reports furnished to the Company and written representations from certain reporting persons, we believe that all of our officers, directors,

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and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended December 31, 2011, except that, due to a reporting oversight, the Form 3 of Randall L. Barnard (Senior Vice President, Gas Pipelines) was amended on February 14, 2012 to report 6,203 shares of stock omitted from his original Form 3 filed on February 28, 2011. Additionally a Form 4 for Ralph A. Hill (Senior Vice President, Exploration and Production until December 31, 2011) was filed on April 2, 2012 to report the sales on March 18, 2008 of 14,495 shares not previously reported due to an administrative reporting oversight.

Table of Contents**NAMED EXECUTIVE OFFICER PROFILES**

The following profiles provide biographical information and summarize total targeted compensation for 2011 to those of our NEOs continuing in office. These profiles are provided in addition to the detailed compensation tables required by the SEC.

**Alan S. Armstrong****Chief Executive Officer**

Position held since January 2011

Age: 49

Mr. Armstrong became one of our directors and our Chief Executive Officer and President effective January 3, 2011. From 2002 until January 2011, he was Senior Vice President - Midstream and acted as President of our midstream business. From 1999 to 2002, Mr. Armstrong was Vice President, Gathering and Processing for Midstream. From 1998 to 1999 he was Vice President, Commercial Development for our midstream business. Since January 2011, Mr. Armstrong has served as Chairman of the Board and Chief Executive Officer of Williams Partners GP LLC, the general partner of Williams Partners L.P., where he was Senior Vice President - Midstream from February 2010, and Chief Operating Officer and a director from 2005. He also serves as a member and the former Chairman of the Board of Directors of Junior Achievement of Oklahoma, Inc., President of the Gas Processors Association, a member of the Board for the Natural Gas Supply Association, and Chairman of the University of Oklahoma College of Engineering Board of Visitors.

**2011 Target Compensation<sup>1</sup>**

Long-Term Incentives (LTI)	
Performance-Based RSUs	\$ 1,500,000
Stock Options	\$ 750,000
Time-Based RSUs	\$ 750,000
Annual Incentive Plan (AIP) at Target	\$ 900,000
Base Pay	\$ 900,000
<b>Total Target Compensation</b>	<b>\$ 4,800,000</b>
Retirement Benefits	
Pension (year over year change)	\$ 176,995
Restoration Plan (year over year change)	\$ 494,141
401(k) Company Match	\$ 14,700

**Payment Upon Termination**

(As of December 30, 2011)

Voluntary Termination	\$ 0
Termination with Cause	\$ 0
Involuntary Termination without Cause	\$ 6,789,553
Retirement	\$ 6,881,103
Death or Disability	\$ 8,025,044
Change in Control	\$ 21,048,892

**Stock Ownership Requirements**

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As of December 31, 2011, Mr. Armstrong's ownership in our common stock exceeded the required CEO ownership threshold of six times base salary.

### **2011 Target Compensation Chart**

<sup>1</sup> Please note that 2011 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.



**Table of Contents****Donald R. Chappel****Senior Vice President and Chief Financial Officer**

Position held since April 2003.

Age: 60

Prior to joining Williams, Mr. Chappel held various financial, administrative, and operational leadership positions. Mr. Chappel is included in Institutional Investor magazine's Best CFOs listing for 2012, 2011, 2010, 2008, 2007, and 2006. Since 2005, Mr. Chappel has served as Chief Financial Officer and a director of Williams Partners GP LLC, the general partner of Williams Partners L.P. Mr. Chappel was Chief Financial Officer, from 2007, and a director, from 2008, of Williams Pipeline GP LLC, the general partner of Williams Pipeline Partners L.P., until its merger with Williams Partners L.P. in 2010. Mr. Chappel is a director of SUPERVALU Inc. (a grocery and pharmacy company) and is chairman of its Finance Committee. Mr. Chappel also serves as a director of two not-for-profit organizations - The Children's Hospital Foundation at St. Francis and Family & Children's Services of Oklahoma.

**2011 Target Compensation<sup>1</sup>**

Long-Term Incentives (LTI)	
Performance-Based RSUs	\$ 735,000
Stock Options	\$ 630,000
Time-Based RSUs	\$ 735,000
Annual Incentive Plan (AIP) at Target	\$ 472,500
Base Pay	\$ 630,000
<b>Total Target Compensation</b>	<b>\$ 3,202,500</b>
Retirement Benefits	
Pension (year over year change)	\$ 176,995
Restoration Plan (year over year change)	\$ 494,141
401(k) Company Match	\$ 14,700

**Payment Upon Termination**

(As of December 30, 2011)

Voluntary Termination	\$ 0
Termination with Cause	\$ 0
Involuntary Termination without Cause	\$ 7,727,479
Retirement	\$ 7,938,324
Death or Disability	\$ 9,163,693
Change in Control	\$ 17,641,881

**Stock Ownership Requirements**

As of December 31, 2011, Mr. Chappel's ownership in our common stock exceeded the required NEO ownership threshold of three times base salary.

**2011 Target Compensation Chart**

<sup>1</sup> Please note that 2011 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

**Table of Contents****Rory L. Miller****Senior Vice President - Midstream**

Position held since January 2011

Age: 51

Mr. Miller acts as President of our midstream business. He was a Vice President of our midstream business from May 2004 to December 2011. Mr. Miller also serves as a director and Senior Vice President, Midstream of Williams Partners GP LLC, the general partner of Williams Partners L.P. Mr. Miller is a member of the board of directors for the Gas Processors Association and the Natural Gas Supply Association. He also serves as a director for The Salvation Army - Tulsa Area.

**2011 Target Compensation<sup>1</sup>**

Long-Term Incentives (LTI)	
Performance-Based RSUs	\$ 525,000
Stock Options	\$ 525,000
Time-Based RSUs	\$ 450,000
Annual Incentive Plan (AIP) at Target	\$ 266,500
Base Pay	\$ 410,000
<b>Total Target Compensation</b>	<b>\$ 2,176,500</b>
Retirement Benefits	
Pension (year over year change)	\$ 164,132
Restoration Plan (year over year change)	\$ 119,758
401(k) Company Match	\$ 14,700

**Payment Upon Termination**

(As of December 30, 2011)

Voluntary Termination	\$ 0
Termination with Cause	\$ 0
Involuntary Termination without Cause	\$ 1,653,946
Retirement	\$ 1,418,556
Death or Disability	\$ 1,979,933
Change in Control	\$ 5,196,946

**Stock Ownership Requirements**

As of December 31, 2011, Mr. Miller's ownership in our common stock exceeded the required NEO ownership threshold of three times base salary.

**2011 Target Compensation Chart**

<sup>1</sup> Please note that 2011 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

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**COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation Discussion and Analysis ( CD&A ) provides a detailed description of the objectives and principles of Williams' executive compensation programs. It explains how compensation decisions are linked to performance as compared to the Company's strategic goals and stockholder interests. Generally, Williams' executive compensation programs apply to all officers, however this CD&A focuses on the Named Executive Officers for the Company for the 2011 fiscal year.

**2011 Compensation Highlights**

Eliminated excise tax gross-ups from the Change in Control agreements effective May 1, 2012. Communication to executives occurred in 2011 pursuant to terms of the agreements.

Increased the CEO's stock ownership guideline to six-times base salary from five-times base salary.

Reduced the CEO's perquisites by eliminating a home security benefit as well as the requirement for the CEO to use company aircraft for all air travel.

Amended the 2007 Incentive Plan to require a minimum three-year vesting period for all restricted stock unit ( RSU ) awards and at least a portion of all stock option awards.

Adjusted the equity mix of the CEO's 2011 equity award. The Compensation Committee ( Committee ) determined the CEO should continue to receive 50% of the equity award in the form of performance-based RSUs in order to directly align compensation with the Company's objectives and stockholder interests. However, in recognizing Mr. Armstrong's recent move into the CEO role, the Committee decided 25% of his 2011 equity award should be in the form of time-based RSUs in order to assist him in building stock ownership appropriate for his new role. The remaining 25% was granted in the form of stock options. In 2012, the Committee made the determination that 55% of Mr. Armstrong's 2012 equity award would be granted in performance-based RSUs, 25% in time-based RSUs, and 20% stock options.

Recommended and received stockholder approval on an annual say-on-pay stockholder vote. The Committee believes an annual vote is consistent with its desire to engage and receive feedback from stockholders regarding our pay programs.

Considered the annual say-on-pay for vote results of 96% as confirmation of stockholder continued support for our compensation decisions and practices.

Increased the Board of Director stock ownership guidelines retainer to five-times the annual cash retainer from three-times the annual cash retainer.

Changed our annual performance measures for 2012 short-term incentives to create more understanding and transparency with stockholders and employees. The 2012 annual performance measures will be weighted measures of adjusted operating distributable cash flow, controllable costs, and fee-based revenue.

**2011 Business Highlights**

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On December 1, 2011, we announced that our Board approved a tax-free spinoff of 100 percent of our exploration and production business, WPX Energy, Inc. ( WPX ), to our stockholders. On December 31, 2011, we distributed one share of WPX common stock for every three shares of Williams common stock.

We doubled our quarterly dividends from \$0.125 per share in the fourth quarter of 2010 to \$0.25 per share in the fourth quarter of 2011. Also, consistent with expected growing cash distributions from our interest in Williams Partners L.P. ( WPZ ), we expect continued dividend increases on a quarterly basis.

Crude oil and natural gas liquids ( NGL ) prices increased in 2011, while natural gas prices have remained relatively low. We have benefited from this environment as our 2011 income (loss) from continuing operations attributable to The Williams Companies, Inc. increased by \$699 million compared to 2010. This increase is primarily reflective of a \$460 million improvement in operating income and \$335 million of lower charges associated with early debt retirements in 2011 as compared to 2010.

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Abundant and low-cost natural gas reserves in the United States continue to drive strong demand for midstream and pipeline infrastructure. We believe we have successfully positioned our energy infrastructure businesses for significant future growth, as highlighted by the following accomplishments during 2011:

- i In March 2011, our business segment Midstream Canada & Olefins announced a long-term agreement under which it will produce up to 17,000 barrels per day of ethane/ethylene mix for a chemical company in Alberta, Canada. We plan to expand two primary facilities located in Alberta to support the new agreement.
  
- i In October 2011, WPZ executed an agreement with two significant producers to provide certain production handling services in the eastern deepwater Gulf of Mexico. We will design, construct and install a floating production system ( Gulfstar FPS ) that will have the capacity to handle 60 thousand barrels per day ( Mbbls/d ) of oil, up to 200 million cubic feet per day ( MMcf/d ) of natural gas, and the capability to provide seawater injection services. We expect Gulfstar FPS to be placed into service in 2014 and to be capable of serving as a central host facility for other deepwater prospects in the area.
  
- i During 2011, WPZ placed into service expansions of a natural gas transmission system, compression facilities, and line facilities that provide an aggregate additional 599 Mdt/d of incremental firm capacity. We also filed an application with the FERC to increase capacity by 250 Mdt/d by expanding our natural gas transmission system from the Marcellus Shale production region on the Leidy Line to various delivery points in New York and New Jersey.
  
- i Work completed in 2011 allowed WPZ to place into service a pipeline that will allow us to deliver approximately 300 MMcf/d into the Transco pipeline and full use of approximately 550 MMcf/d of capacity from various compression and dehydration expansion projects to our gathering business in Pennsylvania's Marcellus Shale in January 2012.
  
- i Based on efforts in 2011, Discovery Producer Services LLC ( Discovery ), an equity method investee in which we own 60 percent and operate, announced in January 2012 that it signed long-term agreements with anchor customers for natural gas gathering and processing services for production from the central deepwater Gulf of Mexico. To provide these services, Discovery plans to construct a new deepwater pipeline which will have the capacity to flow approximately 400 MMcf/d and will accommodate the tie-in of other deepwater prospects.

Set forth below is a chart comparing Williams' cumulative total stockholder return on our common stock to the median cumulative total return of the S&P 500 Stock Index and our comparator company group. For more details on our comparator company group see the section titled "Determining Our Comparator Group." The graph below assumes an investment of \$100 at the beginning of the period.

\* 2011 based on closing stock price on December 30, 2011 prior to WPX Energy, Inc. spinoff.

\*\* Analysis does not include the re-investment of dividends.

**Table of Contents****Compensation Summary****Objective of Our Compensation Programs**

The role of compensation is to attract and retain the talent needed to drive stockholder value and to help our businesses meet or exceed financial and operational performance targets. Our compensation programs' objective is to reward our NEOs and employees for successfully implementing our strategy to grow our business and create long-term stockholder value. To that end, in 2011 we used relative and absolute Total Stockholder Return (TSR) to measure long-term performance and Economic Value Added (EVA<sup>1</sup>) to measure annual performance. We believe using separate annual and long-term metrics to incent and pay NEOs helped ensure that the business decisions made were aligned with the long-term interests of our stockholders.

**Our Pay Philosophy**

Our pay philosophy throughout the entire organization is to pay for performance, be competitive in the marketplace, and consider the value a job provides to the Company. Our compensation programs reward NEOs not just for accomplishing goals, but also for how those goals are pursued. We strive to reward the right results and the right behaviors while fostering a culture of collaboration and teamwork.

The principles of our pay philosophy influence the design and administration of our pay programs. Decisions about how we pay NEOs are based on these principles. The Committee uses several types of pay that are linked to both our long-term and short-term performance in the executive compensation programs. Included are long-term incentives, annual cash incentives, base pay, and benefits. The chart below illustrates the linkage between the types of pay we use and our pay principles.

Pay Principles	Long-	Annual	Base Pay	Benefits
	term Incentives	Cash Incentives		
Pay should reinforce business objectives and values	ü	ü	ü	
A significant portion of an NEO's total pay should be variable based on performance	ü	ü		
Incentive pay should balance long-term, intermediate, and short-term performance	ü	ü		
Incentives should align interest of NEOs with stockholders	ü	ü		
Pay opportunity should be competitive	ü	ü	ü	ü
A portion of pay should be provided to compensate for the core activities required for performing in the role			ü	ü
Pay should foster a culture of collaboration with shared focus and commitment to our Company	ü	ü		

**Our Commitment to Pay for Performance**

We give significant consideration to the need to balance our pay philosophy and practices with affordability and sustainability. We continued to grant long-term incentives in the form of (1) performance-based RSUs, (2) time-based RSUs, and (3) stock options in 2011 to emphasize our commitment to pay for performance.

<sup>1</sup> Economic Value Added<sup>®</sup> (EVA<sup>®</sup>) is a registered trademark of Stern, Stewart & Co.



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Consistent with this commitment, we have granted performance-based RSUs to our NEOs since 2004. Beginning in 2009, the performance-based RSUs awarded are only earned if we attain specific TSR results. We are committed to delivering a responsible return to stockholders. For this reason, we measure both relative TSR and absolute TSR as interdependent measures in determining the attainment level of our performance-based awards. Including absolute TSR ensures that we are delivering value to our stockholders, not simply performing well against our peers. Relative TSR could place us at the top of our peers. However if we have not delivered value to our stockholders, awards would be limited. Our comparator group typically considers their performance relative to a defined peer group regardless of if their stockholders have experienced a return on their investment. We do believe it is to the benefit of our stockholders to also perform well against our peers; and therefore, additionally include a relative TSR measure in our performance-based equity awards to compare our TSR to the TSR of companies in our comparator group. Performance-based equity is a significant portion of our NEO compensation. Our commitment to pay for performance is emphasized by incorporating both absolute and relative TSR as the measures for our performance-based awards.

The matrix below shows how the two metrics work together to generate a performance multiple. The matrix only generates a payout for relative TSR performance below the median of our comparator company group when we deliver at least a 7.5% annualized TSR to our stockholders during the three-year period. Even then, the payout would be between 0% - 50% of the original grant. Similarly, relative TSR performance near or at the top of our comparator group would be capped at 60% if we fail to return at least 7.5% to our stockholders. This is in sharp contrast to the majority of our comparator group who determine payout based only on relative TSR. This would result in each NEO receiving well below the targeted award despite high relative TSR compared to our peers. Without delivering the threshold absolute return to stockholders, relative TSR that fails to exceed the median of the comparator group will not generate any payout.

The performance-based RSUs granted in 2009 for the 2009-2011 performance period exceeded targets set for both absolute and relative TSR at the beginning of the performance period resulting in a strong performance score. Of note, the performance-based RSUs for 2007 and 2008 did not meet EVA<sup>®</sup> performance goals and resulted in the grants being cancelled. This resulted in each NEO losing a significant portion of pay that was targeted for 2007-2009 and 2008-2010.

In addition to performance-based long-term incentive awards, we also reward performance through our Annual Incentive Program ( AIP ). Each year, we set performance targets for the AIP during the first quarter. The targets established in 2011 required continued improvement in EVA<sup>®</sup> based on the anticipation of an improving economic environment but declining natural gas prices. Actual EVA<sup>®</sup> performance was slightly below the target.

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### **Mitigating Risk**

Although no compensation-related risk was identified as a top risk for 2011, the approach to determine if there were adverse compensation risks was similar to the process detailed in the Corporate Governance and Board Matters Corporate Governance Board Oversight of Williams Risk Assurance Process section of this proxy statement. After this thorough review and analysis, it was determined we do not have material adverse compensation-related risks. Our compensation plans are effectively designed and functioning to reward positive performance and motivate NEOs and employees to behave in a manner consistent with our stockholder interests, business strategies and objectives, ethical standards, and prudent business practices, along with our Core Values & Beliefs which are the foundation on which we conduct business. Our Core Values & Beliefs can be found on our website at [www.williams.com](http://www.williams.com) from the Who We Are tab. In fact, many elements of our executive pay program serve to mitigate excessive risk taking. For example:

*Target Pay Mix.* The target pay mix weighting of long-term incentives, annual cash incentives and base pay is consistent with comparator company practices and avoids placing too much value on any one element of compensation, particularly the annual cash incentive. The mix of our pay program is intended to motivate NEOs to consider the impact of decisions on stockholders in the short, intermediate, and long terms.

*Annual Cash Incentive.* Our annual cash incentive program does not allow for unlimited payouts. Cash incentive payments cannot exceed 250% of target levels.

*Performance-based Awards.*

Our annual cash incentive and long-term incentive programs include performance-based awards. The entire annual cash incentive award is measured against performance targets, while a significant portion of the long-term equity awards provided to NEOs is in the form of performance-based RSUs and stock options. Performance-based RSUs have no value unless we achieve pre-determined three-year performance target thresholds. Stock options will have no value unless the stock price increases from the date of grant.

To drive a long-term perspective, all RSU awards vest at the end of three years rather than vesting ratably on an annual basis.

NEOs' incentive compensation performance is measured at the enterprise level rather than on a business unit level to ensure a focus on the overall success of the Company.

*Stock Ownership Guidelines.* As discussed in this CD&A, all NEOs, consistent with their responsibilities to stockholders, must hold an equity interest in the Company equal to a stated percentage of their base pay.

*Recoupment Policy.* In the event we are required to restate our financial statements due to fraud or intentional misconduct, we have a recoupment policy that enables us to recover incentive-based compensation from NEOs. The policy provides the Board discretion to determine situations where recovery of incentive pay is appropriate.

### **Compensation Recommendation and Decision Process**

#### *Role of Management*

In order to make pay recommendations, management provides the CEO with data from the annual proxy statements of companies in our comparator group along with pay information compiled from nationally recognized executive and industry related compensation surveys. The survey data is used to confirm that pay practices among companies in the comparator group are aligned with the market as a whole.

*Role of the CEO*

Before recommending base pay adjustments and long-term incentive awards to the Committee, our CEO reviews the competitive market information related to each of our other NEOs while also considering internal equity and individual performance.

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For our 2011 annual cash incentive program, the CEO's recommendation was based on EVA<sup>®</sup> attainment with a potential adjustment for individual performance. Individual performance includes business unit EVA<sup>®</sup> results for the business unit leaders, achievement of business goals, and demonstrated key leadership competencies.

### *Role of the Other NEOs*

Our other NEOs have no role in setting compensation for any of the NEOs.

### *Role of the Compensation Committee*

For all NEOs, except the CEO, the Committee reviews the CEO's recommendations, supporting market data, and individual performance assessments. In addition, the Committee's independent compensation consultant, Frederic W. Cook & Co., Inc., reviews all of the data and advises on the reasonableness of the CEO's pay recommendations.

For the CEO, the Board meets in executive session without management present to review the CEO's performance. In this session, the Board reviews:

Evaluations of the CEO completed by the board members and the executive officers (excluding the CEO);

The CEO's written assessment of his/her own performance compared with the stated goals; and

EVA<sup>®</sup> performance of the Company relative to established targets as well as the financial and safety metrics presented as a supplement to EVA<sup>®</sup> performance.

The Committee uses these evaluations and competitive market information provided by its independent compensation consultant to determine the CEO's long-term incentive amounts, annual cash incentive target, base pay, and any performance adjustments to be made to the CEO's annual cash incentive payment.

### *Role of the Independent Compensation Consultant*

Frederic W. Cook & Co., Inc. assists the Committee in determining the compensation for our NEOs. Please refer to the section "Corporate Governance and Board Matters - Board and Committee Structure and Meetings - Compensation Committee" of this proxy statement for a discussion of the independent compensation consultant.

To assist the Committee in discussions and decisions about compensation for our CEO, the Committee's independent compensation consultant presents competitive market data that includes proxy data from the approved comparator group and published compensation data, using the same surveys and methodology used for our other NEOs (described in the "Role of Management" section in this CD&A). Our comparator group is developed by the Committee's independent compensation consultant, with input from management, and is approved by the Committee.

## **2011 Comparator Group**

### *How We Use Our Comparator Group*

We refer to publicly available data showing how much our comparator group pays, as well as how pay is divided among equity, annual incentives, base pay and other forms of compensation. This allows the Committee to ensure competitiveness and appropriateness of proposed compensation packages. When setting pay, the Committee uses market median information of our comparator group, as opposed to market averages, to ensure that the impact of any unusual events that may occur at one or two companies during any particular year is diminished from the analysis. If an event is particularly unusual and surrounds unique circumstances, the data is completely removed from the assessment. The pay of one higher-paid CEO in our comparator group was not considered when determining pay for our CEO.

### *Determining Our Comparator Group*

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Each year the Committee reviews the prior year's comparator group to ensure that it is still appropriate. We last made changes to this group in 2009. In 2011, recognizing the complete spin-off of our exploration and

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production business, the Committee adopted a new comparator group of companies for use beginning in 2012 recognizing our focus on gas pipelines, midstream and olefins businesses.

Companies in our comparator group have a range of revenues, assets, and market capitalization. Business consolidation and unique operating models create some challenges in identifying comparator companies. Accordingly, we take a broader view of comparability to include organizations that are similar to us in some, but not all, respects. This results in compensation that is appropriately scaled and reflects comparable complexities in business operations. We typically aim for a comparator group of 15 to 25 companies so our comparisons will be valid.

The 2011 comparator group included the following 19 companies, which comprised a mix of both direct competitors and companies whose primary business was similar to at least one of our businesses.

**2010 Business Lines**

Company Name	Ticker	E&P	Midstream	Pipeline	2010	2010	2010
					Revenue	Total Assets	Market Cap
					(Dollars in millions)		
Anadarko Petroleum Corp	APC	X	X		10,842	51,559	37,795
Apache Corp	APA	X			12,092	43,425	45,636
Centerpoint Energy Inc	CNP		X	X	8,785	20,111	6,679
Chesapeake Energy Corp	CHK	X	X		9,366	37,179	17,039
Devon Energy Corp	DVN	X	X		9,940	32,927	33,524
Dominion Resources Inc	D	X		X	15,197	42,817	24,814
El Paso Corp	EP	X		X	4,616	25,270	9,697
EOG Resources Inc	EOG	X			5,876	21,624	23,244
EQT Corporation	EQT	X	X		1,323	7,098	6,689
Hess Corp	HES	X			33,705	35,396	25,846
Murphy Oil Corp	MUR	X			23,401	14,233	14,377
NiSource Inc	NI			X	6,422	19,939	4,921
Noble Energy Inc	NBL	X			3,022	13,282	15,128
Oneok Inc	OKE		X	X	13,030	12,499	5,936
Plains All-American Pipeline	PAA		X	X	25,893	13,703	8,866
Questar Corp	STR	X	X	X	1,124	3,374	3,078
Sempra Energy	SRE			X	9,003	30,283	12,622
Southern Union Co	SUG		X	X	2,490	8,239	3,000
Spectra Energy Corp	SE		X	X	4,945	26,686	16,209
<b>Company Count:</b>	<b>19</b>	<b>12</b>	<b>10</b>	<b>10</b>			
				<i>25th Percentile</i>	4,781	13,493	6,684
				<b>Median</b>	<b>9,003</b>	<b>21,624</b>	<b>14,377</b>
				<i>75th Percentile</i>	12,561	34,162	24,029
<b>Williams Companies</b>	<b>WMB</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>9,616</b>	<b>24,972</b>	<b>14,491</b>
				<b>Percent Rank</b>	<b>57.9%</b>	<b>55.1%</b>	<b>50.8%</b>

The 2012 comparator group includes the following 15 companies, which comprise a mix of both direct competitors and companies who are primarily focused in gas pipeline, midstream and olefins businesses and exclude companies that are predominately in exploration and production businesses.

Centerpoint Energy Inc.  
 Dominion Resources Inc.  
 El Paso Corp.  
 Energy Transfer Equity LP  
 Enbridge Inc.

EQT Corporation  
 Kinder Morgan Inc.  
 NiSource Inc.  
 Oneok Inc.  
 Plains All-American Pipeline

Sempra Energy  
 Southern Union Co.  
 Spectra Energy Corp.  
 Targa Resources Corp.  
 Transcanada Corp.



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### **Our Pay Setting Process**

Setting pay is an annual process that occurs during the first quarter of the year. The Committee completes a review to ensure we are paying competitively, equitably and in a way that encourages and rewards performance.

The compensation data of our comparator group, disclosed in proxy statements, is the primary market data we use when benchmarking the competitive pay of our NEOs. Aggregate market data obtained from recognized third-party executive compensation survey companies (e.g. Towers Watson, Mercer, AonHewitt) is used to supplement and validate comparator group market data. Typically, the Committee is presented with a range of annual revenues of the companies whose data is included in the aggregate analysis provided by the third party survey, but does not know the identities of the specific companies included.

Although the Committee reviews relevant data as it designs compensation packages, setting pay is not an exact science. Because market data alone does not reflect the strategic competitive value of various roles within the Company, internal pay equity is also considered when making pay decisions. Because we take on an enterprise-wide perspective to promote collaboration and ensure our overall success, paying the NEOs equitably is important. Other considerations when making pay decisions for the NEOs include historical pay and tally sheets that include annual pay and benefit amounts, wealth accumulated over the past five years, and the total aggregate value of the NEOs' equity awards and holdings.

When setting pay, we determine a target pay mix (distribution of pay among long-term incentives, annual incentives, base pay, and other forms of compensation) for the NEOs. The target pay mix for all NEOs can be found in the Named Executive Officer Profile section included in this proxy statement and is illustrated in the pie charts below. Consistent with our pay-for-performance philosophy, the actual amounts paid, excluding benefits, are determined based on Company and individual performance. Because performance is a factor, the target versus actual pay mix will vary, specifically as it relates to the annual cash incentives and performance-based RSUs.

### **How We Determine the Amount for Each Type of Pay**

Long-term incentives, annual cash incentives, base pay, and benefits accomplish different objectives.

#### *Long-Term Incentives*

To determine the value for long-term incentives granted to an NEO each year, we consider the following factors:

the proportion of long-term incentives relative to base pay;



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the NEO s impact on Company performance and ability to create value;

long-term business objectives;

awards made to executives in similar positions within our comparator group of companies;

the market demand for the NEO s particular skills and experience;

the amount granted to other NEOs in comparable positions at the Company;

the NEO s demonstrated performance over the past few years; and

the NEO s leadership performance.

The allocations of our long-term incentive program for 2011 and 2012 are shown in the table below. The long-term incentive mix for the CEO differs from the mix for the other NEOs. Since the CEO has more opportunity to influence our financial results, the Committee considers it appropriate that a greater percentage of his long-term incentives are directly tied to the performance of the Company s stock price. In 2012, a greater percentage is being allocated to performance-based RSUs for both the CEO and NEOs.

	2011			2012		
	Performance-based RSUs	Time-based RSUs	Stock Options	Performance-based RSUs	Time-based RSUs	Stock Options
CEO	50%	25%	25%	55%	25%	20%
Other NEOs	35%	35%	30%	45%	35%	20%

*2011 Performance-based RSUs Granted.* As mentioned in the Our Commitment to Pay for Performance section earlier, we believe it is important to measure TSR on both an absolute and a relative basis. The chart under that section shows the absolute and relative TSR targets for the performance-based restricted stock unit awards for the 2011 to 2013 performance period and the continuum that will determine the resulting potential payout level.

*2009 Performance-based RSUs Earned.* The performance cycle for our 2009 performance-based RSUs ended in 2011. As discussed earlier in the CD&A, we exceeded the performance requirements established prior to the awards being granted in 2009. We surpassed the stretch goal for the annualized TSR and performed well relative to our comparator companies achieving a relative TSR performance in the top quartile of our comparator company group. Applying these results to the matrix below generated a 178.9% performance result. This is especially significant considering the 2007 and 2008 performance-based RSUs did not attain threshold performance requirements and the grants were not paid out under the plan. This resulted in each NEO losing a significant portion of pay that was targeted for the 2007-2009 and 2008-2010 performance periods.

100 <sup>th</sup> %ile	60%	100%	125%	150%	175%	200%
75 <sup>th</sup> %ile	30%	75%	100%	125%	150%	175%
50 <sup>th</sup> %ile	0%	50%	75%	100%	125%	150%
25 <sup>th</sup> %ile	0%	25%	50%	75%	100%	125%
< 25 <sup>th</sup> %ile	0%	0%	0%	30%	60%	100%
	<8.0%	8.0%	11.5%	15.0%	18.5%	22.0%
		Threshold		Target		Stretch

**Annualized Absolute TSR**



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*Time-Based RSUs.* We grant time-based RSUs to retain executives and to facilitate stock ownership. The use of time-based RSUs is also consistent with the practices of our comparator group of companies. In 2012, we will begin accruing dividend equivalents on our time-based RSUs in line with transformation into a high-growth, high-dividend energy infrastructure company. We expect continued annual dividend increases for our stockholders. Accrued dividend equivalents will only distribute upon vesting.

*Stock Option Awards.* For recipients, stock options have value only to the extent the price of our common stock is higher on the date the options are exercised than it was on the date the options were granted. Stock options vest ratably over a three year time period. The use of stock options is also consistent with the practices of our comparator group of companies.

*Grant Practices.* The Committee typically approves our annual equity grant in February or early March of each year, shortly after the annual earnings release. The grant date for awards is on or after the date of such approval to ensure the market has time to absorb material information disclosed in the earnings release and reflect that information in the stock price. Our grant practices in 2011 were consistent with prior years. The grant date for off-cycle grants for individuals who are not NEOs, for reasons such as retention or new hires, is the first business day of the month following the approval of the grant. By using this consistent approach, we remove grant timing from the influence of the release of material information.

*Stock Ownership Guidelines.* Our program provides stock ownership guidelines for each of our NEOs and our Board of Directors as shown below:

Position	Holding	As a Percentage of	Time Frame for Compliance
	Requirement		
CEO	Multiple 6x	Base Pay	5 Years
NEO	Multiple 3x	Base Pay	5 Years
Board of Directors	Multiple 5x	Annual Cash Retainer	5 years

Annually the Committee reviews the guidelines for competitiveness and alignment with best practice and monitors the NEOs' progress toward compliance. Shares owned outright and unvested performance-based and time-based RSUs count as owned for purposes of the program. Stock options are not included. An NEO, newly promoted CEO, and/or new appointed Board Member has five years after moving into his/her role to reach the ownership requirement. The Committee maintains discretion to modify the guidelines in special circumstances of financial hardship such as illness of the NEO, Board Member, or a family member thereof. Each NEO and Board Member currently meets the required ownership guidelines.

*Annual Cash Incentives*

As mentioned in the "Our Commitment to Pay for Performance" section earlier, we pay annual cash incentives to encourage and reward our NEOs for making decisions that improve our performance in the near term as determined as one year of performance through our AIP. EVA® has been the performance measure used by Williams for the AIP since 2004. EVA® measures the value created by a company. Simply stated, it is the financial return in a given period less the capital charge for that period. The calculation we use is as follows:

$$\text{EVA}^{\circledR} = \text{Adjusted Net Operating Profits after Taxes (NOPAT)} \text{ Less } \text{Adjusted Capital Charge (the amount of capital invested multiplied by the cost of capital)}$$

Generating profits in excess of both operating and capital costs (debt and equity) creates EVA®. If EVA® improves, value has been created. The objectives of our EVA®-based incentive program are to:

Motivate and incent management to choose strategies and investments that maximize long-term stockholder value;

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Offer sufficient incentive compensation to motivate management to put forth extra effort, take prudent risks and make tough decisions to maximize stockholder value;

Provide sufficient total compensation to retain management; and

Limit the cost of compensation to levels that will maximize the wealth of current stockholders without compromising the other objectives.

*The EVA<sup>®</sup> Calculation.* EVA<sup>®</sup> is first calculated as NOPAT less Capital Charge. Our incentive program allows for the Committee to make adjustments to EVA<sup>®</sup> calculations to reflect certain business events. After studying companies that utilize EVA<sup>®</sup> as an incentive measure, we determined it is standard practice to make adjustments to EVA<sup>®</sup> calculations to create better alignment with stockholders.

When determining which adjustments are appropriate, we are guided by the principle that incentive payments should not result in unearned windfalls or impose undue penalties. In other words, we make adjustments to ensure NEOs are not rewarded for positive results they did not facilitate nor are they penalized for certain unusual circumstances outside their control. We believe the adjustments improve the alignment of incentives with stockholder value creation and ensure EVA<sup>®</sup> is an incentive measure that effectively encourages NEOs to take actions to create value for stockholders. The categories of potential adjustments to our EVA<sup>®</sup> calculation are:

Gains, losses, and impairments;

Mark-to-market, commodity price collar, and construction work-in-progress; and

Other unusual items that could result in unearned windfalls or undue penalties to NEOs such as certain litigation matters and natural disasters.

Management regularly reviews with the Committee a supplemental scorecard reflecting the Company's segment profit, earnings per share, cash flow from operations, stock price performance and safety to provide updates regarding the Company's performance as well as to ensure alignment between these measures and EVA<sup>®</sup>. This scorecard provides the Committee with additional data to assist in determining final AIP awards. There is strong correlation between our EVA<sup>®</sup> performance and other metrics included on the supplemental scorecard.

The Committee's independent compensation consultant annually compares our relative performance on various measures, including total stockholder return, earnings per share, and cash flow, with our comparator group of companies. The Committee also uses this analysis to validate the reasonableness of our EVA<sup>®</sup> results.

*How We Set the 2011 AIP Goals.* Setting the EVA<sup>®</sup> goals for the annual cash incentive program begins with internal budgeting and planning. This rigorous process includes an evaluation of the challenges and opportunities for the Company and each of our business units. The key steps are as follows:

Business and financial plans are submitted by the business units and consolidated by the corporate planning department.

The business and financial plans are reviewed and analyzed by the CEO, CFO, and other NEOs.

Using the plan guidance, Management establishes the EVA<sup>®</sup> goal and recommends it to the Committee.

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The Committee reviews, discusses, and makes adjustments as necessary to management's recommendations and sets the goal at the beginning of each fiscal year.

Thereafter, progress toward the goal is regularly monitored and reported to the Committee throughout the year. The attainment percentage of EVA<sup>®</sup> goals results in payment of annual cash incentives along a continuum between threshold and stretch levels, which corresponds to 0% through 250% of the NEO's annual cash incentive target. The chart below shows the EVA<sup>®</sup> improvement goals for the 2011 annual cash incentive and the resulting

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payout level. The EVA<sup>®</sup> goal established in 2011 was more challenging than the 2010 EVA<sup>®</sup> goal, reflecting an anticipated modest improvement in economic conditions, partially offset by declining natural gas prices.

EVA <sup>®</sup> (In millions)	Payout Level as a % of Target (Attainment %)
(\$447)	Threshold  (where incentives start to be earned)
(\$231)	100%
(\$15)	200%

As noted, EVA<sup>®</sup> considers both financial earnings and a cost of capital in measuring performance. The two main components of EVA<sup>®</sup> are NOPAT and a charge for the cost of capital. EVA<sup>®</sup>, like other performance metrics, has been impacted by the economic environment. NOPAT improved from 2010, but was slightly below the 2011 plan while the 2011 charge for the cost of capital was slightly more than 2010 and on target with plan. As a result of the NOPAT and capital charge changes, total EVA<sup>®</sup> improved from 2010 but was slightly below the 2011 plan target.

Based on EVA<sup>®</sup> performance relative to the established goals, the Committee certified performance results of (\$238) million in EVA<sup>®</sup> and approved payment of the annual cash incentive program at 97% of target.

As previously discussed, the measures for the 2012 AIP will change as our business evolves and EVA will no longer be a metric for our AIP. However, EVA<sup>®</sup> will remain a driver of our strategic planning process to establish the Company's financial and operational goals and will be added to our supplemental scorecard in evaluating annual performance.

*2011 NEO AIP Targets.* The starting point to determine annual cash incentive targets (expressed as a percentage of base pay) is competitive market information, which gives us an idea of what other companies target to pay in annual cash incentives for similar jobs. We also consider the internal value of each job - i.e., how important the job is to executing our strategy compared to other jobs in the Company - before the target is set for the year. The annual cash incentive targets as a percentage of base pay for the NEOs in 2011 were as follows:

Position	Target
CEO	100%
CFO	75%
Other NEOs	65%

*Determining 2011 AIP Awards.* In 2011, the AIP for NEOs was funded when we attained an established level of EVA<sup>®</sup> performance. Applying EVA<sup>®</sup> measurement to this annual cash incentive process encourages management to make business decisions that help drive long-term stockholder value. To determine the funding of the annual cash incentive, we use the following calculation for each NEO:

$$\text{Base Pay received in 2011} \times \text{2011 Incentive Target \%} \times \text{2011 EVA}^{\text{®}} \text{ Goal Attainment \%}$$

Actual payments may be adjusted upward to recognize individual performance that exceeded expectations, such as success toward our strategic objectives and individual goals and successful demonstration of the Company's leadership competencies. Payments may also be adjusted downward if performance warrants. Historically, adjustments to AIP awards have been limited. Due to the significant events of 2011, including the spinoff of our exploration and production business, WPX Energy, Inc., and other significant business activities,





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the Committee applied adjustments to AIP awards as special recognition for the work that contributed to the Company's accomplishments in 2011.

*Base Pay*

Base pay compensates the NEOs for carrying out the duties of their jobs and serves as the foundation of our pay program. Most other major components of pay are set based on a relationship to base pay, including annual and long-term incentives, and retirement benefits.

Base pay for the NEOs, including the CEO, is set considering the market median, with potential individual variation from the median due to experience, skills, and sustained performance of the individual as part of our pay-for-performance philosophy. Performance is measured in two ways: through the Right Results obtained in the Right Way. Right Results considers the NEOs' success in attaining their annual goals, business unit strategies, and personal development plans. Right Way reflects the NEOs' behavior as exhibited through our strategic, operational and people leadership competencies.

NEOs received average increases ranging from 0% - 2.9% of base pay in 2011. This increase was in line with our comparator company group and the market data obtained from recognized third-party executive compensation survey companies.

<b>Executive Officer</b>	<b>Position</b>	<b>% Increase from 2010</b>
Alan S. Armstrong	CEO	0.0%(1)
Donald R. Chappel	CFO	2.9%
Ralph A. Hill	Senior Vice President - Exploration & Production	2.5%
Phillip D. Wright	Senior Vice President - Corporate Development	0.0%
Rory L. Miller	Senior Vice President - Midstream	0.0%(1)
Steven J. Malcolm	Former CEO	(2)

(1) Mr. Armstrong's and Mr. Miller's base pay did not increase during our annual salary planning process due to recent promotions on January 3, 2011.

(2) Mr. Malcolm retired as Chief Executive Officer on January 3, 2011.

*Benefits*

Consistent with our philosophy to emphasize pay for performance, our NEOs receive very few perquisites (perqs) or supplemental benefits. They are as follows:

*Retirement Restoration Benefits.* NEOs participate in our qualified retirement program on the same terms as our other employees. We offer a retirement restoration plan to our NEOs to maintain a proportional level of pension benefits to our NEOs as provided to other employees. The Internal Revenue Code of 1986, as amended (the Internal Revenue Code), limits qualified pension benefits based on an annual compensation limit. For 2011, the limit was \$245,000. Any reduction in an NEO's pension benefit in the tax-qualified pension plan due to this limit is made up for (subject to a cap) in the unfunded restoration retirement plan. Benefits for NEOs are calculated using the same benefit formula as that used to calculate benefits for all employees in the qualified pension plan. The value of pay in the form of stock options or other equity is not used in the formula to calculate benefits under the pension plan or restoration plan for NEOs, which is consistent with the treatment of all employees. Additionally, we do not provide a nonqualified benefit related to our qualified 401(k) defined contribution retirement plan.

*Financial Planning Allowance.* We offer financial planning to provide expertise on current tax laws to assist NEOs with personal financial planning and preparations for contingencies such as death and disability. In addition, by working with a financial planner, NEOs gain a better understanding of and appreciation for the programs the Company provides, which helps to maximize the retention and engagement aspects of the dollars the Company spends on these programs.



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*Personal Use of Company Aircraft.* We provide limited personal use of the Company aircraft at the CEO's discretion. As shown in the footnotes to the 2011 Summary Compensation Table, the incremental cost associated with aircraft usage for the CEO's personal reasons in 2011 was limited to \$30,322.60. The incremental cost to the Company of all trips was approximately \$40,096. The CEO is allowed, but not required, to use the Company's private aircraft for personal travel. Our policy for all other executive officers is to discourage personal use of the aircraft, but the CEO retains discretion to permit its use when he deems appropriate, such as when the destination is not well served by commercial airlines, personal emergencies, and the aircraft is not being used for business purposes. To the extent that NEOs use the Company's private aircraft for personal travel, the NEO will be charged, as appropriate, in order to comply with the requirements of the Internal Revenue Code.

*Executive Physicals.* The Committee approved physicals for the NEOs beginning in 2009. NEO physicals align with our wellness initiative as well as assist in mitigating risk. NEO physicals are intended to identify any health risks and medical conditions as early as possible in an effort to achieve more effective treatment and outcomes.

### *Event Center*

We have a suite and club seats at two event centers that were purchased for business purposes. If they are not being used for business purposes, we make them available to all employees, including our NEOs, as a form of reward and recognition.

### *Additional Components of our Executive Compensation Program*

In addition to establishing the pay elements described above, we have adopted a number of policies to further the goals of the executive compensation program, particularly with respect to strengthening the alignment of our NEOs' interests with stockholder long-term interests.

*Employment Agreements.* We do not enter into employment agreements with our NEOs.

*Termination and Severance Arrangements.* The NEOs are not covered under a severance plan. However, the Committee may exercise judgment and consider the circumstances surrounding each departure and may decide a severance package is appropriate. In designing a severance package, the Committee takes into consideration the NEO's term of employment, past accomplishments, reasons for separation from the Company, and competitive market practice. The only pay or benefits an employee has a right to receive upon termination of employment are those that have already vested or which vest under the terms in place when equity was granted.

*Change in Control Agreements.* Our change in control agreements, in conjunction with the NEOs' RSU agreements, provide separation benefits for our NEOs. Our program includes a double trigger for benefits and equity vesting. This means there must be a change in control and the NEO's employment must terminate prior to receiving benefits under the agreement. This practice creates security for the NEOs but does not provide an incentive for the NEO to leave the Company. Our program is designed to encourage the NEOs to focus on the best interests of stockholders by alleviating their concerns about a possible detrimental impact to their compensation and benefits under a potential change in control, not to provide compensation advantages to NEOs for executing a transaction.

Our Committee reviews our change in control benefits annually to ensure they are consistent with competitive practice and aligned with our compensation philosophy. As part of the review, calculations are performed to determine the overall program cost to the Company if a change in control event were to occur and all covered NEOs were terminated as a result. An assessment of competitive norms, including the reasonableness of the elements of compensation received, is used to validate benefit levels for a change in control. In reviewing the change in control program in 2011, the Committee concluded certain changes to the benefits provided are appropriate. In 2011, the Committee eliminated the excise tax gross-up provision from the change in control program. The Committee opted to provide a best net provision providing our NEOs with the better of their

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after-tax benefit capped at the safe harbor amount or their benefit paid in full, subjecting them to possible excise tax payments. We provided the one year notice required by the NEOs' change in control agreements in order to effect the change in 2012. After this provision is implemented, the Company will no longer provide additional compensation to address excise taxes. The Committee continues to believe that offering a change in control program is appropriate and critical to attracting and retaining executive talent and keeping them aligned with stockholder interests in the event of a change in control.

The following chart details the benefits received if an NEO were to be terminated or resigned for a defined good reason following a change in control as well as an analysis of those benefits as it relates to the Company, stockholders, and the NEO. Please also see the 'Change in Control Agreements' section in this proxy statement for further discussion of our change in control program.

<b>Change in Control Benefit</b>	<b>What does the benefit provide to the Company and stockholders?</b>	<b>What does the benefit provide to the NEO?</b>
Multiple of 2x to 3x base pay plus annual cash incentive at target	Encourages NEOs to remain engaged and stay focused on successfully closing the transaction.	Financial security for the NEO equivalent to three years of continued employment.
Accelerated vesting of stock awards	An incentive to stay during and after a change in control. If there is risk of forfeiture, NEOs may be less inclined to stay or to support the transaction.	The NEOs are kept whole, if they have a separation from service following a change in control.
Up to 18 months of medical or health coverage through COBRA	This is a minimal cost to the Company that creates a competitive benefit.	Access to health coverage.
2x to 3x the previous year's retirement restoration allocation	This is a minimal cost to the Company that creates a competitive benefit.	May allow those NEOs who are nearing retirement to receive a cash payment to make up for lost allocations due to a change in control.
Reimbursement of legal fees to enforce benefit	Keeps NEOs focused on the Company and not concerned about whether the acquiring company will honor commitments after a change in control.	Security during a non-stable period of time.
Outplacement assistance	Keeps NEOs focused on supporting the transaction and less concerned about trying to secure another position.	Assists NEOs in finding a comparable executive position.

*Derivative Transactions.* Our insider trading policy applies to transactions in positions or interests whose value is based on the performance or price of our common stock. Because of the inherent potential for abuse, Williams prohibits officers, directors, and certain key employees from entering into short sales or use of equivalent derivative securities.



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*Accounting and Tax Treatment.* We consider the impact of accounting and tax treatment when designing all aspects of pay, but the primary driver of our program design is to support our business objectives. Stock options and performance-based RSUs are intended to satisfy the requirements for performance-based compensation as defined in Section 162(m) of the Internal Revenue Code and are therefore considered a tax deductible expense. Time-based RSUs do not qualify as performance-based and may not be fully deductible.

The annual cash incentive program satisfies the requirements for performance-based compensation as defined in Section 162(m) of the Internal Revenue Code and is therefore a tax deductible expense. For payments under our annual cash incentive program to be considered performance-based compensation under Section 162(m), the Committee can only exercise negative discretion relative to actual performance when determining the amount to be paid. In order to ensure compliance with Section 162(m), the Committee has established a target in excess of the maximum individual payout allowed to NEOs under our annual cash incentive program. Reductions are made each year and are not a reflection of the performance of the NEOs but rather ensure flexibility with respect to paying based upon performance.

**COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

We have reviewed and discussed the foregoing CD&A with management. Based on our review and discussions with management, we recommend to the Board of Directors that the CD&A be included in this proxy statement and in our Annual Report on Form 10-K for the year ended December 31, 2011.

By the members of the Compensation Committee of the Board of Directors:

Janice D. Stoney, Chair

Frank T. MacInnis

Steven W. Nance

Murray D. Smith

Laura A. Sugg

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During fiscal year 2011, Mesdames Stoney and Sugg, Dr. Cooper, and Messrs. Granberry, Howell, Lorch, and MacInnis served on the Compensation Committee. None of these persons has ever been an officer or employee of the Company or any of our subsidiaries and none has an interlocking relationship requiring disclosure under applicable SEC rules.

**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION****2011 Summary Compensation Table**

The following table sets forth certain information with respect to the compensation of the NEOs earned during fiscal years 2011, 2010, and 2009.

Name and Principal Position (1)	Year	Salary (2)	Bonus	Stock Awards(3)	Option Awards(4)	Non-Equity Incentive Plan Compensation(5)	Change in Pension Value and Nonqualified Deferred Compensation(7)	All Other Compensation(7)	Total
							Earnings(6)		
Alan S. Armstrong	2011	\$ 900,000	\$	\$ 2,536,258	\$ 454,959	\$ 1,637,314	\$ 671,136	\$ 56,968	\$ 6,256,635
President & Chief Executive Officer	2010	493,208		1,221,327	346,584	425,314	273,314	16,304	2,776,051
Donald R. Chappel	2009	503,654		994,187	495,029	567,308	293,795	16,271	2,870,244
Senior Vice President, Chief Financial Officer	2011	627,231		1,611,982	382,162	755,051	486,435	18,484	3,881,345
Phillip D. Wright	2010	610,154		1,436,882	407,743	559,052	225,539	16,320	3,255,689
Senior Vice President, Corporate Development	2009	623,077		1,242,734	618,783	765,047	383,380	16,320	3,649,341
Ralph A. Hill	2011	510,000		1,304,947	309,371	601,647	636,990	19,145	3,382,100
Senior Vice President, Exploration & Production	2010	508,461		1,221,327	346,584	381,646	265,941	16,352	2,740,312
Rory L. Miller	2009	519,231		994,187	495,029	561,642	419,915	22,320	3,012,324
Senior Vice President, Midstream	2011	505,108		1,304,947	309,371	538,979	765,938	33,743	3,458,086
Former Chairman, President & Chief Executive Officer	2010	493,208		1,257,287	356,777	384,479	315,626	16,304	2,823,681
Steven J. Malcolm	2009	503,654		1,056,319	525,969	566,473	427,867	37,786	3,118,068
Senior Vice President, Midstream	2011	410,000		1,151,459	272,973	364,000	283,890	15,753	2,498,075
Former Chairman, President & Chief Executive Officer	2010	152,308				121,378			273,686
Senior Vice President, Midstream	2009	1,100,000		2,936,283	1,902,806	1,276,378	744,426	43,805	8,003,698
Senior Vice President, Midstream	2009	1,142,308		2,116,863	2,846,407	1,903,360	1,399,796	71,100	9,479,835

(1) **Name and Principal Position.** On January 3, 2011, Mr. Malcolm retired as Chairman, President, and Chief Executive Officer of the Company. Mr. Armstrong succeeded Mr. Malcolm as President and Chief Executive Officer on January 3, 2011. 2011 was the first year Mr. Miller has been designated as a NEO.

(2) **Salary.** The amount paid to Mr. Malcolm in 2011 consisted primarily of accrued vacation / paid time off.

(3) **Stock Awards.** Awards were granted under the terms of the 2007 Incentive Plan and include time-based and performance-based RSUs. Amounts shown are the grant date fair value of awards computed in accordance with FASB ASC Topic 718. The assumptions used to value the stock awards can be found in our Annual Report on Form 10-K for the year-ended December 31, 2011.

The potential maximum values of the performance-based RSUs, subject to changes in performance outcomes, are as follows:

	<b>2011 Performance-Based RSU Maximum potential</b>
Alan S. Armstrong	\$ 3,565,408
Donald R. Chappel	1,747,008
Phillip D. Wright	1,414,253

Ralph A. Hill	1,414,253
Rory L. Miller	1,247,909
Steven J. Malcolm	

- (4) **Option Awards.** Awards are granted under the terms of the 2007 Incentive Plan and include non-qualified stock options. Amounts shown are the grant date fair value of awards computed in accordance with FASB ASC Topic 718. The assumptions used to value the option awards can be found in our Annual Report on Form 10-K for the year-ended December 31, 2011.
- (5) **Non-Equity Incentive Plan.** The maximum annual incentive pool funding for NEOs is 250% of target and the incentive reserve has been eliminated, beginning in 2009. Prior to 2009, the AIP maximum payment for NEOs



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was 400% of target. If business performance exceeded the stretch goal of 200%, the AIP pool would fund up to a maximum of 400% of target. Any award earned above 200% of target was not paid out in cash but instead was placed in the reserve. In 2009, Williams changed the maximum AIP amount payable for NEOs from 400% to 250%. It was also determined that future AIP awards would not fund the reserve. As a result, the outstanding balances of the EOT were put at risk over a three year performance cycle in which threshold levels had to be attained in order for the balances to be paid. In 2009, 2010, and 2011 a portion of the respective reserve balance was paid to each NEO each year. After the 2011 AIP award no reserve balances remained. Mr. Miller was not an executive officer in 2009 and did not have an AIP reserve balance remaining. The 2011 AIP awards included special recognition for the work that contributed to the success of the WPX Energy, Inc. spinoff.

The annual cash incentive and reserve amounts paid in 2012 as it relates to 2011 performance are as follows:

	Reserve Balance	AIP for 2011	Amount of Reserve Paid in 2012	Total AIP plus Reserve for 2011
Alan S. Armstrong	\$ 37,314	\$ 1,600,000	\$ 37,314	\$ 1,637,314
Donald R. Chappel	30,051	725,000	30,051	755,051
Phillip D. Wright	31,647	570,000	31,647	601,647
Ralph A. Hill	36,479	502,500	36,479	538,979
Rory L. Miller		364,000		364,000
Steven J. Malcolm	121,378		121,378	121,378

- (6) **Change in Pension Value and Nonqualified Deferred Compensation Earnings.** The amount shown is the aggregate change from December 31, 2010 to December 31, 2011 in the actuarial present value of the accrued benefit under the qualified pension and supplemental plan. Please refer to the Pension Benefits table for further details of the present value of the accrued benefit. The primary reason for the fluctuation in the change in present value during this time is due to the use of updated discount rates and conversion rates.
- (7) **All Other Compensation.** Amounts shown represent payments made on behalf of the NEOs and includes life insurance premiums, a 401(k) matching contribution, and perquisites (if applicable). Perquisites include financial planning services, mandated annual physical exam and personal use of the Company aircraft. The incremental cost method was used to calculate the personal use of the Company aircraft. The incremental cost calculation includes such items as fuel, maintenance, weather and airport services, pilot meals, pilot overnight expenses, aircraft telephone and catering. The amount of perquisites for Mr. Armstrong and Mr. Hill are included because their individual aggregate amounts exceed \$10,000.

	Financial Planning	Annual Physical Exam	Company Aircraft Personal Usage
Alan S. Armstrong	\$ 5,000	\$ 5,661	\$ 30,323
Ralph A. Hill	5,000	2,986	9,773

**Notable Items**

The Compensation Committee considers the compensation of CEOs from similarly-sized comparator companies when setting Mr. Armstrong's pay. It is the competitive norm for CEOs to be paid more than other NEOs. In addition, the Compensation Committee believes the difference in pay between the CEO and other NEOs is consistent with our compensation philosophy (summarized in the CD&A), which considers the external market and internal value of each job to the Company along with the incumbent's experience and performance of the job in setting pay. The CEO's job is different from the other NEOs because the CEO has ultimate responsibility for performance results and is accountable to the Board and stockholders. Consequently, the Compensation Committee believes it is appropriate for the CEO's pay to be higher.

Mr. Chappel's base pay, annual cash incentive target and long-term incentive amounts for 2011 are higher than other NEOs (other than the CEO) because of the impact of his role and market data. Because Mr. Chappel directly interfaces with stockholders and has greater accountability to stockholders, his pay is greater than that of the other NEOs, excluding the CEO.



**Table of Contents****Grants of Plan Based Awards**

The following table sets forth certain information with respect to the grant of stock options, RSUs and awards payable under the Company's annual cash incentive plan during the last fiscal year to the NEOs.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units(3)	All Other Option Awards: Number of Securities Underlying Options(4)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target(2)				
Alan S. Armstrong	2/24/2011	\$ 37,314	\$ 937,314	\$ 2,287,314				59,009	\$ 29.73	\$ 454,959
	2/24/2011				54,785	109,570				1,782,704
	2/24/2011						27,392			753,554
Donald R. Chappel	2/24/2011	30,051	500,475	1,206,110				49,567	29.73	382,162
	2/24/2011				26,844	53,688				873,504
	2/24/2011						26,844			738,478
Phillip D. Wright	2/24/2011	31,647	363,147	860,397				40,126	29.73	309,371
	2/24/2011				21,731	43,462				707,127
	2/24/2011						21,731			597,820
Ralph A. Hill	2/24/2011	36,479	364,799	857,280				40,126	29.73	309,371
	2/24/2011				21,731	43,462				707,127
	2/24/2011						21,731			597,820
Rory L. Miller	2/24/2011	0	266,500	666,250				35,405	29.73	272,973
	2/24/2011				19,175	38,350				623,955
	2/24/2011						19,175			527,504
Steven J. Malcolm	2/24/2011	121,378	121,378	121,378						
	2/24/2011									

Note: Information provided is as of the close of market on December 30, 2011. These amounts do not reflect the adjustments made to all outstanding awards as required by the 2007 Incentive Plan, as a result of the WPX Energy, Inc. spinoff.

(1) Non-Equity Incentive Awards. Awards from the 2011 AIP are shown.

Threshold: At threshold the 2011 AIP awards would be zero. Because the final payment of the AIP reserve balance from prior years is payable in 2012 upon meeting threshold performance, the remaining balance of the NEO's reserve is shown.

Target: The amount shown is based upon an EVA® attainment of 100%, plus the final AIP reserve balance.

Maximum: The maximum amount the NEOs can receive is 250% of their AIP target, plus the final AIP reserve balance.

(2) Represents performance-based RSUs granted under the 2007 Incentive Plan. Performance-based RSUs can be earned over a three-year period only if the established performance target is met and the NEO is employed on the certification date, subject to certain exceptions such as the executive's death, disability or retirement. Under any circumstances these shares will be distributed no earlier than the third

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anniversary of the grant other than due to a termination upon a change in control. If performance plan goals are exceeded, the NEO can receive up to 200% of target. If plan threshold goals are not met, the NEO's awards are cancelled in their entirety.

- (3) Represents time-based RSUs granted under the 2007 Incentive Plan. Time-based units vest three years from the grant date of 2/24/2011 on 2/24/2014.
  
- (4) Represents stock options granted under the 2007 Incentive Plan. Stock options granted in 2011 become exercisable in three equal annual installments beginning one year after the grant date. One-third of the options vested on 2/24/2012. Another one-third will vest on 2/24/2013, with the final one-third vesting on 2/24/2014. Once vested, stock options are exercisable for a period of 10 years from the grant date.

**Table of Contents****Outstanding Equity Awards**

The following table sets forth certain information with respect to the outstanding equity awards held by the NEOs at the end of 2011.

Name	Option Awards						Stock Awards				
	Grant Date(1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units of Stock or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Number of Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(4)
Alan S. Armstrong	2/24/2011		59,009		\$ 29.73	2/24/2021	2/24/2011(2)			27,392	\$ 904,484
	2/23/2010	16,457	32,914		21.22	2/23/2020	2/24/2011(3)			54,785	1,809,001
	2/23/2009	58,932	29,466		10.86	2/23/2019	2/23/2010(2)			29,854	985,779
	2/25/2008	30,463			36.50	2/25/2018	2/23/2010(3)			29,854	985,779
	2/26/2007	33,915			28.30	2/26/2017	2/23/2009(2)			58,516	1,932,198
	3/3/2006	24,136			21.67	3/3/2016	2/23/2009(3)			58,516	1,932,198
	2/25/2005	40,000			19.29	2/25/2015					
	2/5/2004	55,000			9.93	2/5/2014					
	11/27/2002	10,000			2.58	11/27/2012					
	5/16/2002	7,917			15.71	5/16/2012					
Donald R. Chappel	2/24/2011		49,567		29.73	2/24/2021	2/24/2011(2)			26,844	886,389
	2/23/2010	19,361	38,722		21.22	2/23/2020	2/24/2011(3)			26,844	886,389
	2/23/2009	73,664	36,833		10.86	2/23/2019	2/23/2010(2)			35,123	1,159,761
	2/25/2008	50,772			36.50	2/25/2018	2/23/2010(3)			35,123	1,159,761
	2/26/2007	48,450			28.30	2/26/2017	2/23/2009(2)			73,145	2,415,248
	3/3/2006	41,921			21.67	3/3/2016	2/23/2009(3)			73,145	2,415,248
	2/25/2005	55,000			19.29	2/25/2015					
	2/5/2004	75,000			9.93	2/5/2014					
	4/16/2003	175,000			5.10	4/16/2013					
Phillip D. Wright	2/24/2011										