
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (date of earliest event reported)
December 30, 2011

The Williams Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-4174
(Commission
File Number)

73-0569878
(IRS Employer
Identification No.)

One Williams Center, Tulsa, Oklahoma
(Address of principal executive offices)

74172
(Zip Code)

(918) 573-2000
Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

ITEM 1.01 Entry into a Material Definitive Agreement.***Separation and Distribution Agreement***

On December 30, 2011, The Williams Companies, Inc., a Delaware corporation, (the “Company”) entered into a Separation and Distribution Agreement (the “Separation Agreement”) with WPX Energy, Inc., a Delaware corporation which at the time was a wholly owned subsidiary of the Company (“WPX”), pursuant to which WPX would be legally and structurally separated from the Company.

Pursuant to the terms of the Separation Agreement, (i) the Company and WPX effected certain transfers of assets and assumed certain liabilities so that each of the Company and WPX would have both the assets of and liabilities associated with their respective businesses, (ii) subject to certain exceptions, all agreements, arrangements, commitments and understandings, including all intercompany loans and accounts payable and receivable between the Company and its subsidiaries and other affiliates excluding WPX, on the one hand, and WPX and its subsidiaries and other affiliates, on the other hand, were terminated or otherwise satisfied, effective no later than December 31, 2011 (the “Distribution Date”), and (iii) on the Distribution Date the Company distributed, on a pro rata basis, all of the issued and outstanding shares of common stock of WPX to the Company’s stockholders via a pro rata dividend (the “Spin-Off”).

Consummation of the Spin-Off was subject to customary closing conditions that were satisfied prior to the Spin-Off, including, among other things, that (i) the Securities and Exchange Commission (the “SEC”) declare effective WPX’s registration statement on Form 10 relating to the registration of WPX common stock under the Securities Exchange Act of 1934, (ii) no stop order of the SEC suspending effectiveness of the Form 10 be in effect prior to the Spin-Off and (iii) WPX common stock be authorized for listing on the New York Stock Exchange. All stockholders of the Company are urged to read the Separation Agreement carefully and in its entirety. The foregoing description of the Separation Agreement has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about the Company.

In addition to, and concurrently with, the Separation Agreement, the Company and WPX entered into certain ancillary agreements, including, (i) an Employee Matters Agreement that sets forth agreements between the Company and WPX as to certain employment, compensation and benefits matters, (ii) a Tax Sharing Agreement that governs rights and obligations after the Spin-Off with respect to matters regarding U.S. Federal, state, local and foreign income taxes and other taxes, including tax liabilities and benefits, attributes, returns and contests, and (iii) a Transition Services Agreement under which the Company or certain of its subsidiaries will provide WPX with certain services for a limited time to help ensure an orderly transition following the Distribution Date.

The foregoing descriptions of the Separation Agreement, Employee Matters Agreement and Tax Sharing Agreement (the “Agreements”) are qualified in their entirety by reference to the full text of the Agreements, which are filed as Exhibits 10.1, 10.2 and 10.3 to this Current Report on Form 8-K.

ITEM 2.01 Completion of Acquisition or Disposition of Assets.

The information included in Items 1.01 and 8.01 is incorporated herein by reference.

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In connection with the completion of the Spin-Off, Ralph A. Hill resigned from his position as the Company’s Senior Vice President, Exploration & Production.

ITEM 8.01 Other Events

On January 3, 2012, the Company announced that it had completed the previously announced Spin-Off of WPX. Effective as of 11:59 p.m., Eastern time on the Distribution Date, the common stock of WPX was distributed, on a pro rata basis, to the Company’s stockholders of record as of the close of business of the New York Stock Exchange on December 14, 2011 (the “Record Date”). On the Distribution Date, each of the stockholders of the Company received one share of WPX

common stock for every three shares of common stock of the Company that such stockholder held on the Record Date. Each stockholder will receive cash in lieu of any fractional shares of WPX common stock. The Spin-Off was completed pursuant to the Separation Agreement. A copy of the press release announcing the completion of the Spin-Off is filed as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The unaudited pro forma condensed consolidated balance sheet of The Williams Companies, Inc. dated as of September 30, 2011 and the unaudited pro forma condensed consolidated statements of income of The Williams Companies, Inc. for the nine months ended September 30, 2011 and 2010 and for each of the three years ended December 31, 2010 are filed as Exhibit 99.2 to this Current Report on Form 8-K.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Separation and Distribution Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
10.2	Employee Matters Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
10.3	Tax Sharing Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
99.1	Press release issued January 3, 2012 by The Williams Companies, Inc.
99.2	Unaudited pro forma condensed consolidated balance sheet of The Williams Companies, Inc. dated as of September 30, 2011 and unaudited pro forma condensed consolidated statements of income of The Williams Companies, Inc. for the nine months ended September 30, 2011 and 2010 and for each of the three years ended December 31, 2010

SIGNATURES

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

THE WILLIAMS COMPANIES, INC.

January 6, 2012

By: /s/ Sarah Miller

Sarah Miller

Assistant General Counsel and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Separation and Distribution Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
10.2	Employee Matters Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
10.3	Tax Sharing Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc.
99.1	Press release issued January 3, 2012 by The Williams Companies, Inc.
99.2	Unaudited pro forma condensed consolidated balance sheet of The Williams Companies, Inc. dated as of September 30, 2011 and unaudited pro forma condensed consolidated statements of income of The Williams Companies, Inc. for the nine months ended September 30, 2011 and 2010 and for each of the three years ended December 31, 2010

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

THE WILLIAMS COMPANIES, INC.,

and

WPX ENERGY, INC.

Dated as of December 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
Section 1.1 Table of Definitions	3
Section 1.2 Certain Defined Terms	8
ARTICLE II THE CONTRIBUTION	8
Section 2.1 Contribution of WPX Assets	8
Section 2.2 Assumption of Liabilities	8
Section 2.3 Effective Time; Deliveries	8
Section 2.4 Transfers Not Effected on or before the Effective Time	9
Section 2.5 Termination of Agreements	10
Section 2.6 Governmental Approvals and Consents	10
Section 2.7 Disclaimer of Representations and Warranties	11
ARTICLE III ACTIONS PENDING THE DISTRIBUTION	11
Section 3.1 Actions Prior to the Distribution	11
Section 3.2 Conditions to the Distribution	12
ARTICLE IV THE DISTRIBUTION	13
Section 4.1 The Distribution	13
Section 4.2 Fractional Shares	14
Section 4.3 Sole Discretion of the WMB Board	14
ARTICLE V EXCHANGE OF INFORMATION; CONFIDENTIALITY	14
Section 5.1 Agreement for Exchange of Information	14
Section 5.2 Ownership of Information	15
Section 5.3 Compensation for Providing Information	15
Section 5.4 Record Retention	16
Section 5.5 Limitation of Liability	16
Section 5.6 Other Agreements Providing for Exchange of Information	16
Section 5.7 Cooperation	16
Section 5.8 Confidentiality	16
Section 5.9 Protective Arrangements	17
ARTICLE VI ADDITIONAL COVENANTS AND OTHER MATTERS	18
Section 6.1 Further Assurances	18
Section 6.2 Use of Names, Logos and Information	18

Section 6.3	Non-Solicitation	19
Section 6.4	Information Technology Transition Costs	20
ARTICLE VII MUTUAL RELEASES; INDEMNIFICATION		20
Section 7.1	Mutual Releases	20
Section 7.2	Indemnification by WPX	21
Section 7.3	Indemnification by WMB	22
Section 7.4	Indemnification Obligations Net of Insurance Proceeds and Other Amounts	23
Section 7.5	Third-Party Claims	24
Section 7.6	Additional Matters	25
Section 7.7	Remedies Cumulative	26
Section 7.8	Survival of Indemnities	26
Section 7.9	Limitation on Liability	26
ARTICLE VIII TERMINATION		26
Section 8.1	Termination	26
Section 8.2	Effect of Termination	26
ARTICLE IX DISPUTE RESOLUTION		26
Section 9.1	Disputes	26
Section 9.2	Escalation; Mediation	27
Section 9.3	Court Actions	28
ARTICLE X MISCELLANEOUS		29
Section 10.1	Corporate Power	29
Section 10.2	Coordination with Certain Ancillary Agreements; Conflicts	29
Section 10.3	Expenses	29
Section 10.4	Amendment and Modification.	29
Section 10.5	Waiver	29
Section 10.6	Notices	30
Section 10.7	Interpretation	30
Section 10.8	Entire Agreement	31
Section 10.9	No Third Party Beneficiaries	31
Section 10.10	Governing Law	31
Section 10.11	Submission to Jurisdiction	31
Section 10.12	Assignment	31
Section 10.13	Severability	32
Section 10.14	Waiver of Jury Trial	32
Section 10.15	Counterparts	32
Section 10.16	Facsimile Signature	32

Exhibit A
Schedule 2.5(b)(v)
Schedule 7.3
Schedule 7.3(d)
Schedule 7.3(e)

Contributed Entities
Surviving Agreements
Contracts Excluded From Indemnification
California Gas Marketing Proceedings
Gas Price Indices Proceedings

SEPARATION AND DISTRIBUTION AGREEMENT

SEPARATION AND DISTRIBUTION AGREEMENT, dated as of December 30, 2011 (this "Agreement"), by and between The Williams Companies, Inc., a Delaware corporation ("WMB"), and WPX Energy, Inc., a Delaware corporation ("WPX").

RECITALS

A. The WMB Board has determined that it would be appropriate, desirable and in the best interests of WMB and WMB's stockholders to separate WMB into two publicly traded companies: (i) WMB, which will continue to own and conduct, directly and indirectly, the WMB Business, and (ii) WPX, which will own and conduct, directly and indirectly, the WPX Business.

B. In connection with the separation of the WPX Business from WMB, WMB desires to contribute or otherwise transfer, and to cause certain of its Subsidiaries to contribute or otherwise transfer, certain Assets and Liabilities associated with the WPX Business, including the stock or other equity interests of certain of WMB's Subsidiaries dedicated to the WPX Business, to WPX and certain of WPX's Subsidiaries (collectively, the "Contribution").

C. On the Distribution Date, and subject to the terms and conditions of this Agreement, WMB will distribute to holders of shares of WMB Common Stock, on a *pro rata* basis, all the outstanding shares of common stock, par value \$0.01 per share, of WPX ("WPX Common Stock") owned by WMB on the Distribution Date (the "Distribution").

D. WMB and WPX intend that the Contribution and Distribution, taken together, will qualify as a reorganization for U.S. federal income tax purposes pursuant to which no gain or loss will be recognized by WMB or its stockholders under Section 355, 361(b)(3), 368(a)(1)(D) and related provisions of the Code, and that this Agreement is intended to be, and is hereby adopted as, a plan of reorganization under Section 368 of the Code.

E. The parties intend this Agreement and the Ancillary Agreements to set forth the principal arrangements between them regarding the Contribution and Distribution.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Table of Definitions. The following terms have the meanings set forth on the pages referenced below:

<u>Definition</u>	<u>Page</u>	<u>Definition</u>	<u>Page</u>
Action	3	IRS	5
Affiliate	3	Law	5
Agent	3	Liabilities	5
Agreement	1	Next Step Up Representatives	27
Ancillary Agreements	3	Person	5
Assets	3	Proceeding	31
Bad Act	8	Record Date	5
Business Day	3	Record Holders	5
Code	3	SEC	5
Consents	3	Securities Act	6
Contract	3	Subsidiary	6
Contribution	1	Tax or Taxes	6
CPR	27	Tax Sharing Agreement	6
Distribution	1	Third-Party Claim	24
Distribution Date	3	Transition Services Agreement	6
Distribution Ratio	4	WMB	1
Effective Time	4	WMB Board	6
Employee Matters Agreement	4	WMB Business	6
Environmental Laws	28	WMB Common Stock	6
Environmental Liabilities	28	WMB Entities	6
Exchange Act	4	WMB Group	6
Form 10	4	WMB Indemnitees	21
GAAP	4	WMB Liabilities	6
Governmental Approvals	4	WPX	1
Governmental Authority	4	WPX Assets	7
Group	4	WPX Borrowing	7
Hazardous Substances	28	WPX Business	7
Indemnifying Party	23	WPX Common Stock	1
Indemnitee	23	WPX Credit Facility	7
Indemnity Payment	23	WPX Entities	7
Information	4	WPX Group	7
Information Statement	4	WPX Indemnitees	22
Insurance Proceeds	5	WPX Liabilities	7
Intended Transferee	9	WPX Notes	8
Intended Transferor	9		

Section 1.2 Certain Defined Terms. For the purposes of this Agreement:

“Action” means any claim, demand, action, suit, countersuit, audit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any United States or non-United States federal, state, local or international arbitration or mediation tribunal.

“Affiliate” of any Person means a Person that controls, is controlled by, or is under common control with such Person; provided, however, that for purposes of this Agreement and the Ancillary Agreements, none of the WMB Entities shall be deemed to be an Affiliate of any WPX Entity and none of the WPX Entities shall be deemed to be an Affiliate of any WMB Entity. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“Agent” means the distribution agent to be appointed by the WMB Board to distribute to the Record Holders the shares of WPX Common Stock pursuant to the Distribution.

“Ancillary Agreements” means the Transition Services Agreement, Tax Sharing Agreement, Employee Matters Agreement and any other instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by this Agreement.

“Assets” means assets, properties and rights (including goodwill and rights arising under Contracts), wherever located (including in the possession of vendors, other Persons or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the State of Oklahoma are authorized or required by law to close.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Person other than a member of either Group.

“Contract” means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

“Distribution Date” means the date on which the Distribution occurs.

“Distribution Ratio” means the number of shares of WPX Common Stock to be distributed in respect of each share of WMB Common Stock in the Distribution, which ratio shall be determined by the WMB Board prior to the Record Date.

“Effective Time” means 12:01 a.m., Eastern time, on the Distribution Date.

“Employee Matters Agreement” means the Employee Matters Agreement, dated as of the date hereof, between WMB and WPX, as may be amended or modified from time to time.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Form 10” means the registration statement on Form 10 filed by WPX with the SEC to effect the registration of WPX Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time.

“GAAP” means U.S. generally accepted accounting principles.

“Governmental Approvals” means any notices, reports or other filings to be given to or made with, or any releases, Consents, substitutions, approvals, amendments, registrations, permits or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” means any United States or non-United States federal, state, local, territorial, tribal or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

“Group” means the WMB Group or the WPX Group, as the context requires.

“Information” means information, including books and records, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Information Statement” means the Information Statement, attached as an exhibit to Form 10, to be sent to each holder of WMB Common Stock in connection with the Distribution, as such Information Statement may be amended or supplemented from time to time.

“Insurance Proceeds” means, with respect to any Liability to be reimbursed by an Indemnifying Party that may be covered, in whole or in part, by insurance policies written by third-party providers, the amount of insurance proceeds actually received in cash under such insurance policy with respect to such Liability, net of any costs in seeking such collection.

“IRS” means the U.S. Internal Revenue Service.

“Law” means any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, government approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended.

“Liabilities” means any and all losses, claims, charges, debts, demands, Actions, damages, obligations, payments, costs and expenses, sums of money, bonds, indemnities and similar obligations, penalties, covenants, Contracts, controversies, agreements, promises, omissions, guarantees, make whole agreements and similar obligations, and other liabilities, including all contractual obligations, whether absolute or contingent, inchoate or otherwise, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys’ fees and any and all costs and expenses (including allocated costs of in-house counsel and other personnel), whatsoever incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions), order or consent decree of any Governmental Authority or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking, including those arising under this Agreement or any Ancillary Agreement or incurred by a party hereto or thereto in connection with enforcing its rights to indemnification hereunder or thereunder, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

“Person” means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

“Record Date” means the close of business on the date to be determined by WMB’s Board of Directors as the record date for determining the stockholders of WMB entitled to receive shares of WPX Common Stock pursuant to the Distribution.

“Record Holders” means the holders of WMB Common Stock on the Record Date.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Subsidiary” of any Person means any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

“Tax” or “Taxes” shall have the same meaning as ascribed to such term in the Tax Sharing Agreement.

“Tax Sharing Agreement” means the Tax Sharing Agreement, dated as of the date hereof, between WMB and WPX, as may be amended or modified from time to time.

“Transition Services Agreement” means the Transition Services Agreement, dated as of the date hereof, between WMB and WPX, as may be amended or modified from time to time, which provides for WMB’s provision of certain services to WPX on and after the Distribution Date.

“WMB Board” means the Board of Directors of WMB or an authorized committee thereof.

“WMB Business” means the business and operations other than the WPX Business conducted by WMB and the WMB Entities (whether conducted independently or in association with one or more third parties through a partnership, joint venture or other mutual enterprise) at any time prior to, on or after the Effective Time.

“WMB Common Stock” means the common stock, par value \$1.00 per share, of WMB.

“WMB Entities” means the members of the WMB Group.

“WMB Group” means WMB and each direct or indirect Subsidiary of WMB, other than Persons in the WPX Group.

“WMB Liabilities” means (without duplication): (a) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement to be retained or assumed by WMB or any WMB Entity, and all agreements, obligations and Liabilities of any WMB Entity under this Agreement or any of the Ancillary Agreements; (b) all Liabilities to the extent relating to, arising out of or resulting from the operation of the WMB Business, as conducted at any time prior to, on or after the Effective Time; and (c) all other Liabilities of any member of the WMB Group that are not WPX Liabilities.

“WPX Assets” means all of WMB’s and its Subsidiaries’ right, title and interest in and to:

(a) any and all Assets of WMB and its Subsidiaries that are used exclusively or held for use exclusively in the WPX Business (other than WMB’s direct or indirect equity interests in Williams Production Services, LLC and Williams Gas Marketing Services, LLC), including without limitation (i) all of WMB’s direct or indirect stock or other equity interests in the entities set forth on Exhibit A which have been or are hereby contributed as part of the Contribution, and (ii) certain Assets of WMB that may have been previously contributed to WPX; and

(b) any and all Assets that are expressly listed, scheduled or otherwise clearly described in any Ancillary Agreement as Assets to be transferred to any WPX Entity.

“WPX Borrowing” means the indebtedness of WPX incurred pursuant to the issuance of the WPX Notes and the WPX Credit Facility.

“WPX Business” means the exploration and production business and any other business and operations conducted by WPX and the WPX Entities (whether conducted independently or in association with one or more third parties through a partnership, joint venture or other mutual enterprise) at any time prior to, on or after the Effective Time.

“WPX Credit Facility” means Credit Agreement, dated as of June 3, 2011, by and among WPX, the lenders named therein, and Citibank, N.A., as administrative agent and swingline lender.

“WPX Entities” means the members of the WPX Group.

“WPX Group” means WPX and each direct or indirect Subsidiary of WPX.

“WPX Liabilities” means (without duplication):

(a) any and all Liabilities to the extent arising out of or relating to the WPX Business or the WPX Assets, in each case whether such Liabilities arise or accrue prior to, on or after the Effective Time (other than Tax-related Liabilities, which are exclusively governed by the Tax Sharing Agreement);

(b) any and all Liabilities to the extent arising out of or relating to the operation of any business conducted by any WPX Entity at any time after the Effective Time;

(c) any and all Liabilities that are expressly listed, scheduled or otherwise clearly described in any Ancillary Agreement as Liabilities to be assumed by WPX or any WPX Entity; and

(d) all obligations of the WPX Group under or pursuant to this Agreement, any Ancillary Agreement or any other instrument entered into in connection herewith or therewith.

“WPX Notes” means up to \$1.5 billion aggregate principal amount of senior unsecured notes issued by WPX prior to the Distribution on such terms and conditions as agreed to by WMB, WPX and the underwriters for the WPX Notes.

ARTICLE II THE CONTRIBUTION

Section 2.1 Contribution of WPX Assets. Unless otherwise provided in this Agreement or in any Ancillary Agreement, on or before the Effective Time, WMB will (and WMB will cause its applicable Subsidiaries to) assign, transfer and convey to WPX and its applicable Subsidiaries, and WPX will receive and accept from WMB and its applicable Subsidiaries, all of WMB’s and its applicable Subsidiaries’ right, title and interest in and to the WPX Assets. Such assignments, transfers and conveyances will be effective at such times as provided in each respective Ancillary Agreement and will be subject to the terms and conditions of this Agreement and any applicable Ancillary Agreement.

Section 2.2 Assumption of Liabilities. Unless otherwise provided in this Agreement or in any Ancillary Agreement, on or before the Effective Time, WPX will (and WPX will cause its applicable Subsidiaries to) assume, and on a timely basis pay, perform, satisfy and discharge the WPX Liabilities in accordance with their respective terms. WPX and its applicable Subsidiaries will be responsible for all WPX Liabilities, regardless of (a) when or where such Liabilities arose or arise, (b) whether the facts on which they are based occurred on, prior to or subsequent to the Effective Time, (c) where or against whom such Liabilities are asserted or determined, (d) whether asserted or determined on, prior to or subsequent to the Effective Time, or (e) whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation (each, a “Bad Act”) by any member of the WMB Group, the WPX Group or any of their respective past or present representatives; provided, however, that this Section 2.2 will not limit WPX’s right to make a claim against a WMB Group member for Losses suffered by it to the extent that such Losses are a direct result of a Bad Act committed by a WMB Group member subsequent to the Effective Time. Such assumptions of WPX Liabilities will be effective at such times as provided in each respective Ancillary Agreement and will be subject to the terms and conditions of this Agreement and any applicable Ancillary Agreement.

Section 2.3 Effective Time; Deliveries. In furtherance of the assignment, transfer and conveyance of the WPX Assets and the assumption of the WPX Liabilities as set forth in this Agreement and the Ancillary Agreements, unless otherwise provided in this Agreement or in any Ancillary Agreement, on or before the Effective Time, the parties will execute and deliver, and they will cause their respective Subsidiaries and representatives, as applicable, to execute and deliver: (a) each of the Ancillary Agreements; (b) such bills of sale, stock powers, certificates of title, assignments of

Contracts, subleases and other instruments of transfer, conveyance and assignment as, and to the extent, necessary or convenient to evidence the transfer, conveyance and assignment to WPX (or, as applicable, its Subsidiaries) of all of WMB's (or, as applicable, its Subsidiaries') right, title and interest in and to the WPX Assets; and (c) such assumptions of Contracts and other instruments of assumption as, and to the extent, necessary or convenient to evidence the valid and effective assumption of the WPX Liabilities by WPX (or, as applicable, its Subsidiaries).

Section 2.4 Transfers Not Effected on or before the Effective Time .

(a) The parties acknowledge and agree that some of the transfers contemplated by this Article II may not be effected on or before the Effective Time due to the inability of the parties to obtain necessary Consents or approvals or the inability of the parties to take certain other actions necessary to effect such transfers on or before the Effective Time. To the extent any transfers contemplated by this Article II have not been fully effected on or before the Effective Time, WMB and WPX will cooperate and use commercially reasonable efforts (and will cause the applicable members of its respective Group to use such efforts) to obtain any necessary Consents or approvals or take any other actions necessary to effect such transfers as promptly as practicable following the Effective Time.

(b) Nothing in this Agreement will be deemed to require the transfer or assignment of any Contract or other Asset by any WMB Entity (an "Intended Transferor") to any WPX Entity (an "Intended Transferee") to the extent that such transfer or assignment would constitute a material breach of such Contract or cause forfeiture or loss of such Asset; provided, however, that even if such Contract or other Asset cannot be so transferred or assigned, such Contract or other Asset will be deemed a WPX Asset solely for purposes of determining whether any Liability is a WPX Liability.

(c) If an attempted assignment would be ineffective or would impair an Intended Transferee's rights under any such WPX Asset so that the Intended Transferee would not receive all such rights, then the parties will use commercially reasonable efforts to provide to, or cause to be provided to, the Intended Transferee, to the extent permitted by law, the rights of any such WPX Asset and take such other actions as may reasonably be requested by the other party in order to place the Intended Transferee, insofar as reasonably possible, in the same position as if such WPX Asset had been transferred as contemplated hereby. In connection therewith, (i) the Intended Transferor will promptly pass along to the Intended Transferee when received all benefits derived by the Intended Transferor with respect to any such WPX Asset, and (ii) the Intended Transferee will pay, perform and discharge on behalf of the Intended Transferor all of the Intended Transferor's obligations with respect to any such WPX Asset in a timely manner and in accordance with the terms thereof which it may do without breach. If and when such Consents or approvals are obtained or such other required actions have been taken, the transfer of the applicable WPX Asset will be effected in accordance with the terms of this Agreement and any applicable Ancillary Agreement.

Section 2.5 Termination of Agreements.

(a) Except as set forth in Section 2.5(b), the WMB Entities, on the one hand, and the WPX Entities, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings (including intercompany work orders), whether or not in writing, between or among any WMB Entity, on the one hand, and any WPX Entity, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof that purports to survive termination) shall be of any further force or effect from and after the Effective Time. Each party shall, at the reasonable request of the other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.5(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof):

(i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any WMB Entity or WPX Entity);

(ii) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary or non-wholly owned Affiliate of WMB or WPX, as the case may be, is a party;

(iii) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive the Effective Time;

(iv) any confidentiality or non-disclosure agreements among any members of either Group or employees of any member of either Group, including any obligation not to disclose proprietary or privileged information; and

(v) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.5(b)(v).

(c) Except as otherwise expressly and specifically provided in this Agreement or any Ancillary Agreement, all intercompany receivables, payables, loans and other accounts between any WMB Entity, on the one hand, and any WPX Entity, on the other hand, in existence as of immediately prior to the Effective Time shall be satisfied and/or settled by the relevant members of the WMB Group and the WPX Group no later than the Effective Time by (i) forgiveness by the relevant obligor or (ii) one or a related series of repayments, distributions of and/or contributions to capital, in each case as determined by WMB.

Section 2.6 Governmental Approvals and Consents. To the extent that any of the transactions contemplated by this Agreement or any Ancillary Agreement requires any Governmental Approval or Consent, the parties will use their reasonable best efforts to obtain such Governmental Approval or Consent.

Section 2.7 Disclaimer of Representations and Warranties. Each of WMB (on behalf of itself and each other WMB Entity) and WPX (on behalf of itself and each other WPX Entity) understands and agrees that, except as expressly set forth herein or in any Ancillary Agreement, no party (including its Affiliates) to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, is making any representations or warranties relating in any way to the Contribution, Distribution or WPX Assets.

ARTICLE III ACTIONS PENDING THE DISTRIBUTION

Section 3.1 Actions Prior to the Distribution.

(a) Subject to the conditions specified in Section 3.2 and subject to Section 4.3, each of the parties shall use its reasonable best efforts to consummate the Distribution. Such actions shall include those specified in this Section 3.1.

(b) Prior to the Distribution, each of the parties will execute and deliver all Ancillary Agreements to which it is a party, and will cause the other WMB Entities and WPX Entities, as applicable, to execute and deliver any Ancillary Agreements to which such Persons are parties.

(c) Prior to the Distribution, WPX shall mail the Information Statement to the Record Holders.

(d) WPX shall prepare, file with the SEC and use its reasonable best efforts to cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements.

(e) Each of the parties shall take all such actions as may be necessary or appropriate under the securities or blue sky Laws of the states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution.

(f) WPX shall prepare and file, and shall use reasonable best efforts to have approved prior to the Distribution, an application for the listing on the NYSE or another national securities exchange of the WPX Common Stock to be distributed in the Distribution, subject to official notice of listing.

(g) Prior to the Distribution, the existing directors of WPX shall duly elect the individuals listed as members of the WPX board of directors in the Information Statement, and such individuals shall become the members of the WPX board of directors effective as of no later than immediately prior to the Distribution.

(h) Prior to the Distribution, WMB shall deliver or cause to be delivered to WPX the resignation from each applicable WPX Entity, effective as of no later than immediately prior to the Distribution, of each individual who will be an employee of any WMB Entity after the Distribution and who is an officer or director of any WPX Entity immediately prior to the Distribution.

(i) Immediately prior to the Distribution, the Restated Certificate of Incorporation and Restated Bylaws of WPX, each in substantially the form filed as an exhibit to the Form 10, shall be in effect.

(j) The parties shall, subject to Section 4.3, take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 3.2 to be satisfied and to effect the Distribution on the Distribution Date.

Section 3.2 Conditions to the Distribution. The obligations of the parties to consummate the Distribution shall be conditioned on the satisfaction, or waiver by the WMB Board, in its sole and absolute discretion, of the following conditions:

(a) The WMB Board shall, in its sole and absolute discretion, have authorized and approved the Contribution and Distribution and not withdrawn such authorization and approval.

(b) The WMB Board shall have declared the dividend of WPX Common Stock to the Record Holders.

(c) Each Ancillary Agreement shall have been executed by each party thereto.

(d) The SEC shall have declared the Form 10 effective, no stop order suspending the effectiveness of the Form 10 shall be in effect, and no proceedings for such purpose shall be pending before or threatened by the SEC.

(e) The WPX Common Stock shall have been accepted for listing on the NYSE or another national securities exchange approved by the WMB Board, subject to official notice of issuance.

(f) WMB shall have received an opinion from WMB's legal advisors regarding the tax consequences of the Contribution and Distribution and such other matters, as it will determine to be necessary or advisable in its sole and absolute discretion, each of which shall remain in full force and effect, that the Contribution and Distribution will not result in recognition for U.S. Federal income tax purposes, of income, gain or loss to WMB, or of income, gain or loss to its stockholders, except to the extent of cash received in lieu of fractional shares of WPX Common Stock.

(g) WPX shall have received the net proceeds from the Notes and shall have made a cash distribution of approximately \$979 million to Williams;

(h) An independent firm acceptable to WMB, in its sole and absolute discretion, shall have delivered one or more opinions to the WMB Board confirming the solvency and financial viability of WMB and WPX, which opinions shall be in form and substance satisfactory to WMB, in its sole and absolute discretion, and shall not have been withdrawn or rescinded.

(i) No order, injunction or decree that would prevent the consummation of the Distribution shall be threatened, pending or issued (and still in effect) by any Governmental Authority of competent jurisdiction, no other legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of WMB shall have occurred or failed to occur that prevents the consummation of the Distribution.

(j) No other events or developments shall have occurred prior to the Distribution Date that, in the judgment of the WMB Board, would result in the Distribution having a significant adverse effect on WMB or its stockholders.

(k) The actions set forth in Sections 3.1(c), (g), (h) and (i) shall have been completed.

The foregoing conditions may only be waived by the WMB Board, in its sole and absolute discretion, are for the sole benefit of WMB and shall not give rise to or create any duty on the part of the WMB Board to waive or not waive such conditions or in any way limit the right of termination of this Agreement set forth in Article VIII or alter the consequences of any such termination from those specified in Article VIII. Any determination made by the WMB Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.2 shall be conclusive.

ARTICLE IV THE DISTRIBUTION

Section 4.1 The Distribution.

(a) WPX shall cooperate with WMB to accomplish the Distribution and shall, at the direction of WMB, use its reasonable best efforts to promptly take any and all actions necessary or desirable to effect the Distribution. Each of the parties will provide, or cause the applicable member of its Group to provide, to the Agent all documents and information required to complete the Distribution.

(b) Subject to the terms and conditions set forth in this Agreement, (i) on or prior to the Distribution Date, for the benefit of and distribution to the Record Holders, WMB will deliver to the Agent all of the issued and outstanding shares of WPX Common Stock then owned by WMB or any other WMB Entity and book-entry authorizations for such shares and (ii) on the Distribution Date, WMB shall instruct the Agent to distribute, by means of a *pro rata* dividend, to each Record Holder (or such Record Holder's bank or brokerage firm on such Record Holder's behalf) electronically, by direct registration in book-entry form, the number of whole shares of WPX Common Stock to which such Record Holder is entitled based on the Distribution Ratio. The Distribution shall be effective at the Effective Time. On or as soon as practicable after the Distribution Date, the Agent will mail an account statement indicating the number of shares of WPX Common Stock that have been registered in book-entry form in the name of each Record Holder.

(c) With respect to the shares of WPX Common Stock remaining with the Agent 180 days after the Distribution Date, the Agent shall deliver any such shares as directed by WPX, with the consent of WMB (which consent shall not be unreasonably withheld or delayed).

Section 4.2 Fractional Shares. The Agent and WMB shall, as soon as practicable after the Distribution Date, (a) determine the number of whole shares and fractional shares of WPX Common Stock allocable to each Record Holder, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then-prevailing trading prices on behalf of Record Holders that would otherwise be entitled to fractional share interests and (c) distribute to each such Record Holder, or for the benefit of each beneficial owner of fractional shares, such Record Holder's or beneficial owner's ratable share of the net proceeds of such sales, based upon the average gross selling price per share of WPX Common Stock after making appropriate deductions for any amount required to be withheld under applicable Tax Law and less any transfer Taxes. WPX will be responsible for payment of any brokerage fees associated with such sales. The Agent, in its sole discretion, will determine the timing and method of selling such shares, the selling price of such shares and the broker-dealer to which such shares will be sold; provided, however, that the designated broker-dealer is not an Affiliate of WMB or WPX. Neither WMB nor WPX will pay any interest on the proceeds from the sale of such shares.

Section 4.3 Sole Discretion of the WMB Board. The WMB Board shall, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, and notwithstanding anything to the contrary set forth below, the WMB Board, in its sole and absolute discretion, may at any time and from time to time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

ARTICLE V EXCHANGE OF INFORMATION; CONFIDENTIALITY

Section 5.1 Agreement for Exchange of Information.

(a) Except in the case of an adversarial Action or threatened adversarial Action related to a request hereunder by any member of either the WMB Group or the WPX Group against any member of the other Group (which shall be governed by such discovery rules as may be applicable thereto), and subject to Section 5.1(b), each of WMB and WPX, on behalf of the members of its respective Group, shall use reasonable best efforts to provide (except as otherwise provided in this Agreement or any Ancillary Agreement, at the sole cost and expense of the requesting party), or cause to be provided,

to the other Group, at any time before or after the Effective Time, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of the members of such respective Group that the requesting party reasonably requests (i) in connection with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities, defense contracting or Tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax, insurance or other proceeding or in order to satisfy audit, accounting, claims, regulatory, investigation, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement, any Ancillary Agreement or the WPX Borrowing. The receiving party shall use any Information received pursuant to this Section 5.1(a) solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in the immediately preceding sentence and shall otherwise take reasonable steps to protect such Information. Nothing in this Section 5.1 shall be construed as obligating a party to create Information not already in its possession or control.

(b) In the event that any party determines that the exchange of any Information pursuant to Section 5.1(a) is reasonably likely to violate any Law or binding agreement, or waive or jeopardize any attorney-client privilege, or attorney work product protection, such party shall not be required to provide access to or furnish such Information to the other party; provided, however, that the parties shall take all reasonable measures to permit compliance with Section 5.1(a) in a manner that avoids any such harm or consequence. WMB and WPX intend that any provision of access to or the furnishing of Information that would otherwise be within the ambit of any legal privilege shall not operate as a waiver of such privilege.

(c) After the Effective Time, each of WMB and WPX shall maintain in effect systems and controls reasonably intended to enable the members of the other Group to satisfy their respective known reporting, accounting, disclosure, audit and other obligations.

Section 5.2 Ownership of Information. Any Information owned by a member of one Group that is provided to a requesting party pursuant to Section 5.1 shall be deemed to remain the property of the providing party. Except as specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 5.3 Compensation for Providing Information. The party requesting Information pursuant to Section 5.1 agrees to reimburse the party providing such Information for the reasonable costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other agreement between the parties, such costs shall be computed in accordance with the providing party's standard methodology and procedures.

Section 5.4 Record Retention. To facilitate the possible exchange of Information pursuant to this Article V and other provisions of this Agreement from and after the Effective Time, each of the parties agrees to use reasonable best efforts to retain all Information in accordance with its record and retention policy as in effect immediately prior to the Effective Time or as modified in good faith thereafter.

Section 5.5 Limitation of Liability. No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement that is an opinion, estimate or forecast, or that is based on an opinion, estimate or forecast, is found to be inaccurate, in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after reasonable best efforts by such party to comply with the provisions of Section 5.4.

Section 5.6 Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article V shall be subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

Section 5.7 Cooperation.

(a) From and after the Effective Time, except in the case of an adversarial Action or threatened adversarial Action by any member of either the WMB Group or the WPX Group against any member of the other Group (which shall be governed by such discovery rules as may be applicable thereto), each party, upon reasonable written request of the other party, shall use reasonable efforts to cooperate and consult in good faith with the other party to the extent such cooperation and consultation is reasonably necessary with respect to (i) any Action, (ii) this Agreement or any of the Ancillary Agreements or any of the transactions contemplated hereby or thereby or (iii) any audit, investigation or any other legal requirement, and, upon reasonable written request of the other party, shall use reasonable efforts to make available to such other party the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group (whether as witnesses or otherwise). The requesting party shall bear all costs and expenses in connection therewith.

(b) Notwithstanding the foregoing, Section 5.7(a) shall not require a party to take any step that would significantly interfere, or that such party reasonably determines could significantly interfere, with its business.

Section 5.8 Confidentiality.

(a) Subject to Section 5.9, each of WMB and WPX, on behalf of itself and each member of its Group, shall hold, and shall cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold, in strict confidence and not release or disclose, with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own business sensitive and proprietary information, all Information concerning the other Group or its business that is either in its possession (including Information in its possession prior to the Distribution) or furnished by any member of such other Group or its respective directors, officers,

employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Information is (i) in the public domain through no fault of such party or any member of such Group or any of their respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) later lawfully acquired from other sources by such party (or any member of such party's Group), which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any proprietary or confidential Information of the disclosing party or its Group.

(b) No receiving party shall release or disclose, or permit to be released or disclosed, any such Information concerning the other Group to any other Person, except its directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of their obligations hereunder with respect to such Information), except in compliance with Section 5.9. Without limiting the foregoing, when any Information concerning the other Group or its business is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each disclosing party will, promptly after the request of the receiving party, either return to the disclosing party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the disclosing party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

Section 5.9 Protective Arrangements. In the event that any party or any member of its Group either determines on the advice of its counsel that it should disclose any Information pursuant to applicable Law or receives any demand under lawful process or from any Governmental Authority or properly constituted arbitral authority to disclose or provide Information of any other party (or any member of any other party's Group) that is subject to the confidentiality provisions hereof, the Person required to disclose the Information shall give the applicable Person prompt, and to the extent reasonably practicable, prior written notice of such disclosure and an opportunity to contest such disclosure, and shall use reasonable best efforts to cooperate, at the expense of the requesting Person, in seeking any reasonable protective arrangements requested by such Person. In the event that such appropriate protective arrangement or order or other remedy is not obtained, the Person that is required to disclose such Information shall furnish, or cause to be furnished, only that portion of such Information that is legally required to be disclosed and shall use reasonable best efforts to ensure that confidential treatment is accorded such Information. This Section 5.9 shall not apply to the disclosure of any Information to any Governmental Authority that is reasonably necessary to respond to any inquiry by any Governmental Authority.

ARTICLE VI
ADDITIONAL COVENANTS AND OTHER MATTERS

Section 6.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Law, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) On or prior to the Effective Time, WMB and WPX in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by WMB and WPX or any other Subsidiary of WMB or WPX, as the case may be, to effectuate the transactions contemplated by this Agreement.

Section 6.2 Use of Names, Logos and Information.

(a) No later than the Distribution Date, WPX shall cause to be filed with the Secretary of State (or other appropriate Governmental Authority) of the states in which its Subsidiaries are located or are doing business, an amendment to their certificates of incorporation or similar governing documents or qualification to do business to change the name of any Subsidiary with “Williams” in its name to a new name not confusingly similar to WMB’s name.

(b) No later than the Distribution Date (or, with respect to any WPX Entity’s wells, tanks, pipelines, and other field facilities, no later than the date that is six months after the Distribution Date), WPX shall use reasonable best efforts to remove, and WPX shall cause each member of the WPX Group to remove, from their websites, and any other publicly distributed material (other than material required to be submitted for the purpose of regulatory filings and other similar documentation), any reference to WMB, and its business lines and plans and any names, logos, or trademarks associated therewith. WPX and each other member of the WPX Group shall cease all use of the WMB name (and any name confusingly similar thereto) and all trademarks and service marks associated therewith no later than the Distribution Date (or, with respect to any WPX Entity’s wells, tanks, pipelines, and other field facilities, no later than the date that is six months after the Distribution Date); provided that, if any member of the WPX Group is unable to comply with the foregoing requirements of this Section 6.2(b) for reasons outside of its reasonable control, WPX may request WMB to grant an extension of time beyond the Distribution Date, and WMB agrees not to unreasonably withhold or delay the granting of any such requested extension. Nothing in this Section 6.2(b) shall preclude WPX or its Subsidiaries from using the WMB name to indicate that WPX and members of the WPX Group were formerly associated with WMB, or from referring to WMB by its name for non-trademark and non-branding purposes as is permitted by applicable Law.

(c) WPX shall not, and shall cause each member of the WPX Group not to, take any action, purport to take any action or otherwise hold itself out as having any authority to act on behalf of or represent in any way any member of the WMB Group. WPX shall indemnify, defend and hold harmless each of the WMB Indemnitees from and against any and all Liabilities of the WMB Indemnitees relating to, arising out of or resulting from a breach of this Section 6.2(c).

Section 6.3 Non-Solicitation.

(a) Without the prior consent of WMB, during the term of the Transition Services Agreement and for a period of one year thereafter, WPX will not (and will cause each other WPX Entity not to) solicit for employment, directly or indirectly, any employee or contractor (including any contractor employed by a third party) of the WMB Entities that (i) is providing services to any WMB Entity or WPX Entity in connection with this Agreement or any Ancillary Agreement, or (ii) with whom any WPX Entity has, or will have, more than incidental contact pursuant to this Agreement or any Ancillary Agreement.

(b) Without the prior consent of WPX, during the term of the Transition Services Agreement and for a period of one year thereafter, WMB will not (and will cause each other WMB Entity not to) solicit for employment, directly or indirectly, any employee of WPX involved in the performance of WPX obligations under this Agreement or any Ancillary Agreement.

(c) With respect to each of Sections 6.3(a) and 6.3(b) above, the prohibition on solicitation shall extend 90 days after the termination of any employee's employment or, in the case of WMB employees, 90 days after the cessation of such employee's involvement in the performance of all "Services" (as defined under the Transition Services Agreement). This provision shall not operate or be construed to prevent or limit any employee's right to practice his or her profession or to utilize his or her skills for another employer or to restrict any employee's freedom of movement or association.

(d) Neither the publication of classified advertisements in newspapers, periodicals, Internet bulletin boards, or other publications of general availability or circulation, nor the consideration and hiring of persons responding to such advertisements, shall be deemed a breach of this Section 6.3, unless the advertisement and solicitation is undertaken as a means to circumvent or conceal a violation of this provision and/or the hiring party acts with knowledge of this hiring prohibition.

(e) Each of the parties (i) acknowledges and agrees that money damages would not be a sufficient remedy for any breach of this Section 6.3 by such party (or any other member of such party's Group), (ii) consents to a court of competent jurisdiction entering an order finding that the non-breaching party has been irreparably harmed as a result of any such breach and (iii) consents to the granting of injunctive relief without proof of actual damages as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Section 6.3 but shall be in addition to all other remedies available at law or equity to the non-breaching party.

Section 6.4 Information Technology Transition Costs. Notwithstanding anything to the contrary in this Agreement, upon the completion of the Distribution WMB shall promptly contribute to WPX \$20.1 million for certain information technology transition costs expected to be incurred by the WPX Entities in connection with the Distribution, less any amounts funded by WMB for such costs prior to the completion of the Distribution.

ARTICLE VII MUTUAL RELEASES; INDEMNIFICATION

Section 7.1 Mutual Releases.

(a) Except (i) as provided in Section 7.1(c), (ii) as may be otherwise provided in this Agreement or any Ancillary Agreement and (iii) for any matter for which any WPX Indemnitee is entitled to indemnification pursuant to this Article VIII, effective as of the Effective Time, WPX does hereby, for itself and each other WPX Entity and their respective Affiliates, predecessors, successors and assigns, and, to the extent WPX legally may, all Persons that at any time prior or subsequent to the Effective Time have been stockholders, directors, officers, members, agents or employees of WPX or any other WPX Entity (in each case, in their respective capacities as such), remise, release and forever discharge each WMB Entity, their respective Affiliates, successors and assigns, and all Persons that at any time prior to the Effective Time have been stockholders, directors, officers, members, agents or employees of WMB or any other WMB Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity, whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from or relating to any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, whether or not known as of the Effective Time.

(b) Except (i) as provided in Section 7.1(c), (ii) as may be otherwise provided in this Agreement or any Ancillary Agreement and (iii) for any matter for which any WMB Indemnitee is entitled to indemnification pursuant to this Article VIII, WMB does hereby, for itself and each other WMB Entity and their respective Affiliates, successors and assigns, and, to the extent WMB legally may, all Persons that at any time prior to the Effective Time have been stockholders, directors, officers, members, agents or employees of WMB or any other WMB Entity (in each case, in their respective capacities as such), remise, release and forever discharge each WPX Entity, their respective Affiliates, successors and assigns, and all Persons that at any time prior to the Effective Time have been stockholders, directors, officers, members, agents or employees of WPX or any other WPX Entity (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity, whether arising under any contract or

agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, whether or not known as of the Effective Time.

(c) Nothing contained in Section 7.1(a) or 7.1(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement, including the applicable Schedules hereto and thereto, or any arrangement that is not to terminate as of the Effective Time, as specified in Section 2.5(b). Nothing contained in Section 7.1(a) or 7.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any WMB Entities and any WPX Entities that is not to terminate as of the Effective Time, as specified in Section 2.5(b), or any other Liability that is not to terminate as of the Effective Time, as specified in Section 2.5(b);

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement; or

(iii) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 7.1; provided that the parties agree not to bring suit or permit any of their Subsidiaries to bring suit against any Person with respect to any Liability to the extent that such Person would be released with respect to such Liability by this Section 7.1 but for the provisions of this clause (iii).

(d) WPX shall not make, and shall not permit any other WPX Entity to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim for indemnification, against any WMB Entity, or any other Person released pursuant to Section 7.1(a), with respect to any Liabilities released pursuant to Section 7.1(a). WMB shall not, and shall not permit any other WMB Entity, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim for indemnification, against any WPX Entity, or any other Person released pursuant to Section 7.1(b), with respect to any Liabilities released pursuant to Section 7.1(b).

(e) At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases in form reasonably satisfactory to the other party reflecting the provisions of this Section 7.1.

Section 7.2 Indemnification by WPX. Subject to Section 7.4, WPX shall, and shall cause each of its Subsidiaries that is in the WPX Group as of the Effective Time to, jointly and severally indemnify, defend and hold harmless WMB, each WMB Entity and each of their respective current, former and future directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "WMB Indemnitees"), from and against any and all Liabilities of the WMB

Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) any WPX Liability, including the failure of WPX or any other member of the WPX Group or any other Person to pay, perform or otherwise promptly discharge any WPX Liabilities in accordance with their respective terms, whether prior to, on or after the Effective Time;

(b) the WPX Business;

(c) any breach by any WPX Entity of this Agreement or any of the Ancillary Agreements; and

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10 or the Information Statement; provided, however, that the indemnity provided in this Section 7.2(d) shall not apply to any WMB Indemnitee with respect to any Liability to the extent arising out of any untrue statement or omission or alleged untrue statement or omission contained in any information furnished in writing to WPX by WMB expressly for use in such filing.

Notwithstanding the foregoing, no WMB Indemnitee shall be entitled to indemnification under this Section 7.2 for any Liability for which any WPX Indemnitee is entitled to be indemnified pursuant to Sections 7.3(d) and 7.3(e) below.

Section 7.3 Indemnification by WMB. Subject to Section 7.4, WMB shall, and shall cause each of its Subsidiaries that is in the WMB Group as of the Effective Time to, jointly and severally indemnify, defend and hold harmless WPX, each WPX Entity and each of their respective current, former and future directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "WPX Indemnitees"), from and against any and all Liabilities of the WPX Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) any WMB Liability, including the failure of WMB or any other member of the WMB Group or any other Person to pay, perform or otherwise promptly discharge any WMB Liabilities in accordance with their respective terms, whether prior to, on or after the Effective Time;

(b) the WMB Business;

(c) any breach by any WMB Entity of this Agreement or any of the Ancillary Agreements; and

(d) any cash payment determined to be owed by any WPX Entity in any of the pending proceedings set forth on Schedule 7.3(d) related to power marketing in California; provided, that WPX shall pay, or cause to be paid, to WMB any cash that a WPX Entity receives, or is entitled to receive, in connection with such proceedings, regardless of whether such amount exceeds any amount due from WMB to WPX pursuant to this clause; and

(e) the pending proceedings set forth on Schedule 7.3(e) related to published gas price indices, including, solely for purposes of this Section 7.3(e), any Liability for indirect, punitive or consequential damages relating to such proceeding; provided, that if all or any portion of the indemnification obligation set forth in this Section 7.3(e) is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, then the parties will, to the extent permitted by law, take such actions as may reasonably be necessary in order to place the WPX Entities in the same position as if such obligation were fully valid, legal and enforceable.

Notwithstanding the foregoing, no WPX Indemnitee shall be entitled to indemnification under this Section 7.3 for any Liability to the extent arising out of any of the Contracts set forth on Schedule 7.3.

Section 7.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of Insurance Proceeds and other amounts received that actually reduce the amount of the Liability for which indemnification is sought. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or reimbursement under this Agreement (an "Indemnitee") will be reduced by any Insurance Proceeds and other amounts theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or other amounts therefor, then the Indemnitee will promptly pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or other amounts had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer that would otherwise be obligated to defend or make payment in response to any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification provisions of this Agreement) by virtue of the indemnification provisions hereof. For the avoidance of doubt, in no event shall any party be obligated to seek recovery from any insurer as a condition to obtaining the benefit of the indemnification provisions of this Agreement or any Ancillary Agreement.

(c) If an indemnification claim is covered by the indemnification provisions of an Ancillary Agreement, the claim shall be made under the Ancillary Agreement to the extent applicable and the provisions thereof shall govern such claim. In no event shall any party be entitled to double recovery from the indemnification provisions of this Agreement and any Ancillary Agreement.

(d) Payments and reimbursements with respect to Tax-related Liabilities and Tax-related indemnities are governed exclusively by the Tax Sharing Agreement. To the extent of any inconsistency or conflict between this Agreement and the Tax Sharing Agreement with respect to any matter relating to WMB's and WPX's respective rights, responsibilities and obligations after the Distribution with respect to Taxes, the provisions of the Tax Sharing Agreement shall apply.

Section 7.5 Third-Party Claims.

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) that is not a WMB Entity or a WPX Entity of any claim (including environmental claims and demands or requests for investigation or remediation of contamination) or of the commencement by any such Person of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement or any Ancillary Agreement (collectively, a "Third-Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as soon as promptly practicable, but no later than 30 days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail and contain written correspondence received from the third party that relates to the Third-Party Claim. Notwithstanding the foregoing, the failure of any Indemnitee to give notice as provided in this Section 7.5(a) shall not relieve the related Indemnifying Party of its obligations under this Article VII, except to the extent that such Indemnifying Party is prejudiced by such failure to give notice.

(b) With respect to any Third-Party Claim:

(i) Unless the parties otherwise agree, within 30 days after the receipt of notice from an Indemnitee in accordance with Section 7.5(a), an Indemnifying Party shall defend (and, unless the Indemnifying Party has specified any reservations or exceptions, seek to settle or compromise), at such Indemnifying Party's own cost and expense and by such Indemnifying Party's own counsel, any Third-Party Claim. The applicable Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee. Notwithstanding the foregoing, the Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee (A) for any period during which the Indemnifying Party has not assumed the defense of such Third-Party Claim (other than during any period in which the Indemnitee shall have failed to give notice of the Third-Party Claim in accordance with Section 7.5(a)) or (B) to the extent that such engagement of counsel is as a result of a conflict of interest, as reasonably determined by the Indemnitee acting in good faith.

(ii) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim without the consent of the applicable Indemnitee; provided, however, that such Indemnitee shall be required to consent to such entry of judgment or to such settlement that the Indemnifying Party may recommend if the judgment or settlement (A) contains no finding or admission of any violation of Law or any violation of the rights of any Person, (B) involves only monetary relief which the Indemnifying Party has agreed to pay and could not reasonably be expected to have a significant adverse impact (financial or non-financial) on the Indemnitee, including a significant adverse impact on the rights, obligations, operations, standing or reputation of the Indemnitee (or any of its Subsidiaries or Affiliates), and (C) includes a full and unconditional release of the Indemnitee. Notwithstanding the foregoing, in no event shall an Indemnitee be required to consent to any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnitee.

(c) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent, which consent shall not be unreasonably withheld or delayed.

Section 7.6 Additional Matters.

(a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be timely asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue remedies as specified by this Agreement and the Ancillary Agreements.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or the Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant, if reasonably practicable. If such substitution or addition cannot be achieved or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Agreement and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses, and the allocated costs of in-house counsel and other personnel), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

Section 7.7 Remedies Cumulative . The remedies provided in this Article VII shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 7.8 Survival of Indemnities . The rights and obligations of each of WMB and WPX and their respective Indemnitees under this Article VII shall survive the sale or other transfer by any party of any assets or businesses or the assignment by it of any Liabilities.

Section 7.9 Limitation on Liability. Except as may expressly be set forth in this Agreement, none of WMB, WPX, or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other WMB Indemnitee or WPX Indemnitee, as applicable, under this Agreement (a) to the extent that any such Liability resulted from any willful violation of Law or fraud by the party seeking indemnification or (b) subject to Section 7.3(e), for any indirect, punitive or consequential damages. Notwithstanding the foregoing, the provisions of this Section 7.9 shall not limit an Indemnifying Party's indemnification obligations with respect to any Liability that any Indemnitee may have to any third party not affiliated with any member of the WMB Group or the WPX Group.

ARTICLE VIII TERMINATION

Section 8.1 Termination. This Agreement and any Ancillary Agreement may be terminated at any time prior to the Distribution in the sole discretion of WMB without the approval of WPX. The obligations of the parties under Article III (including the obligation to pursue or effect the Distribution) may be terminated by WMB if any time after the Distribution it determines, in its sole and absolute discretion, that the Distribution would not be in the best interests of WMB or its stockholders.

Section 8.2 Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, no party (or any of its directors or officers) shall have any Liability or further obligation to any other party with respect to this Agreement.

ARTICLE IX DISPUTE RESOLUTION

Section 9.1 Disputes. Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and mediation set forth in this Article IX shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement or any Ancillary Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby or thereby on or prior to the Effective Time), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any Person in the WMB Group and the WPX Group.

Section 9.2 Escalation; Mediation.

(a) It is the intent of the parties to use their respective commercially reasonable efforts to resolve expeditiously any dispute, controversy or claim between or among them with respect to the matters covered hereby that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, upon the written notice of either party, each party shall appoint a representative at an authority level above the level of the individuals who have been unable to resolve the dispute (the "Next Step Up Representatives"). The Next Step Up Representatives shall be appointed as determined in the discretion of each party considering the importance of the relationship, the complexity of the issues, and the size of the amounts in dispute. The parties shall allow for a period of 15 Business Days after the last representative is appointed and contact information provided to the other party for the Next Step Up Representatives to negotiate a resolution of the dispute before the parties are required to move to the mediation stage. This 15 Business Day period may be waived jointly in writing.

(b) If the parties are not able to resolve the dispute, controversy or claim (except those relating to Environmental Liabilities, which are addressed in Section 9.2(c) below) through the escalation process referred to above, then either party may submit the dispute to mediation by written notice to the other party. The parties shall jointly retain a mediator to aid the parties in their discussions and negotiations by informally providing advice to the parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator within 30 days after the notice to mediate, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of either party. Any mediator proposed by CPR must be reasonably acceptable to both parties. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any other proceeding. Costs of the mediation shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Mediation shall be a prerequisite to the commencement of any Proceeding (except those relating to Environmental Liabilities, which are addressed in Section 9.2(c) below) by either party.

(c) If the parties are not able to resolve any technical or factual dispute, controversy or claim relating to Environmental Liabilities through the escalation process referred to above, then either party may submit the dispute to mediation by written notice to the other party. The parties shall jointly retain a technical mediator, such as a third-party environmental consultant or other person with specific technical expertise in the matter involved in the dispute, controversy or claim to aid the parties in their discussions and negotiations. The technical mediator shall be selected by the parties. If the parties cannot agree on a technical mediator within 30 days after the notice to mediate, CPR shall designate a technical mediator at the request of either party. Any technical mediator proposed by CPR must be reasonably acceptable to both parties. The technical mediator shall provide informal advice to the parties and, if requested by both parties, shall also

provide a written opinion letter or report summarizing the matter in dispute, identifying any significant assumptions or informational gaps underlying that summary, and setting forth the conclusions and recommendations of the technical mediator. Unless mutually agreed by the parties in writing, any opinion expressed by the technical mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed or delivered by the technical mediator be admissible in any other proceeding. Costs related to the technical mediator's work, including any investigation, data-gathering or sampling recommended by the technical mediator, shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Technical mediation shall be a prerequisite to the commencement of any Proceeding relating to Environmental Liabilities by either party.

(d) For purposes of this Section 9.2:

(i) "Environmental Laws" means all federal, state, local and foreign Laws, including all judicial and administrative orders, determinations, and consent agreements or decrees, that relate, in whole or in part, to Hazardous Substances, pollution, contaminants, harmful substances, protection of the environment or human health, including those that regulate the use, manufacture, generation, handling, labeling, testing, transport, treatment, storage, processing, discharge, disposal, release, threatened release, control, or cleanup of harmful substances, pollutants, contaminants, Hazardous Substances or materials containing such substances, regardless of when enacted or effective;

(ii) "Environmental Liabilities" means any Liabilities arising out of or relating to the environment, human health, any Environmental Law, Hazardous Substances or exposure to Hazardous Substances, pollutants, contaminants or other harmful substances, including (A) fines, penalties, judgments, awards, settlements, losses, damages (including consequential damages), costs, fees (including attorneys' and consultants' fees), expenses and disbursements, (B) costs of defense and other responses to any administrative or judicial action (including notices, claims, complaints, suits and other assertions of liability), (C) responsibility for any investigation, remediation, monitoring or cleanup costs, injunctive relief, tort claims, natural resource damages, and any other environmental compliance or remedial measures, in each case known or unknown, foreseen or unforeseen, and (D) any claims, suits or actions (whether third-party or otherwise) for any Liability, including personal injury or property damage; and

(iii) "Hazardous Substances" means all materials, wastes or substances defined by, or regulated under, any Environmental Laws now or in the future and any substance that can give rise to any claim, suit or action (whether third-party or otherwise) for any Liabilities, including personal injury or property damage.

Section 9.3 Court Actions.

(a) In the event that any party, after complying with the provisions set forth in Section 9.2 above, desires to commence an Action, such party, subject to Section 10.11, may submit the dispute, controversy or claim (or such series of related disputes, controversies or claims) to any court of competent jurisdiction.

(b) Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and the Ancillary Agreements during the course of dispute resolution pursuant to the provisions of this Article IX, except to the extent such commitments are the subject of such dispute, controversy or claim.

ARTICLE X MISCELLANEOUS

Section 10.1 Corporate Power. WMB represents on behalf of itself and each other WMB Entity, and WPX represents on behalf of itself and each other WPX Entity, that:

(a) each such Person is a corporation or other entity duly incorporated or formed, validly existing and in good standing under the Laws of the state or other jurisdiction of its incorporation or formation, and has all material corporate or other similar powers required to carry on its business as currently conducted;

(b) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each other Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(c) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of such Person enforceable in accordance with the terms hereof and thereof.

Section 10.2 Coordination with Certain Ancillary Agreements; Conflicts. In the event of any conflict or inconsistency between any provision of any of the Ancillary Agreements and any provision of this Agreement, the applicable Ancillary Agreement shall control over the inconsistent provisions of this Agreement as to the matters specifically addressed in such Ancillary Agreement.

Section 10.3 Expenses. Except as expressly set forth in this Agreement or in any Ancillary Agreement, all fees, costs and expenses paid or incurred in connection with the Separation and the performance of this Agreement and any Ancillary Agreement, whether performed by a third-party or internally, will be paid by the party incurring such fees or expenses, whether or not the Separation is consummated, or as otherwise agreed by the parties.

Section 10.4 Amendment and Modification. This Agreement and the Ancillary Agreements may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 10.5 Waiver. No failure or delay of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such

right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have hereunder. Any agreement on the part of any party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

Section 10.6 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

- (i) if to WMB or any other WMB Entity, to:

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172-0172
Attention: General Counsel
Facsimile: 918-573-1807
E-mail: craig.rainey@williams.com

- (ii) if to WPX or any other WPX Entity, to:

WPX Energy, Inc.
One Williams Center
Tulsa, Oklahoma 74172-0172
Attention: General Counsel
Facsimile: 918-573-5942
E-mail: james.bender@williams.com

Section 10.7 Interpretation. When a reference is made in this Agreement to a Section, Article, or Exhibit such reference shall be to a Section, Article, or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall have the meaning as defined in this Agreement. All Schedules and Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified. The word "day" when used in this Agreement shall mean "calendar day," unless otherwise specified.

Section 10.8 Entire Agreement. This Agreement and the Ancillary Agreements and the Exhibits, Schedules and Appendices hereto and thereto constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the parties with respect to the subject matter hereof. None of this Agreement or any of the Ancillary Agreements shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any party with respect to the transactions contemplated hereby and thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder. Notwithstanding any oral agreement or course of action of the parties or their representatives to the contrary, no party to this Agreement shall be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement shall have been executed and delivered by each of the parties.

Section 10.9 No Third Party Beneficiaries. Except for the indemnification rights under this Agreement of any WMB Indemnitee or WPX Indemnitee in their respective capacities as such, nothing in this Agreement or the Ancillary Agreements, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement or the Ancillary Agreements.

Section 10.10 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal Laws of the State of Oklahoma, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Oklahoma.

Section 10.11 Submission to Jurisdiction. Except as otherwise specifically provided in any Ancillary Agreement, with respect to any suit, action or proceeding relating to this Agreement or any Ancillary Agreement (a "Proceeding"), each party to this Agreement irrevocably (a) consents and submits to the exclusive jurisdiction of the state and federal courts located in Tulsa County, Oklahoma; (b) waives any objection which such party may have at any time to the laying of venue of any Proceeding brought in any such court, waives any claim that such Proceeding has been brought in an inconvenient forum and further waives the right to object, with respect to such Proceeding, that such court does not have jurisdiction over such party; and (c) consents to the service of process at the address set forth for notices in Section 10.6; provided, however, that such manner of service of process shall not preclude the service of process in any other manner permitted under applicable law.

Section 10.12 Assignment. Except as specifically provided in any Ancillary Agreement, none of this Agreement, any of the Ancillary Agreements, or any of the rights, interests or obligations hereunder or thereunder may be assigned or delegated, in whole or

in part, by operation of law or otherwise, by any party without the prior written consent of the other parties, and any such assignment without such prior written consent shall be null and void. If any party (or any of its successors or permitted assigns) (a) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (b) shall transfer all or substantially all of its properties and/or assets to any Person, then, and in each such case, the party (or its successors or permitted assigns, as applicable) shall ensure that such Person assumes all of the obligations of such party (or its successors or permitted assigns, as applicable) under this Agreement and all applicable Ancillary Agreements.

Section 10.13 Severability. Whenever possible, each provision or portion of any provision of this Agreement and the Ancillary Agreements shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement or the Ancillary Agreements is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement or the Ancillary Agreements shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 10.14 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OF THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 10.15 Counterparts. This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 10.16 Facsimile Signature. This Agreement may be executed by facsimile signature and a facsimile signature shall constitute an original for all purposes.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

THE WILLIAMS COMPANIES, INC.

By: /s/ Alan S. Armstrong
Name: Alan S. Armstrong
Title: Chief Executive Officer

WPX ENERGY, INC.

By: /s/ Ralph A. Hill
Name: Ralph A. Hill
Title: Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]

Exhibit A

Contributed Entities

(such entities are held 100% by WPX Energy, Inc.
or its subsidiaries unless otherwise noted)

WPX Energy, Inc.
Williams Production Holdings LLC
Williams Production Ryan Gulch LLC
Williams Production RMT Company LLC
Fort Union Gas Gathering, L.L.C. (11.11%)
Bison Royalty LLC
Barrett Resources International Corporation
Dakota-3 E&P Company, LLC
D-3 Van Hook Gathering Services, LLC
Williams Production Company, LLC
Williams Production Rocky Mountain Company
Williams Production Mid-Continent Company
Williams Arkoma Gathering Company, LLC
Williams Production Keystone LLC
WPX Gas Resources Company
Williams Production Appalachia LLC
Williams Marcellus Gathering LLC
Diamond Elk, LLC
RW Gathering, LLC (50%)
Mockingbird Pipeline, L.P.
Williams Production — Gulf Coast Company, L.P.
WPX Enterprises, Inc.
WPX Energy Marketing, LLC
Northwest Argentina Corporation
Williams International Oil & Gas (Venezuela) Limited
WPX Energy Services Company, LLC
WPX Energy Marketing Services Company, LLC

[Exhibit A to Separation and Distribution Agreement]

EMPLOYEE MATTERS AGREEMENT

by and between

THE WILLIAMS COMPANIES, INC.

and

WPX ENERGY, INC.

Dated as of December 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	1
Section 1.1 Table of Definitions	1
Section 1.2 Certain Defined Terms	2
Section 1.3 Other Capitalized Terms	5
ARTICLE II GENERAL PRINCIPLES; EMPLOYEE TRANSFERS	5
Section 2.1 Assumption of WPX Employee Liabilities	5
Section 2.2 Allocation of Liabilities With Respect to Benefit Plans, Employment Agreements and Equity Compensation Awards	5
Section 2.3 WPX Benefit Plans and WPX Employment Agreements	6
Section 2.4 Plan-Related Litigation	7
Section 2.5 Paid Time Off	7
Section 2.6 FMLA	7
Section 2.7 Employee Transfers	7
Section 2.8 Annual Bonuses	8
ARTICLE III SERVICE CREDIT	8
Section 3.1 Service Credit for Employee Transfers	8
Section 3.2 WMB Benefit Plans	8
Section 3.3 WPX Benefit Plans	8
ARTICLE IV CERTAIN WELFARE BENEFIT PLAN MATTERS	9
Section 4.1 WPX Welfare Plans	9
Section 4.2 Continuation of Elections	9
Section 4.3 Pre-Existing Conditions	9
Section 4.4 Long-Term Disability	9
Section 4.5 Short-Term Disability	10
Section 4.6 Workers' Compensation	10
Section 4.7 Other Welfare Benefits	10
ARTICLE V DEFINED BENEFIT PLANS	10
Section 5.1 WMB DB Plans	10
Section 5.2 Vesting of Benefits	11
Section 5.3 Section 409A	11

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
ARTICLE VI TAX-QUALIFIED DEFINED CONTRIBUTION PLANS	11
Section 6.1 WMB DC Plan	11
Section 6.2 Vesting of Benefits	11
Section 6.3 WPX DC Plan	12
Section 6.4 Contributions Due	12
ARTICLE VII EQUITY COMPENSATION	12
Section 7.1 General Treatment of Outstanding WMB Equity Compensation Awards	12
Section 7.2 Tax Withholding and Reporting	14
Section 7.3 Employee Stock Purchase Plan	14
ARTICLE VIII BENEFIT PLAN REIMBURSEMENTS, BENEFIT PLAN THIRD-PARTY CLAIMS	14
Section 8.1 General Principles	14
Section 8.2 Benefit Plan Third-Party Claims	14
ARTICLE IX COOPERATION	15
Section 9.1 Cooperation	15
ARTICLE X MISCELLANEOUS	15
Section 10.1 Further Assurances	15
Section 10.2 Employment Tax Reporting Responsibility	15
Section 10.3 Data Privacy	15
Section 10.4 Third Party Beneficiaries	16
Section 10.5 Effect if Distribution Does Not Occur	16
Section 10.6 Incorporation of Separation Agreement Provisions	16
Section 10.7 No Representation or Warranty	16

EMPLOYEE MATTERS AGREEMENT

EMPLOYEE MATTERS AGREEMENT, dated as of December 30, 2011 (the "Employee Matters Agreement"), by and between The Williams Companies, Inc., a Delaware corporation ("WMB"), and WPX Energy, Inc., a Delaware corporation ("WPX"), which Employee Matters Agreement shall become effective at the same time as the Separation Agreement (as defined below).

RECITALS

A. The parties to this Employee Matters Agreement have entered into the Separation and Distribution Agreement (the "Separation Agreement"), dated as of the date hereof, pursuant to which WMB intends to separate into two publicly traded companies: (i) WMB, which will continue to own and conduct, directly and indirectly, the WMB Business, and (ii) WPX, which will own and conduct, directly and indirectly, the WPX Business.

B. The parties wish to set forth their agreements as to certain matters regarding employment, compensation and employee benefits.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Table of Definitions. The following terms have the meanings set forth on the pages referenced below:

<u>Definition</u>	<u>Page</u>	<u>Definition</u>	<u>Page</u>
Applicable Transfer Date	8	Welfare Plan	2
Benefit Plan	2	WMB	1
Benefits Commencement Date	2	WMB Benefit Plan	3
Converted WPX Equity Compensation Award	12	WMB DB Plans	3
Delayed Transfer Employee	7	WMB DC Plan	3
Employee Matters Agreement	1	WMB Employee	3
Employment Agreement	2	WMB Employee Liabilities	3
Equity Compensation Awards	2	WMB Employment Agreement	3
ERISA	2	WMB Equity Compensation Award	12
Fiscal 2011 Employee Bonuses	8	WMB Group	4
Former Employee	2	WMB Option	12
Plan Payee	2	WMB RSUs	12
Pre-2006 Options	13	WMB Welfare Plan	4
Separation Agreement	1	Workers' Compensation Event	4
		WPX	1

Table of Definitions (cont.)

<u>Definition</u>	<u>Page</u>	<u>Definition</u>	<u>Page</u>
WPX Benefit Plans	4	WPX Employment Agreement	4
WPX DC Plan	12	WPX Exchange Ratio	3, 5
WPX Employee	4	WPX Group	5
WPX Employee Liabilities	4	WPX Welfare Plan	5

Section 1.2 Certain Defined Terms. For the purposes of this Employee Matters Agreement:

“Benefit Plan” means, with respect to an entity, each plan, program, policy, agreement, arrangement or understanding that is a deferred compensation, executive compensation, incentive bonus or other bonus, pension, profit sharing, savings, retirement, severance pay, salary continuation, life, death benefit, health, hospitalization, paid time off, disability or accident insurance or other employee benefit plan, program, agreement or arrangement, including any “employee benefit plan” (as defined in Section 3(3) of ERISA) sponsored, maintained or contributed to by such entity or to which such entity is a party or under which such entity has any obligation; provided that no WMB Equity Compensation Award, nor any plan under which any such WMB Equity Compensation Award is granted, shall constitute a “Benefit Plan” under this Employee Matters Agreement. In addition, no Employment Agreement shall constitute a Benefit Plan for purposes hereof.

“Benefits Commencement Date” means January 1, 2012, or such later date prior to the Distribution Date as the parties may agree on which WPX Employees shall commence participation in the WPX Benefit Plans.

“Employment Agreement” means any individual employment, retention, relocation, change in control, incentive bonus, signing bonus or other individual compensatory agreement between any current or former employee of WMB or a member of the WMB Group or the WPX Group, but excluding any Equity Compensation Award.

“Equity Compensation Awards” means, collectively, the WMB Equity Compensation Award and the Converted WPX Equity Compensation Awards.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Former Employee” means each former employee of WMB, any of its Affiliates and the WMB Group, but does not include any WMB Employees or WPX Employees.

“Plan Payee” means, as to an individual who participates in a Benefit Plan, such individual’s dependents, beneficiaries, alternate payees and alternate recipients, as applicable under such Benefit Plan.

“Welfare Plan” means each Benefit Plan that provides life insurance, health care, dental care, vision care, employee assistance programs (EAP), accidental death and dismemberment insurance, disability, severance, or other group welfare or fringe benefits and is an “employee welfare benefit plan” as described in Section 3(1) of ERISA, whether or not subject to ERISA.

“WMB Benefit Plan” means any Benefit Plan sponsored or maintained by any member of the WMB Group or WMB. For the avoidance of doubt, no member of the WMB Group shall be deemed to sponsor or maintain any Benefit Plan if its relationship to such Benefit Plan is solely to administer such Benefit Plan or provide to WPX any reimbursement in respect of such Benefit Plan. The WMB Benefit Plans shall be those Benefit Plans sponsored solely by one or more members of the WMB Group following the Benefits Commencement Date.

“WMB DB Plans” means Williams Pension Plan, Williams Inactive Employees Pension Plan, and The Williams Retirement Restoration Plan. The WMB DB Plans shall be the responsibility of one or more members of the WMB Group following the Benefits Commencement Date.

“WMB DC Plan” means The Williams Investment Plus Plan. The WMB DC Plan shall be the responsibility of one or more members of the WMB Group following the Benefits Commencement Date.

“WMB Employee” means each individual who is employed by a member of the WMB Group (including, for the avoidance of doubt, any individual who is on a leave of absence, whether paid or unpaid, from which such employee is entitled to return to active employment with a member of the WMB Group (in accordance with WMB’s applicable personnel policies)), who is not a WPX Employee.

“WMB Employee Liabilities” means all potential or actual employment and employee benefits-related or other Liabilities, whether arising before, on or after the Benefits Commencement Date, with respect to: (a) WMB Employees, any other persons employed by the WMB Group and Former Employees (and their respective Plan Payees); (b) any other individuals asserting rights or obligations stemming from their services to or in connection with WMB’s business (excluding the WPX Business); (c) WMB Employment Agreements; and (d) the WMB Benefit Plans (including providing COBRA continuation coverage and long-term disability benefits). WMB Employee Liabilities shall also include any deferred vested benefits of or other Liabilities with respect to WPX Employees (and their Plan Payees) under the WMB DB Plans and the WMB DC Plan, and any obligations to issue WMB common stock under Equity Compensation Awards as provided in Article VII below, but shall exclude the WPX Employee Liabilities.

“WMB Employment Agreement” means any Employment Agreement to which any member of the WMB Group or WMB is a party. The WMB Employment Agreements shall be the responsibility of one or more members of the WMB Group following the Benefits Commencement Date.

“WMB Exchange Ratio” means a ratio equal to the volume weighted average price of a share of WMB on December 30, 2011 based on “regular way” trading divided by an amount equal to the volume weighted average price of a share of WMB on January 3, 2012 based on “regular way” trading.

“WMB Group” means WMB and each direct or indirect Subsidiary of WMB, other than Persons in the WPX Group.

“WMB Welfare Plan” means each WMB Benefit Plan that is a Welfare Plan.

“Workers’ Compensation Event” means the event, injury, illness or condition giving rise to a workers’ compensation claim.

“WPX Benefit Plans” means any Benefit Plan sponsored or maintained by any member of the WPX Group or WPX.

“WPX Employee” means each individual who, as of the earlier of the Distribution or the Benefits Commencement Date, is employed by a member of the WPX Group (including, for the avoidance of doubt, (i) any Delayed Transfer Employee, (ii) any individual who is on a leave of absence, whether paid or unpaid, from which such employee is entitled to return to active employment with a member of the WPX Group (in accordance with applicable personnel policies) and (iii) any individual who, at the time of the Distribution (or, if earlier, on the Benefits Commencement Date), is receiving short-term disability benefits under a WMB Benefit Plan and who, if actively-employed at the time of the Distribution (or, if earlier, on the Benefits Commencement Date), would have been or become a WPX Employee on that date).

“WPX Employee Liabilities” means all potential or actual employment and employee benefits-related or other Liabilities, whether arising before, on or after the Benefits Commencement Date, with respect to: (a) WPX Employees and any other persons employed by the WPX Group (and their respective Plan Payees); (b) any other individuals asserting rights or obligations stemming from their services to or in connection with the WPX Business; (c) WPX Employment Agreements; or (d) the WPX Benefit Plans, but excluding, in all cases, any such Liabilities (including, without limitation, for any deferred vested benefits) arising under any WMB Benefit Plan, including the WMB DB Plans or the WMB DC Plan. WPX Employee Liabilities shall also include any obligations to issue WPX common stock under Equity Compensation Awards as provided in Article VII below and any obligations specifically assumed by WPX in Article IV below, but shall exclude the WMB Employee Liabilities.

“WPX Employment Agreement” means any Employment Agreement to which any member of the WPX Group is a party and to which no member of the WMB Group is a party. WPX Employment Agreements shall also include cash retention agreements between any WPX Employee and any member of the WMB Group, but shall not include any change in control agreements to which any member of the WMB Group is a party or any other WMB Employment Agreements. The WPX Employment Agreements shall be the sole responsibility of one or more members of the WPX Group following the Benefits Commencement Date.

“WPX Exchange Ratio” means a ratio equal to the volume weighted average price of a share of WMB on December 30, 2011 based on “regular way” trading divided by the volume weighted average price of a share of WPX on January 3, 2012 based on “regular way” trading.

“WPX Group” means WPX and each direct or indirect Subsidiary of WPX. For the purposes of this Employee Matters Agreement, WMB shall not be deemed to be a member of the WPX Group.

“WPX Welfare Plan” means each WPX Benefit Plan that is a Welfare Plan.

Section 1.3 Other Capitalized Terms. Capitalized terms not defined in this Employee Matters Agreement shall have the meanings ascribed to them in the Separation Agreement.

ARTICLE II GENERAL PRINCIPLES; EMPLOYEE TRANSFERS

Section 2.1 Assumption of WPX Employee Liabilities. Effective as of the Benefits Commencement Date, except as otherwise specifically provided in this Employee Matters Agreement, (a) the WPX Group shall be solely responsible for all WPX Employee Liabilities and the WMB Group shall not retain any WPX Employee Liabilities and (b) the WMB Group shall be solely responsible for all WMB Employee Liabilities and the WPX Group shall not retain any WMB Employee Liabilities.

Section 2.2 Allocation of Liabilities With Respect to Benefit Plans, Employment Agreements and Equity Compensation Awards. Except as otherwise specifically provided in this Employee Matters Agreement, effective immediately prior to the Benefits Commencement Date, each WPX Employee (and each such individual’s Plan Payees) shall cease active participation in all WMB Benefit Plans, other than the WMB DB Plans, the WMB DC Plan and, as of such time, WPX shall or shall cause another member of the WPX Group to have in effect such WPX Benefit Plans as are necessary to comply with its obligations pursuant to this Employee Matters Agreement. Effective immediately prior to the Benefits Commencement Date, each WPX Employee who participates in any of the WMB DB Plans and/or the WMB DC Plan shall cease active participation in each such plan and, after the Distribution Date, shall be treated as a participant whose employment with the WMB Group has terminated (effective as of the Distribution) for all purposes thereunder to the extent consistent with applicable Law (including Code Section 409A).

(a) Effective as of the Benefits Commencement Date, except as otherwise specifically provided in this Employee Matters Agreement, WMB shall, or shall cause one or more members of the WMB Group to, retain, pay, perform, fulfill and discharge in due course all Liabilities arising out of or relating to all WMB Employment Agreements and all other WMB Employee Liabilities.

(b) Effective as of the Benefits Commencement Date, except as otherwise specifically provided in this Employee Matters Agreement, WPX shall, or shall cause one or more members of the WPX Group to, retain, pay, perform, fulfill and discharge in due course (i) all Liabilities arising out of or relating to all WPX Benefit Plans, (ii) all Liabilities arising out of or relating to all WPX Employment Agreements, (iii) all Liabilities (other than the WMB Employee Liabilities) with respect to the employment or termination of employment of all WPX Employees and their Plan Payees to the extent arising in connection with or as a result of employment with or the performance of services for any member of the WPX Group, and (iv) all other WPX Employee Liabilities.

(c) Effective as of the Distribution, except as otherwise specifically provided in this Employee Matters Agreement, WPX shall, or shall cause one or more members of the WPX Group to, retain, pay, perform, fulfill and discharge in due course all Liabilities arising out of or relating to the Converted WPX Equity Compensation Awards (including, without limitation, any and all Liabilities with respect to any equity award of WMB that, through assumption and conversion, becomes a Converted WPX Equity Compensation Award, as well as any and all Liabilities with respect to the assumption and conversion of such an award).

(d) All Liabilities arising out of any Equity Compensation Awards shall be allocated and handled in accordance with the provisions of Article VII below. For the avoidance of doubt, from and after the Distribution, in no event will WPX be required to issue, grant or award any compensation relating to WPX Common Stock to any employee who is a member of the WMB Group other than pursuant to any Pre-2006 Options as provided for in Section 7.1, and, subject to the treatment of the WMB Equity Compensation Awards that are outstanding as of the Distribution and held by any WPX Employee as provided in Section 7.1, in no event will WMB be required to issue, grant or award any compensation relating to WMB Common Stock to any employee who is a member of the WPX Group other than pursuant to any Pre-2006 Options as provided for in Section 7.1.

Section 2.3 WPX Benefit Plans and WPX Employment Agreements. Effective as of the Benefits Commencement Date, WPX or another member of the WPX Group shall, in a manner not inconsistent with this Employee Matters Agreement, assume, adopt, continue or, to the extent necessary, assume sponsorship of each WPX Benefit Plan and WPX Employment Agreement, and the WMB Group shall use reasonable efforts to transfer or cause to be transferred to WPX all plan documents, trust agreements, insurance policies, administrative agreements, and other agreements and instruments reasonably required for the maintenance and administration of the WPX Benefit Plans and the WPX Employment Agreements.

Effective on the Benefits Commencement Date, the WPX Group shall be exclusively responsible for administering each WPX Benefit Plan and each WPX Employment Agreement in accordance with its terms and for all obligations and liabilities with respect to the WPX Benefit Plans and WPX Employment Agreements and all benefits or rights owed to participants in the WPX Benefit Plans and individuals who are parties to the WPX Employment Agreements, whether arising before, on or after the Distribution Date. WPX shall not assume sponsorship, maintenance or administration of any Benefit

Plan or Employment Agreement that is not a WPX Benefit Plan or a WPX Employment Agreement or receive any assets or assume any liabilities in connection with any such Benefit Plan or Employment Agreement. For the avoidance of doubt, WPX shall not assume sponsorship, maintenance, administration of or any Liability under any WMB DB Plan or the WMB DC Plan.

Section 2.4 Plan-Related Litigation. Notwithstanding anything herein to the contrary, the management of the defense of all litigation related to the WMB Benefit Plans, the WMB Employment Agreements, the WPX Benefit Plans and the WPX Employment Agreements shall be governed by the Separation Agreement, and this Employee Matters Agreement shall govern the allocation of Liabilities related to any such litigation.

Section 2.5 Paid Time Off. WPX shall assume responsibility for accrued paid time off attributable to WPX Employees upon the earlier of the Distribution or the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, upon the Applicable Transfer Date).

Section 2.6 FMLA. Effective as of the earlier of the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date), WPX shall assume responsibility for and make available to the WPX Employees the existing eligibility and rights to leave under the Family and Medical Leave Act of 1993 that such WPX Employees were entitled to from WMB immediately prior to the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date, but without giving effect to any leave taken between the Benefits Commencement Date and the Applicable Transfer Date).

Section 2.7 Employee Transfers.

(a) Upon mutual agreement of WPX and WMB any employee whose employment transfers after the earlier of the Distribution or the Benefits Commencement Date, but on or before the first anniversary of the Distribution, from the WMB Group to the WPX Group and who was continuously employed by a member of the WMB Group from the Benefits Commencement Date through the date such employee commences active employment with a member of the WPX Group (as applicable) shall be a "Delayed Transfer Employee." Except as otherwise specifically provided in this Employee Matters Agreement, such Delayed Transfer Employees transferring from the WMB Group to the WPX Group shall be treated in the same manner as the individuals who were WPX Employees on the Benefits Commencement Date, to the extent practicable in compliance with applicable Law and the Benefit Plans and without duplicating benefits for the same period of service. For purposes of this Employee Matters Agreement, the date on which a Delayed Transfer Employee actually commences employment with the WPX Group (as applicable) is referred to as such individual's "Applicable Transfer Date". Notwithstanding anything herein to the contrary, the mutual agreement with respect to, and Applicable Transfer Date of, any Delayed Transfer Employee must occur on or before the first anniversary of the Distribution.

(b) In no event shall the transfer of employment from the WMB Group to the WPX Group or the occurrence of the Distribution be considered a change in control for purposes of the Benefit Plans, Employment Agreements or Equity Compensation Awards.

Section 2.8 Annual Bonuses. At the time that annual bonuses are paid generally to WMB Employees for the 2011 fiscal year, WMB shall inform WPX in writing of the bonus (if any) payable to each WPX Employee (other than Delayed Transfer Employees whose Applicable Transfer Date occurs after the date bonuses are paid for the 2011 fiscal year) under the applicable annual incentive plan or arrangement of a member of the WMB Group with respect to the 2011 fiscal year (collectively, the "Fiscal 2011 Employee Bonuses"), determined as if the WPX Employee had remained employed by the WMB Group through the bonus payment date. WPX shall, or shall cause its Affiliates to, pay each WPX Employee such bonus (if any) promptly following such notice and within the time period set forth in the applicable annual incentive plan or arrangement, and WMB shall promptly reimburse WPX for the gross amount of such bonus payments, plus the employer portion of any employment or social insurance taxes paid by WPX in connection with such bonus payments, but in no event later than March 15, 2012. WPX shall be solely responsible for payment of all annual bonuses earned by WPX Employees with respect to periods ending after the Benefits Commencement Date.

ARTICLE III SERVICE CREDIT

Section 3.1 Service Credit for Employee Transfers. The Benefit Plans shall provide the following service crediting rules effective as of the Benefits Commencement Date: if a Delayed Transfer Employee becomes employed by a member of the WMB Group or WPX Group after the Benefits Commencement Date and on or before the first anniversary of the Distribution then such Delayed Transfer Employee's service with the WPX Group or the WMB Group (as applicable) following the Benefits Commencement Date shall be recognized for purposes of eligibility and vesting under the appropriate Benefit Plans, subject to the terms of those plans.

Section 3.2 WMB Benefit Plans. Service from and after the Benefits Commencement Date of WPX Employees with any member of the WPX Group or any other employer other than any member of the WMB Group shall not be taken into account for any purpose under the WMB Benefit Plans.

Section 3.3 WPX Benefit Plans. From and after the Benefits Commencement Date, WPX shall, and shall cause the other members of the WPX Group and their respective successors to, provide credit under the WPX Benefit Plans to WPX Employees for their service with WPX and its predecessors and affiliates (including but not limited to the WPX Group, WMB, the WMB Group and, to the extent applicable, any business previously acquired by the WMB Group or the WPX Group) to the same extent that such service was recognized prior to the Benefits Commencement Date under the relevant WMB Benefit Plans. For avoidance of doubt, service shall be credited for purposes of determining eligibility to participate and vesting; provided, however, that service shall not be recognized to the extent that such recognition would result in the duplication of benefits or duplication of credit for the same period of service.

ARTICLE IV
CERTAIN WELFARE BENEFIT PLAN MATTERS

Section 4.1 WPX Welfare Plans. Effective on the Benefits Commencement Date, WPX shall, or shall cause another member of the WPX Group to, have in effect the WPX Welfare Plans to provide welfare benefits to the WPX Employees participating in any WMB Welfare Plans immediately prior to the Benefits Commencement Date. Each WPX Welfare Plan shall have terms and features (including benefit coverage options and employer contribution provisions) as determined by WPX in its sole discretion. From and after the Benefits Commencement Date, WPX and the WPX Group shall be solely and exclusively responsible for all obligations and liabilities with respect to, or in any way related to, the WPX Welfare Plans.

Section 4.2 Continuation of Elections. As of the Benefits Commencement Date, WPX shall, to the extent applicable, cause the WPX Welfare Plans to recognize and maintain all elections and designations (including, without limitation, all coverage and contribution elections and beneficiary designations) in effect with respect to WPX Employees prior to the Benefits Commencement Date under the comparable WMB Welfare Plan and apply such elections and designations under the WPX Welfare Plans for the remainder of the period or periods for which such elections or designations are by their original terms effective, unless superseded by new elections made under the WPX Welfare Plans.

Section 4.3 Pre-Existing Conditions. As of the Applicable Transfer Date with respect to Delayed Transfer Employees, the WPX Welfare Plans will not impose any limitations on coverage for preexisting conditions other than such limitations as were applicable under the comparable WMB Welfare Plans prior to the Applicable Transfer Date.

Section 4.4 Long-Term Disability. Notwithstanding anything herein to the contrary, any individual receiving long-term disability benefits under a WMB Welfare Plan as of immediately prior to the Benefits Commencement Date shall continue to receive such benefits under such WMB Welfare Plan (in accordance with and subject to the terms and conditions thereof) regardless of whether such individual would become a WPX Employee if such individual returned to active employment after the Benefits Commencement Date. For the avoidance of doubt, any WPX Employee who first becomes eligible for long-term disability benefits on or after the Benefits Commencement Date shall receive such benefits pursuant to the terms and conditions of the applicable WPX Welfare Plan and shall not be eligible for such benefits under a WMB Welfare Plan.

Section 4.5 Short-Term Disability. Notwithstanding anything herein to the contrary, WPX shall have sole responsibility for providing short-term disability benefits to any individual who, on the Benefits Commencement Date, qualifies for short-term disability benefits under a WMB Benefit Plan and who, if actively-employed at the time of the Distribution (or, if earlier, on the Benefits Commencement Date), would have been or become a WPX Employee on that date. In addition, effective as of the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date), WPX shall assume responsibility for and make available to the WPX Employees the existing eligibility and rights to short-term disability benefits that such WPX Employees were entitled to from WMB immediately prior to the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date), but without giving effect to any short-term disability leave taken between the Benefits Commencement Date and the Applicable Transfer Date).

Section 4.6 Workers' Compensation. Notwithstanding anything herein to the contrary, WPX shall have sole liability with respect to, any workers' compensation claims of WPX Employees, regardless of when the event leading to such claims occurred; provided, however, that with respect to any such claims arising from injuries covered by the applicable insurance policies occurring prior to the Benefits Commencement Date, WMB shall have responsibility for processing and managing such claims and WPX shall reimburse WMB for any payments borne by WMB in respect of such claims.

Section 4.7 Other Welfare Benefits. Notwithstanding anything herein to the contrary, WPX shall, as of the Benefits Commencement Date, assume all liability for providing adoption benefits, educational reimbursement and reimbursement for relocation expenses to WPX Employees, regardless of when the events leading to the entitlement of such benefits and/or reimbursements occurred.

ARTICLE V DEFINED BENEFIT PLANS

Section 5.1 WMB DB Plans. Effective as of the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date), each WPX Employee and Delayed Transfer Employee who is a participant, as of the Benefits Commencement Date (or, if applicable the Applicable Transfer Date), in one or more of the WMB DB Plans shall cease active participation in such WMB DB Plans and service with any member of the WPX Group or any other employer other than any member of the WMB Group from and after the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date) shall not be taken into account for any purpose under such WMB DB Plans, except for purposes of determining the timing of the payment of compensation or the provision of benefits under any WMB DB Plan, to the extent that such payment or provision is triggered under such WMB DB Plan by a WPX Employee's separation from service from the WPX Group. Notwithstanding any provision of this Agreement to the contrary, from and after the Benefits Commencement Date, the WMB Group shall remain and be exclusively responsible for all obligations and Liabilities with respect to the WMB DB Plans, all assets of the WMB DB Plans, and all benefits owed to participants in the WMB DB Plans (including the WPX Employees, Former Employees and Delayed Transfer Employees), whether accrued before, on or after the Benefits Commencement Date. In no event shall WMB transfer or cause to be transferred to WPX or any member of the WPX Group sponsored any of the WMB DB Plans or any Assets or Liabilities maintained or accrued thereunder.

Section 5.2 Vesting of Benefits. Notwithstanding anything herein to the contrary, WMB shall take all steps necessary, including amending any WMB DB Plan, so that, as of the Benefits Commencement Date, each WPX Employee and Delayed Transfer Employee who is a participant in a WMB DB Plan shall be fully vested in his or her benefits under each WMB DB Plan in which such WPX Employee participated while an employee of a member of the WMB Group.

Section 5.3 Section 409A. WMB and WPX shall cooperate in good faith so that the Distribution and the transactions contemplated by this Employee Matters Agreement will not result in adverse tax consequences under Code Section 409A to any current or former employee of any member of the WMB Group or any member of the WPX Group, or their respective Plan Payees, in respect of his or her benefits under any WMB DB Plan that is subject to Code Section 409A.

ARTICLE VI TAX-QUALIFIED DEFINED CONTRIBUTION PLANS

Section 6.1 WMB DC Plan. Effective as of the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date), each WPX Employee or Delayed Transfer Employee who is a participant, as of the Benefits Commencement Date (or, if applicable the Applicable Transfer Date), in the WMB DC Plan shall cease active participation in the WMB DC Plan (and, for all purposes, be treated as a terminated participant) and service with any member of the WPX Group or any other employer other than any member of the WMB Group from and after the Benefits Commencement Date (or, with respect to Delayed Transfer Employees, the Applicable Transfer Date) shall not be taken into account for any purpose under the WMB DC Plan. Notwithstanding any provision of this Agreement to the contrary, from and after the Benefits Commencement Date, the WMB Group shall be exclusively responsible for all obligations and Liabilities with respect to the WMB DC Plan, all assets of the WMB DC Plan, and all benefits owed to participants in the WMB DC Plan (including the WPX Employees, Former Employees and Delayed Transfer Employees), whether accrued before, on or after the Benefits Commencement Date. In no event shall WMB transfer or cause to be transferred to WPX or any member of the WPX Group sponsorship of the WMB DC Plan or any Assets or Liabilities maintained or accrued thereunder (except pursuant to an eligible rollover distribution).

Section 6.2 Vesting of Benefits. Notwithstanding anything herein to the contrary, WMB shall take all steps necessary, including amending the WMB DC Plan, so that, as of the Benefits Commencement Date, each WPX Employee and Delayed Transfer Employee shall be fully vested in his or her benefits under the WMB DC Plan in which such WPX Employee participated while an employee of a member of the WMB Group.

Section 6.3 WPX DC Plan. Effective as of the Benefits Commencement Date, WPX or another member of the WPX Group shall establish a defined contribution plan that qualifies under Code Section 401(a), (such plan, the "WPX DC Plan"). The WPX DC Plan shall have terms and features (including employer contribution provisions) that are determined by WPX in its sole discretion. WPX or a member of the WPX Group shall be solely responsible for taking all necessary, reasonable, and appropriate actions (including the submission of the WPX DC Plan to the Internal Revenue Service for a determination of tax-qualified status) to establish, maintain and administer the WPX DC Plan so that it is qualified under Section 401(a) of the Code.

Section 6.4 Contributions Due. All contributions payable to the WMB DC Plan with respect to employee deferrals, matching contributions and employer contributions for WPX Employees up to the Benefits Commencement Date (and, with respect to the Delayed Transfer Employees, the Applicable Transfer Date), determined in accordance with the terms and provisions of the WMB DC Plan, ERISA and the Code, shall be paid by (and be the sole liability of) WMB or a member of the WMB Group to the WMB DC Plan.

ARTICLE VII EQUITY COMPENSATION

Section 7.1 General Treatment of Outstanding WMB Equity Compensation Awards.

(a) Notwithstanding any other provision of this Employee Matters Agreement or the Separation Agreement to the contrary, from and after the Distribution, each outstanding option to purchase WMB Common Stock ("WMB Option") or each outstanding restricted stock unit with respect to WMB Common Stock (whether or not subject to performance-based vesting criteria) ("WMB RSUs"), in each case that was granted under or pursuant to any equity compensation plan or arrangement of WMB (each such WMB Option or WMB RSU, a "WMB Equity Compensation Award"), that, as of the Distribution, is held by any WPX Employee (which, for purposes of this Article VII, shall not include any Delayed Transfer Employees whose Applicable Transfer Date occurs after the Distribution) or non-employee member of the WPX board of directors, other than the portion of each Pre-2006 Option allocated to WMB, shall be assumed by WPX (each such assumed WMB Equity Compensation Award, a "Converted WPX Equity Compensation Award").

(b) In connection with the assumption by WPX, each Converted WPX Equity Compensation Award, other than the Pre-2006 Options, shall be adjusted into an option or restricted stock unit award, as applicable, with respect to shares of WPX Common Stock having the same intrinsic value as the applicable WMB Equity Compensation Award, with the number of shares of WPX Common Stock subject to each such award equal to the number of shares of WMB Common Stock subject to each such award as in effect immediately prior to the Distribution multiplied by the WPX Exchange Ratio, rounded down to the nearest whole share and effective upon the Distribution. The per share exercise price of any Converted WPX Equity Compensation Award, other than the Pre-2006 Options, that is a stock option shall also be adjusted effective upon the Distribution by dividing the applicable per share exercise price of the stock option as in effect immediately prior to the Distribution by the WPX Exchange Ratio, with the result rounded up to the nearest whole cent.

(c) The Converted WPX Equity Compensation Awards that relate to WMB Options granted prior to January 1, 2006, along with each other WMB Option granted prior to January 1, 2006 that, as of the Distribution, is held by any WMB Employee, Former Employee or non-employee member of the WMB board of directors (collectively, the “Pre-2006 Options”), shall be adjusted, in part, into an option to acquire WPX Common Stock (with the number of shares of WPX Common Stock subject to such portion of the option generally equal to the number of shares of WMB Common Stock subject to the original WMB Option as in effect immediately prior to the Distribution multiplied by the Distribution Ratio) and shall remain, in part, an option to acquire WMB Common Stock (with the number of shares of WMB Common Stock subject to such portion of the option generally equal to the number of shares of WMB Common Stock subject to the original WMB Option as in effect immediately prior to the Distribution), in each case, having an aggregate same intrinsic value as the original WMB Option, rounded down to the nearest whole share and effective upon the Distribution. The per share exercise price of the Pre-2006 Options shall also be adjusted effective upon the Distribution by (i) with respect to the portion of the Pre-2006 Option that is allocated to WPX, dividing the per share exercise price of the stock option as in effect immediately prior to the Distribution by the WPX Exchange Ratio and (ii) with respect to the portion of the Pre-2006 Option that is allocated to WMB, dividing the per share exercise price of the stock option as in effect immediately prior to the Distribution by the WMB Exchange Ratio, in each case, with the results rounded up to the nearest whole cent. For the avoidance of doubt, the portion of the Pre-2006 Options held by any WMB Employee, Former Employee or non-employee member of the WMB board of directors allocated to WPX shall be assumed by WPX upon the Distribution. Notwithstanding anything herein to the contrary, in all events the adjustments to the WMB Options provided for herein shall be implemented in a manner that complies with Section 424 of the Code.

(d) The performance criteria applicable to any Converted WPX Equity Compensation Awards issued in 2010 or 2011 that are performance-based restricted stock units shall also be modified so that “total stockholder return” for purposes of such performance-based restricted stock units shall be based on the sum of the 20-day average closing price of WMB Common Stock at the end of the performance period and the 20-day average closing price of WPX Common Stock, multiplied by the Distribution Ratio, at the end of the performance period.

(e) Prior to the Distribution, WPX shall establish equity compensation plans, so that upon the Distribution, WPX shall have in effect an equity compensation plan containing substantially the same terms as each original WMB equity compensation plan under which any Converted WPX Equity Compensation Award was granted. From and after the Distribution, each Converted WPX Equity Compensation Award shall be subject to the terms of the applicable WPX equity compensation plan and the award agreement governing such Converted WPX Equity Compensation Award. From and after the Distribution, WPX shall retain, pay, perform, fulfill and discharge all Liabilities arising out of or relating to the Converted WPX Equity Compensation Awards. Effective as of the Distribution, each WPX Employee and non-employee member of the WPX board of directors shall cease participation in all WMB equity compensation plans other than with respect to the Pre-2006 Options.

(f) In all events, the adjustments to the Converted WPX Equity Compensation Awards provided for in this Section 7.1 shall be made in a manner that, as determined by WMB and WPX, avoids adverse tax consequences under Code Section 409A.

Section 7.2 Tax Withholding and Reporting. Effective from and after the Distribution, WPX shall be solely responsible for all Tax withholding obligations with respect to the equity compensation awards applicable to WPX Employees, and WMB shall be solely responsible for all Tax withholding obligations with respect to equity compensation awards applicable to WMB Employees.

Section 7.3 Employee Stock Purchase Plan. All WPX Employees shall cease active participation in The Williams Companies Employee Stock Purchase Plan with respect to offering periods ending after the Benefits Commencement Date. For the avoidance of doubt, the WPX Employees who participated in The Williams Companies Employee Stock Purchase Plan prior to the Benefits Commencement Date shall continue to participate in the offering period under The Williams Companies Employee Stock Purchase Plan ending prior to the Benefits Commencement Date.

ARTICLE VIII

BENEFIT PLAN REIMBURSEMENTS, BENEFIT PLAN THIRD-PARTY CLAIMS

Section 8.1 General Principles. From and after the Distribution, any services that a member of the WMB Group shall provide to the members of the WPX Group relating to any Benefit Plans shall be set forth in the Transition Services Agreement.

Section 8.2 Benefit Plan Third-Party Claims. In the event of any conflict or inconsistency between the following provision on the one hand, and the Separation Agreement or any of the other Ancillary Agreements on the other hand, the following provision shall control over the inconsistent provisions to the extent of the inconsistency:

If a Third-Party Claim (as defined in Section 7.5(a) of the Separation Agreement) relates solely to the Benefit Plan of the Indemnifying Party, WPX and WMB shall take all actions necessary to substitute the Indemnifying Party and/or the relevant Benefit Plan of the Indemnifying Party as the proper party for such Third-Party Claim. If the Third-Party Claim relates to both a WPX Benefit Plan and a WMB Benefit Plan, WPX and WMB shall take all actions necessary to separate or otherwise partition the Third-Party Claim so as to allow each party to solely defend the claim relating to its own Benefit Plan (unless the parties mutually agree that such a separation or partition is unnecessary or inadvisable). If the Third-Party Claim cannot be transferred to the Indemnifying Party or separated or partitioned so as to allow each party to solely defend the claim relating to its own Benefit Plan, then WMB shall defend the Third-Party Claim and WPX may elect to participate in (but not control) the defense, compromise, or settlement of any such Third-Party Claim at its own expense (including allocated costs of WPX in-house counsel and other WPX personnel).

**ARTICLE IX
COOPERATION**

Section 9.1 Cooperation. Following the date of this Employee Matters Agreement, WMB and WPX shall, and shall cause their respective Subsidiaries and Affiliates to, use reasonable best efforts to cooperate with respect to any employee compensation or benefits matters that the WMB Group or the WPX Group, as applicable, reasonably determines require the cooperation of both the WMB Group and the WPX Group in order to accomplish the objectives of this Employee Matters Agreement. Without limiting the generality of the preceding sentence, (a) the WMB Group and the WPX Group shall cooperate in coordinating each of their respective payroll systems in connection with the transfers of WPX Employees and Delayed Transfer Employees to the WPX Group, (b) the WMB Group shall, to the extent permitted by applicable Law, transfer all employment-related records relating to WPX Employees to the WPX Group, to the extent such records are in the WMB Group's possession or control, and (c) the WMB Group and the WPX Group shall, to the extent permitted by applicable Law, transfer records to each other as reasonably necessary for the proper administration of all Equity Compensation Awards (including the Pre-2006 Options), to the extent such records are in the other party's possession or control. The obligations of the WPX Group and the WMB Group to cooperate pursuant to this Section 9.1 shall remain in effect until all audits of all Benefit Plans (including, for this purpose, any equity compensation plan) with respect to which the other party may have information have been completed and the applicable statute of limitations with respect to such audits has expired.

**ARTICLE X
MISCELLANEOUS**

Section 10.1 Further Assurances. Prior to the Distribution Date, if either party identifies any commercial or other service that is needed to ensure a smooth and orderly transition of its business in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Employee Matters Agreement, the parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other party will provide such service under the Transition Services Agreement.

Section 10.2 Employment Tax Reporting Responsibility. WPX and WMB hereby agree to follow the standard procedure for United States employment tax withholding as provided in Section 4 of Rev. Proc. 2004-53, I.R.B. 2004-35.

Section 10.3 Data Privacy. The parties agree that any applicable data privacy Laws and any other obligations of the WPX Group and the WMB Group to maintain the confidentiality of any employee information or information held by any Benefit Plans in accordance with applicable Law shall govern the disclosure of employee information among the parties under this Employee Matters Agreement. WPX and WMB shall ensure that they each have in place appropriate technical and organizational security measures to protect the personal data of the WPX Employees and WMB Employees.

Section 10.4 Third Party Beneficiaries. Nothing contained in this Employee Matters Agreement shall be construed to create any third-party beneficiary rights in any individual, including without limitation any WPX Employee, WMB Employee or Former Employee (including any dependent or beneficiary thereof) nor shall this Employee Matters Agreement be deemed to amend any Benefit Plan or to prohibit WMB, WPX or their respective Affiliates from amending or terminating any Benefit Plan (including for this purpose, any equity compensation plan).

Section 10.5 Effect if Distribution Does Not Occur. If the Distribution does not occur, then all actions and events that are, under this Employee Matters Agreement, to be taken or occur effective as of the Distribution shall not be taken or occur except to the extent specifically agreed by the parties.

Section 10.6 Incorporation of Separation Agreement Provisions. The following provisions of the Separation Agreement are hereby incorporated herein by reference, and unless otherwise expressly specified herein, such provisions shall apply as if fully set forth herein (references in this Section 10.6 to an "Article" or "Section" shall mean Articles or Sections of the Separation Agreement, and references in the material incorporated herein by reference shall be references to the Separation Agreement): Article V (relating to Exchange of Information; Confidentiality); Article VI (relating to Additional Covenants and Other Matters); Article VII (relating to Mutual Releases; Indemnification); Article VIII (relating to Termination); Article IX (relating to Dispute Resolution); and Article X (relating to Miscellaneous).

Section 10.7 No Representation or Warranty. WMB makes no representation or warranty with respect to any matter in this Employee Matters Agreement, including, without limitation, any representation or warranty with respect to the legal or tax status or compliance of any Benefit Plan, compensation arrangement or Employment Agreement, and WMB disclaims any and all liability with respect thereto.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

THE WILLIAMS COMPANIES, INC.

By: /s/ Alan S. Armstrong
Name: Alan S. Armstrong
Title: Chief Executive Officer

WPX ENERGY, INC.

By: /s/ Ralph A. Hill
Name: Ralph A. Hill
Title: Chief Executive Officer

[Signature Page to Employee Matters Agreement]

TAX SHARING AGREEMENT

This Tax Sharing Agreement (the “Agreement”) is entered into as of December 30, 2011, by and between The Williams Companies, Inc., a Delaware corporation (“Williams”), and WPX Energy, Inc., a Delaware corporation (“WPX”) (collectively, the “parties”).

RECITALS

WPX is currently an includible corporation in the Williams Group under Section 1504 of the Internal Revenue Code of 1986, as amended (the “Code”).

Williams currently owns 100% of the outstanding common stock of WPX. Pursuant to a plan of reorganization adopted by the Williams board of directors on April 26, 2011, and amended on October 19, 2011, Williams intends to effect the Spin (as defined below).

The parties are entering into this Tax Sharing Agreement to allocate, indemnify, pay and settle amongst them the Taxes of the parties.

AGREEMENT

Accordingly, the parties agree as follows:

ARTICLE I**CERTAIN DEFINITIONS**

The defined terms used in this Agreement shall, except as otherwise expressly provided or unless the context otherwise requires, have the meanings specified in this Article I. The singular shall include the plural and masculine gender shall include the feminine, the neuter and vice versa, as the context requires.

“AMT” means the federal alternative minimum tax, as described in Sections 55 through 59 of the Code.

“Combined Return” means any state, local or foreign income Tax Return of the Williams Group that is filed on a unitary, combined, consolidated or similar basis with one or more members of the WPX Group.

“Consolidated Return” means any consolidated federal income Tax Return of the Williams Group that includes one or more members of the WPX Group.

“Final Determination” means (i) an IRS Form 870 or 870AD (or any similar state, local, or foreign form) that reflects an adjustment to any Tax item shown on a Tax Return, (ii) a closing agreement or an accepted offer in compromise with any Tax Authority, (iii) any other adjustment to any Tax item (including, but not limited to, the filing of an amended return on which the taxpayer adjusts an item) as to which the period of limitations has expired, (iv) a claim for refund

that has been allowed, (v) a deficiency notice with respect to which the period for filing a petition with the Tax Court has expired, or (vi) a decision of any court of competent jurisdiction relating to a Tax item that is not subject to appeal or the time for appeal of which has expired.

“IRS” means the Internal Revenue Service.

“Payment Date” means the date on which a payment of Tax is due to the relevant Taxing Authority with respect to a Tax Return.

“Private Ruling” means the private letter ruling issued by the IRS dated September 30, 2011.

“Private Ruling Application” means the written materials submitted to the IRS by Williams in connection with the Private Ruling.

“Proceeding” means any examination, audit, administrative appeal, court action, court proceedings, protests, claims or suits for refund, petitions, briefs, arguments, settlement discussions, or any other dealings with a Tax Authority or judicial authority relating to Taxes.

“Regulations” means the United States Treasury Regulations promulgated under the Code.

“Required Payment” means any payment required under this Agreement.

“Required Payment Date” means the date a Required Payment is required to be paid under this Agreement.

“Section 355(e) Agreements” has the meaning set forth in Section 4.1(c) of this Agreement.

“Section 355(e) Plan” has the meaning set forth in Section 4.1(c) of this Agreement.

“Separation Agreement” means the Separation and Distribution Agreement by and between Williams and WPX, dated concurrently herewith.

“Spin” means the spin-off of Apco Oil & Gas International, Inc. (“Apco”) to Williams (the “Internal Spin”) and the spin-off of WPX to Williams’ shareholders (the “External Spin”) and any related restructuring transactions.

“Spin Date” means the date on which the External Spin occurs.

“Spin Taxes” mean the sum of (i) any increase in a Tax liability (or reduction in a Tax refund, credit, or other Tax Attribute) of any member of the Williams Group determined in a Final Determination as a result of any corporate-level gain or income recognized with respect to the failure of the Internal Spin or External Spin to qualify for tax-free treatment under Section 355 or Section 368(a)(1)(D) of the Code (or their state, local or foreign counterparts), (ii) interest on such amounts calculated pursuant to the Tax Law in any applicable jurisdiction at the highest

underpayment rate in such jurisdiction from the date such additional gain or income was recognized until full payment with respect thereto is made (or, in the case of a reduction in a refund, the amount of interest that would have been received from the applicable Tax Authority on the foregone portion of the refund but for such failure), and (iii) any penalties actually paid to any Taxing Authority that would not have been paid but for such failure.

“Stock” means common or preferred stock, securities, and any warrants, stock options, forward contracts, puts and calls, other equity instruments or derivative equity instruments or any instrument that might reasonably be treated as stock for federal income tax purposes.

“Tax Authority” means any governmental authority, agency or court of competent jurisdiction that is responsible for the administration, adjudication or collection of Taxes.

“Tax” means all taxes, assessments, charges, duties, fees, levies or other similar governmental charges, including, without limitation, all federal, state, local, foreign and other income, franchise, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, license, payroll, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest and shall include any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group.

“Tax Information” means all books, records, accounting data and other information in the possession of the Williams Group or the WPX Group necessary for the preparation and filing of all Tax Returns relevant to this Agreement.

“Tax Attribute” means any net operating loss, net capital loss, investment tax credit, foreign tax credit, deduction or any loss, credit or tax attribute that could be carried forward or back to reduce taxes (including without limitation deductions and credits related to alternative minimum taxes).

“Tax Opinion” means the opinion of counsel obtained by Williams with respect to the qualification of the Spin under Section 355 and Section 368(a)(1)(D) of the Code dated October 25, 2011.

“Tax Law” means laws, cases, statutes, rules and regulations with respect to Taxes.

“Tax Return” means any return, report, declaration, claim for refund, election, disclosure, estimate, or statement required to be supplied to a Taxing Authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

“Williams Group” means the affiliated group of which Williams is the common parent.

“WPX Group” means WPX and all its direct and indirect subsidiaries that are or have been members of the Williams Group at any time on or prior to the External Spin.

“WPX Pro Forma Combined Return” has the meaning set forth in Section 2.3(a) of this Agreement.

“WPX Pro Forma Consolidated Return” has the meaning set forth in Section 2.3(a) of this Agreement.

“WPX Pro Forma Return” means a WPX Pro Forma Combined Return or a WPX Pro Forma Consolidated Return.

ARTICLE II

TAX RETURNS AND TAXES

Section 2.1 Tax Returns and Payments.

(a) Consolidated Returns and Combined Returns.

Williams shall prepare and file all Consolidated Returns and Combined Returns that are required to be filed by or with respect to any member of the WPX Group, and shall pay any Taxes payable with respect to such Tax Returns. Williams shall prepare all such Tax Returns in good faith and in accordance with the Tax Law. At the discretion of WPX, WPX may assist in the preparation of such Tax Returns as may be requested by Williams. Williams shall, in its discretion, make all determinations regarding the preparation of such Tax Returns, including without limitation, determinations regarding the entities to be included in any Tax Return, the making, modification or revocation of any election, the adoption or change of any Tax accounting methods, and any other position to be taken on or in respect of such Tax Returns, including the carryback of losses.

(b) Other Tax Returns.

WPX shall prepare and file all Tax Returns that are required to be filed by or with respect to WPX or any of its direct or indirect subsidiaries, other than those Tax Returns described in Section 2.1(a) above, and shall pay any Taxes payable with respect to such Tax Returns. At the discretion of Williams, Williams may assist in the preparation of such Tax Returns as may be requested by WPX, but shall have no obligation to pay any related Taxes.

Section 2.2 Consents, Elections, Information.

At the request of Williams, each member of the WPX Group shall (i) file any and all Tax consents, Tax elections or other documents, (ii) take all actions necessary to effect or allow the preparation and filing of all Tax Returns by Williams, and (iii) prepare and submit all information in such form that Williams reasonably requests to enable Williams to prepare any Tax Returns required by this Agreement. Each member of the WPX Group shall be bound by all of the determinations made by Williams in preparing any such Tax Returns and no member of the WPX Group shall take any position on a Tax Return with respect to an item of income, deduction, gain, loss, or credit that is inconsistent with the reporting of such item on the Tax Returns prepared by Williams.

Section 2.3 WPX Pro Forma Returns.

(a) For each Tax period with respect to which a Consolidated Return has not been filed and until the WPX Group ceases to be part of a Consolidated Return, Williams shall prepare a pro forma federal income Tax Return for the WPX Group (a "WPX Pro Forma Consolidated Return"), based on the assumption that WPX is the common parent of the WPX Group. For each Tax period for which a Combined Return has not been filed and until the WPX Group ceases to be a part of such Combined Return, Williams shall prepare a pro forma combined Tax Return for the WPX Group for the jurisdiction in which such Combined Return is filed (a "WPX Pro Forma Combined Return") based on the assumption that WPX is not a subsidiary of Williams. At the discretion of WPX, WPX may assist in the preparation of the WPX Pro Forma Returns as may be requested by Williams. The methods and processes described in Sections 2.3(b), 2.3(c), and 2.3(d) below shall be followed in the preparation of the WPX Pro Forma Returns. In addition, Williams may from time to time establish any other special procedures that Williams may in its sole discretion deem necessary or appropriate to carry out the purposes of this Agreement.

(b) Each WPX Pro Forma Return shall take into account solely the current income, deduction, gain, loss, and credit items of the WPX Group, without regard to any carryovers or carrybacks from prior or subsequent periods, and without regard to the AMT. Notwithstanding the foregoing, the WPX Pro Forma Returns shall not reflect any deduction under Section 199 of the Code computed on a separate company basis, but shall reflect the amount that the WPX Group has contributed to the Williams Group consolidated deduction under Section 199 of the Code, as determined by Williams in its sole discretion.

(c) Each WPX Pro Forma Return shall reflect all elections and methods of accounting reflected on the related Consolidated Return or Combined Return.

(d) The relevant WPX Pro Forma Returns for a short Tax period shall be prepared based on an actual or hypothetical closing of the books method.

Section 2.4 Payments for WPX Pro Forma Returns.

(a) For each WPX Pro Forma Consolidated Return, WPX shall pay to Williams the amount of the Tax, if any, shown thereon. If the WPX Pro Forma Consolidated Return shows a credit or loss, Williams shall pay to WPX an amount equal to (i) any such credits plus (ii) any such losses multiplied by the highest marginal federal income tax rate applicable to corporations for the relevant Tax year.

(b) For each WPX Combined Pro Forma Return, WPX shall pay to Williams the amount of the Tax, if any, shown thereon. If the WPX Pro Forma Combined Return shows a credit or loss, Williams shall pay to WPX an amount equal to (i) any such credits plus (ii) any such losses multiplied by the highest marginal Tax rate applicable thereto.

(c) All payments made pursuant to this Section 2.4 shall take into account all prior related or estimated payments or credits made by one party to another in connection with the Taxes covered in this Section 2.4. All payments required under this Section 2.4 shall be due no

later than thirty days before the Payment Date of the related Tax Return, and shall include any interest, penalties and additions to Tax that would be due if such payments were made directly to the applicable Tax Authorities.

Section 2.5 Carrybacks.

If any member of the WPX Group realizes any losses, credits or other Tax Attributes that may be carried back to a Consolidated Return or Combined Return, neither such member nor the WPX Group shall be entitled to any payment or reimbursement from Williams or any member of the Williams Group by reason of such carrybacks.

Section 2.6 Carryovers.

If Williams is required under the Code to allocate to the WPX Group or any of its members any carryovers of any losses, credits or other Tax Attributes to periods following the Spin Date, Williams shall not be entitled to reimbursement from WPX by reason of such carryover.

ARTICLE III
REDETERMINATIONS AND ADJUSTMENTS

Section 3.1 Redeterminations of Consolidated Returns.

In the event of any adjustments in a Final Determination for a Consolidated Return, Williams shall make corresponding adjustments to the related WPX Pro Forma Consolidated Return and WPX Pro Forma Combined Returns consistent with the procedures described in Article II of this Agreement. Within thirty days after such adjustment, Williams or WPX, as appropriate, shall make additional payments to the other party reflecting such adjustment.

Section 3.2 Redeterminations of Other Returns.

In the event of any adjustments in a Final Determination other than those described in Section 3.1 above, WPX Pro Forma Returns shall not be adjusted and no additional payments shall be required between Williams and WPX.

ARTICLE IV
SPIN

Section 4.1

Spin Representations and Warranties.

(a) Each of WPX and Williams represents and warrants that it has examined the Private Ruling, the Private Ruling Application and the Tax Opinion and that the facts presented and the representations made therein are true, correct and complete.

(b) Each of WPX and Williams represents and warrants that it has not taken and has no plan or intention of taking any action or failing to take any action nor knows of any circumstance that could reasonably be expected to cause any representation or factual statement made in this Agreement, the Separation Agreement, the Private Ruling, the Private Ruling Application or the Tax Opinion to be untrue.

(c) Each of Williams and WPX represents and warrants that, during the two-year period ending on the date hereof, there was no “agreement, understanding, arrangement, or substantial negotiations” (as such terms are defined in Regulation Section 1.355-7(h)(1), and hereinafter referred to as the “Section 355(e) Agreements”) that related to a plan pursuant to which one or more persons would acquire directly or indirectly stock representing a 50% or greater interest (within the meaning of Section 355(e) and the Regulations thereunder) in Williams, WPX or Apco (any such plan hereinafter referred to as a “Section 355(e) Plan”).

(d) Each of Williams and WPX represents and warrants that it has no current plan or intention to enter into any Section 355(e) Agreements that relate to a Section 355(e) Plan.

Section 4.2 Spin Covenants.

(a) Each of WPX and Williams covenants that it will not, and will not allow any officers or directors of any of its respective subsidiaries to, take any action or fail to take any action that (i) would create a risk that either the Internal Spin or the External Spin will fail to qualify as a tax-free distribution pursuant to Section 355 and/or Section 368(a)(1)(D) of the Code, (ii) would be inconsistent with any factual statement or any representation made hereunder or in the Separation Agreement or in connection with the Private Ruling, the Private Ruling Application, or the Tax Opinion, or any condition or restriction imposed thereby, or (iii) would create a risk for either the Internal Spin or the External Spin to trigger gain under Section 355(d) or Section 355(e) of the Code.

(b) Except as otherwise required by the Tax Law or as a result of a Final Determination, each of WPX and Williams covenants that it will not take, and will not allow any officers or directors of any of its respective subsidiaries to take, any position with respect to an item of income, deduction, gain, loss, or credit on a Tax Return that is inconsistent with the treatment of either the Internal Spin or the External Spin under Section 355 and/or Section 368(a)(1)(D) of the Code (or analogous status under state, local or foreign law).

(c) If during the period commencing on the date hereof and ending two (2) years after the Spin Date any officers and directors of Williams or WPX or any of their respective subsidiaries becomes aware of a matter or transaction that could affect the status of either the Internal Spin or the External Spin under Section 355 or Section 368(a)(1)(D) of the Code, Williams and WPX covenant to inform each other of such matter or transaction. The parties shall attempt in good faith to take reasonable action or reasonably refrain from taking action to ensure the continued qualification of the Internal Spin and the External Spin under the foregoing sections of the Code. If the parties are unable to agree on a course of action, WPX shall be required to take any course of action consistent with Tax Law that Williams reasonably determines, in good faith and taking into account the interests of WPX and Williams, in order to

implement the provisions of Section 4.2(a). This Section 4.2(c) shall not apply as to any matters or transactions with respect to which the IRS has issued (i) a private letter ruling to Williams or WPX or (ii) other guidance that can be relied upon conclusively to the effect that the transaction or event at issue does not adversely affect the Internal Spin or the External Spin under Section 355 or Section 368(a)(1)(D) of the Code.

(d) WPX covenants that its officers and directors will not discuss any acquisitions of the Stock of WPX or any WPX Group member during the two-year period beginning on the Spin Date without permission from Williams, such permission not to be unreasonably withheld.

ARTICLE V INDEMNITIES

Section 5.1 Spin Indemnities.

(a) Williams shall be responsible for and shall indemnify and hold harmless each member of the WPX Group from and against all Spin Taxes, except for those Spin Taxes for which the WPX Group is responsible under Section 5.1(b) of this Agreement.

(b) WPX shall be responsible for and shall indemnify, defend and hold harmless Williams from and against all Spin Taxes that are incurred by any member of the Williams Group by reason of the breach by any member of the WPX Group of any of its representations or covenants hereunder or in the Separation Agreement, or made in connection with the Private Ruling, the Private Ruling Application or the Tax Opinion.

Section 5.2 Transfer Tax Indemnities.

Williams shall indemnify and hold harmless each member of the WPX Group for any transfer Taxes arising solely as a result of transferring any assets to any member of the WPX Group on or prior to the Spin Date.

Section 5.3 No Other Liability.

Except as specifically provided in this Agreement, WPX and Williams shall have no liability to each other with respect to Taxes.

Section 5.4 Tax Characterization of Payments.

For all Tax purposes, and notwithstanding any other provision of this Agreement, to the extent permitted by applicable law, the parties hereto shall treat any payment made pursuant to this Agreement (other than interest thereon) as a capital contribution or dividend distribution, as the case may be (except to the extent that the parties treat such payment as the settlement of an intercompany liability), made immediately before WPX ceased to be an includible corporation in the Williams Group under Section 1504 of the Code and, accordingly, as not includible in the taxable income of the recipient. If any payment under this Agreement is not permitted to be so treated (because, for example, the payment relates to an event occurring after such date) or as a

result of a Final Determination it is determined that the receipt or accrual of any payment made under this Agreement is taxable to the recipient of such payment, the party making the payment shall pay to the recipient an amount equal to any increase in the income Taxes of the recipient as a result of receiving the payment (grossed up to take into account such payment, if applicable).

ARTICLE VI
PROCEEDINGS, COOPERATION, AND RECORD RETENTION

Section 6.1 Control of Proceedings.

(a) Williams shall have sole and absolute authority to administer and control any Proceeding relating to (i) any Consolidated Returns, (ii) any Combined Returns, and (iii) any other Proceeding that may result in Tax liability to Williams. Each member of the WPX Group shall execute and deliver to Williams any power of attorney or other document requested by Williams in connection with any such Proceeding. With respect to Proceedings subject to the first sentence of this Section 6.1(a), no agent or employee of any member of the WPX Group shall provide any information (whether written or oral) to any Tax Authority except at the direction of Williams.

(b) In the event of any Proceeding as a result of which WPX could reasonably be expected to become liable for any Spin Taxes pursuant to Section 5.1(b) and which Williams has the right to administer and control pursuant to Section 6.1(a) above (i) Williams shall consult with WPX reasonably in advance of taking any significant action in connection with such Proceeding, (ii) Williams shall offer WPX a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Proceeding, (iii) WPX shall have the right to participate in such Proceeding, (iv) Williams shall defend such Proceeding diligently and in good faith as if it were the only party in interest in connection with such Proceeding, and (v) Williams shall provide WPX with copies of any written materials relating to such Proceeding received from the relevant Tax Authority. Notwithstanding anything in the preceding sentence to the contrary, the final determination of the positions taken (including with respect to settlement or other disposition) in any such Proceeding shall be made in the sole discretion of Williams, except that any settlement that will result in liability to WPX shall be subject to the consent of WPX, which consent shall not be unreasonably delayed, denied or withheld.

Section 6.2 Cooperation.

The WPX Group and the Williams Group shall cooperate with each other in the highest standard of good faith regarding all provisions of this Agreement. Such cooperation shall include (i) providing to each other information relevant to this Agreement as may be reasonably requested, (ii) executing documents necessary for each party to effect the provisions of this Agreement, (iii) making any officers, directors, employees and agents available to each other as each party may reasonably request to comply with the provisions of this Agreement, and (iv) securing the covenant of any acquirer of any member of WPX Group or Williams Group, or any

newly-formed or acquired subsidiary of WPX Group or Williams Group, to comply with this Agreement.

Section 6.3 Books and Records.

The parties shall maintain Tax Information for 10 years after the filing date of the Tax Return to which the Tax Information relates. After such period, the members of the WPX Group or the Williams Group, as the case may be, shall not dispose of or destroy any Tax Information without first providing the other group the opportunity to obtain such Tax Information.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Method of Payment; Interest.

Any Required Payment shall be made by wire transfer of immediately available funds. There shall be added to any Required Payment interest at the underpayment rate set forth in Section 6621(a)(2) of the Code (compounded daily) for the period beginning on the Required Payment Date and ending on the date of receipt of the Required Payment; provided, however, that the interest rate to be used in this Section 7.1 shall be the large corporate underpayment rate set forth in Section 6621(c) of the Code (instead of the underpayment rate set forth in Section 6621(a)(2) of the Code) to the extent that the Required Payment relates to an adjustment for which the IRS has imposed interest at the large corporate underpayment rate set forth in Section 6621(c).

Section 7.2 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party without the prior written consent of the other party, such consent not to be unreasonably withheld, denied or delayed.

Section 7.3 Effect of Agreement.

This Agreement shall determine the rights and liabilities of the parties as to the matters provided for in this Agreement, whether or not such determination is effective for financial reporting or other purposes.

Section 7.4 Term of Agreement.

This Agreement shall become effective as of the date of its execution and remain in effect until the parties agree in writing to its termination.

Section 7.5 Entire Agreement.

This Agreement sets forth the entire agreement and understanding of the parties in respect of the subject matter contained in this Agreement and supersedes all prior or contemporaneous agreements, promises, covenants, arrangements, representations or warranties, whether oral or written, by any party or by any officer, employee or representative of any party.

Section 7.6 Amendments and Waivers.

This Agreement shall not be modified, supplemented or terminated except by a writing duly signed by each of the parties hereto, and no waiver of any provision of this Agreement shall be effective unless in a writing duly signed by the party sought to be bound.

Section 7.7 Notices.

Any payment, notice, communication or approval required or permitted to be given under this Agreement shall be deemed to have been duly given if delivered by hand or deposited in the United States mail, postage prepaid and sent by certified or registered mail, if addressed to Williams, at

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172-0172
Attention: General Counsel
Facsimile: 918-573-1807
E-mail: craig.rainey@williams.com

if addressed to WPX, at

WPX Energy, Inc
One Williams Center
Tulsa, Oklahoma 74172-0172
Attention: General Counsel
Facsimile: 918-573-5942
E-mail: james.bender@williams.com

Section 7.8 Code References.

Any references to sections of the Code or the Regulations shall be deemed to refer to any corresponding provisions of succeeding law as in effect from time to time.

Section 7.9 Third Parties.

Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give to any person other than the parties hereto and each of their successors and assigns any rights or remedies under or by reason of this Agreement.

Section 7.10 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma without regard to principles of conflicts of law.

Section 7.11 Severability.

If any provision of this Agreement or the application of this Agreement in any circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of this Agreement in any other circumstance shall not be affected thereby, the provisions of this Agreement being severable in any such instance.

Section 7.12 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.13 Dispute Resolution.

The parties agree that any dispute arising under this Agreement shall be resolved in accordance with the Dispute Resolution procedures set forth in Article X of the Separation Agreement.

Section 7.14 Information and Expenses.

Williams will bear preparation and filing costs for all Tax Returns or WPX Pro Forma Returns that it is responsible for preparing and filing pursuant to this Agreement including any assistance provided to WPX pursuant to Section 2.1(b) above. WPX will bear preparation and filing costs for all Tax Returns that it is responsible for preparing and filing pursuant to this Agreement including any assistance provided to Williams pursuant to Sections 2.1(a) and 2.3(a) above. Each of Williams and WPX will bear its own costs incurred in furnishing records, documents, or information requested by the other party in connection with the preparation of any Tax Returns or WPX Pro Forma Returns or in connection with any Proceeding for any Tax Returns.

News Release

Williams (NYSE: WMB)
One Williams Center
Tulsa, OK 74172
800-Williams
www.williams.com



DATE: Jan. 3, 2012

MEDIA CONTACT:
Jeff Pounds
(918) 573-3332

INVESTOR CONTACT:
Sharna Reingold
(918) 573-2078

Williams Completes Separation of E&P Business

- *Williams now Focused on North American Energy Infrastructure*
- *Businesses Include Interstate Gas Pipelines; Domestic Midstream Gathering, Processing, Transportation through Ownership Interest in Williams Partners L.P.*
- *Company Also Includes Growing Canadian Midstream and Domestic Olefins Business*
- *Williams Offers Investors Investment-grade, High Dividend, High Growth Infrastructure Play*

TULSA, Okla. – Williams (NYSE: WMB) has completed the process of separating the company’s businesses into two stand-alone, publicly traded corporations. The company’s former exploration and production business, WPX Energy, Inc., will begin trading on the New York Stock Exchange today under the ticker symbol “WPX.”

The separation process was completed with the Dec. 31 distribution of one share of WPX Energy common stock for every three shares of Williams common stock held by Williams shareholders.

Williams, including its assets held through Williams Partners L.P. (NYSE: WPZ), is now an energy infrastructure company focused on connecting North America’s significant hydrocarbon resource plays to growing markets for natural gas, natural gas liquids (NGLs) and olefins. Williams’ operations span from the deepwater Gulf of Mexico to the Canadian oil sands.

“We’ve now fully executed on our plans to create two separate and strong companies, each with a clear focus,” said Alan Armstrong, Williams’ president and chief executive officer. “This effort has been all about unlocking value for shareholders and creating the best possible growth prospects for our businesses.

“Williams now has an intense focus on providing our customers with the reliable infrastructure services that will help them optimize the value of North America’s significant and growing resource plays.

“And we offer a clear focus for our investors – we are a high-dividend, high-growth energy infrastructure company with investment-grade credit ratings,” Armstrong said.

Williams in 2012 and Beyond – By the Numbers

Williams’ interstate gas pipeline and domestic midstream interests are largely held through its significant investment in Williams Partners L.P., one of the largest energy master limited partnerships. Williams owns the general-partner interest and a 73-percent limited-partner interest in Williams Partners.

Williams Partners’ three major interstate gas pipelines (Transco, Northwest Pipeline, Gulfstream) run 15,000 miles and deliver approximately 14 percent of the natural gas consumed in the United States. With a combined design capacity of more than 14 billion cubic feet per day (Bcf/d), these pipelines transport enough natural gas in one day to serve the needs of more than 30 million homes. The partnership’s large-scale midstream business includes approximately 1,000 miles of natural gas liquid (NGL) transportation pipelines, and more than 10,000 miles of oil and gas gathering pipelines. The partnership’s midstream facilities have daily gas processing capacity of 6.6 Bcf of natural gas and NGL production of more than 200,000 barrels per day.

Williams also owns a growing Canadian midstream and domestic olefins production business. The company’s facilities in Canada process the off-gas created by the oil sands production into 14,000 barrels per day of an NGL/olefins mixture. Expansions to those facilities are underway, as well as construction of a new Canadian NGL pipeline. Williams’ Geismar facility in Louisiana currently produces 1.35 billion pounds of ethylene annually. It is also in the process of being expanded to further serve the petrochemical industry.

Williams’ corporate headquarters is in Tulsa, Okla., and the company has approximately 4,100 employees in the United States and Canada.

About Williams (NYSE: WMB)

Williams is one of the leading energy infrastructure companies in North America. It owns interests in or operates 15,000 miles of interstate gas pipelines, 1,000 miles of NGL transportation pipelines, and more than 10,000 miles of oil and gas gathering pipelines. The company’s facilities have daily gas processing capacity of 6.6 billion cubic feet of natural gas and NGL production of more than 200,000 barrels per day. Williams owns the general-partner interest and a 73 percent limited-partner ownership interest in Williams Partners L.P. (NYSE: WPZ), one of the largest diversified energy master limited partnerships. The company’s headquarters is in Tulsa, Okla. More information is available at www.williams.com. Go to <http://www.b2i.us/irpass.asp?BzID=630&to=ea&s=0> to join our e-mail list.

Portions of this document may constitute “forward-looking statements” as defined by federal law. Although the company believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Any such statements are made in reliance on the “safe harbor” protections provided under the Private Securities Reform Act of 1995. Additional information about issues that could lead to material changes in performance is contained in the company’s annual reports filed with the Securities and Exchange Commission.

Introduction to the Unaudited Pro Forma Condensed Consolidated Financial Statements

On December 31, 2011, we, The Williams Companies, Inc., completed the tax-free spin-off of our 100 percent interest in WPX Energy, Inc. (WPX), to our shareholders. WPX was formed in April 2011 to hold our former exploration and production business. The spin-off was completed by means of a special stock dividend, which consisted of a distribution of one share of WPX common stock for every three shares of our common stock.

The following unaudited pro forma condensed consolidated financial statements adjust our historical condensed consolidated financial statements for the spin-off of WPX, as well as for certain related financing activities. These include the issuance of \$1.5 billion of senior unsecured notes by WPX in November 2011, and the retirement of \$746 million of our debt in December 2011.

Our historical condensed consolidated financial statements have been derived from and should be read together with the historical audited and unaudited consolidated financial statements and the related notes in Exhibit 99.1 of our Form 8-K dated June 1, 2011, and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2011. The unaudited pro forma condensed consolidated balance sheet assumes these transactions occurred on September 30, 2011. The unaudited pro forma condensed consolidated statements of income assume these transactions occurred on January 1, 2008.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only to reflect the disposal of WPX and related financing activities and do not represent what our results of operations or financial position would actually have been had the spin-off and related financing activities occurred on the dates noted above, or project our results of operations or financial position for any future periods. The unaudited pro forma condensed consolidated financial statements are intended to provide information about the continuing impact of the spin-off and related financing activities as if they had been consummated earlier and do not represent any conclusions about whether such operations of our former exploration and production business will be reported as discontinued operations. The pro forma adjustments are based on available information and certain assumptions that management believes are factually supportable and are expected to have a continuing impact on our results of operations. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma condensed consolidated financial statements have been made.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Balance Sheet
September 30, 2011

	The Williams Companies, Inc. Historical	Notes Offering (a)	Debt Retirement (b)	Spin-Off (c)	Pro Forma Adjustments (d)	Pro Forma
	(Dollars in millions, except per-share amounts) (Unaudited)					
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 996	\$ 1,479	\$ (1,019)	\$ (550)	\$ —	\$ 906
Accounts and notes receivable (net of allowance for doubtful accounts)	1,039	—	—	(422)	—	617
Inventories	287	—	—	(82)	—	205
Derivative assets	381	—	—	(381)	—	—
Other current assets and deferred charges	186	—	—	2	—	188
Total current assets	2,889	1,479	(1,019)	(1,433)	—	1,916
Investments	1,492	—	—	(119)	—	1,373
Property, plant and equipment, at cost	32,159	—	—	(13,494)	—	18,665
Accumulated depreciation, depletion and amortization	(11,186)	—	—	4,761	—	(6,425)
Property, plant and equipment — net	20,973	—	—	(8,733)	—	12,240
Derivative assets	118	—	—	(118)	—	—
Other assets and deferred charges	674	21	(7)	(48)	(33)	607
Total assets	<u>\$ 26,146</u>	<u>\$ 1,500</u>	<u>\$ (1,026)</u>	<u>\$ (10,451)</u>	<u>\$ (33)</u>	<u>\$ 16,136</u>
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable	\$ 1,174	\$ —	\$ —	\$ (562)	\$ —	\$ 612
Accrued liabilities	801	—	(119)	(192)	—	490
Derivative liabilities	103	—	—	(103)	—	—
Long-term debt due within one year	361	—	—	—	—	361
Total current liabilities	2,439	—	(119)	(857)	—	1,463
Long-term debt	9,024	1,500	(738)	(1,502)	—	8,284
Deferred income taxes	3,609	—	—	(1,675)	—	1,934
Derivative liabilities	73	—	—	(73)	—	—
Other liabilities and deferred income	1,748	—	—	(364)	(33)	1,351
Contingent liabilities and commitments						
Equity:						
Stockholders' equity:						
Common stock (960 million shares authorized at \$1 par value; 623 million shares issued at September 30, 2011)	623	—	—	—	—	623
Other stockholders' equity	7,286	—	(169)	(5,905)	—	1,212
Total stockholders' equity	7,909	—	(169)	(5,905)	—	1,835
Noncontrolling interests in consolidated subsidiaries	1,344	—	—	(75)	—	1,269
Total equity	9,253	—	(169)	(5,980)	—	3,104
Total liabilities and equity	<u>\$ 26,146</u>	<u>\$ 1,500</u>	<u>\$ (1,026)</u>	<u>\$ (10,451)</u>	<u>\$ (33)</u>	<u>\$ 16,136</u>

See accompanying notes.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Statement of Income

	For the Nine Months Ended September 30, 2011			
	The Williams Companies, Inc. Historical	Spin-off (c)	Pro Forma Adjustments (e)	Pro Forma
	(Dollars in millions, except per-share amounts) (Unaudited)			
Revenues	\$ 7,947	\$ (2,122)	\$ —	\$ 5,825
Segment costs and expenses:				
Costs and operating expenses	5,871	(1,779)	—	4,092
Selling, general and administrative expenses	401	(161)	—	240
Other (income) expense — net	2	(5)	—	(3)
Total segment costs and expenses	6,274	(1,945)	—	4,329
General corporate expenses	152	(4)	—	148
Operating income	1,521	(173)	—	1,348
Interest accrued	(466)	2	45	(419)
Interest capitalized	29	(12)	—	17
Investing income — net	145	(18)	—	127
Other income (expense) — net	4	—	—	4
Income from continuing operations before income taxes	1,233	(201)	45	1,077
Provision for income taxes	194	(78)	17	133
Income from continuing operations	1,039	(123)	28	944
Less: Income from continuing operations attributable to noncontrolling interests	203	(7)	—	196
Income from continuing operations attributable to The Williams Companies, Inc.	<u>\$ 836</u>	<u>\$ (116)</u>	<u>\$ 28</u>	<u>\$ 748</u>
Earnings per common share attributable to The Williams Companies, Inc.:				
Basic	\$ 1.42			\$ 1.27
Diluted	\$ 1.40			\$ 1.25
Weighted-average shares (thousands):				
Basic	588,082			588,082
Diluted	597,250			597,250

See accompanying notes.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Statement of Income

For the Nine Months Ended September 30, 2010

	The Williams Companies, Inc. Historical	Spin-off (c)	Pro Forma Adjustments (e)	Pro Forma
	(Dollars in millions, except per-share amounts) (Unaudited)			
Revenues	\$ 7,180	\$ (2,285)	\$ —	\$ 4,895
Segment costs and expenses:				
Costs and operating expenses	5,382	(1,879)	—	3,503
Selling, general and administrative expenses	356	(134)	—	222
Impairments of goodwill and long-lived assets	1,681	(1,681)	—	—
Other (income) expense — net	(17)	(10)	—	(27)
Total segment costs and expenses	7,402	(3,704)	—	3,698
General corporate expenses	173	—	—	173
Operating income (loss)	(395)	1,419	—	1,024
Interest accrued	(476)	4	45	(427)
Interest capitalized	43	(11)	—	32
Investing income — net	162	(15)	—	147
Early debt retirement costs	(606)	—	—	(606)
Other income (expense) — net	(12)	—	—	(12)
Income (loss) from continuing operations before income taxes	(1,284)	1,397	45	158
Provision (benefit) for income taxes	(140)	142	17	19
Income (loss) from continuing operations	(1,144)	1,255	28	139
Less: Income from continuing operations attributable to noncontrolling interests	121	(6)	—	115
Income (loss) from continuing operations attributable to The Williams Companies, Inc.	<u>\$ (1,265)</u>	<u>\$ 1,261</u>	<u>\$ 28</u>	<u>\$ 24</u>
Earnings (loss) per common share attributable to The Williams Companies, Inc.:				
Basic	\$ (2.16)			\$ 0.04
Diluted	\$ (2.16)			\$ 0.04
Weighted-average shares (thousands):				
Basic	584,365			584,365
Diluted (f)	584,365			590,244

See accompanying notes.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Statement of Income

	Year Ended December 31, 2010			
	The Williams Companies, Inc. Historical	Spin-off (c)	Pro Forma Adjustments (e)	Pro Forma
	(Dollars in millions, except per-share amounts) (Unaudited)			
Revenues	\$ 9,600	\$ (2,964)	\$ —	\$ 6,636
Segment costs and expenses:				
Costs and operating expenses	7,164	(2,452)	—	4,712
Selling, general and administrative expenses	498	(187)	—	311
Impairments of goodwill and long-lived assets	1,691	(1,681)	—	10
Other (income) expense — net	(26)	1	—	(25)
Total segment costs and expenses	9,327	(4,319)	—	5,008
General corporate expenses	221	—	—	221
Operating income	52	1,355	—	1,407
Interest accrued	(632)	4	60	(568)
Interest capitalized	51	(15)	—	36
Investing income — net	209	(21)	—	188
Early debt retirement costs	(606)	—	—	(606)
Other income (expense) — net	(12)	—	—	(12)
Income (loss) from continuing operations before income taxes	(938)	1,323	60	445
Provision (benefit) for income taxes	(26)	136	22	132
Income (loss) from continuing operations	(912)	1,187	38	313
Less: Income from continuing operations attributable to noncontrolling interests	175	(8)	—	167
Income (loss) from continuing operations attributable to The Williams Companies, Inc.	<u>\$ (1,087)</u>	<u>\$ 1,195</u>	<u>\$ 38</u>	<u>\$ 146</u>
Earnings (loss) per common share attributable to The Williams Companies, Inc.:				
Basic	\$ (1.86)			\$ 0.25
Diluted	\$ (1.86)			\$ 0.25
Weighted-average shares (thousands):				
Basic	584,552			584,552
Diluted (f)	584,552			590,699

See accompanying notes.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Statement of Income

	Year Ended December 31, 2009			
	The Williams Companies, Inc. Historical	Spin-off (c)	Pro Forma Adjustments (e)	Pro Forma
	(Dollars in millions, except per-share amounts) (Unaudited)			
Revenues	\$ 8,238	\$ (2,962)	\$ —	\$ 5,276
Segment costs and expenses:				
Costs and operating expenses	6,059	(2,347)	—	3,712
Selling, general and administrative expenses	512	(184)	—	328
Impairments of goodwill and long-lived assets	15	(15)	—	—
Other (income) expense — net	(3)	(31)	—	(34)
Total segment costs and expenses	6,583	(2,577)	—	4,006
General corporate expenses	164	—	—	164
Operating income	1,491	(385)	—	1,106
Interest accrued	(661)	5	60	(596)
Interest capitalized	76	(15)	—	61
Investing income — net	46	(8)	—	38
Early debt retirement costs	(1)	—	—	(1)
Other income (expense) — net	2	—	—	2
Income from continuing operations before income taxes	953	(403)	60	610
Provision for income taxes	363	(158)	22	227
Income from continuing operations	590	(245)	38	383
Less: Income from continuing operations attributable to noncontrolling interests	146	(7)	—	139
Income from continuing operations attributable to The Williams Companies, Inc.	<u>\$ 444</u>	<u>\$ (238)</u>	<u>\$ 38</u>	<u>\$ 244</u>
Earnings per common share attributable to The Williams Companies, Inc.:				
Basic	\$ 0.76			\$ 0.42
Diluted	\$ 0.76			\$ 0.42
Weighted-average shares (thousands):				
Basic	581,674			581,674
Diluted	589,385			589,385

See accompanying notes.

The Williams Companies, Inc.
Pro Forma Condensed Consolidated Statement of Income

	Year Ended December 31, 2008			
	The Williams Companies, Inc.	Spin-off (c)	Pro Forma Adjustments (e)	Pro Forma
	Historical	(Dollars in millions, except per-share amounts) (Unaudited)		
Revenues	\$ 11,851	\$ (4,948)	\$ —	\$ 6,903
Segment costs and expenses:				
Costs and operating expenses	8,739	(3,528)	—	5,211
Selling, general and administrative expenses	498	(182)	—	316
Impairments of goodwill and long-lived assets	10	—	—	10
Other (income) expense — net	(226)	149	—	(77)
Total segment costs and expenses	9,021	(3,561)	—	5,460
General corporate expenses	149	—	—	149
Operating income	2,681	(1,387)	—	1,294
Interest accrued	(636)	4	60	(572)
Interest capitalized	59	(14)	—	45
Investing income — net	189	(21)	—	168
Early debt retirement costs	(1)	—	—	(1)
Income from continuing operations before income taxes	2,292	(1,418)	60	934
Provision for income taxes	733	(512)	22	243
Income from continuing operations	1,559	(906)	38	691
Less: Income from continuing operations attributable to noncontrolling interests	161	(8)	—	153
Income from continuing operations attributable to The Williams Companies, Inc.	<u>\$ 1,398</u>	<u>\$ (898)</u>	<u>\$ 38</u>	<u>\$ 538</u>
Earnings per common share attributable to The Williams Companies, Inc.:				
Basic	\$ 2.41			\$ 0.93
Diluted	\$ 2.37			\$ 0.91
Weighted-average shares (thousands):				
Basic	581,342			581,342
Diluted	592,719			592,719

See accompanying notes.

Notes to Pro Forma Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Pro Forma Adjustments and Assumptions

Details of the adjustments are as follows:

- (a) In November 2011, WPX completed the issuance of \$1.5 billion of senior unsecured notes. WPX received approximately \$1.479 billion from the offering, net of initial purchaser discounts and other issuance costs. WPX subsequently distributed \$979 million of the proceeds to us which was utilized for our debt retirement. This distribution to us is not specifically reflected in these adjustments as it has no net impact on the pro forma condensed consolidated financial statements. The issuance of the notes by WPX and the related distribution of a portion of the proceeds to us was a condition to be satisfied prior to the spin-off.
- (b) Primarily utilizing the distribution we received related to the WPX debt issuance and conditional upon the receipt of such distribution, we retired \$746 million of long-term debt. In conjunction with the retirement, we paid premiums of \$254 million, accrued interest of \$19 million, and recognized charges of \$8 million and \$7 million related to the write-off of unamortized discount and unamortized debt issuance costs, respectively. The impact of these charges within other stockholders' equity reflects the application of a composite statutory tax rate of 37 percent.
- (c) Effective December 31, 2011, we completed the tax-free spin-off of our 100 percent interest in WPX to our shareholders. Amounts presented are the adjustments necessary to reflect the removal of our former exploration and production business from our consolidated historical financial statements. The adjustments for the nine months ended September 30, 2011, include the removal of \$12 million of transaction costs related to the separation of WPX (\$8 million in *selling, general & administrative costs* and \$4 million in *general corporate expenses*).
- (d) Per the terms of the Separation and Distribution Agreement, we have indemnified WPX for certain contingent matters related to a former power business. Resolution of these matters is currently expected to result in a net cash inflow to WPX, which WPX will be required to pay to us. We have adjusted our Pro Forma Condensed Consolidated Balance Sheet to eliminate the gross obligation for these matters and reflect only a net receivable from WPX.
- (e) These adjustments reflect the elimination of interest expense associated with the \$746 million in debt that was retired in December 2011. A composite statutory tax rate of 37 percent was applied to the adjustments for all periods.
- (f) For the periods ended September 30 and December 31, 2010, weighted-average shares outstanding were adjusted for the effect of dilutive securities as the pro forma adjustments resulted in pro forma income from continuing operations attributable to The Williams Companies, Inc.

In connection with the spin-off, we and WPX entered into a Separation and Distribution Agreement, an Employee Matters Agreement, and a Tax Sharing Agreement. No adjustments have been made related to these agreements, except for that described in (d) above, as any such adjustments would be considered either nonrecurring in nature or not objectively determinable at this time. No adjustments have been made for the potentially dilutive impact of changes to stock-based compensation resulting from the Employee Matters Agreement as the impact is not objectively determinable at this time and is not expected to be significant.

We may incur a noncash impairment charge if we determine that the carrying value of our exploration and production business exceeded its fair value at the time of spin-off. Any such impairment would not have an impact on these unaudited pro forma condensed consolidated financial statements, as it would not have a continuing impact on our future results of operations.