

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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): April 23, 2001

The Williams Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-4174	73-0569878
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Williams Center, Tulsa, Oklahoma	74172
-----	-----
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 918/573-2000

Not Applicable

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

Item 2. Acquisition or Disposition of Assets.

At the close of business on April 23, 2001, The Williams Companies, Inc., (the "Company") completed the spin-off of Williams Communications Group, Inc. in a tax-free distribution of 398,500,000 shares of Class A Common Stock of Williams Communications Group, Inc. to the Company's shareholders. In connection with the spin-off, the Company and Williams Communications Group, Inc. entered in certain agreements and amended certain agreements related to their relationship subsequent to the spin-off.

Item 7. Financial Statements and Exhibits.

The Registrant files the following exhibits as part of this report:

- 99.1 AMENDED AND RESTATED SEPARATION AGREEMENT dated the April 23, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.
- 99.2 AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT dated April 23, 2001, between The Williams Companies, Inc., and those certain subsidiaries of Williams collectively as the "Williams Subsidiaries" and Williams Communications Group, Inc., and those certain subsidiaries of Communications listed collectively as the "Communications Subsidiaries."
- 99.3 TAX SHARING AGREEMENT entered into as of the 30th day of September, 1999, and amended and restated as of the 23rd day April, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.
- 99.4 AMENDED AND RESTATED INDEMNIFICATION AGREEMENT dated April 23, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.
- 99.5 SHAREHOLDER AGREEMENT dated April 23, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.
- 99.6 AMENDED AND RESTATED EMPLOYEE BENEFITS AGREEMENT dated April 23, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.
- 99.7 DEFERRAL LETTER dated April 23, 2001, by and between The Williams Companies, Inc. and Williams Communications Group, Inc.

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.

Date: May 3, 2001

/s/ Suzanne H. Costin

Name: Suzanne H. Costin
Title: Corporate Secretary

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
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AMENDED AND RESTATED
SEPARATION AGREEMENT

EFFECTIVE APRIL 23, 2001

BY AND BETWEEN

THE WILLIAMS COMPANIES, INC. ("WILLIAMS")

AND

WILLIAMS COMMUNICATIONS GROUP, INC. ("COMMUNICATIONS")

SUPERSEDES:

THE SEPARATION AGREEMENT BY AND BETWEEN WILLIAMS AND COMMUNICATIONS DATED
SEPTEMBER 30, 1999.

AMENDED AND RESTATED SEPARATION AGREEMENT

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EXHIBITS

- EXHIBIT 1 AMENDED AND RESTATED CROSS-LICENSE AGREEMENT
- EXHIBIT 2 AMENDED AND RESTATED EMPLOYEE BENEFITS AGREEMENT
- EXHIBIT 3 AMENDED AND RESTATED INDEMNIFICATION AGREEMENT
- EXHIBIT 4 AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT
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- EXHIBIT 7 RESTRUCTURING AGREEMENT
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AMENDED AND RESTATED
SEPARATION AGREEMENT

THIS AMENDED AND RESTATED SEPARATION AGREEMENT (this "Agreement") is made and entered into this 23rd day of April, 2001 (the "Effective Date"), by and between The Williams Companies, Inc., a Delaware corporation ("Williams"), and Williams Communications Group, Inc., a Delaware corporation ("Communications"). The parties to this Agreement are collectively referred to as the "Parties", and singularly as a "Party".

WHEREAS, the Parties entered into a Separation Agreement dated September 30, 1999, in conjunction with the initial public offering of Communications (the "Prior Agreement");

WHEREAS, Williams plans to spin-off a portion of the issued and outstanding Communications Class A Common Stock, par value \$.01 per share, held by Williams to the shareholders of Williams (the "Spin-Off");

WHEREAS, the Parties desire to amend and restate the Prior Agreement with respect to the Spin-Off; and

WHEREAS, it is appropriate and desirable to set forth certain agreements that will govern certain matters relating to the Spin-Off and the conduct of business after its closing and the relationship of Williams and Communications and their respective subsidiaries following the Spin-Off,

NOW, THEREFORE, the Parties agree, intending to be legally bound, as follows:

ARTICLE I

DEFINITIONS

1.01. DEFINITIONS. As used in this Agreement, in addition to the terms defined in the Preamble and Recitals hereof, the following terms shall have the following meanings, applicable to both the singular and plural forms of the terms described:

"ACTION" shall mean any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local or foreign or international Governmental Authority or any arbitration or mediation tribunal.

"ALGAR" means Algar Telecom, S.A.

"ALGAR INVESTMENT" means the equity and debt investments of Williams in Algar from time to time.

"AMENDED AND RESTATED CROSS-LICENSE AGREEMENT" means the agreement attached hereto as Exhibit 1.

"AMENDED AND RESTATED EMPLOYEE BENEFITS AGREEMENT" means the agreement attached hereto as Exhibit 2.

"AMENDED AND RESTATED INDEMNIFICATION AGREEMENT" means the agreement attached hereto as Exhibit 3.

"AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT" means the agreement attached hereto as Exhibit 4.

"AMENDED AND RESTATED OPERATION, MAINTENANCE AND REPAIR AGREEMENT" means the agreement attached hereto as Exhibit 5.

"AMENDED AND RESTATED TAX SHARING AGREEMENT" means the agreement attached hereto as Exhibit 6.

"AGREEMENT" shall have the meaning ascribed to it in the Preamble.

"ANCILLARY AGREEMENTS" shall mean and include the Amended and Restated Administrative Services Agreement, the Amended and Restated Cross-License Agreement, Amended and Restated Employee Benefits Agreement, Amended and Restated Indemnification Agreement, Amended and Restated Operation, Maintenance and Repair Agreement, Amended and Restated Tax Sharing Agreement, Shareholder Agreement, and the Trademark License Agreement.

"BUSINESS DAY" means any calendar day which is not a Saturday, Sunday or public holiday under the laws of the State of New York.

"CLOSING" means the consummation of the Spin-Off.

"CLOSING DATE" means the date on which the Closing occurs.

"COMMUNICATIONS ACTIVITIES" shall mean and include all business activities and lines of business conducted by any member of the Communications Group on the IPO Closing Date that was not a member of the Williams Group at the IPO Closing Date; provided however, that until such time, if ever, as Communications shall acquire the Algar Investment, the Williams Group's activities with respect to the Algar Investment, including the making of any additional investment in Algar, shall not be deemed to be included in Communications Activities.

"COMMUNICATIONS GROUP" shall mean Communications and its direct and indirect subsidiaries.

"DERIVATIVE" shall mean and include an instrument, such as an option (put or call), futures contract, swap or hybrid instrument, the value of which is derived from or measured by a commodity. For such purposes, telecommunications transmission capacity, rights or use in dark fiber, and leases of dark fiber shall be considered commodities. "Derivative" shall include structured products in the form of such securities or contracts used to manage risk of changes in commodity market prices and/or commodity market conditions.

"ENERGY ACTIVITIES" shall mean and include all business activities and lines of business conducted by any member of the Williams Group on the IPO Closing Date that was not a member of the Communications Group at the IPO Closing Date; provided however, that after such time, if ever, as Communications shall acquire the Algar Investment, the Communications Group's activities with respect to the Algar Investment, including the making of any additional investment in Algar, shall not be deemed to be included in Energy Activities.

"FACILITIES" shall mean and include any physical component of a telecommunications network that is used or designed to be used in the transmission or routing of telecommunications services including, without limitation: metallic or optical wires, cables, or fibers; optical, electrical, or optical/electrical generation, regeneration, amplification, detection, or switching equipment; radio frequency, infrared, ultraviolet, or visual spectrum transmitters or receivers; antennas or satellite terminals; satellite transponders; conduits, innerducts, or ducts; multiplexing equipment; video, audio, or multimedia compression/decompression equipment (codecs); protocol converters; and voice, data, multimedia, or internet-protocol switches or routers.

"GOVERNMENTAL AUTHORITY" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory administrative or governmental authority.

"GROUP" means the Communications Group or the Williams Group, as the context requires.

"INFORMATION" means any Information, whether or not patentable or copyrightable in written, oral or 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, prototype samples, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys, memos and other materials prepared by attorneys and any other technical, financial, employee or business information or data.

"IPO CLOSING DATE" means September 30, 1999.

"PERMITTED PREPARATIONS" shall mean and include internal Williams Group

preparations to engage in Telecommunications Transactions but does not include: (a) solicitations (directly or indirectly through agents or consultants) of potential customers, suppliers, or co-venturers for any Telecommunications Transaction, (b) negotiations of specific Telecommunications Transactions or of agreements to engage in Telecommunications Transactions, (c) public solicitation of employees, consultants, customers, co-venturers, or suppliers (but Williams may privately solicit employees and consultants), and (d) any filing with authorities regulating telecommunications services, securities, or exchanges for authorization to engage in Telecommunications Transactions.

"PERSON" means any individual, corporation, partnership, limited liability company or partnership, joint venture, association, governmental entity, or any other entity.

"RESTRUCTURING AGREEMENT" means the Securities Purchase and Restructuring Agreement and the agreements related thereto executed by the Parties on February 26, 2001 and attached hereto as Exhibit 7.

"SHAREHOLDER AGREEMENT" means the agreement attached hereto as Exhibit 8.

"TELECOMMUNICATIONS TRANSACTIONS" shall mean and include any sale, purchase, or brokering of (a) telecommunications transmission capacity or a Derivative thereof or (b) rights of use in or leases of dark fiber, or a Derivative of such rights of use or leases. For purposes of defining "Telecommunications Transactions" and "Derivative," telecommunications transmission capacity means and includes, without limitation, message telecommunications service (toll long-distance calling and toll-free long-distance calling), call termination service, private lines, virtual private lines, satellite transponder rights or capacity, asynchronous transfer mode service, frame relay service, packet-switched service, Internet protocol transport service, optical waves, SONET service, video transmission, and other similar point-to-point or point-to-multipoint telecommunications services, whether existing as of the Effective Date or developed in the future.

"TRADEMARK LICENSE AGREEMENT" means the agreement attached hereto as Exhibit 9.

"WILLIAMS GROUP" shall mean Williams and its direct and indirect subsidiaries except the Communications Group.

ARTICLE II

ANCILLARY AGREEMENTS AND TERMINATION OF PRIOR AGREEMENT

2.01 ANCILLARY AGREEMENTS. Concurrently with the execution of this Agreement, Williams and Communications shall execute the Ancillary Agreements.

2.02 TERMINATION OF PRIOR AGREEMENT. As of the Effective Date of this Agreement, the Prior Agreement is hereby terminated and the terms and conditions of this Agreement supersede those of the Prior Agreement, except for obligations arising under the Prior Agreement prior to such date.

ARTICLE III

CERTAIN BUSINESS MATTERS

3.01 NON-COMPETITION. (a) Except as permitted under this Section 3.01, no member of the Communications Group shall, for a period of five years from the IPO Closing Date, engage in Energy Activities or any activities or lines of business similar to Energy Activities.

(b) Except as permitted under this Section 3.01, no member of the Williams Group shall, for a period of five years from the IPO Closing Date, engage in Communications Activities.

(c) Except as expressly permitted under this Section 3.01 (c), no member of the Williams Group shall for a period of eighteen months from the Effective Date engage in Telecommunications Transactions, provided that any member of the Williams Group may: (i) undertake Permitted Preparations after the Effective Date and (ii) purchase telecommunications services for internal Williams Group purposes (i.e. not for resale).

(d) After the period ending eighteen months from the Effective Date, the Williams Group may engage in Telecommunications Transactions, provided however, in no case shall the Williams Group construct, own, or operate any Facilities in connection with any existing or planned Telecommunications Transactions until after September 30, 2004.

(e) No member of the Williams Group shall for a period of nine months from the Effective Date disclose its plans or potential plans to engage in Telecommunications Transactions or make any public announcements regarding Telecommunications Transactions (except as a purchaser of services for internal Williams Group use), provided that any member of the Williams Group may:

- (i) describe the provisions of this Separation Agreement and the effect thereof;
- (ii) disclose information to employees, directors of Williams Group corporations, or managers (or the equivalent) of Williams Group limited liability companies, to the extent legally binding ethical rules, contractual provisions, or enforceable and enforced conditions of employment restrict such persons from further disclosure of such information; and
- (iii) disclose information to consultants or attorneys, to the extent legally binding ethical rules or contractual provisions restrict such consultants or attorneys from

further disclosure of such information.

(f) The Williams Group agrees not to use the name "Williams" in connection with Telecommunications Transactions during the period beginning on the Separation Date and ending September 30, 2004, provided that:

- (i) if Communications ceases use of the name "Williams" in connection with Telecommunications Transactions for a period of two years, then the Williams Group shall be free to use such name; and
- (ii) the Williams Group shall be free to conduct business under and contract in any corporate or company name except as provided in Subsection (g).

(g) The Williams Group agrees not to use as a corporate or company name in connection with Telecommunications Transactions, during the period beginning on the Separation Date and ending September 30, 2004 (a) the word "Williams" or any obvious derivative thereof in combination with the words "Communications", "Telecom", "Telecommunications", "Wireless", "Bandwidth", "Lightwave", "Digital", "Optic", "Fiber", "Interexchange", "Long Distance" or like terms; and (b) specifically the names "WilTel" or "WilCom" or like terms.

(h) No member of the Communications Group or the Williams Group shall have any duty to refrain from doing business with any potential or actual supplier or customer with any member of the other Group or engage in or refrain from any activities whatsoever relating to any of the potential or actual customers or suppliers of the other Group except as provided herein.

(i) Notwithstanding the other provisions of this Section 3.01 to the contrary, the Williams Group, on the one hand, and the Communications Group, on the other hand, shall be permitted to pursue business opportunities that are reserved to the other Group if the Group permitted to pursue such opportunities shall determine not to pursue them. In this regard, each party agrees that if one of the parties (the "proposing party") notifies in writing the other party (the "receiving party") that the proposing party desires to pursue an opportunity that the proposing party is prohibited from pursuing under this Section 3.01, the receiving party shall notify the proposing party (i) within ten (10) Business Days following its receipt of the proposing party's notice whether the receiving party intends in good faith to pursue the same opportunity and (ii) promptly following any subsequent determination by the receiving party not to pursue such opportunity of such determination. The proposing party shall be permitted to pursue an opportunity as to which it has given a notice pursuant to this Section 3.01(i) in the event that (i) the receiving party fails to notify the proposing party within the required period of the receiving party's good faith intention to pursue such opportunity or (ii) the receiving party notifies the proposing party of the receiving party's determination not to pursue such opportunity.

(j) Notwithstanding the other provision of this Section 3.01 to the contrary, the Williams Group, on the one hand, and the Communication Group, on the other hand, shall be permitted to make acquisitions of and investments in any entity engaged in activities that are reserved to the other Group provided that those activities that are reserved to the other Group represented in

such entity's most recently completed fiscal year not more than 30% of the consolidated revenues or net income of the entity being acquired or in which the investment is being made. In the event that the Williams Group or the Communications Group makes such an acquisition and in connection therewith acquires all of the equity of the activities reserved to the other Group, it will provide to the other Group a right of first offer to acquire such activities should such activities be disposed of prior to five years following the IPO Closing Date.

3.02 EXCHANGE OF INFORMATION. (a) Each of Williams and Communications on behalf of its respective Group agrees to provide or cause to provide to the other Group at any time after the Closing as soon as reasonably practicable after written notice therefor any Information in the possession or in control of such respective Group that the requesting Party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative tax or other proceedings or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement or any similar Agreements; provided, however, if any Party determines that any such a provision of Information could be commercially detrimental, violate any law or Agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the IPO Closing Date, Communications shall have access during regular business hours (as in effect from time to time) to the documents and objects of historical significance that relate to the Communications Business that are located in the Williams records. Communications may obtain copies (but not originals) of documents for bona fide business purposes. Communications shall pay reasonable per hour costs for archives research services. Nothing herein should be deemed to restrict the access of any member of the Williams Group to any such documents or objects or to impose any liability on any member of the Williams Group if any such documents or objects are not maintained or preserved by Williams.

(c) After the Effective Date, (i) Communications shall maintain and effect at its own cost and expense adequate systems and controls to the extent necessary to enable members of the Williams Group to satisfy their respective reporting, accounting, audit and other obligations, and (ii) Communications shall provide or cause to be provided to Williams such form as Williams shall request at no charge to Williams all financial and other data and information that Williams determines necessary in order to prepare Williams' financial statements and reports or filings with any Governmental Authority.

3.03. OWNERSHIP OF INFORMATION. Any Information owned by one Group that is provided to a requesting Party pursuant to this Agreement shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement should be construed as granting or conferring rights or licenses or otherwise in any such Information.

3.04. COMPENSATION FOR PROVIDING INFORMATION. The Party requesting such Information shall reimburse the other Party for the reasonable cost, if any, of creating, gathering or 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 any other Agreement between the Parties, such cost shall be computed in accordance with the providing Party's standard methodology and procedures.

3.05. RECORD RETENTION. To facilitate the possible exchange of Information pursuant to this Agreement after the IPO Closing Date, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control in accordance with the records retention policies of Williams as in effect of the IPO Closing Date as such may from time to time be changed. No Party will destroy or permit any of its Subsidiaries to destroy any financial Information which the other Party may have the right to obtain pursuant to this Agreement prior to the third anniversary of the Effective Date. Furthermore, no Party will destroy or permit any of its subsidiaries to destroy any Information which the other Party may have the right to obtain pursuant to this Agreement prior to the tenth (10th) anniversary of the Effective Date without first using its reasonable best efforts to notify the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to taxes or to environmental liabilities, such period shall be extended to expiration of the applicable statute of limitations (giving effect to any extensions thereof).

3.06. 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 which is an estimate or forecast, or which is based on an 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 the reasonable best efforts by such Party to comply with the provisions of this Agreement.

3.07 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION. The rights and obligations granted under this Agreement are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information as set forth in any other agreement between the Parties.

3.08 PRODUCTION OF WITNESSES, RECORDS AND COOPERATION. After the Effective Date, each party hereto shall use its reasonable best efforts to make available to each other party upon written request the former, current and future directors, officers, employees, other personnel and agents and the members of its respective Group as witnesses, and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (given consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may be reasonably required in connection with any Action in which the requesting party may from time to time be involved regardless of whether such Action is a matter with respect to which indemnification may be sought. The requesting party shall bear all costs and expenses (including allocated costs of in-house counsel and other personnel) in connection therewith.

3.09. CONFIDENTIALITY. Each of the Parties hereto on behalf of itself and each member of its respective Group agrees to hold and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold in strict confidence with at least the same degree of care that applies to Williams confidential and proprietary information pursuant to policies in effect and practices in place on the IPO Closing Date, all information concerning each other Group that is either in its possession (including Information in its possession prior to the IPO Closing Date) or furnished by any such group or its respective directors, officers, employees, agents, accountants, counsel or other advisors and representatives at any time pursuant to this Agreement and shall not use any of such Information other than for purposes expressly permitted hereunder.

3.10 PROTECTIVE ARRANGEMENTS. If any Party and any member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other Party (or any other member of any other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that receives such request may thereafter disclose or provide Information to the extent required by such law (as so advised by counsel) by lawful process of such Governmental Authority.

ARTICLE IV

DISPUTE RESOLUTION

4.01 In the event of a dispute under this Agreement, any Ancillary Agreement or the Restructuring Agreement, Williams and Communications agree to resolve the dispute in accordance with the Dispute Resolution Procedures set forth in Exhibit 10 attached hereto and made a part hereof. In the event of a conflict between the dispute resolution provisions of any Ancillary Agreement and the provisions of the Dispute Resolutions Procedures set forth in Exhibit 10, the provisions of the Dispute Resolutions Procedures set forth in Exhibit 10 shall control.

ARTICLE V

FURTHER ASSURANCE AND ADDITIONAL COVENANTS

5.01 FURTHER ASSURANCES. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties hereto shall use its reasonable best efforts, prior to, on and after the IPO Closing Date, 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 laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the IPO Closing Date, each Party hereto shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or governmental approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of assets and the assignment and assumption of liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title, free and clear of any security interest, if and to the extent it is practicable to do so.

(c) Prior to the Closing Date, if one or more of the Parties identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the Parties shall cooperate in determining whether there is a mutually acceptable arm's-length basis on which one or more of the other Parties will provide such service.

(d) Communications hereby assumes that portion of Williams' obligations related to Communications and its subsidiaries under: (i) that certain agreement between Williams WPC-I, Inc. ("WPC") and The Williams Companies, Inc., dated September 21, 1998, whereby Williams compensates WPC for performances of services by WPC on behalf of Communications and its subsidiaries; (ii) that certain agreement among Williams Risk Management L.L.C. ("WRM") and The Williams Companies, Inc., and Williams WPC-I, Inc., dated September 21, 1998, whereby Williams compensates WRM for performance of Williams' risk management obligations on behalf of Communications and its subsidiaries; and (iii) any other agreement related to WPC or Williams WPC-II, Inc.

5.02 WAIVER OF TERMINATION RIGHTS. Each Party waives and, to the extent required to make such waivers effective, Communications shall cause the Persons comprising the Communications Group to waive and Williams shall cause the Persons comprising the Williams Group to waive, any right to terminate, cease performing under, revise unilaterally, or increase the charges in, any agreement between the Communications Group and the Williams Group as a result of any provision in such agreement that would permit such action if Williams no longer controls (through voting stock or ownership of half, a majority, or a supermajority of

Communications common stock) or no longer owns (directly or indirectly through one or more subsidiaries) any Person comprising the Communications Group.

ARTICLE VI

EMPLOYEE BENEFITS

6.01 EMPLOYEE BENEFIT PLANS. The relationship of the Parties with respect to certain matters relating to employees and employee benefits shall be governed by the Employee Benefits Agreement attached hereto as Exhibit 2.

ARTICLE VII

EFFECTIVENESS

7.01 EFFECTIVENESS. This Agreement shall become effective at the Closing.

ARTICLE VIII

SUCCESSORS AND ASSIGNS

8.01. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either Party hereto to any other person without the prior written consent of the other Party hereto.

ARTICLE IX

NO THIRD-PARTY BENEFICIARIES

9.01. NO THIRD-PARTY BENEFICIARIES. Except for the Persons entitled to indemnification hereunder, each of whom is an intended third-party beneficiary hereunder, nothing expressed or implied in this Agreement shall be construed to give any person or entity other than the Parties hereto any legal or equitable rights hereunder.

ARTICLE X
ENTIRE AGREEMENT

10.01. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof.

ARTICLE XI
AMENDMENT

11.01. AMENDMENT. This Agreement may not be amended except by an instrument signed by the Parties hereto.

ARTICLE XII
WAIVERS

12.01. WAIVERS. No waiver of any term shall be construed as a subsequent waiver of the same term, or a waiver of any other term, of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

ARTICLE XIII
SEVERABILITY

13.01. SEVERABILITY. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, such provision shall be deemed severable and all other provisions of this Agreement shall nevertheless remain in full force and effect.

ARTICLE XIV
HEADINGS

14.01. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

ARTICLE XV
NOTICES

15.01. NOTICES. All notices given in connection with this Agreement shall be in

writing. Service of such notices shall be deemed complete: (i) if hand delivered, on the date of delivery; (ii) if by mail, on the fourth Business Day following the day of deposit in the United States mail, by certified or registered mail, first-class postage prepaid; (iii) if sent by Federal Express or equivalent courier service, on the next Business Day; or (iv) if by telecopier, upon receipt by sender of confirmation of successful transmission. Such notices shall be addressed to the Parties at the following address or at such other address for a Party as shall be specified by like notice (except that notices of change of address shall be effective upon receipt):

If to Williams:

THE WILLIAMS COMPANIES, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: GENERAL COUNSEL
FAX NO. 918/573-5942

IF TO COMMUNICATIONS:

WILLIAMS COMMUNICATIONS GROUP, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: GENERAL COUNSEL
FAX NO.: 918/573-3005

ARTICLE XVI

GOVERNING LAW

16.01. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with, the laws of the State of Oklahoma, without giving effect to the principles of conflict of laws of such state or any other jurisdiction.

ARTICLE XVII

COUNTERPARTS

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

IN WITNESS WHEREOF, the Parties hereto have caused this Amended and Restated Separation Agreement to be executed the day and year first written above.

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ HOWARD S. KALIKA

NAME: Howard S. Kalika

TITLE: Vice President

THE WILLIAMS COMPANIES, INC.

BY: /s/ JACK D. MCCARTHY

NAME: Jack D. McCarthy

TITLE: Senior Vice President

AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

EFFECTIVE APRIL 23, 2001

BY AND BETWEEN

THE WILLIAMS COMPANIES, INC. AND ITS SUBSIDIARIES
(THE "WILLIAMS GROUP")

AND

WILLIAMS COMMUNICATIONS GROUP, INC. AND ITS SUBSIDIARIES
(THE "COMMUNICATIONS GROUP")

SUPERSEDES:

- (1) The May 27, 1999, Technical, Management and Administrative Services Agreement by and between Williams International Company and Communications (the "1999 INTERNATIONAL SERVICES AGREEMENT");
- (2) The September 30, 1999, the Administrative Services Agreement by and between the Williams Group and the Communications Group (THE "1999 ADMINISTRATIVE SERVICES AGREEMENT"); and
- (3) The September 30, 1999, the Service Agreement for Data Processing and Computer related services by and between Williams Information Services Corporation and the Communications Group (the "1999 DATA PROCESSING SERVICE AGREEMENT").

AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

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AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT (this "AGREEMENT") is made and entered into as of the 23rd day of April 2001 (the "EFFECTIVE DATE"), by and between

The Williams Companies, Inc., a Delaware corporation ("WILLIAMS"), and those certain subsidiaries of Williams listed on the Signature Pages of this Agreement (collectively the "WILLIAMS SUBSIDIARIES" and, together with Williams, the "WILLIAMS GROUP"),

and

Williams Communications Group, Inc., a Delaware corporation, ("COMMUNICATIONS") and those certain subsidiaries of Communications listed on the Signature Pages of this Agreement (collectively THE "COMMUNICATIONS SUBSIDIARIES" and, together with Communications, the "COMMUNICATIONS GROUP").

The parties to this Agreement are collectively referred to herein as the "PARTIES", and singularly as a "PARTY". Where the context indicates that there are two parties to this Agreement (such as references to the "other Party", "either Party", "neither Party"), "Party" shall be deemed to refer to Williams (as the representative of the Williams Group) and Communications (as the representative of the Communication Group). The Williams Group and the Communications Group are collectively referred to herein as the "Groups" and singularly as a "Group."

WHEREAS, Williams plans to spin-off a portion of the issued and outstanding Communications Class A common stock, par value \$.01 per share, held by Williams to the shareholders of Williams (the "SPIN-OFF");

WHEREAS, the Williams Group and the Communications Group entered into multiple agreements during 1999 regarding the delivery of services from the Williams Group to facilitate the operations of the Communications Group;

WHEREAS, the parties desire to supersede the Prior Agreements (as defined hereafter);

WHEREAS, the Communications Group desires to continue to obtain certain Services from the Williams Group to facilitate the operations of the Communications Group upon the terms and subject to the conditions that are set forth in this Agreement and the Williams Group desires to continue to provide such Services;

WHEREAS, the Williams Group desires to continue to obtain certain services from the Communications Group to facilitate the operations of the Williams Group upon the terms and subject to the conditions that are set forth in this Agreement and the Communications Group desires to continue to provide such services; and

WHEREAS, the Williams Group and the Communications Group desire to establish new arrangements regarding Services in contemplation of the Spin-Off;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and obligations contained herein, the Parties hereto agree as follows:

1. SERVICES.

1.1 Termination of the Prior Agreements.

The Parties acknowledge that (1) on May 27, 1999, Williams International Company and Communications entered into a Technical, Management and Administrative Services Agreement on (the "1999 INTERNATIONAL SERVICES AGREEMENT"); (2) on September 30, 1999, the Williams Group and the Communications Group entered into an Administrative Services Agreement (THE "1999 ADMINISTRATIVE SERVICES AGREEMENT"); and (3) on September 30, 1999, Williams Information Services Corporation and the Communications Group entered into a Service Agreement for Data Processing and Computer related services on September 30, 1999 (the "1999 DATA PROCESSING SERVICE AGREEMENT"). The 1999 International Services Agreement, the 1999 Administrative Services Agreement, and the 1999 Data Processing Service Agreement shall be collectively referred to herein as the "PRIOR AGREEMENTS".

As of the Effective Date, the Prior Agreements are hereby terminated and the terms and conditions of this Agreement supersede and replace those of the Prior Agreements, except for obligations arising under the Prior Agreements prior to such termination.

1.2 Scope of Services.

The term "SERVICES" as used in this Agreement means each of the services set forth in a Service Level Agreement attached hereto as Attachment A, and incorporated as part of this Agreement, as well as any other services ("ADDITIONAL SERVICES") that the Williams Group or the Communications Group provides at the written request of a Vice President, President, or Chairman of the other Group. Certain Services shall also be subject to the Supplemental Terms and Conditions attached to Attachment A. The Party providing Services shall be referred to herein as the "PROVIDER" and the Party receiving the Services shall be referred to herein as the "RECIPIENT". The Parties acknowledge that in the event the Communications Group provides Services or Additional Services to the Williams Group, such services shall be provided by Williams Communications, LLC or one of its subsidiaries.

The Provider shall use its reasonable efforts to provide Additional Services using available personnel. Neither Group shall be obligated to retain additional personnel in order to provide the requested Additional Services. In the event Additional Services are requested and the Provider agrees to provide such Additional Services, the Parties shall amend Attachment A as soon as practicable thereafter to include the requested Additional Services. Except as set forth to the contrary in this Agreement, for Services provided to

the Communications Group under the Prior Agreements the course of dealing between the Williams Group and the Communications Group under the Prior Agreements shall define the scope of each Service. Neither Group shall be obligated under this Agreement to provide, or pay for, other services, including any services provided under the Prior Agreements not included in this Agreement. Provided however, that if services are discovered that are not included under a Service Level Agreement hereunder and the Recipient desires to continue to receive such service, the applicable Service Level Agreement will be amended and the Recipient shall pay the associated charges for such service retroactively to the Effective Date hereof. In the event the Recipient desires to discontinue such service upon its discovery, the Recipient shall not be obligated to pay for the past delivery of such service.

1.3 The Parties agree that any Services obtained hereunder by the Recipient or any wholly owned subsidiary of Recipient shall be used for internal purposes only and shall not be resold to third parties; provided however, Services may be provided to third parties in the event of a divestiture or other corporate combination under a transition services agreement with the acquiring entity. The Parties specifically acknowledge that Communications may provide Services it acquires hereunder to Platinum Equity Holdings (now known as Nextira), the entity that acquired Williams Communications Services.

2. CHARGES FOR SERVICES.

2.1 Service Charges.

In consideration of Services rendered, the Recipient shall pay for Services performed by the Provider (the "SERVICE CHARGES"). Except for Additional Services, Service Charges shall be computed in accordance with individual Service Level Agreements in Attachment A. Charges for Additional Services shall be computed:

- (a) pursuant to the written agreement between the Parties executed after the Effective Date of this Agreement; or
- (b) if there is no such agreement, then in accordance with the computational method for the Service set forth in Attachment A that, in the Provider's bona fide judgment, is most similar to the Additional Service, provided that if no such Service is, in the Provider's bona fide judgment, reasonably similar to such Additional Service, then at prevailing market rates for similar services.

The intent of the parties with respect to payment for Services performed hereunder is that the Service Charges includes (i) the charges for Services computed in accordance with individual Service Level Agreements in Attachment A; (ii) other reasonable out-of-pocket expenses incurred by the Provider upon the written request or approval of the Recipient, and reasonable expenses with respect to travel and charges by third parties incurred by the Provider on behalf of the Recipient and upon its written request or subject to its written approval, shall be reimbursed to the Provider; and (iii) amounts expended

by the Provider on behalf of the Recipient pursuant to Section 13 (including settlement costs and reasonable expenses associated therewith including attorneys' fees and expenses and court costs) shall be reimbursed to the Provider.

For any Services based on headcount, headcount shall be determined by Williams' general accounting group on a monthly basis from the prior month end (as of the last day of the month).

2.2 Surcharge.

From the Effective Date to December 31, 2001, the Provider shall be entitled to charge an additional amount equal to 11.00% of the total Services Charges for all Services provided hereunder (THE "SURCHARGE") (unless otherwise provided in the attached Service Level Agreements in Attachment A). The Surcharge represents those costs incurred by the Provider that are not billed to the individual Provider cost centers under the existing expense accounting processes. The Surcharge and the Service Charges shall be collectively referred to herein as the "TOTAL CHARGES". Except as otherwise provided in a Service Level Agreement the Surcharge: (a) applies to any Services the Provider provides internally and administrative fees associated with providing those Services and (b) does apply to any externally provided product/service (e.g. catering, travel expenses, overnight delivery, postage, office products, copy paper, external consultants).

The Surcharge shall not apply to the IT Service Level Agreements (numbered IT-1 through IT-21), the North/South Parking Garage Service Level Agreement (ASF-3), the Travel Services Service Level Agreement (ASF-10), the Technology Center Parking Garage (ASF-14), the Business Media Services Service Level Agreements (BMS-1 through BMS-10), the Employee Connections Service Level Agreement (HR-5), the Warren Clinic Service Level Agreement (HR-17), or the Strategic Sourcing Service Level Agreement (SS-1).

2.3 Invoices.

With respect to the Total Charges, the Provider shall submit invoices to the Recipient on at least a monthly basis in the amounts determined in accordance with this Section 2. The Recipient shall pay or cause to be paid each invoice submitted pursuant to the foregoing sentence within thirty (30) calendar days after the receipt by the Recipient of such invoice (except with respect to amounts in any such invoice that are objectively and manifestly in error). If the Recipient questions the amount of any such invoice, the manner of its computation, or the underlying data on which the invoice was based, it shall pay the related invoice in accordance with the preceding sentence (except with respect to amounts in any such invoice that are objectively and manifestly in error) and thereafter notify the Provider of such questions and, for a period of thirty (30) days thereafter, the Provider shall make or cause to be made available to the Recipient, its employees and designees, at a location in the Provider's headquarters designated by the Provider during normal business hours, all documentation necessary for the Recipient to review the

invoice, the computation and the data (the Provider shall retain such documentation as set forth in Section 6.1). If, upon completion of the review, the Parties are not in agreement upon the amount of the invoice, the amount shall be referred to the nationally recognized firm of certified public accountants set forth on Attachment B attached hereto and made a part hereof, which firm shall make a final binding decision as to the correct amount of the invoice. If the firm identified on Attachment B determines in its sole judgment that it cannot maintain its independence for any reason, the Parties shall mutually agree on an alternate firm to review the dispute in accordance with this Agreement. In the event that it is determined that the correct amount of the invoice is less than the amount that was paid by the Recipient with regard thereto, the Provider shall promptly refund the excess amount to the Recipient. The Groups shall equally share in the cost associated with retaining such firm of certified public accountants. Nothing herein shall be deemed to prevent either Group from proposing adjustments to prior invoices after payment thereof; the Groups shall propose such adjustments by written notice and shall resolve any disputes arising from such proposed adjustments in the manner set forth above.

If either Group fails to pay as and when due and payable any amount hereunder (including, without limitation, the Total Charges but excluding disputed amounts), then either Williams or Communications, as the case may be, shall pay interest on such amount from the due date up to and including the date when such amount and all interest thereon are paid in full at the rate per annum equal to the prime rate of Citibank N.A., plus one percent (1%). For the purposes hereof, the "PRIME RATE OF CITIBANK N.A." shall mean the annual rate of interest announced from time to time by Citibank N.A. as a reference rate then in effect for determining annual interest rates of U.S. dollar commercial loans.

Until the Recipient notifies the Provider otherwise, invoices shall be delivered in written, tangible form (including by facsimile or electronic invoicing) to the following addresses:

IF TO WILLIAMS OR ANY WILLIAMS SUBSIDIARY:

IF TO CORPORATE:

THE WILLIAMS COMPANIES
 ONE WILLIAMS CENTER
 TULSA, OKLAHOMA 74712
 ATTENTION: KAY POPE (48-8)
 GENERAL ACCOUNTING DEPARTMENT

IF TO WISC:

WILLIAMS INFORMATION SERVICES CORPORATION
 ONE WILLIAMS CENTER
 TULSA, OKLAHOMA 74172
 ATTENTION: JOE B. JONES (33-7)

IF TO WILLIAMS RELOCATION MANAGEMENT:

WILLIAMS RELOCATION MANAGEMENT
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: MICHAEL BRADLEY (MD-WRM)

IF TO COMMUNICATIONS OR ANY COMMUNICATIONS SUBSIDIARY (INVOICES FOR INFORMATION TECHNOLOGY SERVICES):

WILLIAMS COMMUNICATIONS GROUP, INC.
320 SO. BOSTON
7TH FLOOR, NORTHEAST
TULSA, OKLAHOMA 74102
ATTENTION: LARRY WIMMER, MANAGER, FINANCIAL ANALYSIS

IF TO COMMUNICATIONS OR ANY COMMUNICATIONS SUBSIDIARY (ALL OTHER INVOICES):

WILLIAMS COMMUNICATIONS GROUP, INC.
ONE WILLIAMS CENTER
MD 27-1
TULSA, OKLAHOMA 74172
ATTENTION: TRACY HEARON, DIRECTOR, PROCESS ADMINISTRATION

2.4 The Parties acknowledge that the Initial Term for the majority of Services expires December 31, 2001. The Provider shall not be obligated to provide Services beyond the Initial Term. Except as otherwise agreed, with respect to Service Charges for Services with an Initial Term expiring on December 31, 2001:

- (a) On or before June 30, 2001, the Provider shall provide the Recipient with a list of Services the Provider is willing to provide beyond December 31, 2001 ("Secondary Term Services").
- (b) On or before July 31, 2001, the Recipient shall designate which Secondary Term Services it is interested in obtaining from the Provider ("Selected Secondary Term Services").
- (c) On or before September 1, 2001, the Provider shall provide a proposed pricing scheme for the Services Charges for the Selected Secondary Term Services to the Recipient ("Secondary Term Pricing"). The Secondary Term Pricing shall designate a fixed price or a defined cost-plus basis for the Services.
- (d) On or before November 30, 2001, Recipient shall accept (subject to negotiation of a binding agreement or renewal) or reject the proposed Secondary Term Pricing. In the event Recipient fails to respond by November 30, 2001 for any of the

Selected Secondary Term Services, Provider shall assume such failure to respond means a rejection of the Secondary Term Pricing.

- (e) On or before December 31, 2001, the affected Parties shall execute an amended Service Level Agreement for all Selected Secondary Term Services accepted by the Recipient.

For other Services with an Initial Term that expires after December 31, 2001, the affected Parties shall follow the same process set forth above with the Provider indicating whether or not it is willing to provide the Services beyond the expiration of the Initial Term six (6) months prior to the expiration of the Initial Term.

3. TAXES.

The Recipient shall be responsible for payment to the Provider of all goods and services tax and any other tax that is applicable to the Total Charges payable by the Recipient hereunder. The Williams Group and the Communications Group shall cooperate with each other and take reasonable steps to minimize the total tax obligations arising under this Agreement, provided that neither the Williams Group nor the Communications Group shall have any obligation to increase its own tax liability.

4. NO SET-OFF RIGHT.

Neither the Williams Group nor the Communications Group shall have a right to set off any amounts owed by the Recipient to the Provider under this Agreement, notwithstanding any rule of law or provision otherwise in any other agreement, except that, if:

- (a) Williams becomes insolvent, the Communications Group shall have the right to set off any amounts it owes under this Agreement against amounts that the Williams Group owes it under this Agreement; and
- (b) Communications becomes insolvent, the Williams Group shall have the right to set off any amounts it owes under this Agreement against amounts that the Communications Group owes it under this Agreement.

5. MANNER AND TIME OF PERFORMANCE.

The Provider shall perform or cause to be performed the Services hereunder with the same degree of care, skill and diligence with which it performs or would perform similar services for itself and its respective subsidiaries and affiliates consistent with practices as of the Effective Date (including, without limitation, with respect to the type, quantity, quality and timeliness of such services).

6. BOOKS AND RECORDS.

6.1 Records.

The Provider shall maintain and retain books, records, documents and other written evidence, consistent with its normal accounting procedures and practices (collectively, the "RECORDS"), sufficient to accurately, completely and properly reflect the performance of the Services hereunder and the amounts due in accordance with any provision of this Agreement, provided that to the extent any Service Charge or credit is based on other than a fixed amount, the Provider shall retain the relevant Records for a period of two (2) years after issuing the relevant invoice.

6.2 Right to Audit.

For a period of two (2) years after issuance of an invoice, the Provider shall provide the Recipient and its representatives access, subject to reasonable notice, at all times during normal business hours to the Records for any purpose deemed appropriate by the Recipient relating to the confirming, checking, reviewing, examining, auditing or verifying the accuracy of the invoices submitted to them. Recipient shall reimburse the Provider for any costs incurred as a result of such audit.

7. INDEPENDENT CONTRACTOR.

In performing the Services hereunder, the Provider shall operate as and have the status of an independent contractor, subject only to the general direction of the Recipient regarding the Services to be rendered as opposed to the method of performance of the Services.

8. CONFIDENTIALITY.

8.1 Communications Information.

All non-public information provided by any member of the Communications Group or by any of their respective representatives pursuant to this Agreement shall be confidential and not disclosed to any person except with the consent of Communications.

8.2 Williams Information.

All non-public information provided by any member of the Williams Group or by any of their respective representatives pursuant to this Agreement shall be confidential and not disclosed to any person except with the consent of Williams.

9. TERM OF AGREEMENT.

9.1 Initial Term; Renewal; Partial Termination; Termination.

This Agreement shall continue in force from the Effective Date through December 31, 2001 (the "INITIAL TERM"), and shall automatically renew for additional one (1) year terms thereafter (the "RENEWAL TERMS"); provided, however, that either

Communications or Williams (as the Provider or the Recipient) may terminate any Service being provided at any time and from time to time by providing ninety (90) days advance written notice of such termination to the other Group. Any such termination shall be effective on the time and date stated therein; provided, however, for fixed fee based Services, termination shall be effective at the end of a month, unless otherwise provided. Either Group shall have the right to terminate any Renewal Term of this Agreement by providing one hundred and eighty (180) days advance written note of such termination of the other Group.

9.2 Termination for Cause.

Either Communications or Williams may terminate this Agreement or any addendum to this Agreement (i) for any material breach or default of the other Group if such breach or default is not corrected within thirty (30) days of giving written notice of such breach or default to the defaulting Group; or (ii) immediately and without notice upon insolvency or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the member of the other Group performing a Service or obligated to pay for a Service; or (iii) immediately and without notice upon the assignment by the member of the other Group performing a Service or obligated to pay for a Service of all or substantially all of its property for the benefit of its creditors.

In the event that the Recipient fails to pay any amount that is required to be paid hereunder when due and such payment is not thereafter made within fifteen (15) business days after the date on which the Provider has notified the Recipient in writing of such failure to pay, the Provider may at its option and without further notice immediately terminate the Services after the expiration of such fifteen (15) business day period.

9.3 Post-Termination Obligations.

Upon termination of this Agreement or any individual Service provided hereunder, the Recipient shall reimburse the Provider for all unpaid amounts due as provided for in Section 2 incurred by the Provider up to such date of termination; provided that if the Provider has received more than the portion of such unpaid amounts due as provided for under Section 2 as of the date of termination, the Provider shall reimburse the Recipient the portion of such unpaid amounts to which it is not entitled under Section 2.

Upon termination of this Agreement, the Provider will, at the request of the Recipient, transfer to the Recipient historical data then in the Provider's custody relating to the Services provided hereunder to the Recipient.

10. ASSIGNMENT.

No member of either Group shall assign, in whole or in part, any of the rights, obligations or benefits of this Agreement without the prior written consent of the other Group, except that either Group may assign its rights (but not its obligations, except as expressly provided otherwise) hereunder to any of its affiliates or majority owned subsidiaries.

11. INDEMNIFICATION.

11.1 Indemnification of Williams.

Communications and each member of the Communications Group will, jointly and severally, and to the fullest extent permitted by applicable law, indemnify and hold harmless Williams, Williams Subsidiaries and their respective officers, directors, agents and employees (collectively, THE "WILLIAMS INDEMNITEES") from and against all claims, demands, damages, losses, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) (collectively, "COSTS") incurred or suffered by an Williams Indemnitee as a result of the Services; provided, however, that the foregoing terms of this sentence shall not apply to the extent such Costs result from or arise out of the negligence or willful misconduct of the Williams Group or any member thereof.

11.2 Indemnification of Communications.

Williams and each member of the Williams Group will, jointly and severally, and to the fullest extent permitted by applicable law, indemnify and hold harmless Communications, Communications Subsidiaries and their respective officers, directors, agents and employees (collectively, the "COMMUNICATIONS INDEMNITEES") from and against all Costs incurred or suffered by a Communications Indemnitee as a result of the Services; provided, however, that the foregoing terms of this sentence shall not apply to the extent such Costs result from or arise out of the negligence or willful misconduct of the Communications Group or any member thereof.

11.3 Limitation and Survival.

In no case shall Costs be deemed to include Total Charges. This Section 11 shall survive the termination of the other terms of this Agreement.

12. INSURANCE.

12.1 Obligation to Obtain.

During the Initial Term or the Renewal Term, the Groups shall each obtain and maintain not less than the following insurance:

- (a) Commercial General Liability Insurance, with a combined single limit of \$5,000,000 for bodily injury and property damage per occurrence and in the aggregate.
- (b) Worker's Compensation Insurance in amounts required by applicable law and Employers Liability Insurance with limits not less than \$1,000,000 each accident. If work is to be performed in Nevada, North Dakota, Ohio, Washington,

Wyoming or West Virginia, the party shall participate in the appropriate state fund(s) to cover all eligible employees and provide a stop gap endorsement.

- (c) Automobile Liability Insurance with a combined single limit of \$2,000,000 for bodily injury and property damage per occurrence, to include coverage for all owned, non-owned, and hired vehicles.

The limits set forth above are minimum limits and shall not be construed to limit the liability of either Group.

12.2 Policy Requirements.

Each Group shall obtain and maintain the insurance policies required above with companies rated A- or better by Best's Key Rating Guide or with a similar rating by another generally recognized rating agency. The other Group, its affiliates, officers, directors, and employees, and any other party entitled to indemnification hereunder shall be named as additional insureds to the extent of such indemnification. This insurance will be primary insurance with respect to the interests of the additional insured, and any other insurance maintained by or on behalf of the additional insured is excess and not contributory with this insurance. Each Group shall provide the other Group with an insurance certificate confirming compliance with the insurance requirements of this Section 12. The insurance certificate shall indicate that the other Group shall be notified not less than thirty (30) calendar days prior to any cancellation or material change in coverage. If either Group provides any of the foregoing coverages through a claims-made policy basis, that Group shall cause such policy or policies to be maintained for at least three (3) years beyond the expiration of this Agreement.

12.3 Waiver of Subrogation.

The Groups shall each obtain from the insurance companies providing the coverages required by this Agreement a waiver of all rights of subrogation or recovery in favor of the other Group and, as applicable, its members, managers, shareholders, affiliates, assignees, officers, directors, and employees or any other party entitled to indemnity under this Agreement to the extent of such indemnity.

12.4 Blanket Policies.

Nothing in this Agreement shall be construed to prevent either Group from satisfying its insurance obligations pursuant to this Agreement under a blanket policy or policies of insurance that meet or exceed the requirements of this Section 12.

13. LITIGATION.

13.1 Williams Litigation.

In the event that any litigation, proceeding, or investigation by or before any court or governmental agency or body is commenced or threatened against Williams or any member of the Williams Group after the Effective Date of this Agreement and that relates to Services rendered hereunder and arises out of or is based solely upon the past, present, or future business or operations of Communications or of any member of the Communications Group, then at Williams' option, Williams and Communications shall use their best reasonable efforts to have Communications or the relevant member of the Communications Group, as the case may be, substituted in the place of and for Williams or the relevant member of the Williams Group, as the case may be, and to have Williams or the relevant member of the Williams Group, as the case may be, removed as a party, as promptly as is practicable. Pending such substitution, and in the cases where such substitution cannot be effected, Communications, with the full cooperation of Williams and the Williams Group, shall promptly assume and direct the defense, prosecution, and/or settlement of the claims concerned, employing for such purpose counsel reasonably satisfactory to Williams, and shall pay all expenses related thereto. To the extent that any such expenses are paid by Williams or the relevant member of the Williams Group, as the case may be, Communications shall promptly reimburse Williams or the relevant member of the Williams Group, as the case may be, therefor.

13.2 Communications Litigation.

In the event that any litigation, proceeding, or investigation by or before any court or governmental agency or body is commenced or threatened against Communications or a member of the Communications Group after the Effective Date of this Agreement and that relates to Services rendered hereunder and arises out of or is based solely upon the past, present, or future business or operations of Williams or any member of the Williams Group but not of Communications or a member of the Communications Group, then at Communications' option, Communications and Williams shall use their best reasonable efforts to have Williams or the relevant member of the Williams Group, as the case may be, substituted in the place of and for Communications or the relevant member of the Communications Group, as the case may be, and to have Communications or the relevant member of the Communications Group, as the case may be, removed as a party, as promptly as is practicable. Pending such substitution and in cases where such substitution cannot be effected, Williams shall, with the full cooperation of Communications and Communications Group, promptly assume and direct the defense, prosecution, and/or settlement of the claims concerned, employing for such purpose counsel reasonably satisfactory to Communications, and shall pay all expenses related thereto. To the extent that any such expenses are paid by Communications or the relevant member of the Communications Group, Williams shall promptly reimburse Communications or the relevant member of the Communications Group, as the case may be, therefor.

14. WARRANTY OF SERVICE.

The Provider warrants that the Services provided will be provided in a workmanlike manner. THE PROVIDER MAKES NO OTHER WARRANTIES OR REPRESENTATIONS,

EXPRESSED OR IMPLIED, IN FACT OR IN LAW, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY SERVICE PROVIDED HEREUNDER, WHETHER DEVELOPED BY PROVIDER OR LICENSED, PURCHASED, OR OTHERWISE OBTAINED BY PROVIDER FROM A THIRD PARTY.

Notwithstanding the above, the Provider shall make reasonable efforts to promptly notify the Recipient of any claim the Provider may have under any third-party (a party other than a Williams Indemnitee or a Communications Indemnitee, as defined below) warranty or representation relating to the Service. At the Recipient's election, the Provider shall either pursue such claim or assign such claim (or the portion of the claim attributable to the Services) to the Recipient. If the Provider pursues such claim, Recipient shall reimburse Provider for all reasonable out-of-pocket costs incurred by the Provider (including settlement costs and reasonable expenses associated therewith including attorneys' fees and expenses and court costs) and Recipient shall be entitled to any amounts recovered. If such claim relates both to Services and to services the Provider provides to itself, its affiliates, or third parties (the "OTHER SERVICES"), and if the Provider elects to pursue such claim on its own behalf, then both the costs and the recovery shall be pro-rated in an amount that fairly allocates such amounts between the Services and the Other Services.

15. LIMITATION OF LIABILITY.

IN NO EVENT SHALL ANY MEMBER OF THE WILLIAMS GROUP OR OF THE COMMUNICATIONS GROUP BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES SUCH AS LOSS OF PROFITS OR ANTICIPATED PROFITS, LOSS OF GOODWILL, LOSS OF USE OR DATA IN CONNECTION WITH, OR ARISING OUT OF THE SERVICES PROVIDED HEREUNDER WHETHER BASED UPON ANY THEORY IN CONTRACT OR IN TORT AND WHETHER OR NOT THE PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS.

NOTWITHSTANDING THE ABOVE, IF THE PROVIDER RECOVERS ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES FROM A PARTY OTHER THAN THE PROVIDER'S AFFILIATES (THE WILLIAMS INDEMNITEES OR THE COMMUNICATIONS INDEMNITIES, AS DEFINED BELOW), THE PROVIDER SHALL PAY THE RECIPIENT THE NET AMOUNT (NET OF ANY COSTS OF LITIGATION) OF SUCH RECOVERY THAT IS ATTRIBUTABLE TO THE SERVICES.

16. FORCE MAJEURE.

For purposes of this Section, "FORCE MAJEURE" means an event beyond the control of either Group, that by its nature could not have been foreseen by such Group, or if it could have been foreseen, was unavoidable, and includes without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) and failure of energy sources.

Neither Group shall be under any liability for failure to fulfill any obligation under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented,

frustrated, hindered, or delayed as a consequence of circumstances of force majeure, provided always that such Group shall have exercised all due diligence to minimize to the greatest extent possible the effect of force majeure on its obligations hereunder.

Promptly on becoming aware of force majeure causing a delay in performance or preventing performance of any obligations imposed by this Agreement (and termination of such delay), the Group affected shall give written notice to the other Group giving details of the same, including particulars of the actual and, if applicable, estimated continuing effects of such force majeure on the obligations of the Group whose performance is prevented or delayed. If such notice shall have been duly given, and actual delay resulting from such force majeure shall be deemed not to be a breach of this Agreement, and the period for performance of the obligation to which it relates shall be extended accordingly, provided that if force majeure results in the performance of a Group being delayed by more than 60 days, the other Group shall have the right to terminate this Agreement with respect to any Service effected by such delay forthwith by written notice.

The Parties acknowledge that Williams and Williams Communications Solutions, LLC ("WCS") entered into a Transition Services Agreement effective March 31, 2001 (the "WCS AGREEMENT"), whereby Williams obtains certain services from WCS that Williams then provides to the Communications Group hereunder. In the event the WCS Agreement expires, terminates, or Williams is no longer able to obtain a certain service under the WCS Agreement, Williams shall attempt to obtain similar service from an alternate source. In the event Williams fails to obtain similar services on substantially the same terms and conditions as the WCS Agreement, such failure to obtain similar services shall be considered a force majeure event hereunder.

17. NO THIRD PARTY BENEFICIARY.

Nothing in this Agreement provides any legal rights to, or creates any liability for, anyone not a signatory party to this Agreement.

18. MUTUAL COOPERATION.

The Parties shall provide each other with such assistance as may reasonably be required by any of them in connection with the performance of all obligations hereunder.

19. COMPLIANCE WITH LAWS.

Williams and Communications shall comply and each of Williams and Communications shall cause compliance by the Williams Group and the Communications Group, respectively, providing or receiving, as the case may be, Services hereunder, with all applicable federal, state, and local laws and regulations in the performance of this Agreement.

20. GOVERNING LAW.

This Agreement shall be construed in accordance with, and all disputes hereunder shall be governed by, the laws of the State of Oklahoma, without giving regard to its conflicts of laws principles.

21. IMPROPER PAYMENTS.

Neither Group shall use any funds received hereunder for illegal or otherwise "improper" purposes, nor pay any commissions, fees or rebates to any employee of the other Group, nor favor any employee of the other Group with gifts or entertainment of significant cost or value.

22. NOTICES.

Any notice, request, instruction, correspondence, document or other communication to be given hereunder by any Group to another (herein collectively called a "NOTICE") shall be in writing and delivered personally or mailed by certified mail, postage prepared and return receipt requested, or by facsimile, as follows:

IF TO WILLIAMS OR ANY WILLIAMS SUBSIDIARY:

THE WILLIAMS COMPANIES, INC.
 (OR IF TO A WILLIAMS SUBSIDIARY, TO IT IN CARE OF WILLIAMS)
 ONE WILLIAMS CENTER
 TULSA, OKLAHOMA 74172
 ATTENTION: GENERAL COUNSEL
 FACSIMILE NO. 918-573-5942

WITH A COPY TO CORPORATE CONTROLLER

IF TO COMMUNICATIONS OR ANY COMMUNICATIONS SUBSIDIARY:

WILLIAMS COMMUNICATIONS GROUP, INC.
 ONE WILLIAMS CENTER
 TULSA, OKLAHOMA 74172
 ATTENTION: GENERAL COUNSEL
 FACSIMILE NO. 918-573-3005

WITH A COPY TO CORPORATE CONTROLLER

Notice given by personal delivery shall be effective upon actual receipt. Notice given by mail shall be effective upon forty-eight (48) hours after it is placed in a mailbox for mailing. Notice given by facsimile shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours; provided that Notices by facsimile are confirmed promptly after transmission by delivery to the recipient of a copy thereof in writing by certified mail or personal delivery. Any Group may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address. For purposes of this

Agreement, the term "BUSINESS DAY" means any day other than a Saturday, Sunday or a day on which national banks in the State of Oklahoma are permitted or required by law to close.

23. FURTHER ASSURANCES.

Both Groups shall cooperate with each other and take reasonable steps to execute and deliver such additional instruments or documents as shall be necessary to otherwise carry out the intent and purposes of this Agreement.

24. WAIVER.

No waiver by any Party of any term or breach of this Agreement shall be effective unless in writing and signed by the person against whom such waiver is asserted, and a waiver of any one term or breach may not be construed as a waiver of any other term or breach hereof or of the same or a similar term or breach on any other occasion; provided, however, Williams may effect waivers or amendments for any member of the Williams Group or Williams Indemnatee, and Communications may effect waivers or amendments for any member of the Communications Group or Communications Indemnatee.

25. 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 the Amended and Restated Separation Agreement made by and between Williams and Communications dated concurrently herewith.

26. CONSTRUCTION.

Except where otherwise expressly provided, all references to Sections, paragraphs and Schedules in this Agreement shall be deemed to be references to such Sections and paragraphs of this Agreement or Attachment A attached to this Agreement, respectively. The terms "hereof," "herein," "hereunder" and other terms of similar import shall be deemed to refer to this Agreement in its entirety, and not to any Section or paragraph.

27. SUBCONTRACTORS.

The Provider shall bind every subcontractor it engages to perform Services for Recipient to the provisions of this Agreement insofar as the same shall be applicable to the subcontractor's performance of such Services. The Provider shall be fully responsible to the Recipient for the acts or omissions of its subcontractors, and of persons either directly or indirectly employed by them.

28. AMENDMENT.

No modification or amendment of this Agreement shall be binding upon any Party unless in writing and signed by the party against which the modification or amendment is asserted.

29. ENTIRE AGREEMENT.

This Agreement and the attachments hereto (which are incorporated herein in accordance with Section 1.2), constitute the entire understanding of the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements, if any.

30. SEVERABILITY.

Any Section or any other provision of this Agreement that is, or becomes, illegal, invalid or unenforceable shall be severed herefrom and shall be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions hereof, which provisions shall (a) be severed from any illegal, invalid or unenforceable Section or any other provision of this Agreement, and (b) otherwise remain in full force and effect; provided, however, that the Parties shall use their best efforts to achieve the purpose of the invalid or unenforceable provision or part thereof by a new valid and enforceable stipulation.

31. CONFLICT WITH SERVICE LEVEL AGREEMENTS.

In the event of a conflict with the terms and conditions of this Agreement and the terms and conditions of the Service Level Agreements set forth in Attachment A, the terms and conditions of the Service Level Agreements shall control except in the case of dispute resolution in which case the terms and conditions of this Agreement shall control.

32. COUNTERPARTS.

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

IN WITNESS WHEREOF, the Parties hereto have executed this Amended and Restated Administrative Services Agreement on and as of the date and year first-above written.

THE WILLIAMS COMPANIES, INC.

BY: /s/ JACK D. MCCARTHY

NAME: Jack D. McCarthy

TITLE: Senior Vice President

WILLIAMS INFORMATION SERVICES CORPORATION

BY: /s/ JACK D. MCCARTHY

NAME: Jack D. McCarthy

TITLE: Senior Vice President

WILLIAMS STRATEGIC SOURCING COMPANY

BY: /s/ TIM PARKER

NAME: Tim Parker

TITLE: Vice President - Strategic Sourcing

WILLIAMS ENERGY SERVICES

BY: /s/ S. J. MALCOLM

NAME: S. J. Malcolm

TITLE: President

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ HOWARD S. KALIKA

NAME: Howard S. Kalika

TITLE: Vice President

WILLIAMS COMMUNICATIONS LLC

BY: /s/ BOB F. MCCOY

NAME: Bob F. McCoy

TITLE: Senior Vice President

TAX SHARING AGREEMENT

Agreement (the "Agreement") entered into as of the 30th day of September, 1999, and amended and restated as of the ___ day of ___, 2001, by and between The Williams Companies, Inc., a Delaware corporation ("Williams"), and Williams Communications Group, Inc. a Delaware corporation ("Communications").

RECITALS

Williams and Communications currently are includible corporations in an affiliated group of corporations of which Williams is the common parent, all within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended (the "Code").

Williams and Communications entered into a tax sharing agreement dated September 30, 1999 (the "Tax Sharing Agreement") to allocate and settle among themselves the consolidated Federal income tax liabilities of the TWC Group (as hereinafter defined), the unitary, combined, consolidated or similar state income tax liabilities of the parties and, if and as determined by Williams, certain other tax liabilities.

Williams intends to distribute most of the stock of Communications owned by Williams (equal to at least 80% of the outstanding voting and non-voting stock of Communications) to Williams' public shareholders (the "Spin-off") as a result of which Communications will cease to be an includible corporation in the TWC Group.

Williams and Communications wish to amend and restate the Tax Sharing Agreement and execute this Agreement which will, as of the date hereof, supersede the Tax Sharing Agreement and be the sole governing agreement between Williams and Communications to allocate and settle among themselves the consolidated Federal income tax liabilities of the TWC Group, the unitary, combined, consolidated or similar state income tax liabilities of the parties and certain other tax liabilities arising prior to or after the Spin-off.

AGREEMENTS

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.

"Assets" means the assets of Williams or Communications or any predecessor or successor" (within the meaning Section 355(e)(4)(D) of the Code) of such corporation; it being understood that any transfer, sale or assignment of the assets of Williams, Communications, a predecessor or a successor in the ordinary course of business shall not be taken into account for purposes of section 5.03(b) of this agreement.

"Established Market" means: (i) a national securities exchange registered under Section 6 of the Securities and Exchange Act of 1934; (ii) an interdealer quotation system sponsored by a national securities association registered under Section 15A of the Securities Act of 1934 or (iii) any additional market designated by the IRS.

"Final Determination" means an IRS Form 870 or 870AD that reflects an adjustment to any item (or a component of an item) shown on a Tax return (whether or not such adjustment results in a deficiency in Taxes) and any similar state, local or foreign form, a closing agreement or an accepted offer in compromise with the IRS (or appropriate state, local or foreign taxing authority) or any other adjustment to any item to which the taxpayer concedes (including, but not limited to, the filing of an amended return upon which the taxpayer adjusts an item in the favor of the IRS (or the appropriate state, local or foreign taxing authority)) or as to which the period of limitations has expired (whether or not such adjustment results in a deficiency in Taxes), a claim for refund that has been allowed, a deficiency notice with respect to which the period for filing a petition with the Tax Court has expired, or a decision of any court of competent jurisdiction that is not subject to appeal or the time for appeal of which has expired.

"IPO Date" means October 1, 1999 (the date of the initial public offering of stock of Communications).

"IRS" means the Internal Revenue Service.

"Non-Federal Income Taxes" means all state, local, foreign and Federal Taxes, other than Federal income taxes.

"Payment Date" means the earliest date on which at least one of the following occurs with respect to a person: (i) a transfer of money to the IRS (or appropriate state, local or foreign taxing authority) by (or for the account of) such person; (ii) an offset by the IRS (or appropriate state, local or foreign taxing authority) against a refund claim or credit such person has with the IRS (or appropriate state, local or foreign taxing authority); or (iii) the netting by the IRS (or appropriate state, local or foreign taxing authority) against another Tax item of such person if such Tax item could result in a refund, credit or reduction in Tax for such person.

"Post-IPO Date / Pre-Spin-off WCG Attribute" means any operating loss or loss or credit carryover or similar attribute of WCG attributable to dates beginning on the IPO Date and ending on the Spin-off Date (including the portion of the taxable year beginning on January 1, 2001 and ending on the Spin-off Date). If an amended return is filed or there is any change by Final Determination to an operating loss or loss or credit carryover or similar attribute of WCG (or items giving rise to such operating loss or loss or credit carryover or similar attribute of WCG), Williams shall allocate such changes in the operating loss or loss or credit carryover or similar

attribute of WCG (and/or reallocate any previously allocated operating loss or loss or credit carryover or similar attribute of WCG that is affected by a change in items giving rise to such operating loss or loss or credit carryover or similar attribute of WCG) between Williams and WCG pursuant to the following method: (i) if the item (that caused the adjustment) has been previously allocated between Williams and WCG on a Federal income tax return or on Exhibit B, the change to such item shall be allocated in the same manner such item was allocated on the most recently filed Federal income tax return, or if such item has not been allocated on such return, in the same manner such item was allocated on Exhibit B; (ii) if (i) does not apply, to the extent that such item clearly relates to the income, assets or operations of Williams (or non-WCG members of the TWC Group), the change to such item shall be allocated to Williams and to the extent that the item clearly relates to the income, assets or operations of WCG, the change to such item shall be allocated to WCG; (iii) if neither (i) nor (ii) apply, then the change to such item shall be allocated pro-rata according to the most relevant measure for such item, unless Williams and WCG otherwise agree that another allocation method would be more equitable. If such item is an adjustment with respect to the 1999 taxable year, such item shall first be allocated to periods before and after the IPO Date as provided below in the definition of Pre-IPO Date WCG Attribute.

"Pre-IPO Date WCG Attribute" means any operating loss or loss or credit carryover or similar attribute of WCG attributable to dates preceding the IPO Date (including the portion of the 1999 taxable year beginning on January 1, 1999 and ending on the day preceding the IPO Date). Any operating loss or loss or credit carryover or similar attribute of WCG attributable to a taxable year ending in or before 1998 shall be a Pre-IPO Date WCG Attribute notwithstanding any changes to such items resulting from an amended return or a Final Determination. The Pre-IPO Date WCG Attributes (and items giving rise to such attributes) attributable to the taxable year 1999 initially shall be based on the total amount of operating loss or loss or credit carryovers or similar attribute of WCG set forth in the latest (regular or amended) TWC Group consolidated 1999 Federal income tax return that is filed prior to the Spin-off Date or, if not so set forth, then as set forth on Exhibit C. If an amended return is filed or there is any change by Final Determination to an operating loss or loss or credit carryover or similar attribute of WCG (or items giving rise to such operating loss or loss or credit carryover or similar attribute of WCG) for the taxable year 1999, Williams shall first allocate such changes in the operating loss or loss or credit carryover or similar attribute of WCG (and/or reallocate any previously allocated operating loss or loss or credit carryover or similar attribute of WCG that is affected by a change in items giving rise to such operating loss or loss or credit carryover or similar attribute of WCG) to periods before and after the IPO Date, and (if such attribute is allocated to a date after the IPO Date) between Williams and WCG pursuant to the following method: (i) if the item (that caused the adjustment) has been previously allocated between Williams and WCG on the TWC Group consolidated 1999 Federal income tax return or on Exhibit C, the change to such item shall be allocated in the same manner such item was allocated on the latest (regular or amended) TWC Group consolidated 1999 Federal income tax return, or if such item has not been allocated on such return, in the same manner such item was allocated on Exhibit C; (ii) if (i) does not apply, (a) for allocations of items to periods before and after the IPO Date, to the extent that such item clearly relates to periods prior to the IPO Date, the change to such item shall be allocated to the period prior to the IPO Date, and to the extent that such item clearly relates to periods after the

IPO Date, the change to such item shall be allocated to the period after the IPO Date and (b) for allocations of items between Williams and WCG, to the extent that the item clearly relates the income, assets or operations of Williams, the change to such item shall be allocated to Williams, and to the extent that the item clearly relates the income, assets or operations of WCG, the change to such item shall be allocated to WCG; (iii) if neither (i) nor (ii) apply, then such item shall be allocated pro-rata according to the most relevant measure for such item, unless Williams and WCG otherwise agree that another allocation method would be more equitable.

"Private Letter Ruling" means the private letter ruling regarding the Spin-off issued by the IRS on August 2, 2000 and the supplemental private letter ruling regarding the Spin-off issued by the IRS on March 27, 2001 (and any additional supplemental rulings), including the private letter ruling request regarding the Spin-off filed with the IRS on February 4, 2000 and the subsequent written submissions made to the IRS in connection with such private letter ruling request (or any supplemental requests).

"Refund Date" means the earliest date on which at least one of the following occurs with respect to a person: (i) a transfer of money by the IRS (or appropriate state, local or foreign taxing authority) to (or for the account of) such person; (ii) an offset by the IRS (or appropriate state, local or foreign taxing authority) against another payment owed by such person; or (iii) the netting by the IRS (or appropriate state, local or foreign taxing authority) against another Tax item of such person if such Tax item could result in a payment, an assessment, or an increase in Tax for such person.

"Spin-off Date" means the date that the Spin-off occurs.

"Stock" means common or preferred stock or any instrument that might reasonably be treated as common or preferred stock for federal income tax purposes; provided, however, for purposes of Section 5.03(b) only, the term Stock shall not include stock in Williams or Communications acquired by an employee or director of Williams or Communications (or a person related to Williams or Communications under Section 355(d)(7)(A) of the Code) in connection with the performance of services as an employee or director for the corporation or a person related to it under Section 355(d)(7)(A) of the Code (and that is not excessive by reference to the services performed) in a transaction in which Section 83 of the Code applies.

"Stock Options" means call options, warrants, convertible obligations, the conversion feature of convertible stock, put options, redemption agreements (including rights to cause the redemption of stock), any other instruments that provide for the right or possibility to issue, redeem, or transfer stock (including an option on an option), or any other similar interest treated as an option; provided, however, the term Stock Options only includes instruments that provide for the right or possibility to issue, redeem or transfer stock and does not include for purposes of Section 5.03(b) only: (i) an option that is part of a security arrangement in a typical lending transaction (including a purchase money loan), if the arrangement is subject to customary commercial conditions; (ii) an option to acquire stock in Communications or Williams with customary terms and conditions provided to an employee or director of Communications, Williams, or a person related to Communications or Williams in connection with the performance of services for the corporation or a person related to it (and is not excessive by

reference to the services performed) and that immediately after the Spin-off and 6 months thereafter (a) is nontransferable within the meaning of Treasury Regulation Section 1.83-3(d) and (b) does not have a readily ascertainable fair market value as defined in Treasury Regulation Section 1.83-7(b); and (iii) an option entered into between shareholders of a corporation (or a shareholder and the corporation) that is exercisable only upon death, disability or mental incompetency of the shareholder, or, in the case of stock acquired in connection with the performance of services for a corporation, or a person related to the corporation, the shareholder's separation from service.

"Taxable Period" means, with respect to any period for which a consolidated Federal income tax return is filed on behalf of the TWC Group that includes Communications, the period (i) beginning on the IPO Date and ending on December 31, 1999; (ii) thereafter, for each annual period ending on December 31 of each year (for all annual periods that precede the calendar year in which the Spin-off occurs); and (iii) beginning on January 1 of the calendar year in which the Spin-off occurs and ending on the Spin-off Date.

"Taxes" means all taxes, assessments, charges, duties, fees, levies or other 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 or of a contractual obligation to indemnify any person or other entity.

"TWC Group" means Williams and other corporations (whether existing or hereafter formed or acquired) that at the time would be entitled or required to join with Williams in filing a consolidated Federal income tax return.

"WCG" means the group of corporations consisting of Communications and all members of the TWC Group owned, directly or indirectly and in whole or in part, by Communications (but shall not include Williams or any other corporation in the TWC Group in which a member of the WCG does not directly own a 5% interest).

"WCG Loss Carryover" means the TWC Group consolidated loss (or other similar attribute) attributable to Communications or such other member of WCG, if any (as determined by Williams and Communications in accordance with any permitted method under the consolidated return provisions of the Code and Treasury Regulations thereunder) that becomes an attribute of Communications or such other member of WCG after the Spin-off pursuant to Section 2.01(c).

"WCG Credit Carryover" means the TWC Group consolidated credit carryovers (or other similar attribute) attributable to Communications or such other member of WCG, if any (as

determined by Williams and Communications in accordance with any permitted method under the consolidated return provisions of the Code and Treasury Regulations thereunder) that becomes an attribute of Communications or such other member of WCG after the Spin-off pursuant to Section 2.01(c).

ARTICLE II

PAYMENTS

Section 2.01 Redeterminations of Pre-Spin-off Date Tax Liability.

(a) In the event of any Final Determination with respect a Post-IPO/ Pre-Spin-off WCG Attribute (whether or not such Final Determination occurs prior to or after the Spin-off or whether such Final Determination is a result of an audit adjustment, amended return or otherwise):

(1) Communications shall pay to Williams the sum of (i) the net reduction in any Federal income tax credits (except for credits resulting from the payment of the alternative minimum tax), to the extent the reduction in such credits does not reduce the WCG Credit Carryover, (ii) 35% of the net reduction in any Federal income tax deduction, net operating loss or other loss, to the extent the reduction in such deduction or loss does not reduce the WCG Carryover Loss and (iii) 35% of the net increase in an item of income or gain, to the extent the increase in such item of income or gain does not reduce any Federal income tax deduction, net operating loss or other loss described in (ii) or reduce the WCG Carryover Loss), that (in the case of (i), (ii) or (iii)) results from the adjustment of such Post-IPO / Pre-Spin-off Date WCG Attribute. Such payment shall be made on or before the later of: (a) the date of the Final Determination for such adjustment and (b) the Payment Date for such adjustment; and

(2) Williams shall pay to Communications the sum of: (i) the net increase in any Federal income tax credits (except for credits resulting from the payment of the alternative minimum tax), to the extent the increase in such credits does not increase the WCG Credit Carryover; (ii) 35% of the net increase in any Federal income tax deduction, net operating loss or other loss, to the extent the increase in such deduction or loss does not increase the WCG Carryover Loss; and (iii) 35% of the net decrease in an item of income or gain, to the extent the decrease in such item of income or gain does not increase any Federal income tax deduction, net operating loss or other loss described in (ii) or increase the WCG Carryover Loss, that (in the case of (i), (ii) or (iii)) results from the adjustment of such Post-IPO / Pre-Spin-off Date WCG Attribute. Such payment shall be made on or before the later of: (a) the date of the Final Determination for such adjustment and (b) the Refund Date for such adjustment.

(b) Williams and Communications have settled all payments with respect to Taxes for all periods prior to the IPO Date and no payments shall be required to be made by Williams to Communications or Communications to Williams with respect to Taxes (including, without limitation, an adjustment to any Pre-IPO Date WCG Attribute) for any periods prior to the IPO Date.

(c) Ceasing to Be a Member of the TWC Group. Communications will cease to be a member of the TWC Group at the close of the Spin-off Date. Williams and Communications shall work together in good faith to allocate the income, gain, loss, deduction and expense of WCG for the taxable year in which such deconsolidation occurs between the pre-deconsolidation period of such taxable year and the post-deconsolidation period of such taxable year generally in accordance with the closing of the books method, but using a ratable allocation for the items arising in the month the Spin-off occurs (as set forth in Treasury Regulations Section 1.1502-76(b)(2)(iii)) if the Spin-off does not occur on the last day of a calendar month. Neither Williams nor WCG shall take any position on a Tax return that is inconsistent with these allocations. The TWC Group consolidated loss or credit carryovers (or other similar attributes) existing at the close of the 2001 taxable year that are attributable to Communications or such other member of WCG, if any (as determined by Williams and Communications in accordance with any permitted method under the consolidated return provisions of the Code and Treasury Regulations thereunder), shall constitute attributes of Communications or such other member of WCG.

No amounts shall be due to Communications in the event that Communications realizes in any taxable year (beginning after the deconsolidation) a loss, credit or other attribute that would be permitted under applicable Federal income tax law to be carried back to one or more Taxable Periods that precede such taxable year. Communications shall be entitled after the Spin-off Date to make any election permitted by Section 172(b)(3) of the Code.

Section 2.02 Form of Payment. Unless otherwise agreed upon by the parties, any payment required to be made by a party pursuant to this Article II shall be made by wire transfer of immediately available funds.

Section 2.03 General. The parties agree to treat any payment provided for under this Agreement (except for a payment of interest or state income or franchise taxes, to the extent the payor is entitled to a deduction for such payment of interest or state income or franchise taxes) as a distribution by Communications to Williams or a capital contribution by Williams to Communications, as the case may be, in each case as if it had occurred prior to the Spin-off Date.

Section 2.04 Interest.

(a) Interest on Late Payments under this Agreement. There shall be added to any payment required to be made by Communications or Williams under this Agreement (a "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 date such Required Payment is required to be paid pursuant to this Agreement (the "Required Payment Date") and ending on the date of receipt of the Required Payment (plus any accrued interest relating to such Required Payment under this Section 2.04(a)) by Williams or Communications, as the case may be; provided, however, the interest rate that shall be used in this Section 2.04(a) 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).

(b) Interest arising prior to a Required Payment Date. There shall be added to any payment required to be made by Communications under this Agreement for which the Required Payment Date is after December 31, 2005, interest at the underpayment rate set forth in Section 6621(a)(2) of the Code (compounded daily) for the period beginning on (and including) January 1, 2006 and ending on the earlier of: (i) the date such payment is actually made by Communications and (ii) the Required Payment Date, to the extent that such payment relates to an adjustment for which the IRS is charging or has charged Williams interest or for which Williams paid money to the IRS (or offset or netted another deficiency or tax item with the IRS) to satisfy all or a portion of the deficiency (or to otherwise prevent the IRS from charging interest); provided, however, the interest rate that shall be used in this Section 2.04(b) 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 such payment relates to an adjustment for which the IRS has imposed interest at the large corporate underpayment rate set forth in Section 6621(c). All payments of interest set forth in this section (b) shall be paid at the same time the payment giving rise to such interest is due under this Agreement.

ARTICLE III

TAX MATTERS; COOPERATION; INDEMNIFICATION

Section 3.01 Williams as Agent.

(a) General rule. Communications hereby irrevocably appoints Williams as its agent, and (subject to Section 2.01(c) (regarding allocation of tax items for the taxable year in which the Spin-off occurs)) Communications hereby agrees that Williams shall have sole and absolute authority, for the purposes of preparing and filing consolidated Federal income tax returns for the TWC Group (including, without limitation, preparing and filing estimated tax returns, amended tax returns and claims for refund, determining tax return positions, selecting methods of accounting and making elections). Communications agrees that Williams (acting reasonably and with an obligation to consider suggestions by Communications) shall: (i) (A) represent any member of WCG that is a member of the TWC Group with respect to any consolidated Federal income tax audit or consolidated Federal income tax controversy (including, without limitation, any proceeding with the IRS and any judicial proceedings, whether any such proceedings relate to a claim for additional taxes or a claim for refund of taxes), (B) settle or compromise any claim for additional, or any claim for refund of, Federal income taxes of any member of WCG that is a member of the TWC Group, and (C) direct all communications between the IRS and any employee of a member of WCG that is a member of the TWC Group with respect to any issue that could affect an item reflected on the consolidated Federal income tax return of the TWC Group; (ii) engage outside counsel, accountants and other experts with respect to Federal income tax matters relating to any member of WCG that is a member of the TWC Group; and (iii) take any other action in connection with Federal income tax matters relating to any member of WCG that is a member of the TWC Group (or relating to any other member of the TWC Group) as Williams determines to be necessary or appropriate. Communications agrees that no employee of WCG or any of its member companies will provide any information (whether written or oral)

to the IRS that could affect an item reflected on the consolidated Federal income tax return of the TWC Group, except at the direction of Williams.

(b) Exceptions for certain matters affecting Communications.

Notwithstanding (a), the following exceptions shall apply to the general rule set forth in (a) if there is an audit or any proposed adjustment that could affect the amount that Communications owes pursuant to this Agreement (a "Communications Tax Matter"):

(i) Williams shall promptly give Communications notice of the commencement of a Communications Tax Matter, and Williams shall inform Communications of the status of, and any material discussion or provision of material information by Williams with respect to, a Communications Tax Matter. In addition, Communications shall have the right to provide documentation to an IRS agent and present an argument to an IRS agent supporting a position that is consistent with the positions taken by Williams with respect to such audit; provided, however, that Williams shall have full rights to control the audit and all presentations to an IRS agent and to be present during any presentation by Communications to the IRS.

(ii) Williams shall inform Communications of any formal conference with Appeals regarding a Communications Tax Matter. To the extent feasible, Williams shall provide copies to Communications of any written submissions to Appeals that contain discussions of a Communications Tax Matter a reasonable period prior to the submission of such written materials, and, to the extent feasible, Williams agrees to consult with Communications in good faith regarding the legal arguments raised in such submissions. Communications does not have the right to be present or represented at appeals conferences, but Williams, at Communications' request, will discuss with Communications what transpired at an appeals conference regarding a Communications Tax Matter.

(iii) Williams shall not enter into a settlement regarding a Communications Tax Matter without the consent of Communications, such consent not to be unreasonably withheld or delayed.

(iv) If (a) Communications furnishes to Williams an opinion of nationally recognized tax counsel that it is more likely than not that the IRS's position regarding a Communications Tax Matter will not be sustained by a court, and (b) Communications shall have acknowledged in writing its obligation to indemnify Williams in the event the litigation is unsuccessful, Communications can compel Williams to litigate a position, using counsel acceptable to both Communications and Williams, at Communications' expense. With respect to any Communications Tax Matter that cannot be litigated or separated from any other matter, Williams shall have the right to use its own counsel and such counsel shall control the litigation (including making legal and strategic decisions and making arguments in court), but Williams shall consider in good faith suggestions and concerns raised by Communications' counsel regarding the Communications Tax Matter, and, if reasonably feasible, Williams shall permit Communications' counsel to control the legal arguments with respect to the Communications Tax Matter.

(v) The failure by Williams to comply with any of the provisions of this Section 3.01(b) shall only preclude Williams from recovering any amounts under this Agreement to the extent that such failure prejudiced Communications' ability to provide legal or factual information that likely would have reduced Communications' obligations pursuant to this Agreement.

Section 3.02 Cooperation. Communications shall cooperate with Williams, and Williams shall cooperate with Communications, regarding the application of all aspects of this Agreement (including, without limitation, the proper and timely preparation and filing of any tax return to which this Agreement applies, the calculation of basis or determination of any payment provided for under this Agreement and the conduct of any tax audit or tax controversy to which this Agreement applies) (i) by maintaining such books, records, accounting data and other information in its possession necessary for the preparation and filing of all consolidated Federal income tax returns of the TWC Group for 10 years and by not disposing of any such books, records, accounting data and other information after such 10-year period without first providing Williams or Communications, as the case may be, with a 90-day opportunity to obtain such books, records, accounting data and other information; (ii) by providing such other information as requested by Williams or Communications, as the case may be, (iii) by executing such documents and (iv) by taking any such other action (including, without limitation, making any officers, directors, employees and agents available to Williams or Communications, as the case may be), in each such case as Williams or Communications, as the case may be, may request from time to time. Communications or Williams, as the case may be, shall secure the covenant of any acquirer of any member of WCG or Williams, as the case may be, to comply with this Section 3.02 for the benefit of Williams and Williams's successors and assigns or for the benefit of Communications or Communications's successor and assigns, as the case may be. For purposes of this section 3.02, in addition to Communications's obligations pursuant to this section, Communications shall cause WCG to comply with each obligation pursuant to this section, and in addition to Williams's obligations pursuant to this section, Williams shall cause all non-WCG members of the TWC Group to comply with each obligation pursuant to this section.

Section 3.03 Indemnification.

(a) Failure to pay. Communications hereby indemnifies and holds harmless Williams and the other non-WCG members of the TWC Group against any interest, penalties, additions to tax, expenses, losses, claims, damages or liabilities for any failure to file, properly or timely, any tax return to which this Agreement applies to the extent that Communications has failed to timely make all of the payments required under this Agreement. Williams hereby indemnifies and holds harmless Communications and the other WCG members of the TWC Group against any interest, penalties, additions to tax, expenses, losses, claims, damages or liabilities for any failure to file, properly or timely, any tax return to which this Agreement applies to the extent that Williams has failed to timely make all of the payments required under this Agreement.

(b) Failure to cooperate or provide information. Communications shall indemnify Williams for all expenses, losses, claims, damages or liabilities (including without limitation, any interest and penalties) caused by the failure of any member of WCG to comply with Section 3.02

(which shall include, without limitation, the failure of any member of WCG to provide accurate or complete information or to take proper tax reporting positions). Williams shall indemnify Communications for all expenses, losses, claims, damages or liabilities (including without limitation, any interest and penalties) caused by the failure of Williams to comply with Section 3.02 (which shall include, without limitation, the failure of any non-WCG members of the TWC Group to provide accurate or complete information or to take proper tax reporting positions).

(c) Federal income tax liabilities of TWC Group. Williams will indemnify Communications and the other members of WCG for the Federal income tax liabilities of the TWC Group for all Taxable Periods except to the extent that such liability relates to an adjustment to a Post-IPO / Pre-Spin-off WCG Attribute for which Communications has not paid Williams as set forth in pursuant to Section 2.01(a)(1).

Section 3.04 Tax Benefits.

Any payment to be made by one party (the "Payor") to the other party (the "Payee") pursuant to this Agreement (an "Indemnity Payment") shall be reduced by any Tax Savings Actually Realized by the Payee on or prior to the date such payment is due; provided, however, that if there are any Tax Savings Actually Realized by the Payee after the Payor has already made one or more payments to the Payee pursuant to this Agreement ("Prior Payor Payments"), the Payee shall first pay to the Payor the amount of the Tax Savings Actually Realized (up to the amount of the Prior Payor Payments) no later than the date such Tax Savings are Actually Realized, and any excess of the Tax Savings Actually Realized over the Prior Payor Payments shall be applied to reduce any future payments to be made by the Payor to the Payee pursuant to this Agreement.

For purposes of this Agreement, a "Tax Benefit" means the increase in deductions, losses or tax credits or decrease in the income, gains or recapture of tax credits which the Payee determines in its reasonable discretion that it could have reported or taken into account (including by way of any increase in basis) due to a transaction or event (including, but not limited to, a Final Determination) that triggers an Indemnity Payment. "Tax Savings Actually Realized" means, for a particular taxable period, the amount by which the Payee reasonably determines that a Tax Benefit has actually reduced the federal income tax that would have been due and payable for such taxable period but for the Tax Benefit.

ARTICLE IV

STATE, LOCAL, FOREIGN AND OTHER FEDERAL TAXES

4.01 Payments for changes in state, local, foreign and federal Taxes other than federal income taxes.

(a) If there is a Final Determination (attributable to a Taxable Period) that results in an adjustment to the Non-Federal Income Taxes reported on a Tax return that includes Williams or another non-WCG member of the TWC Group, on the one hand, and Communications or another member of the WCG, on the other hand (a "Cross-Group Return"), then all members of

WCG that are included in such Cross-Group Return shall: (i) determine the hypothetical Non-Federal Income Tax liability of such WCG members (for such Non-Federal Income Taxes for which there is an adjustment) as if such WCG members (as a group) had filed a Non-Federal Income Tax return without taking into account the adjustment (the "Non-Adjusted Separate Return Liability"); and (ii) determine the hypothetical Non-Federal Income Tax liability of such WCG members (for such Non-Federal Income Taxes for which there is an adjustment) if such WCG members (as a group) had filed a Non-Federal Income Tax return taking into account the adjustment (the "Adjusted Separate Return Liability"). For purposes of the hypothetical calculations in (i) and (ii), losses shall be considered a zero Tax liability.

(b) Williams shall pay to Communications the excess of the Non-Adjusted Separate Return Liability over the Adjusted Separate Return Liability on or before the later of: (a) the date of the Final Determination and (ii) the Payment Date related to such adjustment.

(c) Communications shall pay to Williams the excess of the Adjusted Separate Return Liability over the Non-Adjusted Separate Return Liability on or before the later of: (a) the date of the Final Determination and (ii) the Refund Date related to such adjustment.

4.02 Tax Matters for Non-Federal Income Taxes. All matters relating to any Non-Federal Income Taxes that are not otherwise addressed in this Agreement (including, without limitation, preparing and filing such tax returns, paying such Taxes and handling such tax audits or tax controversies) shall be the responsibility of the party that is the relevant taxpayer.

ARTICLE V

SPIN-OFF COVENANTS AND INDEMNITIES

Section 5.01 General Spin-off Covenant.

(a) Communications (and each member of WCG) agrees that it will not take any action or fail to take any action: (i) that would cause (in whole or in part) the Spin-off to fail to qualify as a tax-free distribution pursuant to Section 355 of the Code; or (ii) that is inconsistent with any factual statement or any representation made, or any conclusions set forth, in the Private Letter Ruling.

(b) Williams (and each non-WCG member of the TWC Group) agrees that it will not take any action or fail to take any action: (i) that would cause (in whole or in part) the Spin-off to fail to qualify as a tax-free distribution pursuant to Section 355 of the Code; or (ii) that is inconsistent with any factual statement or any representation made, or any conclusions set forth, in the Private Letter Ruling.

Section 5.02 General Spin-off Indemnity.

(a) Communications agrees to indemnify, defend and hold harmless Williams and Williams' affiliates (and any successors to the foregoing) on an after-tax basis for any Taxes, losses, claims and expenses (including, without limitation, losses, claims and expenses arising out of claims by Williams' shareholders against Williams and Williams' affiliates (and any

successors to the foregoing)) resulting from any action that WCG takes or fails to take that causes (in whole or in part) the Spin-off to fail to qualify as a tax-free distribution pursuant to Section 355 of the Code.

(b) Williams agrees to indemnify, defend and hold harmless Communications and Communications' affiliates (and any successors to the foregoing) on an after-tax basis for any Taxes, losses, claims and expenses (including, without limitation, losses, claims and expenses arising out of claims by Communications' shareholders against Communications and Communications' affiliates (and any successors to the foregoing)) resulting from any action that Williams takes or fails to take that causes (in whole or in part) the Spin-off to fail to qualify as a tax-free distribution pursuant to Section 355 of the Code.

Section 5.03 Section 355(e) Covenant.

(a) General. Williams and Communications each agree that it will not (i) issue, sell, transfer or assign (or enter into any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, transfer or assignment of) any of its Stock, Stock Options or Assets or (ii) take any action or fail to take any action that facilitates the direct or indirect sale, transfer or assignment of any of its Stock, Stock Options or Assets such that one or more persons acquire (or are treated as acquiring pursuant to Section 355(e) of the Code) directly or indirectly an amount of Stock in Williams or Communications, as the case may be, such that Section 355(e) of the Code would apply to the Spin-off.

(b) Reporting and Restrictions. (i) At quarterly intervals beginning on June 30, 2001 and at any other time reasonably requested by the party to receive such report, during the period commencing on the date of the Spin-off and ending 2 years after such date, Williams will provide to Communications and Communications will provide to Williams a report ("Report") listing for the period commencing two years before the date of the Spin-off and ending on the date of the Report any issuance, sale, transfer, or assignment (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, arrangement, or assignment) of the reporting corporation's: (x) Stock (to the extent such issuance, sale, transfer, or assignment has been documented in Schedules 13D or 13G filed with the Securities and Exchange Commission, and excluding any sale, transfer, or assignment of Stock between two shareholders neither of whom own (either directly or indirectly) five-percent or more of the Stock of the corporation whose Stock is transferred (treating all options as exercised), provided that the reporting corporation has not authorized such sale, transfer, or assignment); (y) Stock Options; and (z) Assets (excluding: (A) any sale, transfer, or assignment of Assets that is fully taxable to Williams or Communications; and (B) any other sale, transfer, or assignment of Assets that in the aggregate does not exceed 5 percent of the gross assets of the selling, transferring, or assigning corporation as reflected on such corporation's balance sheet during any 90 day period).

(ii) At any time during the quarterly period between Reports that the issuance, sale, transfer, or assignment (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, arrangement, or assignment) of the reporting corporation's Stock or Stock Options (other than those expressly excluded from Williams' and Communications' reporting obligations under this section 5.03(b)) exceeds 5 percent by vote or

value of the reporting corporation's outstanding Stock (treating Stock Options as exercised), or the issuance, sale, transfer, or assignment (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, arrangement, or assignment) of the reporting corporation's Assets (other than those expressly excluded from Williams' and Communications' reporting obligations under this section 5.03(b)) exceeds 5 percent of the gross assets of the selling, transferring, or assigning corporation as reflected on such corporation's balance sheet, a notice ("Notice") of such transaction must be given to the other party as soon as possible.

(iii) Williams' and Communications' obligations to issue Reports and Notices will be extended beyond the 2 year reporting period (not to exceed 5 years after the Spin-off) until the consummation of any agreement, understanding, arrangement or substantial negotiations for the issuance, sale, transfer or assignment of the reporting corporations' Stock, Stock Options or Assets that is reported during the 2 year period after the Spin-off.

(iv) If any issuance, sale, transfer or assignment (or agreement, understanding, arrangement or substantial negotiations) of the reporting corporation's Stock, Stock Options or Assets (other than those expressly excluded from Williams' and Communications' reporting obligations under this section 5.03(b)) is not to be reported, nationally recognized tax advisors retained by each of Williams and Communications must first concur to such exclusion. If such advisors disagree, such issuance, sale, transfer or assignment (or agreement, understanding, arrangement or substantial negotiations) will be reported. If, before the two-year anniversary of the Spin-off, the issuances, sales, transfers or assignments (or agreements, understandings, arrangements, or substantial negotiations) of the reporting corporation's Stock, Stock Options or Assets that are reported pursuant to this section 5.03(b), in the aggregate, would equal or exceed 48 percent (the "48 percent Threshold"), such company (or companies, if both have reached the 48 percent Threshold) shall not take any action or fail to take any action that would cause the 48 percent Threshold to be exceeded without obtaining a ruling from the IRS that such issuance, sale, transfer or assignment (or agreement, understanding, arrangement or substantial negotiations concerning the issuance, sale, transfer or assignment) will not cause Section 355(e) of the Code to apply to the Spin-off. Williams and Communications will not be required to report any issuance, sale, transfer, or assignment of Stock, Stock Options or Assets with respect to which the IRS has issued (i) a private letter ruling to Williams or Communications or (ii) other IRS guidance that can be relied upon by the reporting corporation under the Code, to the effect that the transaction is not to be taken into account in applying Section 355(e) of the Code. Communications and Williams shall cooperate in applying for a private letter ruling that will seek to minimize the potential restrictions imposed by Section 355(e) of the Code.

Section 5.04 Section 355(e) Indemnity Provisions.

(a) Communications agrees to indemnify, defend and hold harmless Williams and Williams' affiliates (and any successors to the foregoing) on an after-tax basis for any Taxes, losses, claims and expenses resulting from Section 355(e) of the Code applying to the Spin-off as a result of (in whole or in part) the direct or indirect acquisition (including a transfer of Assets treated as an acquisition pursuant to Section 355(e) of the Code) by one or more persons of any of the Stock or Stock Options of Communications.

(b) Williams agrees to indemnify, defend and hold harmless Communications and Communications' affiliates (and any successors to the foregoing) on an after-tax basis for any Taxes, losses, claims and expenses resulting from Section 355(e) of the Code applying to the Spin-off as a result of (in whole or in part) the direct or indirect acquisition (including a transfer of Assets treated as an acquisition pursuant to Section 355(e) of the Code) by one or more persons of any of the stock of Williams.

ARTICLE VI

MISCELLANEOUS

Section 6.01 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 or delayed.

Section 6.02 Expenses. Each party hereto will bear their own legal, accounting and other expenses incurred by such party in connection with the negotiation, preparation and execution of this Agreement and any other agreement prepared in connection with the Spin-off and with respect to actions taken pursuant to the operation of this Agreement and any other agreement executed in connection with the Spin-off (unless otherwise provided in such other agreement).

Section 6.03 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 6.04 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, communications, representations or warranties, whether oral or written, by any party or by any officer, employee or representative of any party.

Section 6.05 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 6.06 Code References. Any references to Sections of the Code shall be deemed to refer to any corresponding provisions of succeeding law as in effect from time to time.

Section 6.07 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
ATTENTION: JACK MCCARTHY

if addressed to Communications, at:

WILLIAMS COMMUNICATIONS GROUP, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: SCOTT SCHUBERT

Section 6.08 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 any rights or remedies under or by reason of this Agreement.

Section 6.09 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of law.

Section 6.10 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 6.11 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 6.12 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 the Amended and Restated Separation Agreement made by and between Williams and Communications dated concurrently herewith.

Section 6.13 Examples. Examples illustrating the operation of certain sections of this Agreement are set forth in Exhibit A attached hereto.

The parties hereto have caused this Agreement to be duly executed as of the date first written above.

THE WILLIAMS COMPANIES, INC.

[STAMP]

BY: /s/ JACK D. MCCARTHY

ITS: Senior Vice President

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ HOWARD S. KALIKA

ITS: Vice President

AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

THIS AMENDED AND RESTATED INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into this 23rd day of April, 2001 ("Effective Date"), by and between The Williams Companies, Inc., a Delaware corporation ("Williams"), and Williams Communications Group, Inc., a Delaware corporation ("Communications"). The parties to this Agreement are collectively referred to as the "Parties", and singularly as a "Party".

WITNESSETH:

WHEREAS, the Parties entered into an Indemnification Agreement dated September 1, 1999, in conjunction with the initial public offering of Communications (the "Prior Agreement"), and

WHEREAS, Williams plans to spin-off a portion of the issued and outstanding Communications Class A Common Stock, held by Williams to the shareholders of Williams (the "Spin-Off"), and

WHEREAS, the Parties desire to amend and restate the Prior Agreement with respect to the Spin-Off,

NOW, THEREFORE, the parties hereto agree, intending to be legally bound, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITIONS. As used in this Agreement, in addition to the terms defined in the Preamble and Recitals hereof, the following terms shall have the following meanings, applicable to both the singular and plural forms of the terms described:

"1933 ACT" means the Securities Act of 1933, as amended, or any similar federal law then in force, and the rules and regulations promulgated thereunder.

"1934 ACT" means the Securities Exchange Act of 1934, as amended, or any similar federal law then in force, and the rules and regulations promulgated thereunder.

"ACTION" means any action, claim (whether or not filed), suit, arbitration, inquiry, demand proceeding or investigation.

"BUSINESS DAY" means any calendar day which is not a Saturday, Sunday or public holiday under the laws of the State of New York.

"COMMON STOCK" means the Class A common stock, par value \$.01 per share of Communications.

"COMMUNICATIONS GROUP" means Communications and its direct and indirect subsidiaries.

"COMMUNICATIONS LIABILITIES" means all Liabilities (other than Liabilities for Taxes that are allocated pursuant to the Tax Sharing Agreement) to the extent relating to, resulting from or arising out of the businesses or operations conducted or formerly conducted or assets owned or formerly owned by any member of the Communications Group.

"COMMUNICATIONS SECURITIES LIABILITIES" means any Liability under the 1933 Act, the 1934 Act, or any other federal or state securities law or regulation resulting from or arising out of the Communications Securities Offerings or the Spin-Off, including, without limitation, any such Liability arising out of or based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or in any Prospectus; or (ii) the omission or alleged omission to state in a Registration Statement or Prospectus a material fact required to be stated therein or necessary to make the statements made therein not misleading; but only to the extent that such Liability arises out of or is based upon any such untrue statement or alleged untrue statement or any such omission or alleged omission concerning the businesses and operations of any member of the Communications Group.

"COMMUNICATIONS SECURITIES OFFERINGS" means any private or public offerings of securities made by Communications on or prior to the Effective Date.

"CREDIT ENHANCEMENT FEE" means, with respect to each fiscal quarter for which such fee is payable, an amount equal to 1.50% per annum multiplied by the full amount of the obligations and liabilities of Communications and its direct and indirect subsidiaries outstanding during such quarter to the extent guaranteed or secured by Williams Guarantees.

"ENVIRONMENTAL LAW" means any statute, law, regulation and rule in effect before, on or after the date of this Agreement that has as its principal purpose the protection of the environment.

"INDEMNIFIABLE LOSSES" shall have the meaning ascribed to it in Section 2.01.

"INDEMNIFYING PARTY" shall have the meaning ascribed to it in Section 4.01(a).

"INDEMNITEE" shall have the meaning ascribed to it in Section 4.01(a).

"INDEMNITY PAYMENT" shall have the meaning ascribed to it in Section 4.01(a).

"INSURANCE PROCEEDS" means those monies: (a) received by an insured from an insurance carrier, or (b) paid by an insurance carrier on behalf of the insured in the case of (a) or (b), net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses (including allocated costs of in-house counsel and other personnel) incurred in collection thereof.

"LIABILITIES" means all liabilities and obligations of a party, actual or contingent, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever and however arising, including all costs and expenses (including reasonable fees and disbursements of counsel) relating thereto, and including, without limitation, liabilities and obligations arising in connection with (i) any actual or threatened claim, action, suit or proceeding by or before any court or regulatory or administrative agency or commission or any arbitration panel, and (ii) any violation of any Environmental Law.

"PROSPECTUS" means any prospectus or offering memorandum relating to any Communications Securities Offerings or Williams Securities Offerings, as applicable, and any amendment or supplement thereto.

"REGISTRATION RIGHTS AGREEMENT" means that certain Registration Rights Agreement by and between Williams and Communications dated September 1, 1999.

"REGISTRATION STATEMENT" means any Registration Statement filed with the SEC in connection with any Communications Securities Offerings or Williams Securities Offerings, as applicable, and any amendment or supplement thereto.

"SEC" means the Securities and Exchange Commission.

"SHAREHOLDER AGREEMENT" means that certain Shareholder Agreement by and between Williams and Communications dated as of the date hereof.

"TAX ASSESSMENT" shall have the meaning ascribed to it in Section 12.01(a).

"TAX SHARING AGREEMENT" means (i) that certain Tax Sharing Agreement between Williams and Communications dated September 30, 1999 as amended and restated concurrently herewith.

"TAXES" shall have the same meaning as defined in the Tax Sharing Agreement.

"THIRD-PARTY CLAIM" shall have the meaning ascribed to it in Section 5.01(a).

"UNDERWRITING AGREEMENTS" means any underwriting agreement or purchase agreement associated with any Communications Securities Offerings or Williams Securities Offerings, as applicable, and any amendment or supplement thereto.

"WCG FREE CASH FLOW" means the first quarter during which Communications has any Excess Cash Flow, as such term is defined in that certain Amended and Restated Credit Agreement dated as of April 24, 2001 among Williams Communications, LLC (formerly known as Williams Communications, Inc.), Communications, the Lenders party thereto, Bank of America, N.A., as Administrative Agent and The Chase Manhattan Bank, as Syndication Agent.

"WILLIAMS GROUP" means Williams and each of its direct and indirect subsidiaries other than members of the Communications Group.

"WILLIAMS GUARANTEE" means any guarantee, surety or performance bond, letter of credit or other contractual arrangement in effect on or after the Effective Date pursuant to which any member of the Williams Group has guaranteed or secured, or caused a third party to guarantee or secure, any liability or obligation of Communications and its direct and indirect subsidiaries, including but not limited to any of the guarantees listed on Exhibit A attached hereto and made a part hereof.

"WILLIAMS LIABILITIES" means all Liabilities (other than any Liabilities for taxes which are allocated pursuant to the Tax Sharing Agreement) to the extent relating to, resulting from or arising out of the business or operations conducted formerly conducted or assets now or previously owned or operated by any member of the Williams Group or any predecessor, in whole or in part, of any such entity.

"WILLIAMS SECURITIES LIABILITIES" means any Liability under the 1933 Act, the 1934 Act or any other federal or state securities law or regulation resulting from or arising out of either any Williams Securities Offerings or the Spin-Off, including, without limitation, any such Liability arising out of or based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or in any Prospectus; or (ii) the omission or alleged omission to state in a Registration Statement or Prospectus a material fact required to be stated therein or necessary to make the statements made therein not misleading; but only to the extent that such Liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission concerning the business and operations of any member of the Williams Group.

"WILLIAMS SECURITIES OFFERINGS" means any private or public offerings of securities made by Williams on or prior to the Effective Date.

SECTION 1.02. INTERNAL REFERENCES. Unless the context indicates otherwise, references to Articles, Sections and Paragraphs shall refer to the corresponding Articles, Sections and Paragraphs in this Agreement, and references to the parties shall mean the parties to this Agreement.

ARTICLE II

INDEMNIFICATION BY COMMUNICATIONS

SECTION 2.01. INDEMNIFICATION BY COMMUNICATIONS. (a) Communications shall indemnify, defend and hold harmless the Williams Group and the respective past, present and future directors, officers, partners, employees, agents and representatives thereof (regardless in each case of whether any such person serves in one or more similar capacities for Communications) from and against any and all losses, claims, damages, liabilities, demands, suits and actions, including all reasonable attorneys' fees and disbursements and other costs and expenses incurred in connection therewith (collectively, "Indemnifiable Losses"), relating to, resulting from or arising out of: (i) any Communications Liabilities; (ii) any Communications Securities Liabilities; or (iii) any misrepresentation or breach by any member

of the Communications Group of any covenant of any member of the Communications Group or any failure by any member of the Communications Group to satisfy any condition required to be satisfied by any member of the Communications Group or any liability of any member of the Communications Group for Taxes as set forth in the Tax Sharing Agreement, to be owing by any member of the Communications Group for which any member of the Williams Group may have a secondary liability, in each case contained in this Agreement, the Underwriting Agreements or any other agreement executed by any member of the Communications Group in connection with any Communications Securities Offerings or the Spin-Off, including, without limitation, the Registration Rights Agreement, the Shareholders Agreement, and the Tax Sharing Agreement, and in addition to and notwithstanding any other indemnification between the parties hereto as provided in any such agreement, except to the extent that such misrepresentation, breach or failure was caused by or resulted from any statement, act or omission within the exclusive knowledge or control of any member of the Williams Group.

(b) Except as specifically set forth in this Agreement, Williams Group waives any rights and claims Williams Group may have against any member of Communications Group, whether in law or in equity, relating to the business of Williams Group or the transactions contemplated hereby. The rights and claims waived by Williams Group include, without limitation, claims for contribution or other rights of recovery arising out of or relating to any Environmental Law, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty. This Agreement will provide the exclusive remedy for any misrepresentation, breach of warranty, covenant or other agreement or other claim arising out of this Agreement or the transactions contemplated hereby.

ARTICLE III

INDEMNIFICATION BY WILLIAMS

SECTION 3.01. INDEMNIFICATION BY WILLIAMS. (a) Williams shall indemnify, defend and hold harmless the Communications Group and the respective past, present and future directors, officers, employees, partners, agents and representatives thereof (regardless in each case of whether any such person serves in one or more similar capacities for any member of the Williams Group) from and against any and all Indemnifiable Losses relating to, resulting from or arising out of: (i) any Williams Liabilities; (ii) any Williams Securities Liabilities; or (iii) any misrepresentation or breach by any member of the Williams Group of any covenant of any member of the Williams Group or any failure of any member of the Williams Group to satisfy any condition required to be satisfied by any member of the Williams Group or any liability of any member of the Williams Group for Taxes as set forth in the Tax Sharing Agreement, to be owing by any member of the Williams Group for which any member of the Communications Group may have a secondary liability, contained in this Agreement, the Underwriting Agreements, or any other agreement executed by any member of the Williams Group in connection with any Williams Securities Offerings or the Spin-Off, including, without limitation, the Registration Rights Agreement, the Shareholder Agreement, and the Tax Sharing Agreement, and in addition to and notwithstanding any other indemnification between the parties hereto as provided in any such agreement, except to the extent that such misrepresentation,

breach or failure was caused by or resulted from any statement, act or omission within the exclusive knowledge or control of any member of the Communications Group.

(b) Except as specifically set forth in this Agreement, Communications Group waives any rights and claims Communications Group may have against any member of Williams Group, whether in law or in equity, relating to the business of the Communications Group or the transactions contemplated hereby. The rights and claims waived by Communications Group include, without limitation, claims for contribution or other rights of recovery arising out of or relating to any Environmental Law, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty. This Agreement will provide the exclusive remedy for any misrepresentation, breach of warranty, covenant or other agreement or other claim arising out of this Agreement or the transactions contemplated hereby.

ARTICLE IV

INDEMNIFICATION OBLIGATIONS NET OF INSURANCE PROCEEDS AND OTHER AMOUNTS

SECTION 4.01. INDEMNIFICATION OBLIGATIONS NET OF INSURANCE PROCEEDS AND OTHER AMOUNTS. (a) The parties intend that any Liabilities subject to indemnification or reimbursement pursuant to Article II or Article III of this Agreement will be net of Insurance Proceeds that actually reduce the amount of the Liabilities. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds 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, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Insurance Proceeds that would have been due if the Insurance Proceeds recovery had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, or 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 they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Notwithstanding the foregoing, each member of the Williams Group and Communications Group shall be required to use commercially reasonable efforts to collect or recover any available Insurance Proceeds.

ARTICLE V

GUARANTEE

SECTION 5.01. GUARANTEE. Communications shall indemnify, defend and hold harmless each member of the Williams Group, and their respective directors, officers, employees, agents and representatives, from and against any Indemnifiable Losses relating to, resulting from, or arising out of any Williams Guarantee. Each member of the Williams Group shall not terminate unilaterally or withdraw any Williams Guarantee and shall abide by the terms of any such Williams Guarantee. Communications shall reimburse each member of the Williams Group for any direct fees (such as letter of credit maintenance fee) incurred by such member in connection with maintaining any Williams Guarantee.

SECTION 5.02. CREDIT SUPPORT FEE. Communications shall pay the Credit Enhancement Fee to Williams beginning upon the earlier of (i) the existence or incurrence of any Reimbursement Obligations, as such term is defined in that certain Participation Agreement among Williams, Communications, Williams Communications, LLC, WCG Note Trust, WCG Note Corp., Inc., Williams Share Trust, United States Trust Company of New York, and Wilmington Trust Company dated as of March 22, 2001, upon or after March 15, 2004, or (ii) the WCG Free Cash Flow, and continuing upon the first day of each quarter thereafter (e.g., January 1, April 1, July 1 and October 1) until all of the Williams Guarantees have been terminated and no member of the Williams Group has any continuing liabilities or obligations, contingent or otherwise, with respect thereto.

SECTION 5.03 CHANGE OF CONTROL. In the event of a Change of Control, as such term is defined in that certain Credit Agreement among Communications, Williams Communications, Inc., Bank of America, N.A. as administrative Agent, The Chase Manhattan Bank as syndication agent, and various other Banks dated September 8, 1999, as heretofore amended, Communications hereby agrees that no member of the Williams Group will have any continuing liabilities or obligations, contingent or otherwise, with respect to any of the Williams Guarantees, and Communications hereby agrees to use its reasonable best efforts to procure such waivers and releases as any member of the Williams Group may reasonably request as evidence of and/or to effectuate such termination of liability.

SECTION 5.04 REPORTING. Communications will provide Williams with financial reporting to the same extent Communications provides reports to the agents and/or lenders under its other debt instruments, including without limitation bank loans, for so long as any Williams Guarantees are outstanding.

ARTICLE VI

THIRD-PARTY CLAIMS

SECTION 6.01. THIRD-PARTY CLAIMS. (a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any action or proceeding by any person that is not a party to this Agreement or a subsidiary of any such party against such Indemnitee (a "Third-Party Claim"), the Indemnitee shall promptly provide written notice thereof (including a description of the Third-Party Claim and an estimate of any Indemnifiable Losses, which estimate shall not be conclusive as to the final amount of such Indemnifiable Losses) to the Indemnifying Party within twenty (20) Business Days after the Indemnitee's receipt of notice of

such Third-Party Claim. Any delay by the Indemnatee in providing such written notice shall not relieve the Indemnifying Party of any liability for indemnification hereunder except to the extent that the rights of the Indemnifying Party are materially prejudiced by such delay.

(b) The Indemnifying Party shall have the right to participate in or, by giving written notice to the Indemnatee, to assume the defense of any Third-Party Claim at such Indemnifying Party's expense and by such Indemnifying Party's own counsel (which shall be reasonably satisfactory to the Indemnatee), and the Indemnatee will cooperate in good faith in such defense. The Indemnifying Party shall not be liable for any legal expenses incurred by the Indemnatee after the Indemnatee has received notice of the Indemnifying Party's intent to assume the defense of a Third-Party Claim; provided, however, that if, under applicable standards of professional conduct a conflict on any significant issue between the Indemnifying Party and any Indemnified Party exists in respect of such Third-Party Claim, then the Indemnifying Party shall reimburse the Indemnified Party for the reasonable fees and expenses of one additional counsel (who shall be reasonably acceptable to the Indemnifying Party); provided, further, that if the Indemnifying Party fails to take steps reasonably necessary to diligently pursue the defense of such Third-Party Claim within twenty (20) Business Days of receipt of notice from the Indemnatee that such steps are not being taken, the Indemnatee may assume its own defense and the Indemnifying Party shall be liable for the reasonable costs thereof.

(c) The Indemnifying Party may settle any Third-Party Claim which it has elected to defend so long as the written consent of the Indemnatee to such settlement is first obtained (which consent shall not be unreasonably withheld). The Indemnatee shall not settle any Third-Party Claim without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).

(d) In the event that a Third-Party Claim involves a proceeding as to which both Williams and Communications may be Indemnifying Parties, the parties hereto agree to cooperate in good faith in a joint defense of such Third-Party Claim.

(e) In the event of payment by or on behalf of any Indemnifying Party to any Indemnatee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnatee as to any events or circumstances in respect of which such Indemnatee 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 Indemnatee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense (including allocated costs of in-house counsel and other personnel) of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

SECTION 6.02. NON THIRD-PARTY CLAIMS. In the event that an Indemnified Party should have a claim against the Indemnifying Party hereunder that does not involve a claim or demand being asserted against or sought to be collected from it by a third party, the Indemnified Party shall send a notice with respect to such claim to the Indemnifying Party. The Indemnifying Party shall have sixty (60) days from the date such notice is delivered during which to notify the Indemnified Party in writing of any good faith objections it has to the Indemnified Party's notice or claims for indemnification, setting forth in reasonable detail each of the Indemnifying Party's

objections thereto. If the Indemnifying Party does not deliver such written notice of objection within such sixty-day period, the Indemnifying Party shall be deemed to not have any objections to such claim. If the Indemnifying Party does deliver such written notice of objection within such sixty (60) day period, the Indemnifying Party and the Indemnified Party shall attempt in good faith to resolve any such dispute within sixty (60) days of the delivery by the Indemnifying Party of such written notice of objection. If the Indemnifying Party and the Indemnified Party are unable to resolve any such dispute within such sixty (60) day period, such dispute shall be resolved in accordance with the Dispute Resolution Procedures set forth in the Amended and Restated Separation Agreement of which this Agreement is an exhibit, and made a part hereof.

ARTICLE VII

CONTRIBUTION

SECTION 7.01. CONTRIBUTION. If the Indemnification provided for in this Agreement with respect to Communications Securities Liabilities or Williams Securities Liabilities is for any reason held by a court or other tribunal to be unavailable on policy grounds or otherwise, Williams and Communications shall contribute to any Indemnifiable Losses relating to, resulting from or arising out of the Communications Securities Liabilities or the Williams Securities Liabilities in such proportion as to reflect each party's relative fault in connection with such Indemnifiable Losses. The relative fault of the parties shall be determined by reference to, among other things, whether the conduct or information giving rise to the Indemnifiable Losses is attributable to Williams or Communications and each party's relative intent, knowledge, access to information and opportunity to prevent or correct the Indemnifiable Losses. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who is not guilty of fraudulent misrepresentation.

ARTICLE VIII

COOPERATION

SECTION 8.01. COOPERATION. So long as any books, records and files retained after the Effective Date by any member of the Williams Group, on the one hand, or any member of the Communications Group on the other hand, relating to the businesses, operations or assets of the other party and its subsidiaries (including any books, records and files retained by any member of the Communications Group relating to the conduct of its businesses or operations or the ownership of its assets prior to the Effective Date) remain in existence and are available, such other party shall have the right upon prior written notice to inspect and copy the same at any time during business hours for any proper purpose; provided that such right will not extend to any books, records or files the disclosure of which in accordance herewith would result in a waiver of the attorney-client, work-product or other privileges which permit non-disclosure of otherwise relevant material in litigation or other proceedings, or which are subject on the date hereof and at the time inspection is requested to a non-disclosure agreement with a third party and a waiver cannot reasonably be obtained. Williams and Communications agree that neither they nor any member of the Williams Group or the Communications Group, as the case may be, shall destroy

such books, records or files without reasonable notice to the other party or if such party receives within ten (10) Business Days of such notice any reasonable objection from the other party to such destruction. Except in the case of dispute between the parties hereto, each member of the Williams Group and each member of the Communications Group shall cooperate with one another in a timely manner in any administrative or judicial proceeding involving any matter affecting the actual or potential liability of either party hereunder. Such cooperation shall include, without limitation, making available to the other party during normal business hours all books, records and information, and officers and employees (without substantial disruption of operations or employment) necessary or useful in connection with any inquiry, audit, investigation or dispute, any litigation or any other matter requiring any such books, records, information, officers or employees for any reasonable business purpose. The party requesting or otherwise entitled to any books, records, information, officers or employees pursuant to this Article VIII shall bear all reasonable out-of-pocket costs and expenses (except for salaries, employee benefits and general overhead) incurred in connection with providing such books, records, information, officers or employees.

ARTICLE IX

EFFECTIVENESS

SECTION 9.01. EFFECTIVENESS. This Agreement is effective as of the Effective Date.

ARTICLE X

SUCCESSORS AND ASSIGNS

SECTION 10.01. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party hereto to any other person without the prior written consent of the other party hereto.

ARTICLE XI

NO THIRD-PARTY BENEFICIARIES

SECTION 11.01. NO THIRD-PARTY BENEFICIARIES. Except for the persons entitled to indemnification pursuant to Article II or Article III hereof, each of whom is an intended third-party beneficiary hereunder, nothing expressed or implied in this Agreement shall be construed to give any person or entity other than the parties hereto any legal or equitable rights hereunder.

ARTICLE XII

TAXATION OF PAYMENTS

SECTION 12.01. TAXATION OF PAYMENTS. (a) All sums payable by the Indemnifying Party to the Indemnified Party under this Agreement shall be paid free and clear of all deductions, withholdings, set-offs or counterclaims whatsoever save only as may be required by law. If any deductions or withholdings are required by law, the Indemnifying Party shall be obliged to pay to the Indemnified Party such sum as will, after such deduction or withholding has been made, leave the Indemnified Party with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding. If any authority imposes any Taxes on any sum paid to the Indemnified Party under this Agreement (a "Tax Assessment"), then the amount so payable shall be grossed up by such amount as will ensure that after payment of the Tax Assessment there shall be left a sum equal to the amount that would otherwise be payable under this Agreement.

(b) The Indemnified Party shall take any action and institute any proceedings, and give any information and assistance, as the Indemnifying Party may reasonably request, to dispute, resist, appeal, compromise, defend, remedy or mitigate any Tax Assessment, in each case on the basis that the Indemnifying Party shall indemnify the Indemnified Party for all reasonable costs incurred as a result of a request by the Indemnifying Party.

(c) The Indemnified Party shall not admit liability in respect of, or compromise or settle, a Tax Assessment without the prior written consent of the Indemnifying party (such consent not to be unreasonably withheld or delayed).

ARTICLE XIII

ADDITIONAL MATTERS

SECTION 13.01. SURVIVAL OF INDEMNITIES. The rights and obligations of each of Communications and Williams and their respective Indemnitees under Article II and Article III, respectively, of this Agreement shall survive the sale or other transfer by any party of any assets or businesses or the assignment by it of any Liabilities.

SECTION 13.02. REMEDIES CUMULATIVE. The remedies provided in this Agreement shall be cumulative and shall not, subject to the provisions of Section 13.04 below, preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

SECTION 13.03. LIMITATION ON LIABILITY. No Indemnifying Party shall be liable to an Indemnified Party under this Agreement in respect of consequential, exemplary, special or punitive damages, or lost profits, except to the extent such consequential, exemplary, special or punitive damages, or lost profits are actually paid to a third party.

SECTION 13.04. TAX MATTERS. As set forth in Sections 2.01(a) and 3.01(a), all indemnification relating to Taxes shall be governed by the Tax Sharing Agreement except as set forth in Section 12.01.

ARTICLE XIV

ENTIRE AGREEMENT

SECTION 14.01. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous agreement or understanding between the Parties regarding same including the Prior Agreement.

ARTICLE XV

AMENDMENT

SECTION 15.01. AMENDMENT. This Agreement may not be amended except by an instrument signed by the parties hereto.

ARTICLE XVI

REMEDIES AND WAIVERS

SECTION 16.01. REMEDIES AND WAIVERS. No waiver of any term shall be construed as a subsequent waiver of the same term, or a waiver of any other term, of this Agreement. The failure of any party to assert any of its rights hereunder will not constitute a waiver of any such rights. The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise thereof or the exercise of any right, power or remedy. Except as provided in this Agreement, the rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

ARTICLE XVII

SEVERABILITY

SECTION 17.01. SEVERABILITY. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, such provision shall be deemed severable and all other provisions of this Agreement shall nevertheless remain in full force and effect.

ARTICLE XVIII

HEADINGS

SECTION 18.01. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

ARTICLE XIX

NOTICES

SECTION 19.01. NOTICES. All notices given in connection with this Agreement shall be in writing. Service of such notices shall be deemed complete: (i) if hand delivered, on the date of delivery; (ii) if by mail, on the fourth Business Day following the day of deposit in the United States mail, by certified or registered mail, first-class postage prepaid; (iii) if sent by Federal Express or equivalent courier service, on the next Business Day; or (iv) if by telecopier, upon receipt by sender of confirmation of successful transmission. Such notices shall be addressed to the parties at the following address or at such other address for a party as shall be specified by like notice (except that notices of change of address shall be effective upon receipt):

If to Williams:

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172
Attention: General Counsel
Fax No.: 918/573-5942

If to Communications:

Williams Communications Group, Inc.
One Williams Center
Tulsa, Oklahoma 74172
Attention: General Counsel
Fax No.: 918/573-6024

ARTICLE XX

GOVERNING LAW

SECTION 20.01. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with, the laws of the State of Oklahoma, without giving effect to the principles of conflict of laws of such state or any other jurisdiction.

ARTICLE XXI

COUNTERPARTS

SECTION 21.01. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

THE WILLIAMS COMPANIES, INC.

BY: /s/ JACK D. MCCARTHY

NAME: Jack D. McCarthy

TITLE: Senior Vice President

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ BOB F. MCCOY

NAME: Bob F. McCoy

TITLE: Senior Vice President

SHAREHOLDER AGREEMENT

THIS SHAREHOLDER AGREEMENT (the "Agreement") is made and entered into as of April 23, 2001, by and between The Williams Companies, Inc., a Delaware corporation ("Williams") and Williams Communications Group, Inc., a Delaware corporation (the "Company").

On February 26, 2001, Williams transferred certain assets to the Company and in exchange for such assets, Williams received 24,265,892 shares of newly issued Common Stock (as defined below) and other consideration. Williams also owns 395,434,965 shares of Common Stock. Concurrently herewith, Williams is distributing 398,500,000 shares of Common Stock to its stockholders of record as of April 9, 2001 (the "Spin-Off"). Williams has committed to the Internal Revenue Service that Williams will dispose of all the remaining 21,200,857 shares of Common Stock that it holds as of the date of this Agreement (the "Retained Stock") as soon as market conditions allow, but in any event not longer than five years after the date of the Spin-Off.

The parties hereby agree as follows:

1. DEFINITIONS

"10% LIMIT" shall mean 10% of the total number of issued and outstanding shares of Common Stock calculated on a Fully-Diluted Basis after giving effect to any concurrent transaction and the issuance of shares of Common Stock to Williams.

"33 ACT" means the Securities Act of 1933, as amended, or any similar federal law then in force, and the rules and regulations promulgated thereunder.

"34 ACT" means the Securities Exchange Act of 1934, as amended, or any similar federal law then in force, and the rules and regulations promulgated thereunder.

"AFFILIATE" has the meaning ascribed to it in Rule 12b-2 under the 34 Act.

"BLUE SKY" means laws providing for the regulation and supervision of securities offerings and sales as in effect in various states of the United States.

"BOARD OF DIRECTORS" means the board of directors of the Company.

"BUSINESS DAY" means a day other than a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to remain closed in Tulsa, Oklahoma.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means all the common stock, \$.01 par value per share, of the Company.

"COMPANY CONTROL PERSON" shall have the meaning set forth in Section 8.02 to this Agreement.

"CONTROL PERSON" shall have the meaning set forth in Section 8.01 to this Agreement.

"DEMAND REGISTRATION" shall have the meaning set forth in Section 2.01 to this Agreement.

"DULY ENDORSED" means (i) duly endorsed in blank by the person or persons in whose name a stock certificate or certificate representing a debt security is registered or (ii) accompanied by a duly executed stock or security assignment separate from the certificate, in each case with the signature(s) thereon guaranteed by a commercial bank or trust company or a member of a national securities exchange or of the National Association of Securities Dealers, Inc.

"FULLY-DILUTED BASIS" means, with respect to any calculation of the outstanding amount of common equity of the Company, an amount equal to the total outstanding number of shares of Common Stock, calculated without duplication and assuming the conversion of all outstanding shares of convertible capital stock and securities of the Company and the exercise of all warrants, options and other rights (including, without limitation, employee stock options pursuant to any stock option plan of the Company (except that, with respect to such options and warrants, if any such options are finally determined to be less than 100% vested or if any such warrants are finally determined to be less than 100% exercisable, only those shares of Common Stock which may be exercised following such final determination shall be included in such calculation)) to purchase shares of Common Stock.

"HOLDER" means a holder of Registrable Securities. A person is deemed to be a Holder of Registrable Securities whenever such person owns Registrable Securities; provided, however, that unless the Company is otherwise notified by the Holder of a Registrable Security, the Holder of a Registrable Security shall be deemed to be that person set forth on the books and records of the Company or the registrar for such Registrable Securities.

"INSPECTORS" means collectively any Holder, any underwriter participating in any disposition pursuant to a Registration Statement and any attorney, accountant or other professional retained by any such Holder or underwriter.

"MAJORITY HOLDERS" means the holder or holders of a majority of the Registrable Securities to be registered under a Registration Statement.

"OTHER SELLING HOLDERS" means all persons and entities other than Williams who have been granted registration rights by the Company.

"PERSON" means an individual, a partnership, a corporation, a limited liability company, a limited liability partnership, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"RECORDS" means all financial and other records, pertinent corporate documents and properties of the Company.

"REGISTRABLE SECURITIES" means all shares of Retained Stock held at the relevant time by Williams or any affiliated transferee or assignee of Common Stock previously held by Williams (provided that pursuant to such transfer or assignment Williams has specifically assigned certain of its rights hereunder), and any other issued or issuable shares of Common Stock held by Williams at the relevant time, either at the time of initial issuance or subsequently, by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities will cease to be Registrable Securities (i) when they have been transferred in a public offering registered under the 33 Act or in a sale made through a broker, dealer or market-maker pursuant to Rule 144 under the 33 Act or (ii) when any Holder requests in writing that such Registrable Securities not be registered pursuant to the terms of this Agreement.

"REGISTRATION EXPENSES" means (i) registration and filing fees, (ii) fees and expenses of compliance with securities or Blue Sky laws (including reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Securities), (iii) printing, mailing and delivery expenses, (iv) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, (vi) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants of a comfort letter or comfort letters), (vii) the reasonable fees and disbursements of one counsel retained by or for the benefit of all of the holders of Registrable Securities (determined by the Selling Holders of such securities in any manner in which they collectively choose), (viii) the reasonable fees and expenses of any special experts retained by the Company in connection with such registration and (ix) the reasonable fees and expenses of any transfer agents and registrars of the Registrable Securities, as selected by the Company; provided, however, the Company shall not have any obligation to pay any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities, or, except as provided by clause (ii) above, any out-of-pocket expenses of the Holders (or the agents who manage their accounts) or the fees and disbursements of counsel for any underwriter.

"REGISTRATION STATEMENT" means a registration statement on Form S-3 or another appropriate form filed by the Company during the period that this Agreement is in effect.

"RIGHT OF FIRST OFFER NOTICE" shall have the meaning set forth in Section 7.04(a) to this Agreement.

"RULE 144" means Rule 144 issued under the 33 Act or other comparable provision that may be adopted by the Commission.

"RULE 145" means Rule 145 issued under the 33 Act or other comparable provision that may be adopted by the Commission.

"SELLING HOLDER" means, with respect to any Registration Statement, any Holder whose securities are included therein.

"SEPARATION AGREEMENT" shall have the meaning set forth in Section 9.09 to this Agreement.

"SUBSIDIARY" or "SUBSIDIARIES" of any Person means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person.

"THIRD PARTY" means, with respect to Williams or the Company, any Person other than Williams' or the Company's Affiliates, respectively; provided further, that the Transfer to any such Person is in compliance with all applicable federal, state and foreign securities laws.

"TRANSFER" means any direct or indirect sale, assignment, mortgage, transfer, pledge, gift, hypothecation or other disposition of or transfer of Common Stock.

"TRANSFER OFFER" shall have the meaning set forth in Section 7.04(a) to this Agreement.

"TRANSFER STOCK" shall have the meaning set forth in Section 7.04(a) to this Agreement.

"VOLUME-WEIGHTED AVERAGE TRADING PRICE" shall mean, for any day on which the New York Stock Exchange is open for trading, an amount equal to (a) the cumulative sum, for each trade of Common Stock (or other class or series of capital stock) during such trading day on the New York Stock Exchange (or, if such security is not listed on the New York Stock Exchange, such other principal exchange or over-the-counter market on which such security is listed), of the product of: (i) the sale price times (ii) the number of shares of Common Stock (or such other class or series of capital stock) sold at such price, divided by (b) the total number of shares of Common Stock (or such other class or series of capital stock) so traded during the trading day.

2. REGISTRATION RIGHTS

2.01 DEMAND REGISTRATION RIGHTS. Within ninety (90) days after the written notice of a Holder requesting registration, the Company shall file with the Commission a Registration Statement (a "Demand Registration") under the 33 Act covering all or part of then outstanding Registrable Securities, and shall use its reasonable efforts to cause the Registration Statement to become effective as soon as practicable; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.01: (i) if the Selling Holders propose to sell Registrable Securities and such other securities (if any) representing less than the larger of (x) 1,000,000 shares of the Company's Common Stock, or (y) \$50,000,000 of shares (determined using the Volume-Weighted Average Trading Price); or (ii) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the 33 Act other than a registration from which the Registrable Securities of Selling Holders have been excluded (with respect to all or any portion of the Registrable Securities the Selling Holders requested be included in such registration) pursuant to the provisions of Section 2.02.

(a) NUMBER OF DEMAND REGISTRATIONS. The Company shall be required to effect, pursuant to this Section 2.01, registrations with respect to Registrable Securities requested by Williams, so long as Williams beneficially owns in the aggregate at least three percent of the issued and outstanding shares of the Company's Common Stock Registrable Securities.

(b) PRIORITY ON DEMAND REGISTRATIONS. In the event that a Demand Registration is an underwritten offering, and the managing underwriters advise Williams in writing that in their opinion the number of Registrable Securities, the Company's securities, and any other securities requested to be included exceeds the number that can be sold in such offering without adversely affecting such underwriters' ability to effect an orderly distribution of such securities (including the price thereof), the Company will include in such registration: (i) first, the number of Registrable Securities requested to be included by Williams; (ii) second, the number of Registrable Securities requested to be included by any other Holder; (iii) third, if all the Registrable Securities requested to be included are included in such registration, the number of the Company's securities requested to be included that, in the opinion of such underwriters, can be sold; and (iv) fourth, if all Registrable Securities and the Company's securities requested to be included are included in such registration, any other securities requested to be included in such registration that, in the opinion of such underwriters, can be sold.

(c) DEFERRAL OF REGISTRATIONS. The Company may be allowed to defer filing of a Registration Statement: (A) if the president or general counsel of the Company reasonably determines in good faith that it is in the best interests of the Company not to disclose the existence of or facts surrounding any proposed or pending material developments; (B) if the underwriters have notified the

Company that market conditions are such as to recommend deferral; (C) pending the completion of year-end financial statements or quarterly earnings releases; or (D) if an offering by the Company of any securities is pending; provided, however, that any deferral pursuant to clauses (A)-(D) of this paragraph shall not in the aggregate be for more than 60 days.

2.02 PIGGYBACK REGISTRATIONS.

(a) RIGHT TO PIGGYBACK. Whenever the Company proposes to register any of its Common Stock (whether for its own account or the account of others) under the 33 Act (other than pursuant to a Demand Registration) and the registration form to be used is suitable for the registration of Registrable Securities (a "Piggyback registration"), the Company will give prompt written notice of the proposed registration to each Holder and, subject to the priority provisions of Section 2.02(b), will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 30 days after receipt of such notice, provided, however, that (i) the Company will not be required to effect a Piggyback Registration if it is registering securities in connection with an employee stock option plan, a merger, exchange offer or another transaction of the type specified in Rule 145 and (ii) the Company may withdraw any proposed Registration Statement or offering of securities under this Section at any time without liability to any Holder, in which case the Company will not be required to effect a registration, unless such Holder converts its request into a Demand Registration.

(b) PRIORITY ON PRIMARY REGISTRATIONS. In the event that a Piggyback Registration is in connection with an underwritten primary offering of the Company's securities and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number that can be sold in such offering without adversely affecting such underwriters' ability to effect an orderly distribution of such securities, the Company will include in such registration: (i) first, the Company's securities proposed to be sold by the Company; (ii) second, the number of Registrable Securities requested to be included that, in the opinion of such underwriters, can be sold, pro rata among the Holders of such securities on the basis of the amount of Registrable Securities then owned by each such Holder; and (iii) third, if all Registrable Securities requested to be included are included in such registration, any other securities requested to be included in such registration that, in the opinion of such underwriters, can be sold.

(c) PRIORITY ON OTHER REGISTRATIONS. In the event that a Piggyback Registration is in connection with an underwritten offering of the Company's securities pursuant to the exercise of registration rights by a stockholder of the Company who is not a Holder hereunder and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number that can be sold in such offering without adversely affecting such underwriters' ability to effect an orderly distribution of such securities, the Company will include in such registration: (i) first, the shares of the Company's Common Stock requested to be registered by such Company stockholder pursuant to the exercise of its

registration rights, (ii) second, any of the Company's securities proposed to be sold by the Company in such offering; (iii) third, the number of Registrable Securities requested to be included that, in the opinion of such underwriters, can be sold pro rata among the Holders of such securities on the basis of the amount of Registrable Securities then owned by each such Holder; and (iv) fourth, if all Registrable Securities requested to be included are included in such registration, any other securities requested to be included in such registration that, in the opinion of such underwriters, can be sold.

(d) **CONDITION TO PIGGYBACK REGISTRATIONS.** Registrable Securities and any other securities registered in a Piggyback Registration shall be offered to the public at no less than the price at which other equivalent securities of the Company then registered are offered to the public.

3. HOLDBACK AGREEMENT. To the extent not inconsistent with applicable law, each Holder agrees not to effect any sale or distribution of any securities of the issue being registered or any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144, during the ten (10) business days prior to, and during the 90-day period beginning on, the effective date of such Registration Statement (except as part of such registration), if and to the extent timely notified in writing by the managing underwriter or underwriters in the case of an underwritten public offering.

4. SELECTION OF UNDERWRITERS. At the option of the Majority Holders, the offering of Registrable Securities pursuant to Section 2.01 may be in the form of an underwritten offering; PROVIDED, that the Majority Holders shall be entitled to select the book-running managing underwriter subject to the approval of the Company, which approval will not be unreasonably withheld.

5. REGISTRATION.

5.01 REGISTRATION PROCEDURES. In connection with the offering of Registrable Securities pursuant to Section 2, the Company shall:

(a) prepare and file the Registration Statement with the Commission on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities thereunder in accordance with the intended method of distribution thereof, and use its reasonable efforts to cause such filed Registration Statement to become effective as soon as practicable; and after the filing of the Registration Statement, the Company will promptly notify each Holder of Registrable Securities covered by the Registration Statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(b) in the event of a Demand Registration, prepare and file with the Commission such amendments and supplements to the Registration Statement and

the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for a period of not less than 270 days or such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold and comply with the provisions of the 33 Act with respect to the disposition of all securities covered by the Registration Statement during such period in accordance with the intended methods of disposition by the holders thereof set forth in the Registration Statement;

(c) furnish to each Holder whose Registrable Securities are to be included in the Registration Statement, prior to filing the Registration Statement, if requested, copies of the Registration Statement as proposed to be filed, and thereafter furnish to such Holder such number of copies of the Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in the Registration Statement (including each preliminary prospectus) and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder;

(d) use its reasonable efforts to register or qualify such Registrable Securities under such other securities or Blue Sky laws of such jurisdictions as any Holder or managing underwriter reasonably (in light of the intended plan of distribution) requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder or managing underwriter to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 5.01(d), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(e) use its reasonable efforts to cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Holder or Holders thereof to consummate the disposition of such Registrable Securities;

(f) notify each Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the 33 Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the Holders of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly making available to each Holder any such supplement or amendment;

(g) enter into customary agreements (including an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(h) make available for inspection by Inspectors all Records as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspectors in connection with the Registration Statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the Registration Statement or (ii) release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Each Holder of such Registrable Securities agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company or its affiliates unless and until such is made generally available to the public. Each Holder of such Registrable Securities further agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(i) use its reasonable efforts to obtain a comfort letter or comfort letters from the Company's independent public accounts in customary form and covering such matters of the type customarily covered by comfort letters;

(j) otherwise use its reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the 33 Act and Rule 158 thereunder;

(k) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed; and

(l) provide a transfer agent and registrar for all such Registrable Securities (if the Company does not already have such an agent) not later than the effective date of such Registration Statement.

The Company may require each Holder of Registrable Securities to promptly furnish in writing to the Company such information regarding the distribution of the Registrable Securities as it may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of any kind described in Section 5.01(f) hereof, such Holder will

forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 5.01(f) hereof. In the event the Company shall give such notice, the Company shall extend the period during which the Registration Statement shall be maintained effective (including the period referred to in Section 5.01(f) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 5.01(f) hereof to the date when the Company shall make available to the Holders of Registrable Securities covered by the Registration Statement a prospectus supplemented or amended to conform with the requirements of Section 5.01(f) hereof.

5.02. REGISTRATION EXPENSES. Williams will pay or cause to be paid all Registration Expenses, including all fees and expenses (including all Blue Sky, New York Stock Exchange and National Association of Securities Dealers, Inc., filing and registration fees, accounting fees and disbursements, printing costs, attorneys' fees and disbursements), arising out of the preparation, filing, amending and supplementing of a Registration Statement pursuant to Section 2.01 hereof and to the amount of such fees and expenses that are reasonably allocable to the Selling Holder for a Registration Statement used under Section 2.02 based on the number of shares offered by Holders relative to the number of other shares offered by the Company or on behalf of any of its other holders.

6. RULE 144. With a view to making available the benefits of Rule 144 under the 33 Act (or similar rule then in effect) available to each Holder, the Company shall:

(a) make and keep available adequate current public information with respect to the Company within the meaning of Rule 144(c) under the 33 Act (or similar rule then in effect);

(b) furnish to each Holder forthwith upon request (i) a written statement by the Company as to its compliance with the informational requirements of Rule 144(c) (or similar rule then in effect) or (ii) a copy of the most recent annual or quarterly report of the Company; and

(c) comply with all other necessary filing and other requirements so as to enable each Holder to sell Registrable Securities under Rule 144 under the 33 Act (or similar rule then in effect).

7. OTHER RIGHTS AND RESTRICTIONS.

7.01 VOTING. Williams will vote any Common Stock that it retains after the Spin-off on all matters on which it has the right to vote in the same proportion as the votes cast by other voting shareholders of the Company.

7.02 RESTRICTIONS ON OFFICERS AND DIRECTORS. None of the directors, officers, or employees of Williams or any of its subsidiaries will serve as officers or

directors of the Company or any of its subsidiaries as long as Williams or any of its Subsidiaries is a Holder of Registrable Securities.

7.03 DISPOSAL OF STOCK.

(a) Subject to the receipt of a favorable ruling from the Internal Revenue Service that such a limitation is not inconsistent with any ruling issued to Williams regarding the tax-free treatment of the Spin-off, Williams agrees not to Transfer any Registrable Securities for a period of three years from the date of this Agreement. Williams will use its reasonable efforts to request, and to diligently pursue the issuance of, such ruling as soon as is practicable.

(b) In any event, Williams will notify the Company of its intent to pursue a Transfer of Registrable Securities. In reaching any determination as to market conditions for Transfer of Registrable Securities, Williams and the Company will consult, taking into consideration in the determination of market conditions any plans of the Company to issue equity or debt and, on advice of experts, assess the likely impact of such issuance on market conditions for Transfer of Registrable Securities. Through the third anniversary of this Agreement, Williams will utilize a financial advisor reasonably acceptable to the Company for any Transfer of Registrable Securities.

7.04 RIGHT OF FIRST OFFER.

(a) If, at any time, Williams desires to Transfer any Registrable Securities then owned by Williams to a Third Party other than pursuant to a Registration Statement or Rule 144 (the "Transfer Stock"), Williams shall provide to the Company a written notice (the "Right of First Offer Notice") stating the price at which it would like to sell any such shares of Transfer Stock and the maximum number of such shares it intends to sell (the "Transfer Offer"). The Right of First Offer Notice shall also contain an offer to sell the Transfer Stock to the Company, or to any of its designees (in the manner set forth below) at the same price and upon substantially the same terms and conditions as the terms and conditions contained in the Transfer Offer; provided, that, for purposes of this Section 7.04, the term "the Company" shall include any of its designees.

(b) The Company shall have the right and option, within ten (10) Business Days after the date the Right of First Offer Notice is received by the Company to accept irrevocably such offer in the aggregate, as to all, but not less than all (unless otherwise consented to by Williams) shares of Transfer Stock. If the Company desires to exercise such option, it shall provide Williams with written notice (specifying the number of shares of the Transfer Stock as to which it is accepting the offer) within such ten (10) Business Day period. Unless Williams shall have otherwise consented to the purchase of less than all of the shares of Transfer Stock, the Company shall not have the right to acquire such shares of Transfer Stock unless all such shares are being acquired by the Company in the aggregate pursuant to the provisions of this Section 7.04.

(c) Notwithstanding anything to the contrary contained in this Section 7.04, there shall be no liability on the part of Williams to the Company in the event that the sale of Transfer Stock contemplated pursuant to this Section 7.04 is not consummated for any reason whatsoever. Whether a sale of Transfer Stock contemplated pursuant to this Section 7.04 is effected by Williams is in the sole and absolute discretion of Williams.

(d) The closing of the purchase of the Transfer Stock by the Company shall take place at the principal executive offices of the Company as soon as practicable, but in no event later than thirty (30) Business Days after the expiration of the ten (10) Business Day period after the giving of the Right of First Offer Notice (or such other date as may be mutually agreed to by the parties to such transaction). At such closing, the Company shall deliver to Williams the appropriate per share cash consideration pursuant to a bank, cashier's or certified check or by wire transfer of immediately available funds (unless otherwise specified in the Right of First Offer Notice provided to the Company), against delivery of certificates representing the Transfer Stock so purchased Duly Endorsed. Any Transfer (other than to a Third Party) pursuant to this Section 7.04 shall be made without any representations, warranties, covenants or indemnities; except, that, each transferor shall be deemed to have represented that (i) the transfer has been duly authorized by it, (ii) that it has the capacity, power and authority to Transfer such shares and (iii) that the acquirer shall obtain good title to such shares, free and clear of any defects, encumbrances and adverse interests (other than as provided for in this Agreement).

(e) If at the end of the ten (10) Business Day period following the giving of the Right of First Offer Notice, the Company shall not have accepted the offer contained in such notice as to all shares of Transfer Stock covered thereby, Williams shall have ninety (90) days in which to sell the Transfer Stock to a Third Party, at a price that is no less than 95% of the price contained in the Right of First Offer Notice and on terms and conditions not more favorable to such Third Party than were contained in the Right of First Offer Notice. Promptly after any sale pursuant to this Section 7.04(e), Williams shall notify the Company of the consummation thereof and shall furnish such evidence of the completion (including time of completion) of such sale and of the terms and conditions thereof as the Company may reasonably request. If, at the end of such ninety (90) day period, Williams has not completed the sale of the Transfer Stock, it shall no longer be permitted to sell such shares pursuant to this Section 7.04(e) without again fully complying with the provisions of this Section 7.04 and all the restrictions on Transfer contained in this Agreement shall again be in effect with respect to all Williams' shares of Common Stock, including the Transfer Stock.

(f) The provisions of this Section 7.04 shall not be applicable to any Transfer of Registrable Securities from Williams to its Affiliates, or from any Affiliate of Williams to Williams.

7.05 STANDSTILL PROVISION. Williams agrees that from and after the date of this Agreement until ten (10) years from the date of this Agreement, it shall not, and shall cause each of its directors, officers, employees, agents, Affiliates or representatives (any

of the foregoing, a "Representative") not to, without the prior written consent of the Board of Directors specifically expressed in a resolution approved by a majority of the directors of the Company, directly or indirectly, through one or more intermediaries or otherwise, (i) acquire, agree to acquire or make any proposal to acquire any securities of the Company or any of its Subsidiaries, any warrant or option to acquire any such securities, any security convertible into or exchangeable for any such securities or any other right to acquire any such securities in excess of the 10% Limit; (ii) seek or propose any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets or securities, dissolution, liquidation, restructuring, recapitalization or similar transaction of or involving the Company or any of its Subsidiaries; (iii) make, or in any way participate in, any "solicitation" of proxies or consents (whether or not relating to the election or removal of directors) within the meaning of Rule 14a-1 under the 34 Act with respect to any securities of the Company or any of its Subsidiaries, or seek to advise or influence any person with respect to the voting of any securities of the Company or any of its Subsidiaries or demand a copy of the stock ledger, list of stockholders, or any other books and records of the Company or any of its Subsidiaries; (iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the 34 Act), with respect to any securities of the Company or any of its Subsidiaries; (v) otherwise act, alone or in concert with others, to seek to control or influence, in any manner, the management, Board of Directors or policies of the Company or any of its Subsidiaries; (vi) deposit any Common Stock in any voting trust or subject any Common Stock to any arrangement or agreement with respect to the voting of such shares; (vii) call or seek to have called any meeting of the stockholders of the Company or execute any written consent with respect to the Company or the Common Stock; (viii) seek, alone or in concert with others, representation on the Board of Directors or seek the removal of any member of such Board or a change in the composition or size of such Board; (ix) have any discussions or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other persons in connection with any of the foregoing, or make any investment in any other person that engages, or offers or proposes to engage, in any of the foregoing; or (x) make any publicly disclosed proposal regarding any of the foregoing. Williams also agrees during such period not to make any proposal, statement or inquiry, or disclose any intention, plan or arrangement to the public or a Third Party (whether written or oral) inconsistent with the foregoing.

8. INDEMNIFICATION AND CONTRIBUTION.

8.01 INDEMNIFICATION OF HOLDERS: The Company agrees to indemnify and hold harmless each Holder and each Person, if any, who controls (within the meaning of Section 15 of the 33 Act and Section 20 of the 34 Act) such Holder (a "Control Person") against any losses, claims, damages or liabilities, joint or several, to which such Holder or any such Control Person may become subject, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any preliminary or final Registration Statement or prospectus with respect thereto, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to

state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and the Company will reimburse each Holder and each Control Person for any legal or other expenses reasonably incurred by such Holder or such Control Person in connection with investigating or defending any such loss, claim, damage liability or action; provided, however, that the Company will not be liable in any case to the extent that any such loss claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished by or on behalf of such Holder or any such Control Person specifically for use in the preparation thereof.

8.02 INDEMNIFICATION BY HOLDER OR REGISTRABLE SECURITIES. Each Holder will, severally and not jointly, indemnify and hold harmless the Company and each of its directors, officers and each Person, if any, who controls (within the meaning of Section 15 of the 33 Act and Section 20 of the 34 Act) the Company (a "Company Control Person") to the same extent as set forth in the foregoing indemnity from the Company to each Holder but only with reference to written information included in any preliminary or final Registration Statement or prospectus with respect thereto, or amendment or supplement thereto, furnished by or on behalf of such Holder specifically for use in the preparation of such documents; and will reimburse the Company or any such Company Control Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any loss, claim, damage, liability or action for which such Holder is obligated to indemnify the Company or any Company Control Person.

8.03 CONDUCT OF INDEMNIFICATION PROCEEDINGS. Promptly after receipt by an indemnified party under this Article 8 of notice of any claim or the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under Section 8.01 or 8.02 above, notify the indemnifying party of any claim or the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under Section 8.01 or 8.02 above. In case any such action is brought against any indemnified party and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such

settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action.

8.04 CONTRIBUTION. If the indemnification provided for in Section 8.01 or 8.02 is unavailable or insufficient in accordance with its terms in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits as well as the relative fault of the Company on the one hand and the Holder on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable consideration. The relative benefits received by the Company on the one hand and each Holder on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company on the one hand bears to the total net proceeds received by the Holder from the offering. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Holder on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

8.05 OBLIGATIONS. The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each director of any Holder and to each person, if any, who controls any Holder or any underwriter within the meaning of either Section 15 of the 33 Act or Section 20 of the 34 Act. The obligations of each Holder under this Section shall be in addition to any liability which the respective Holder may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company, to each officer of the Company who has signed any Registration Statement and to each person, if any, who controls the Company or any underwriter (within the meaning of either Section 15 of the 33 Act or Section 20 of the 34 Act).

9. MISCELLANEOUS.

9.01 NOTICES. All notices and other communications provided for or permitted hereunder shall be made by hand-delivery or registered first-class mail:

(i) HOLDER. If to a Holder of Registrable Securities, at the most current address, and with a copy to be sent to each additional address given by such Holder.

(ii) if to the Company:

General Counsel
Williams Communications Group, Inc.
One Williams Center
Tulsa OK 74172

All such notices and communications shall be deemed to have been duly given when delivered by hand, if personally delivered, or two business days after being deposited in the mail, postage prepared, if mailed.

9.02 TRANSFER OF REGISTRATION RIGHTS; SUCCESSORS AND ASSIGNS. Williams may transfer or assign its rights hereunder, in whole or in part, without the prior approval of the Company. This Agreement and its benefits shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

9.03 AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the written consent of the Company and the Majority Holders.

9.04 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9.05 HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

9.06 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.

9.07 SEVERABILITY. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of each Holder shall be enforceable to the fullest extent permitted by law.

9.08 SPECIFIC PERFORMANCE. The parties hereto acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of any other party under this Agreement in accordance with the terms and

conditions of this Agreement in any court of the United States or any State thereof having jurisdiction.

9.09 ENTIRE AGREEMENT. This Agreement, together with the Amended and Restated Separation Agreement made by and between Williams and the Company dated concurrently herewith (the "Separation Agreement"), is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Separation Agreement (including the exhibits thereto) supersede all prior agreements and understandings between the parties with respect to subject matter, including without limitation, the Registration Rights Agreement made by and between Williams and the Company dated September 30, 1999.

9.10 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 the Separation Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first written above.

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ HOWARD S. KALIKA

NAME: Howard S. Kalika

TITLE: Vice President

THE WILLIAMS COMPANIES, INC.

BY: /s/ JACK D. MCCARTHY

NAME: Jack D. McCarthy

TITLE: Senior Vice President

AMENDED AND RESTATED
EMPLOYEE BENEFITS AGREEMENT

THIS AMENDED AND RESTATED EMPLOYEE BENEFITS AGREEMENT (this "Agreement") is made and entered into this 23rd day of April 2001 (the "Effective Date"), by and between The Williams Companies, Inc., a Delaware corporation ("Williams"), and Williams Communications Group, Inc., a Delaware corporation ("Communications"). The parties to this Agreement are collectively referred to as the "Parties", and singularly as a "Party".

WHEREAS, the Parties entered into an Employee Benefits Agreement dated September 30, 1999, in conjunction with the initial public offering of Communications (the "Prior Agreement");

WHEREAS, Williams plans to spin-off a portion of the issued and outstanding Communications Class A Common Stock, par value \$.01 per share, held by Williams to the shareholders of Williams (the "Spin-Off");

WHEREAS, the Parties desire to amend and restate the Prior Agreement with respect to the Spin-Off; and

WHEREAS, it is appropriate and desirable to set forth certain agreements that will govern certain matters relating to the Spin-Off and the conduct of business after its closing and the relationship of Williams and Communications and their respective subsidiaries following the Spin-Off,

NOW, THEREFORE, the Parties agree, intending to be legally bound, as follows:

ARTICLE I

DEFINITIONS

1.01. DEFINITIONS. As used in this Agreement, in addition to the terms defined in the Preamble and Recitals hereof, the following terms shall have the following meanings, applicable to both the singular and plural forms of the terms described:

"ACTION" shall mean any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local or foreign or international Governmental Authority or any arbitration or mediation tribunal.

"AGREEMENT" shall have the meaning ascribed to it in the Preamble.

"BUSINESS DAY" means any calendar day which is not a Saturday, Sunday or public holiday under the laws of the State of New York.

"CLOSING" means the consummation of the spin-off of shares of the Class A Common Stock to the shareholders of Williams.

"CLOSING DATE" means the date on which the Closing occurs.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury regulations promulgated thereunder, including any successor legislation.

"COMMUNICATIONS ACTIVITIES" shall mean and include all business activities and lines of business conducted by any member of the Communications Group on the Closing Date that was not a member of the Williams Group at the Closing Date;

"COMMUNICATIONS EMPLOYEES" shall mean those employees, former employees, retirees, agents, and subcontractors of the Communications Group as of Closing, except as the context otherwise specifically requires. Employees shall include employees on short and long-term disability and other leaves of absence.

"COMMUNICATIONS GROUP" shall mean Communications and its direct and indirect subsidiaries.

"ENERGY ACTIVITIES" shall mean and include all business activities and lines of business conducted by any member of the Williams Group on the Closing Date that was not a member of the Communications Group at the Closing Date.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"GOVERNMENTAL AUTHORITY" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory administrative or governmental authority.

"GROUP" means the Communications Group or the Williams Group, as the context requires.

"INFORMATION" means any Information, whether or not patentable or copyrightable in written, oral or 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, prototype samples, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys, memos and other materials prepared by attorneys and any other technical, financial employee or business information or data.

"INTERNAL REVENUE SERVICE" shall mean the United States Internal Revenue Service.

"LIABILITIES" shall mean any and all debts, liabilities and obligations (relating to performance or otherwise), absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any court, any governmental or other regulatory or administrative agency or commission or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking.

"PERSON" means any individual, corporation, partnership, limited liability company or partnership, joint venture, association, governmental entity, or any other entity.

"WILLIAMS GROUP" shall mean Williams and its direct and indirect subsidiaries except the Communications Group.

ARTICLE II

TERMINATION OF PRIOR AGREEMENT

2.01 TERMINATION OF PRIOR AGREEMENT. As of the Effective Date of this Agreement, the Prior Agreement is hereby terminated and the terms and conditions of this Agreement supersede those of the Prior Agreement, except for obligations arising under the Prior Agreement prior to such date.

ARTICLE III

BENEFIT PLANS

3.01 PENSION PLANS. (a) A new Communications pension plan ("WCG Pension Plan") was established effective January 1, 2001. Upon Closing, Williams shall direct the trustee of the trust under the Williams Pension Plan ("Williams Trust") to transfer in cash or in kind, as agreed to by Williams and Communications, from the Williams Trust to the trustee of the trust under the WCG Pension Plan ("Communications Trust"), an amount estimated by an actuary selected by Williams to equal ninety percent (90%) of the Transfer Amount, as defined below. The "Transfer Amount" shall mean an amount equal to the present value of the accrued benefits of the Communications Employees who participated in the Williams Pension Plan ("Communications Pension Plan Participants"), as calculated by the Williams actuary in accordance with Section 414(1) of the Code and the regulations promulgated thereunder. As soon as practicable following Closing, but in no event later than one hundred eighty (180) days after Closing, Williams shall direct the trustee of the Williams Trust to transfer to the trustee of the WCG Pension Plan the excess of the Transfer Amount over the actual amount previously

transferred, plus actual earnings or minus actual losses on such amount within the Williams Trust. The amount to be transferred shall be adjusted by any pension benefit payments made by the Williams Trust on behalf of the Communications Trust or the Communications Trust on behalf of the Williams Trust, and to reflect data corrections or the movement of employees between the Parties. In the event the amount to be transferred is a negative amount, Communications shall transfer from the Communications Trust back to the Williams Trust such amount plus actual earnings or minus actual losses within the Communications Trust from the date of the initial transfer. Upon the receipt of the Transfer Amount (i) the WCG Pension Plan shall assume the liabilities of the Williams Pension Plan for accrued benefits of Communications Pension Plan Participants, theretofore the liability of the Williams Pension Plan, (ii) neither Communications nor any member of the Communications Group shall have any liability with respect to the Williams Pension Plan, (iii) neither Williams nor any member of the Williams Group shall have any liability with respect to the accrued benefits of Communications Pension Plan Participants and (iv) Williams and the Williams Pension Plan shall retain all liabilities for accrued benefits of Williams Pension Plan participants who are not Communications Pension Plan Participants.

(b) The calculation of the Transfer Amount by Williams shall be determinative. Williams shall provide Communications with all the documentation reasonably necessary for Communications to verify such calculation, together with a written certification of the Transfer Amount prepared by the actuary for the Williams Pension Plan Communications and Williams shall provide each other with such records and information as may be necessary or appropriate to carry out their obligations under this Section or for the purposes of administration of the WCG Pension Plan and Williams Pension Plan and they shall cooperate in the filing of documents required by the transfer of assets and liabilities described herein.

(c) Williams shall retain the Williams Pension Plan assets and liabilities relating to Communications Employees who terminated employment prior to January 1, 2001.

3.02 401K PLANS. (a) Communications shall establish a new 401k plan effective on or before the Closing Date. Upon commencement of the new Communications 401(k) plan, Communications shall cease to be a participating employer in any Williams 401(k) plan and Communications Employees shall cease active participation in such plans. Effective as of the Closing Date, all Communications Employees with account balances in Williams 401(k) plans shall become fully vested in such benefits. Subject to Internal Revenue Service approval, which has been requested, Communications Employees shall be eligible to request distribution of their Williams 401(k) plan benefits after the Closing Date.

(b) Communications and Williams shall provide each other with such records and information as may be necessary or appropriate to carry out their obligations under this Section or for the purposes of administration of the Communications Plan and any Williams 401(k) Plan and they shall cooperate as necessary to effect the actions described herein.

3.03 NON-QUALIFIED PLANS. Communications shall adopt and restate the Communications Solutions Supplemental Retirement Plan for the benefit of the Communications Employees who were, immediately prior to January 1, 2001, participating in the Williams

Supplemental Retirement Plan or who become eligible for participation in the Communications Supplemental Retirement Plan on or after January 1, 2001. As of the Closing, Communications shall assume and be solely responsible for the liabilities and obligations relating to the Communications Employees arising under the Williams Supplemental Retirement Plan. Williams shall retain the Williams Supplemental Retirement Plan liabilities relating to Communications Employees who terminated employment prior to January 1, 2001.

3.04 OTHER BENEFIT PLANS. (a) Effective as of Closing, Communications shall establish medical, life and other welfare benefit plans with terms and conditions substantially comparable in all material respects to such plans and programs currently maintained by Williams. Upon Closing, all liabilities to or relating to Communications Employees shall cease to be liabilities of the Williams welfare benefit plans and shall be assumed by the corresponding Communications welfare benefit plans and programs.

(b) Williams shall retain liability under the Williams retiree medical plan for Communications Employees who retired prior to January 1, 2001 and who are eligible to participate in the Williams retiree medical plan.

(c) Except as otherwise provided herein, each Party shall retain or assume liability for their respective employees who are on short or long-term disability or other leave of absence, COBRA participants and retirees.

(d) Communications shall retain all assets and liabilities relating to or arising out of benefit plans formerly maintained by Williams Communications Solutions, LLC.

ARTICLE IV

INFORMATION

4.01 EXCHANGE OF INFORMATION. (a) Each of Williams and Communications on behalf of its respective Group agrees to provide or cause to provide to the other Group at any time after the Closing as soon as reasonably practicable after written notice therefor any Information in the possession or in control of such respective Group that the requesting Party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative tax or other proceedings or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement, the Prior Agreement or any similar Agreements; provided, however, if any Party determines that any such provision of Information could be commercially detrimental, violate any law or Agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, Communications shall have access during regular business hours (as in effect from time to time) to the documents and objects of historical significance that

relate to the Communications Activities that are located in the Williams records. Communications may obtain copies (but not originals) of documents for bona fide business purposes. Communications shall pay reasonable per hour costs for archives research services. Nothing herein should be deemed to restrict the access of any member of the Williams Group to any such documents or objects or to impose any liability on any member of the Williams Group if any such documents or objects are not maintained or preserved by Williams.

(c) After the date hereof, (i) Communications shall maintain and effect at its own cost and expense adequate systems and controls to the extent necessary to enable members of the Williams Group to satisfy their respective reporting, accounting, audit and other obligations, and (ii) Communications shall provide or cause to be provided to Williams in such form as Williams shall request at no charge to Williams all financial and other data and information that Williams determines necessary in order to prepare Williams financial statements and reports or filings with any Governmental Authority.

4.02 OWNERSHIP OF INFORMATION. Any Information owned by one Group that is provided to a requesting Party pursuant to this Agreement shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement should be construed as granting or conferring rights or licenses or otherwise in any such Information.

4.03 COMPENSATION FOR PROVIDING INFORMATION. Except as otherwise provided in this Agreement, the Party requesting Information shall reimburse the other Party for the reasonable cost, if any, of creating, gathering or 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 any other Agreement between the Parties, such cost shall be computed in accordance with the providing Party's standard methodology and procedures.

4.04 RECORD RETENTION. To facilitate the possible exchange of Information pursuant to this Agreement after the Closing Date, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control in accordance with the records retention policies of Williams as in effect of the Closing Date as such may from time to time be changed. No Party will destroy or permit any of its subsidiaries to destroy any Information which the other Party may have the right to obtain pursuant to this Agreement prior to the third anniversary of the Closing Date without first using its reasonable best efforts to notify the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or to environmental liabilities, such period shall be extended to expiration of the applicable statute of limitations (giving effect to any extensions thereof).

4.05 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 which is an estimate or forecast, or which is based on an 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 the reasonable best efforts by such Party to comply with the provisions of this Agreement.

4.06 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION. The rights and obligations granted under this Agreement are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information as set forth in any other agreement between the Parties.

4.07 CONFIDENTIALITY. Each of the Parties hereto on behalf of itself and each member of its respective Group agrees to hold and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold in strict confidence with at least the same degree of care that applies to Williams confidential and proprietary information pursuant to policies in effect and practices in place on the Closing Date, all information concerning each other Group that is either in its possession (including Information in its possession prior to the Closing Date) or furnished by any such group or its respective directors, officers, employees, agents, accountants, counsel or other advisors and representatives at any time pursuant to this Agreement and shall not use any of such Information other than for purposes expressly permitted hereunder.

4.08 PROTECTIVE ARRANGEMENTS. If any Party and any member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other Party (or any other member of any other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that receives such request may thereafter disclose or provide Information to the extent required by such law (as so advised by counsel) by lawful process of such Governmental Authority.

ARTICLE IV

DISPUTE RESOLUTION

5.01 In the event of a dispute under this Agreement, Williams and Communications, agree to resolve the dispute in accordance with the Dispute Resolution Procedures set forth in the Amended and Restated Separation Agreement of which this Agreement is an exhibit, and made a part hereof.

ARTICLE VI

FURTHER ASSURANCE AND ADDITIONAL COVENANT

6.01 FURTHER ASSURANCES. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties hereto shall use its reasonable best efforts, prior to, on and after the Closing Date, 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 laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each Party hereto shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or governmental approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party hereto from time to time, consistent with the terms of this Agreement in order to effectuate the provisions and purposes of this Agreement and the transfers of assets and the assignment and assumption of liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title, free and clear of any security interest, if and to the extent it is practicable to do so.

(c) Prior to the Closing Date, if one or more of the Parties identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement, the Parties shall cooperate in determining whether there is a mutually acceptable arm's-length basis on which one or more of the other Parties will provide such service.

(d) Communications hereby assumes that portion of Williams' obligations related to Communications and its subsidiaries under both: (i) that certain agreement between Williams WPC-I, Inc. ("WPC") and The Williams Companies, Inc., dated September 21, 1998, whereby Williams compensates WPC for performances of services by WPC on behalf of Communications and its subsidiaries; and (ii) that certain agreement among Williams Risk Management L.L.C. ("WRM") and The Williams Companies, Inc., and Williams WPC-I, Inc., dated September 21, 1998, whereby Williams compensates WRM for performance of Williams' risk management obligations on behalf of Communications and its subsidiaries.

6.02 WAIVER OF TERMINATION RIGHTS. Each Party waives and, to the extent required to make such waivers effective, Communications shall cause the Persons comprising the Communications Group to waive and Williams shall cause the Persons comprising the Williams Group to waive, any right to terminate, cease performing under, revise unilaterally, or increase the charges in, any agreement between the Communications Group and the Williams Group as a result of any provision in such agreement that would permit such action if Williams no longer controls (through voting stock or ownership of half, a majority, or a supermajority of Communications common stock) or no longer owns (directly or indirectly through one or more subsidiaries) any Person comprising the Communications Group.

ARTICLE VII

EFFECTIVE DATE

7.01 EFFECTIVE DATE: This Agreement shall become effective at the Closing.

ARTICLE VIII

SUCCESSORS AND ASSIGNS

8.01. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either Party hereto to any other person without the prior written consent of the other Party hereto.

ARTICLE IX

NO THIRD-PARTY BENEFICIARIES

9.01 NO THIRD-PARTY BENEFICIARIES. Nothing expressed or implied in this Agreement shall be construed to give any person or entity other than the Parties hereto any legal or equitable rights hereunder.

ARTICLE X

ENTIRE AGREEMENT

10.01. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof.

ARTICLE XI

AMENDMENT

11.01. AMENDMENT. This Agreement may not be amended except by an instrument signed by the Parties hereto.

ARTICLE XII

WAIVERS

12.01. WAIVERS. No waiver of any term shall be construed as a subsequent waiver of the same term, or a waiver of any other term, of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

ARTICLE XIII

SEVERABILITY

13.01. SEVERABILITY. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, such provision shall be deemed severable and all other provisions of this Agreement shall nevertheless remain in full force and effect.

ARTICLE XIV

HEADINGS

14.01. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

ARTICLE XV

NOTICES

15.01. NOTICES. All notices given in connection with this Agreement shall be in writing. Service of such notices shall be deemed complete: (i) if hand delivered, on the date of delivery; (ii) if by mail, on the fourth Business Day following the day of deposit in the United States mail, by certified or registered mail, postage prepaid; (iii) if sent by Federal Express or

equivalent courier service, on the next Business Day; or (iv) if by telecopier, upon receipt by sender of confirmation of successful transmission. Such notices shall be addressed to the Parties at the following address or at such other address for a Party as shall be specified by like notice (except that notices of change of address shall be effective upon receipt):

IF TO WILLIAMS:

THE WILLIAMS COMPANIES, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: GENERAL COUNSEL
FAX NO. 918/573-5942

IF TO COMMUNICATIONS:

WILLIAMS COMMUNICATIONS GROUP, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
ATTENTION: GENERAL COUNSEL
FAX NO.: 918/573-3005

ARTICLE XVI

GOVERNING LAW

16.01. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with, the laws of the State of Oklahoma, without giving effect to the principles of conflict of laws of such state or any other jurisdiction.

ARTICLE XVII

COUNTERPARTS

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

IN WITNESS WHEREOF, the Parties hereto have caused this Amended and Restated Separation Agreement to be executed the day and year first written above.

WILLIAMS COMMUNICATIONS GROUP, INC.

BY: /s/ HOWARD S. KALIKA

NAME: Howard S. Kalika

TITLE: Vice President

THE WILLIAMS COMPANIES, INC.

BY: /s/ MICHAEL P. JOHNSON

NAME: Michael P. Johnson

TITLE: Senior Vice President

April 23, 2001

Williams Communications Group, Inc.
One Williams Center, Suite 2600
Tulsa, Oklahoma
Attention: Scott Schubert

Re: Deferral of Certain Payment Obligations

When executed by you in the space provided below, this letter will evidence the agreement between Williams Communications Group, Inc. ("WCG") and The Williams Companies, Inc. ("TWC"), regarding the deferral of certain payment obligations due from WCG to TWC subject to the terms and conditions set forth herein. All capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in that certain Administrative Services Agreement among TWC and certain of its subsidiaries, and WCG and certain of its subsidiaries dated as of September 30, 1999, as the same may have heretofore been amended (the "Services Agreement").

1. This letter agreement applies to Service Charges owed by WCG to the Williams Group for Services provided by the Williams Group pursuant to the terms of the Services Agreement and the various charges owed by WCG to one or more members of the Williams Group pursuant to that certain Separation Agreement among WCG and TWC, as amended and restated on April 23, 2001 (the "Separation Agreement"), and other agreements referenced therein, each as amended (collectively, the "Service Charges").
2. TWC hereby agrees to permit WCG to defer payment of up to \$100 million of Service Charges incurred prior to the date of this letter agreement ("Deferred Amounts") until March 15, 2002.
3. In the event WCG elects to defer payment of all or any portion of Services Charges it has incurred, such Deferred Amounts shall accrue interest at a rate equal to 8.25% per annum from the date upon which they would have been due but for this letter agreement until paid in full with accrued interest.
4. This letter agreement shall terminate upon the earlier of repayment in full of all Deferred Amounts, plus interest accrued with respect thereto, or March 15, 2002. Upon such

termination all outstanding Deferred Amounts plus interest accrued with respect thereto shall be immediately due and payable in full.

- 5. The Services Agreement and Separation Agreement as hereby modified, are hereby ratified and confirmed in all respects, including without limitation the representations and warranties therein. The execution, delivery and effectiveness of this letter agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any party under the Services Agreement or the Separation Agreement.
- 6. This letter agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma, without regard to conflict of law principles, and any applicable laws of the United States of America, in all respects, including construction, validity and performance.
- 7. This letter agreement shall be binding upon the parties hereto and upon their respective successors, heirs and assigns.
- 8. The undersigned represent and warrant that they have all requisite authority to bind the respective parties hereto.

If the foregoing correctly reflects our agreement, please execute the duplicate originals in the space provided below and return one executed original to the undersigned.

THE WILLIAMS COMPANIES, INC.

By: /s/ JACK D. MCCARTHY

Title: Jack D. McCarthy

Date: 4-23-01

WILLIAMS COMMUNICATIONS GROUP, INC.

By: /s/ BOB F. MCCOY

Title: Bob F. McCoy

Date: 4-23-01
