

INVESTOR TAX BASIS INFORMATION

Effective December 31, 2011, The Williams Companies, Inc. (the “Company” or “Williams”) distributed 197,123,778 shares of the common stock of WPX Energy, Inc. (“WPX”) owned by the Company (the “Distribution”). In connection with the Distribution, Williams' stockholders eligible for the distribution received approximately .333333 share of the WPX common stock (“WPX Stock”) for each outstanding share of Company common stock (“Williams Stock”).

The Company did not issue fractional shares to stockholders in connection with the Distribution. Instead, fractional shares were aggregated and sold in the open market by Computershare, acting as distribution agent. Checks representing the pro-rata share of the \$17.67 per share net proceeds of the sale of the aggregated fractional shares have been or will be sent to stockholders of record entitled to these proceeds.

The IRS has ruled that no gain or loss will be recognized by and no amount will be otherwise included in the income of stockholders of Williams Stock upon the receipt of the WPX Stock in the Distribution (although you will recognize a taxable gain (or loss) upon the receipt of cash in lieu of fractional shares). However, because you received the WPX Stock free of tax, the law requires you to apportion the tax basis in your Williams Stock between that stock and the WPX Stock received in the Distribution, in proportion to their relative fair market values on the date of the Distribution.

Cost Basis Allocation

The tax law does not state how to determine the relative fair market values of Williams Stock and WPX Stock on the date of the Distribution. The volume weighted average trading prices of Williams and WPX stock at the New York Stock Exchange on the first trading day following the Distribution are reasonable indicators of the relative fair market values of the two stocks. Based on the January 3 volume weighted average prices of \$26.84 for Williams Stock and \$18.25 for WPX Stock (based on shares traded on the NYSE):

- (1) 81.52% of your original cost basis would be allocated to your post-Distribution Williams Stock; and
- (2) 18.48% of your original cost basis would be allocated to your WPX Energy Stock (including any fractional shares sold on your behalf).

For example, if you owned 100 shares of Williams Stock on December 31, 2011 with a cost basis of \$25 per share (\$2,500), you would have received 33 shares of WPX Stock in the Distribution plus cash in lieu of fractional share of \$5.89. Using the allocation formula described above, your cost basis in the Williams Stock and the WPX Stock after the distribution (excluding the sale of fractional shares) would be computed as follows:

	<u>Total</u>	<u>Per Share</u>
Original cost basis in Williams Stock.....	\$2,500.00	\$25.00
Adjusted basis applicable to 100 shares of Williams stock.....		
	\$2,038.00	\$20.38
Adjusted basis applicable to 33 shares of WPX Energy plus the \$5.89 received in lieu of a fractional share.....	\$ 462.00	\$13.86

If you acquired your Williams Stock at different times or at different prices, you should allocate the basis in each block of stock separately. The holding period for your WPX Stock and your post-Distribution Williams Stock will be the same as the holding period of your pre-Distribution Williams Stock for purposes of determining long-term capital gains provided that your Williams Stock was held as a capital asset on December 31, 2011.

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Other Matters

With regard to Canadian resident stockholders, please note that it is Williams' intention to file an application with the Canadian Revenue Agency (the "CRA") regarding the Distribution. Such application is intended to enable eligible Canadian resident stockholders to receive WPX Stock in the Distribution on a tax-deferred basis under Section 86.1 of the *Income Tax Act* (Canada) (the "ITA") (with the exception of cash paid in lieu of any fractional shares). If and when Williams receives notification from the CRA that the Distribution satisfies the requirements of Section 86.1 of the ITA, Williams will provide an update on its website.

The foregoing discussion is for general information purposes only and does not constitute tax advice. In addition, this discussion does not address tax consequences which may vary with your individual circumstances, or tax consequences to stockholders who are not citizens or residents of the United States, other than Canadian shareholders. Accordingly, you should consult with your tax advisor to determine your particular tax consequences and filing obligations in connection with the Distribution.

As required, IRS Form 8937 containing required information disclosures concerning the spinoff will be posted to the website as soon as possible following its finalization by the IRS.

If you need further information with respect to the Distribution, please call Williams Investor Relations at (800) 600-3782.