WILLIAMS COMPANIES INC
Form DEF 14A
April 11, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.   )

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

The Williams Companies, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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FRANK T. MACINNIS

CHAIRMAN OF THE BOARD

Dear Williams Stockholders:

You are cordially invited to attend the 2014 annual meeting of stockholders of The Williams Companies, Inc. The meeting will be held on Thursday, May 22, 2014, in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, at 2:00 p.m., Central Daylight Time. We look forward to greeting personally as many of our stockholders as possible at the annual meeting.

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

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

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

Thank you for your continued interest in our Company.

Very truly yours,

Frank T. MacInnis
Chairman of the Board

April 11, 2014

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THE WILLIAMS COMPANIES, INC.

One Williams Center

Tulsa, Oklahoma 74172

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 22, 2014

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

TIME	2:00 p.m., Central Daylight Time, on Thursday, May 22, 2014
PLACE	Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma 74172
ITEMS OF BUSINESS	1. To elect the 12 director nominees identified in this proxy statement each for a one-year term; 2. To approve the amendment to The Williams Companies, Inc. 2007 Incentive Plan; 3. To approve the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan; 4. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2014; 5. To conduct an advisory vote on executive compensation; and 6. To transact such other business as may properly come before the annual meeting or any adjournment of the meeting.
RECORD DATE	You can vote and attend the annual meeting if you were a stockholder of record at the close of business on April 1, 2014.
ANNUAL REPORT	Our 2013 annual report, which includes a copy of our annual report on Form 10-K, accompanies this proxy statement.
VOTING	

Even if you intend to be present at the annual meeting, please promptly vote in one of the following ways so that your shares of common stock may be represented and voted at the annual meeting:

1. Call the toll-free telephone number shown on the proxy card;

2. Vote via the Internet on the website shown on the proxy card; or

3. Mark, sign, date, and return the enclosed proxy card in the postage-paid envelope.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 22, 2014:

The annual report and proxy statement are available at www.edocumentview.com/wmb.

By order of the Board of Directors,

Sarah C. Miller
Corporate Secretary

Tulsa, Oklahoma

April 11, 2014

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THE WILLIAMS COMPANIES, INC.

One Williams Center

Tulsa, Oklahoma 74172

PROXY STATEMENT

GENERAL

We are providing this proxy statement as part of a solicitation by the Board of Directors (the Board) of The Williams Companies, Inc. for use at our 2014 annual meeting of stockholders and at any adjournment or postponement thereof. We will hold the meeting in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, 74172 on Thursday, May 22, 2014, at 2:00 p.m., Central Daylight Time.

As permitted by the rules of the Securities and Exchange Commission (SEC), we have elected to send you this full set of proxy materials, including a proxy card, and additionally to notify you of the availability of these proxy materials on the Internet. This proxy statement and our 2013 annual report are available at www.edocumentview.com/wmb, which does not have cookies that identify visitors to the site.

We expect to mail this proxy statement and accompanying proxy card to stockholders beginning on April 11, 2014.

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

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why am I receiving these materials?

A: You are receiving these materials because, at the close of business on April 1, 2014 (the Record Date), you owned shares of Williams common stock. All stockholders of record on the Record Date are entitled to attend and vote at the annual meeting. Each stockholder will have one vote on each matter for every share of common stock owned on the Record Date. On the Record Date, we had 685,418,526 shares of common stock outstanding. (The shares held in our treasury are not considered outstanding and will not be voted or considered present at the meeting.)

Q: What information is contained in this proxy statement?

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

Q: What matters can I vote on?

A: You can vote on the following matters:

- election of our 12 directors, each for a one-year term;
- approval of the amendment to The Williams Companies, Inc. 2007 Incentive Plan;
- approval of the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan;
- ratification of the appointment of Ernst & Young LLP as our independent auditors for 2014;
- an advisory vote on executive compensation; and
- any other business properly coming before the annual meeting.

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In the election of directors, you may vote **FOR** or **AGAINST** each individual nominee or indicate that you wish to **ABSTAIN** from voting on one or more nominee. For the amendment to The Williams Companies, Inc. 2007 Incentive Plan, the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan, ratification of Ernst & Young LLP as independent auditors, and the advisory vote on executive compensation, you may vote **FOR** or **AGAINST** the respective matter, or you may indicate that you wish to **ABSTAIN** from voting on the matter.

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

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

A: **FOR ITEMS 1-5:** The Board recommends that you vote **FOR** each of the director nominees, **FOR** the amendment to The Williams Companies, Inc. 2007 Incentive Plan, **FOR** the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan, **FOR** the ratification of Ernst & Young LLP as our independent auditors for 2014, and **FOR** the approval, on an advisory basis, of the Company s executive compensation.

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

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

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

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

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

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

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

Vote in person at the annual meeting.

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

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

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

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

A. Under the rules of the New York Stock Exchange (NYSE), if you are a beneficial owner, your broker or bank only has discretion to vote on certain routine matters without your voting instructions. The proposal to ratify Ernst & Young LLP as our independent auditors is considered a routine matter. However, the election of directors, the amendment to The Williams Companies, Inc. 2007 Incentive Plan, the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan, and the advisory vote on executive compensation are not considered routine matters. Accordingly, your broker or bank will not be permitted to vote your shares on such matters unless you provide proper voting instructions.

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

A. If you hold shares in The Williams Investment Plus Plan, Computershare sent you the Company s proxy materials directly. You may direct the trustee of the plan how to vote your plan shares by calling the toll-free number shown on the proxy card, voting on the Internet on the website shown on the proxy card, or completing and returning the enclosed proxy card in the postage-paid envelope. Please note, in order to permit the trustee to tally and vote all shares of Williams common stock held in The Williams Investment Plus Plan, your instructions, whether by Internet, by telephone, or by proxy card, must be completed prior to 1:00 a.m. Central Daylight Time on Monday, May 19, 2014. You may not change your vote related to such plan shares after this deadline.

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

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

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

FOR the election of each of the director nominees.

FOR the amendment to The Williams Companies, Inc. 2007 Incentive Plan.

FOR the amendment to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan.

FOR the approval ratifying the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2014.

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

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

A:

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

Q: What shares are included on my proxy card?

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

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

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

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

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Q: What is the quorum requirement for the meeting?

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

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

A: Items 1-5 may be approved by a majority of the votes cast. Other matters that may properly come before the annual meeting may require more than a majority vote under our By-laws, our Restated Certificate of Incorporation, the laws of Delaware, or other applicable laws.

Q: How will the votes be counted?

A: Abstentions from voting on the election of a director nominee, the ratification of the appointment of independent auditors, and the advisory vote on executive compensation will not be considered a vote cast with respect to those matters and therefore will have no effect on the outcome of such matters. Abstentions from voting on the amendments to The Williams Companies, Inc. 2007 Incentive Plan and The Williams Companies, Inc. 2007 Employee Stock Purchase Plan will have the same effect as a vote against those proposals.

Broker non-votes (i.e., shares held by brokers or nominees that cannot be voted because the beneficial owner did not provide specific voting instructions) will not be treated as a vote cast for any matter.

Q: Who will count the votes?

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

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

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

Q: May I propose actions for consideration at the 2015 meeting of stockholders?

A: Yes. For your proposal to be considered for inclusion in our proxy statement for the 2015 meeting, we must receive your written proposal no later than December 12, 2014. If we change the date of the 2015 meeting by more than 30 days from the anniversary of the date of this year s meeting, then the deadline to submit proposals will be a reasonable time before we begin to print and mail our proxy materials. Your proposal, including the manner in which you submit it, must comply with SEC regulations regarding stockholder proposals.

If you wish to raise a proposal (including a director nomination) from the floor during our 2015 annual meeting of stockholders, we must receive a written notice of the proposal between January 22, 2015 and February 21, 2015. Your submission must contain the additional information required by our By-laws. Proposals should be addressed to our corporate secretary at One Williams Center, MD 47, Tulsa, Oklahoma 74172.

Q: Who is paying for this proxy solicitation?

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

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

Q. Are you householding for stockholders of record sharing the same address?

A. The SEC s rules permit us to deliver a single copy of this proxy statement and our 2013 Annual Report to an address shared by two or more stockholders. This method of delivery is referred to as householding and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. We will deliver only one proxy statement and 2013 Annual Report to multiple registered stockholders sharing an address, unless we receive instructions to the contrary from one or more of the stockholders. We will still send each stockholder an individual proxy card.

If you would like to receive more than one copy of this proxy statement and our 2013 Annual Report, we will promptly send you additional copies upon request directed to our transfer agent, Computershare. You can call Computershare toll free at 1-800-884-4225. You can call the same phone number to notify us that you wish to receive a separate annual report or proxy statement in the future, or to request delivery of a single copy of any materials if you are receiving multiple copies now.

CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance

General

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

Corporate Governance Guidelines

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

Strategic Planning

During the year, the Board meets with management to discuss and approve strategic plans, financial goals, capital spending, and other factors critical to successful performance. The Board also conducts a mid-year review of progress on objectives and strategies. During Board meetings, directors review key issues and financial performance. In 2013 the Board met privately with the Chief Executive Officer (CEO) five times and met in executive session at each regular Board meeting and additionally as required. Further, the CEO communicates regularly with the Board on important business opportunities and developments. In 2013, the Board held one of its regularly scheduled meetings at one of our field locations to further educate the directors about our operations.

Board/Committee/Director Evaluations

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

Chief Executive Officer Evaluation and Management Succession

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

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Board Leadership Structure

Pursuant to our By-laws and Corporate Governance Guidelines, the positions of Chairman of the Board and President and CEO may be held by the same or different persons. At this time, the Board believes that the Company and its stockholders are best served by a leadership structure in which an independent director serves as Chairman of the Board. In this regard, Alan S. Armstrong serves as President and CEO of Williams and Frank T. MacInnis serves as Chairman of the Board. The Board believes that having an independent Chairman aids in the Board s oversight of management and promotes communications among the Board, the CEO, and other senior management. In addition, having a separate Chairman of the Board and CEO allows Mr. Armstrong to focus on his responsibilities in managing the Company.

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

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

Board Oversight of Williams Risk Management Processes

We use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) framework to provide positive assurance to management and the Board that risks are effectively managed to enable achievement of strategic, operating, compliance, and reporting objectives. In 2013, we integrated our risk assessment process with our strategy process to better facilitate identification of the most significant risks to achieving our strategic objectives. In conjunction with the Board s strategy review**,** management presented to the Board an enterprise-wide risk appetite statement, strategic risk profile, and management s risk response via risk management and monitoring metrics. We maintain a decentralized, cross functional approach to ERM; management functions including internal audit, accounting, legal, and compliance support our strategy and risk assessment with established control activities, monitoring, and reporting. The Board maintains responsibility for oversight of the company s risk management activities. The Board will consider whether management has appropriately identified our risk appetite, has established effective enterprise risk management processes, and is managing the risk portfolio consistent with such processes considering the risk appetite. Also, as stated in Proposal 1 Election of Directors, the Board has determined that it is important to have individuals on the Board with strategy development and risk management experience, and many of our directors have such experience.

Executive Sessions of Non-Employee Directors

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

Director Independence

Our Corporate Governance Guidelines require that the Board make an annual determination regarding the independence of each of Williams directors. The Board made these determinations on March 12, 2014, based on an annual evaluation performed by and recommendations made by the Nominating and Governance Committee.

The Board has affirmatively determined that each of Mr. Cleveland, Dr. Cooper, Mr. Hagg, Ms. Hinshaw, Mr. Izzo, Mr. MacInnis, Mr. Mandelblatt, Mr. Nance, Mr. Smith, Ms. Stoney, and Ms. Sugg is an independent

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director. In so doing, the Board determined that each of these individuals met the bright line independence standards of the NYSE. In addition, the Board considered transactions and relationships between each director and any member of his or her immediate family on one hand, and Williams and its affiliates on the other, to confirm that those transactions and relationships do not vitiate the affected director s independence. We discuss these relationships below.

Ms. Hinshaw is a director of Aegion Corporation (Aegion), subsidiaries of which provided ordinary course pipeline construction and maintenance services to Williams in 2013. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Ms. Hinshaw is a director of Aegion; she has no material interest in any transactions between Aegion and Williams; and she had no role in any such transactions.

Mr. Izzo is chief executive officer of Public Service Energy Group (PSEG), for whom Williams subsidiary Transcontinental Gas Pipe Line Company LLC has provided ordinary course transportation services since at least 2010. In determining that the relationship was not material, the Board considered these facts: payments made by PSEG to Williams in any of the last three fiscal years are less than 2% of PSEG s revenue for the respective year; Mr. Izzo has no material interest in any transactions between PSEG and Williams; and he had no role in any such transactions.

Mr. Nance serves on the board of Newfield Exploration Company (Newfield), for whom Williams subsidiaries provided ordinary course midstream and transportation services. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Mr. Nance is a director of Newfield; he has no material interest in any transactions between Newfield and Williams; and he had no role in any such transactions.

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

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

Transactions with Related Persons

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

No director may participate in any review, consideration or approval of any related person transaction with respect to which such director or any of his or her immediate family members is the related person. The Audit Committee or its chair, or the Board, as the case may be, in good faith, may approve only those related person transactions that are in, or not inconsistent with, Williams best interests and the best interests of our stockholders. In conducting a review of whether a transaction is in, or is not inconsistent with the best interest of Williams and its stockholders, the Audit Committee or its chair, or the Board, as the case may be, will consider the benefits of the transaction to the Company, the availability of other sources for comparable products or services, the terms of the transaction, the terms available to unrelated third parties and to employees generally, and the nature of the relationship between the Company and the related party, among other things. During 2013, there were no transactions that required review or approval by the Audit Committee or the full Board.

Outside Board Service

Our corporate governance guidelines limit the service of our board members on publicly held companies and investment company boards to no more than four (including our Board), provided that our CEO is limited to service on one non-affiliated public company board.

Majority Vote Standard

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

Director Attendance at Annual Meeting of Stockholders

We have a policy that all Board members are expected to attend our annual meeting of stockholders. All of the then-current Board members attended the 2013 annual meeting of stockholders.

Communications with Directors

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

The current contact information is as follows:

The Williams Companies, Inc.

One Williams Center, MD 49

Tulsa, Oklahoma 74172

Attn: Chairman of the Board

The Williams Companies, Inc.

One Williams Center, MD 47

Tulsa, Oklahoma 74172

Attn: Corporate Secretary

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

Code of Ethics

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

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How to Obtain Copies of our Governance-Related Materials

The following documents are available on our website at www.williams.com from the Corporate Responsibility/Corporate Governance tab.

Corporate Governance Guidelines,

Code of Ethics for Senior Officers,

Williams Code of Business Conduct, and

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

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

Board and Committee Structure and Meetings

Board Meetings

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

The full Board met 12 times in 2013. Further, the non-employee directors met five times without the CEO present. Each director attended at least 75% of the aggregate of the Board and applicable committee meetings held in 2013.

Board Committees

The Board has four standing committees Audit, Compensation, Finance, and Nominating and Governance. Each standing committee has a charter adopted by the Board. The standing committees report to the full Board at each regular Board meeting. The Board elects each committee s members and chair annually. The chart below shows the current composition of the standing committees and the number of committee meetings in 2013.

	Audit Committee	Compensation Committee	Finance Committee	Nominating and Governance Committee
Alan S. Armstrong				
Joseph R. Cleveland	ü			ü
Kathleen B. Cooper			ü	
John A. Hagg	ü		ü	
Juanita H. Hinshaw	ü			
Ralph Izzo	ü		ü	
Frank T. MacInnis		ü		
Eric W. Mandelblatt(1)		ü	ü	
Steven W. Nance		ü		ü
Murray D. Smith		ü		ü
Janice D. Stoney				ü

Laura A. Sugg		ü	ü	
Number of Meetings in 2013	10	6	5	5

= Chair

ü = Committee Member

(1) Board appointment effective February 27, 2014; committee assignments effective March 12, 2014.

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Each committee has authority under its charter to retain, approve fees for, and terminate advisors as it deems necessary to assist in the fulfillment of its responsibilities.

Audit Committee

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

- appoints, evaluates, and approves the compensation of our independent registered public accounting firm;
- assists the Board in fulfilling its responsibilities for generally overseeing Williams financial reporting processes and the audit of Williams financial statements, including the integrity of Williams financial statements, Williams compliance with legal and regulatory requirements, and risk assessment and risk management;
- reviews the qualifications and independence of the independent registered public accounting firm;
- reviews the performance of Williams internal audit function and the independent registered public accounting firm;
- reviews Williams earnings releases;
- reviews transactions between Williams and related persons that are required to be disclosed in our filings with the SEC;
- oversees investigations into complaints concerning financial matters;
- reviews with the General Counsel, as needed, any actual and alleged violations of the Company s code of conduct;
- annually reviews its charter and performance; and
- prepares the Audit Committee report for inclusion in the annual proxy statement.

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

Compensation Committee

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

- approving executive compensation philosophy, policies, and programs;

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

assessing the results of the advisory votes on executive compensation;

recommending to the Board equity-based compensation plans;

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

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

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

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- approving the NEOs and certain other executives compensation, including salary, incentive compensation, equity-based compensation, and any other remuneration;
- approving, amending, modifying, or terminating, in its settlor (non-fiduciary) capacity, the terms of any benefit plan that does not require stockholder approval;
- reviewing and discussing with management and, based on the review and discussions, recommending to the Board the Compensation Discussion and Analysis required by the SEC for inclusion in the annual proxy statement and annual report on Form 10-K;
- reviewing annually and recommending to the Board the appropriate compensation of non-employee directors;
- developing, reviewing, recommending for Board approval, and then monitoring the directors and executive officers compliance with, Williams stock ownership policy;
- reviewing and recommending the terms of Williams change in control program;
- assessing any potential conflicts of interest raised by the compensation consultants retained by management or the Committee and assessing the independence of any Compensation Committee advisor; and
- reviewing annually its charter and performance.

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

- provide competitive market data and advice related to the CEO s compensation level and incentive design;
- review and evaluate management-developed market data and recommendations on compensation levels, incentive mix, and incentive design for NEOs and certain other executives (excluding the CEO);
- develop the selection criteria and recommend comparator companies for executive compensation and performance comparisons;
- provide information on executive compensation trends and their implications to Williams; and
- provide competitive market data and advice on non-employee director compensation.

The Board has determined that all members of the Compensation Committee meet the heightened independence requirements under the NYSE s rules for persons serving on compensation committees.

The Compensation Committee evaluates the independence of Frederic W. Cook & Co., including consideration of the factors specified in Rule 10C-1 under the Exchange Act and the NYSE s rules to ensure that the advisors maintain objectivity and independence when rendering advice to the Committee. Frederic W. Cook & Co. does not provide any additional services to Williams. The compensation consultant reports to the Compensation Committee and is independent of management. The Compensation Committee has determined that the services Frederic W. Cook & Co. provides to the Committee are not subject to a conflict of interest.

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

Finance Committee

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

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

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- oversees Williams financial strategies, plans, and policies;
- reviews risks relating to capital, including capital availability and capital allocation;
- reviews and approves any amendments to Williams financing agreements;
- at least annually, reviews and approves Williams decision to enter into swaps that are exempt from exchange execution and clearing under the end-user exception regulations established by the Commodity Futures Trading Commission and Williams policies governing the use of swaps subject to the end-user exception; and
- reviews annually its charter and performance.

Nominating and Governance Committee

The Nominating and Governance Committee:

- develops and recommends to the Board director qualifications;
- identifies and recommends to the Board director candidates;
- reviews candidates recommended or nominated by stockholders;
- recommends to the Board the individual, or individuals, to be the Chairman of the Board and the CEO;
- reviews the CEO s recommendations for individuals to be officers;
- reviews annually succession plans for the positions of CEO and certain other executives;
- monitors significant developments in the regulation and practice of corporate governance;
- reviews the size and composition of the Board and its committees and recommends to the Board any changes;
- determines if a Lead Director shall be designated, and if so determined, recommends a director to serve as Lead Director;
- conducts a preliminary review of director independence and the financial literacy and expertise of the Audit Committee members;

recommends assignments to the Board committees;

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

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

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

reviews, on an annual basis, the implementation and effectiveness of the Company s ethics and compliance program with the General Counsel, and, as applicable, considers any actual and alleged violations of the codes of conduct, including any matters involving criminal or potential criminal conduct communicated by the General Counsel to the committee;

reviews stockholder proposals and recommends responses to the Board;

reviews our directors current service and requests to serve on boards of other companies; and

reviews annually the performance of individual directors.

Consideration of nominees. The process for selecting a director nominee starts with a preliminary assessment of each candidate based upon his/her resume and other biographical and background information, and his/her

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willingness to serve. The Committee considers prior Williams Board performance and contributions for any director nominee who is a current or former Board member. A candidate s qualifications are then evaluated against the criteria set forth in Proposal 1 Election of Directors, as well as the specific needs of Williams at the time. Qualified candidates are interviewed by the Chairman of the Board and at least one member of the Nominating and Governance Committee. Candidates may then meet with other members of the Board and senior management. At the conclusion of this process, the Nominating and Governance Committee may recommend and the Board act to appoint the candidate to the Board and recommend him or her for election by our stockholders at the next annual meeting.

The Nominating and Governance Committee uses the same process to evaluate all candidates regardless of the source of the nomination. The Committee has currently engaged a third party consultant to identify and evaluate potential director nominees.

Stockholder nominations. The Nominating and Governance Committee will consider written recommendations from stockholders for director nominations. If you wish to nominate a candidate, please forward the candidate s name and a detailed description of the candidate s qualifications, a document indicating the candidate s willingness to serve, and evidence that you own Williams stock to: The Williams Companies, Inc., One Williams Center, MD 47, Tulsa, Oklahoma 74172, Attn: Corporate Secretary. A stockholder wishing to nominate a candidate must also comply with the notice and other requirements described above under the question *May I propose actions for consideration at the 2015 meeting of stockholders?*

Arrangements for Selection.

Corvex Management LP (Corvex), Mr. Keith Meister, Soroban Master Fund LP (Soroban), Soroban Capital Partners LLC, and Mr. Eric W. Mandelblatt (collectively, the Investor Group) collectively report beneficial ownership of over five percent of our shares and sought Board representation. In February 2014, we entered into an agreement with the Investor Group pursuant to which Mr. Mandelblatt was appointed to our Board and we agreed to appoint Mr. Meister or, at Mr. Meister s option, a mutually agreeable industry expert to our Board in November 2014. Under the terms of the agreement, the Board also nominated Mr. Mandelblatt to stand for election at our 2014 annual meeting and will nominate both Messrs. Mandelblatt and Meister or, at Mr. Meister s option, a mutually agreeable industry expert to stand for election at our 2015 annual meeting of stockholders. Corvex and Soroban agreed to vote their shares in support of all of the Board s director nominees at those meetings. The agreement provides terms under which Messrs. Mandelblatt and Meister will offer to resign from our Board, including if Corvex and Soroban do not meet minimum share ownership requirements. Please read Security Ownership of Certain Beneficial Owners and Management for information about the shares reported as beneficially held by the Investor Group and our current report on Form 8-K filed with the SEC on February 25, 2014, which more fully describes our agreement with the Investor Group and includes a copy of the agreement.

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PROPOSAL 1 ELECTION OF DIRECTORS

Our restated certificate of incorporation provides that the Board must consist of between five and 17 members, with the actual number of directors at any time to be determined by the Board. Our Board is declassified; each director nominee is considered for a one year term. All of our directors are up for election in 2014. Unless otherwise instructed, the individuals designated by the Board as proxies intend to vote to elect Messrs. Armstrong, Cleveland, Hagg, Izzo, MacInnis, Mandelblatt, Nance, and Smith and Mesdames Cooper, Hinshaw, Stoney, and Sugg. Should any of these nominees become unable for any reason to stand for election as a director, the designated proxies will vote to elect another nominee recommended by the Nominating and Governance Committee. Alternatively, the Board may choose to reduce its size.

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

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

- an understanding of business and financial affairs and the complexities of a business organization,
- genuine interest in Williams and in representing all of its stockholders,
- a willingness and ability to spend the time required to function effectively as a director,
- an open-minded approach and the resolve to make independent decisions on matters presented for consideration, and
- a reputation for honesty and integrity beyond question.

In evaluating the director nominees and in reviewing the qualifications and experience of the directors continuing in office, the Nominating and Governance Committee considered a variety of factors. These include each nominee s independence, financial literacy, personal and professional accomplishments, and experience in light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board. For Mr. Mandelblatt, please read *Arrangements for Selection* above. Among other things, the Board has determined that it is important to have individuals on the Board with the following skills and experiences:

- Oil, Natural Gas, and Petrochemicals Industry Experience,
- Engineering and Construction Experience,
- Financial and Accounting Experience,

Corporate Governance Experience,

Securities and Capital Markets Experience,

Executive Leadership Experience,

Legal Experience,

Public Policy and Government Experience,

Strategy Development and Risk Management Experience,

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- Operating Experience,
- Human Resource Management Experience,
- Information Technology Experience, and
- Knowledge of the marketplace and political and regulatory environments relevant to the energy sector in the locations where we operate currently or plan to in the future (Marketplace Knowledge).

We have included below certain information about the nominees for election as directors.

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

Alan S. Armstrong, Age 51

Director

Director since 2011. Mr. Armstrong became one of our directors and our Chief Executive Officer and President in 2011. From 2002 until January 2011, he was Senior Vice President Midstream and acted as President of our midstream business. From 1999 to 2002, Mr. Armstrong was Vice President, Gathering and Processing for Midstream. From 1998 to 1999 he was Vice President, Commercial Development for our midstream business. Since 2011, Mr. Armstrong has served as Chairman of the Board and Chief Executive Officer of Williams Partners GP LLC, the general partner of Williams Partners L.P., where he was Senior Vice President Midstream from 2010, and Chief Operating Officer and a director from 2005. Since 2012, Mr. Armstrong has served as a director of Access Midstream Partners GP, L.L.C., the general partner of Access Midstream Partners, L.P. (a midstream natural gas service provider), in which Williams owns an interest. Mr. Armstrong has served as a director of BOK Financial Corporation since April 2013. Mr. Armstrong also serves on the National Petroleum Council and as a director for the American Petroleum Institute. He is the past Chairman and a current board member of the University of Oklahoma College of Engineering Board of Visitors. He serves as a member of the board of Junior Achievement, USA.

As our current Chief Executive Officer and as acquired during his roles of increasing responsibilities in our midstream business, Mr. Armstrong s qualifications include industry, engineering and construction, financial and accounting, corporate governance, securities and capital markets, executive leadership, strategy development and risk management, and operating experiences and marketplace knowledge.

Joseph R. Cleveland, Age 69

Member Audit Committee

Member Nominating and Governance Committee

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

As the former Chief Information Officer of Lockheed Martin Corporation, a former Vice President of Martin Marietta, and due to his multiple executive operating positions with G.E., Mr. Cleveland s qualifications include financial and accounting, executive leadership, strategy development and risk management, operating, and information technology experiences and marketplace knowledge.

Kathleen B. Cooper, Age 69

Chair Audit Committee

Member Finance Committee

Director since 2006. Dr. Cooper is Senior Fellow of the Tower Center for Political Studies at Southern Methodist University (since 2007) and President of CooperTrends, LLC (since 2012). From 2005 to 2007, she was the Dean of the College of Business Administration at the University of North Texas. From 2001 to 2005, she was the Under Secretary for Economic Affairs at the U.S. Department of Commerce. Dr. Cooper was at Exxon Mobil Corporation (an international oil and gas company) from 1990 to 2001, serving as Chief Economist the entire time and adding the position of Manager, Economics & Energy Division, Corporate Planning in 1999. Dr. Cooper also served as Executive Vice President and Chief Economist for Security Pacific Bank (1981 to 1990) and Chief Economist of United Banks of Colorado (1971 to 1981). Dr. Cooper is currently chair of the National Bureau of Economic Research and a director of Deutsche Bank Trust Corporation and Deutsche Bank Trust Company of the Americas, subsidiaries of Deutsche Bank AG (a financial service provider). She was a founding director of Texas Security Bank from 2008 to 2010. She has participated in numerous professional and community service organizations, including Harvard University s Higher Education Leadership Forum, the Oxford Energy Forum, and the International Women s Forum.

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

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John A. Hagg, Age 66

Member Audit Committee

Member Finance Committee

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

As Chairman of Strad Energy Services Ltd and Clark Builders, with 35 years of experience as a senior executive in the petroleum industry, service and financial sectors in Canada and the United States, and as a director of The Fraser Institute, Mr. Hagg s qualifications include industry, engineering and construction, financial and accounting, corporate governance, securities and capital markets, executive leadership, public policy and government, strategy development and risk management, operating, and human resource management experiences and marketplace knowledge.

Juanita H. Hinshaw, Age 69

Member Audit Committee

Chair Finance Committee

Director since 2004. Ms. Hinshaw is President and Chief Executive Officer of H&H Advisors (a financial consulting firm she founded in 2005). From 2000 to 2005 she was Senior Vice President and Chief Financial Officer of Graybar Electric Company (a distributor of electrical and communications products and provider of related supply chain management and logistics services), where she was responsible for the treasury, tax, auditing, and accounting areas. Ms. Hinshaw was a director of Graybar from 2000 to 2005. Prior to joining Graybar, she was with Monsanto Company (an agricultural company that then owned oil and petrochemical businesses) for fifteen years, retiring as Monsanto s Vice President and Treasurer in 1999. Ms. Hinshaw was a director of IPSCO (a supplier of steel products, tubular products, and coil processing services and products) from 2001 until the company was sold in 2007. Ms. Hinshaw is a director of Aegion Corporation, the parent holding company of Insituform Technologies Inc. (a provider of technologies and services for the rehabilitation of pipeline systems), which Ms. Hinshaw has served as a director since 2000. Ms. Hinshaw is also a director of Synergetics USA, Inc. (which designs, manufactures, and markets instruments used for eye and neurosurgery).

As the President and Chief Executive Officer of a consulting firm, the former Senior Vice President and Chief Financial Officer of Graybar Electric Company, and the former Vice President and Treasurer of Monsanto Company, Ms. Hinshaw s qualifications include industry, financial and accounting, executive leadership, operating, and information technology experiences.

Ralph Izzo, Age 56

Member Audit Committee

Member Finance Committee

Director since 2013. Mr. Izzo has served as Chairman and Chief Executive Officer of Public Services Enterprise Group (PSEG) (an integrated generation and energy delivery company) since 2007. He was named PSEG s president, chief operating officer and a member of its board in 2006. Previously, he was president and chief operating officer of Public Service Electric and Gas Company (PSE&G). Mr. Izzo joined PSE&G in 1992, holding roles of increasing responsibilities related to utility operations, appliance services, corporate planning, and electric ventures. Mr. Izzo also serves as a director of PSE&G, PSEG Power LLC, PSEG Energy Holdings L.L.C., and PSEG Services Corporation, which are subsidiaries of PSEG. Mr. Izzo began his career as a research scientist at the Princeton Plasma Physic Laboratory, performing numerical simulation of fusion energy experiments. Mr. Izzo is chair of the board of directors for the New Jersey Chamber of Commerce and serves on the Rutgers University Board of Governors, the New Jersey Utilities Association, the Edison Electric Institute (EEI), the Nuclear Energy Institute (NEI), the Institute for Nuclear Power Operations (INPO), the National Center on Addiction and Substance Abuse at Columbia University (CASA), and The Center for Energy Workforce Development. He is also a member of the Columbia University School of Engineering Advisory Council, The Princeton Andlinger Energy & Environment Center, as well as a member of the Visiting Committee for the Department of Nuclear Engineering at MIT.

As the Chairman and Chief Executive Officer of PSEG, Mr. Izzo s qualifications include industry, engineering and construction, financial and accounting, corporate governance, securities and capital markets, executive leadership, public policy and government, strategy development and risk management, operating, and human resource management experiences and marketplace knowledge.

Frank T. MacInnis, Age 67

Chairman of the Board

Member Compensation Committee

Chair Nominating and Governance Committee

Director since 1998. Mr. MacInnis was named Chairman of our Board in 2011. He is a member of the board of directors of EMCOR Group, Inc. (an electrical and mechanical construction company and energy infrastructure service provider), where he previously served as Chairman of the Board from 1994 to 2013 and as Chief Executive Officer from 1994 to 2010, managing the reorganization and emergence from bankruptcy of its predecessor. Mr. MacInnis also is Chairman of the Board of ComNet Communications, LLC (a provider of turnkey voice, data, and video infrastructure support). He is a director and non-executive Chairman of the Board of ITT Corporation (a high-technology engineering and manufacturing company). Mr. MacInnis is a director of Gilbane, Inc. (a real estate development and construction firm) since 2012. From 1981 to 1984, Mr. MacInnis served as Chairman and Chief Executive Officer of H.C. Price Construction (a builder of large diameter oil and gas pipelines). He has managed construction and operations all over the world, including in Tehran, Baghdad, Bangkok, the United Arab Emirates, London, the United States, and Canada. Mr. MacInnis has a law degree, having graduated from the University of Alberta Law School in 1971.

As the Chairman of our Board and ITT Corporation, the former Chairman of the Board and Chief Executive Officer of EMCOR Group, Inc., and the current Chairman of the Board and Chief Executive Officer of ComNet Communications, LLC, Mr. MacInnis qualifications include industry, engineering and construction, financial and accounting, corporate governance, executive leadership, legal, strategy development and risk management, operating, and human resource management experiences and marketplace knowledge.

Eric W. Mandelblatt, Age 38

Member Compensation Committee

Member Finance Committee

Director since February 2014. Since 2010, Mr. Mandelblatt has been the Managing Partner and Chief Investment Officer of Soroban Capital Partners LLC (a New York based investment firm). Mr. Mandelblatt was previously one of the Partners and Portfolio Managers of TPG-Axon Capital (a global investment firm) and, prior to that, he held a number of positions within the Equities Division at Goldman Sachs & Co. Mr. Mandelblatt currently serves as a board member of the University of Florida Investment Corporation and the Ronald McDonald House New York City.

As the Managing Partner and Chief Investment Officer of an investment firm and as acquired throughout his prior roles within the investment management industry, Mr. Mandelblatt s qualifications include financial and accounting, securities and capital markets, executive leadership, and strategy development and risk management experiences and marketplace knowledge.

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Steven W. Nance, Age 57

Member Compensation Committee

Member Nominating and Governance Committee

Director since 2012. Mr. Nance is president and manager of Steele Creek Energy, LLC (a private company with investments primarily in oil and natural gas). He has also served a director of Cloud Peak Energy, Inc. since 2010 (a coal producing company specializing in the production of low sulfur, subbituminous coal), chairing its health, safety, environment and communities committee and serving as a member of its audit committee. In addition, Mr. Nance has served as a director for Newfield Exploration Company since 2013 where he serves on the compensation and management development committee and the operations and reserves committee. Mr. Nance has more than 35 years of experience in the oil and gas industry, 12 of which Mr. Nance spent performing roles of increasing responsibility for Burlington Resources Inc. and its affiliates (an independent natural gas exploration and production company), departing as its Vice President, Gulf Coast Division, in 1997. From 1997 to 1999, Mr. Nance served XPLOR Energy and its predecessor company (a Gulf Coast-based exploration and production company), acting as its Chairman, President and Chief Executive Officer in 1999 when XPLOR Energy was acquired by Harken Energy Corporation. From 2000 to 2007, Mr. Nance served as president of Peoples Energy Production Company (an oil and gas production company) until it was acquired by a subsidiary of El Paso Corporation. Mr. Nance is on the Board of Trustees for the Independent Petroleum Association of America, and serves on the board for The Center for the Performing Arts at the Woodlands.

With his experience in the oil and gas industry, including leadership of XPLOR Energy, Peoples Energy Production Company, and Steele Creek Energy, Mr. Nance s qualifications include industry, financial and accounting, executive leadership, operating, and human resource management experiences.

Murray D. Smith, Age 64

Member Compensation Committee

Member Nominating and Governance Committee

Director since 2012. Mr. Smith is president of Murray D. Smith and Associates Limited (a consulting firm which provides strategic advice to the North American energy sector). From 1993 to 2004 Mr. Smith was an elected member of the Legislative Assembly of Alberta, Canada, serving in four different Cabinet portfolios. He served as Minister of Energy for Alberta, Canada from 2001 to 2004. Mr. Smith was the first Official Representative of the Province of Alberta to the United States of America in Washington, DC, from 2005 to 2007. Prior to serving in elected office, Mr. Smith was an independent businessman, owning a number of Alberta-based energy services companies, providing drilling fluids, services rigs, and oilfield consulting. Mr. Smith is currently a member of the advisory board of Hatch (a Canada-based global engineering firm). He is also a director of Surge Energy Inc. (a public oil-focused oil and gas company with operations throughout Alberta and Saskatchewan), NSolv Corporation (the owner of proprietary technology for water-free oil sands in-situ extraction), and Critical Control Solutions (a public Canadian provider of energy measurement services).

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As a former member of the Legislative Assembly of Alberta, Canada and diplomat and now an energy consultant, Mr. Smith s qualifications include industry, engineering and construction, corporate governance, securities and capital markets, executive leadership, and public policy and government experiences and marketplace knowledge.

Janice D. Stoney, Age 73

Chair Compensation Committee

Member Nominating and Governance Committee

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

As a former Executive Vice President of US West Communications Group, Inc., Chief Executive Officer of Northwestern Bell, and through her engagement in the political process, Ms. Stoney s qualifications include corporate governance, executive leadership, public policy and government, strategy development and risk management, operating, and human resource management experiences.

Laura A. Sugg, Age 53

Member Compensation Committee

Member Finance Committee

Director since 2010. Ms. Sugg retired from ConocoPhillips in 2010 (then an international, integrated oil company), having served as President, Australasia Division, a position responsible for the profit & loss and growth responsibility of ConocoPhillip s operations in Australia and East Timor. Ms. Sugg began her career in 1983 at Sohio Petroleum and joined Phillips Petroleum, now ConocoPhillips, in 1986 and performed various

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business development, human resources and operations roles. From 2003 to 2005, Ms. Sugg was ConocoPhillip s General Manager E&P Human Resources, with responsibility for global compensation and benefits, leadership succession planning, and all human resource functions for 10,000 worldwide employees in 16 countries. From 2002 to 2003, Ms. Sugg was a ConocoPhillip s midstream executive responsible for profit & loss, health, safety and environment, and operations for its gas gathering, processing, and fractionation business in the U.S., Canada, and Trinidad. From 2000 to 2002, Ms. Sugg was Vice President Worldwide Gas for Phillips with responsibility for its global liquefied natural gas and coal bed methane business development and the profit and loss for its North American gas marketing operations. In 2012, Ms. Sugg joined the board of Denbury Resources, Inc. (an independent oil and gas company) where she serves as the chair of the compensation committee. Ms. Sugg has served as a director and audit committee member of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P., since January 2014. Ms. Sugg previously served as a director of Williams Partners GP LLC from December 2011 to May 2012. Ms. Sugg was a director of Mariner Energy, Inc. (an independent oil and gas exploration and production company) from 2009 until its merger with Apache Corporation in 2010.

As the former President - Australasia Division, General Manager E&P Human Resources, and a midstream executive, each with ConocoPhillips, Ms. Sugg s qualifications include industry, engineering and construction, financial and accounting, corporate governance, executive leadership, strategy development and risk management, operating, and human resource management experiences.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning beneficial ownership by holders of five percent or more of our common stock. Unless otherwise indicated, the persons named have sole voting and investment power with respect to the shares listed.

Name	Number of Share of Common Stock	Percent of Class(4)
Corvex Management LP / Soroban Master Fund LP(1)	62,682,960	9.15%
Morgan Stanley(2)	39,772,285	5.80%
The Vanguard Group(3)	34,877,013	5.09%

(1) According to a Schedule 13D filed with the SEC on December 16, 2013, as amended on January 13, 2014, February 4, 2014, February 5, 2014, February 14, 2014, and February 25, 2014 (as amended, the 13D), the shares of common stock listed in the table represent the aggregate number of shares that may be beneficially owned by the following (collectively, the Reporting Persons): (a) Corvex Management LP, a Delaware limited partnership (Corvex), (b) Keith Meister, (collectively with Corvex, the Corvex Persons), (c) Soroban Master Fund LP, a Cayman Islands exempted limited partnership (SMF Fund) (d) Soroban Capital Partners LLC, a Delaware limited liability company (SCP LLC), and (e) Eric W. Mandelblatt (collectively with SMF Fund and SCP LLC, the Soroban Persons). The foregoing entities and persons jointly filed the 13D, indicating that they may constitute a group within the meaning of Section 13 of the Exchange Act. The 13D further reports an agreement between Corvex and SCP LLC relating to taking certain actions with respect to us. The 13D indicates that Corvex may be the beneficial owner of and have sole voting and dispositive power over 41,682,960 shares of our common stock held for the account of certain private investment funds for which Corvex acts as investment advisor. The 13D also notes that Mr. Meister, by virtue of his position as control person of the general partner of Corvex, may be considered to beneficially own such shares. The 13D indicates that the Soroban Persons may be the beneficial owner of and have shared voting and dispositive power over 21,000,000 shares of our common stock held for the account of SMF Fund, a private investment fund for which SCP LLC acts as investment manager and the general partner of which is controlled by Mr. Mandelblatt. SCP LLC is controlled by Mr. Mandelblatt through his role as Managing Partner of SCP LLC. According to the 13D, the share amounts in the preceding sentence and the table above exclude certain cash-settled options held with respect to our common stock by the Reporting Persons. The principal business address of the Corvex Persons is 712 Fifth Avenue, 23rd Floor, New York, New York 10019. The principal business address of SMF Fund is Gardenia Court, Suite 3307, 45 Market Street, Camana Bay, Grand Cayman KY1-1103, Cayman Islands and the principal business address of SCP LLC and Mr. Mandelblatt is 444 Madison Avenue, 21st Floor, New York, New York, 10022.

(2) According to a Schedule 13G filed with the SEC on December 20, 2013, as amended on January 28, 2014 (as amended, the Morgan Stanley 13G), Morgan Stanley, a parent holding company / control person and corporation, may beneficially own the shares of common stock listed in the table above. The Morgan Stanley 13G indicates that Morgan Stanley may have sole voting power over 36,171,929 of our common shares, shared voting power over 2,166,633 of our common shares, and sole dispositive power over 39,772,285 of our common shares. The address of Morgan Stanley is 1585 Broadway, New York, New York, 10036.

(3) According to a Schedule 13G filed with the SEC on February 12, 2014 (the Vanguard 13G), The Vanguard Group, an investment advisor, may beneficially own the shares of common stock listed in the table above. The Vanguard 13G indicates that The Vanguard Group may have sole voting power over 1,110,944 of our common shares, sole dispositive power over 33,836,953 of our common shares, and shared dispositive power over 1,040,060 of our common shares. The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(4) Ownership percentage is reported based on 685,317,418 shares of common stock outstanding on February 28, 2014.

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The following table sets forth, as of February 28, 2014, the number of shares of our common stock beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group.

Name of Individual or Group	Shares of Williams Common Stock Owned Directly or Indirectly(1)(2)	Williams Shares Underlying Options Exercisable Within 60 Days(3)	Total	Percent of Class(4)
Alan S. Armstrong	554,170	546,142	1,100,312	*
Donald R. Chappel	618,679	585,149	1,203,828	*
Joseph R. Cleveland (5)	34,352	0	34,352	*
Kathleen B. Cooper	34,708	5,527	40,235	*
John A. Hagg	18,285	0	18,285	*
Juanita H. Hinshaw	47,014	16,383	63,397	*
Ralph Izzo	4,762	0	4,762	*
Frank T. MacInnis	121,684	19,388	141,072	*
Eric W. Mandelblatt (6)	21,000,000	0	21,000,000	3.06%
Rory L. Miller	184,281	124,673	308,954	*
Steven W. Nance	10,118	0	10,118	*
Fred E. Pace	77,996	22,216	100,212	*
James E. Scheel	113,239	78,242	191,481	*
Murray D. Smith (7)	17,285	0	17,285	*
Janice D. Stoney (8)	92,308	13,379	105,687	*
Laura A. Sugg	17,219	0	17,219	*
All directors and executive officers as a group (23 persons)	23,700,918	2,007,371	25,708,289	3.75%

* Less than 1%.

(1) Includes shares held under the terms of incentive plans as follows: Mr. Armstrong, 352,176 restricted stock units; Mr. Chappel, 181,241 restricted stock units; Mr. Miller, 107,557 restricted stock units; Mr. Pace, 73,758 restricted stock units; and Mr. Scheel, 104,547 restricted stock units. Restricted stock units include both time-based and performance-based units and do not have voting or investment power.

(2) Includes restricted stock units over which directors have no voting or investment power held under the terms of compensation plans as follows: Mr. Cleveland, 8,806; Dr. Cooper, 8,806; Mr. Hagg, 5,418; Ms. Hinshaw, 8,806; Mr. Izzo, 4,762; Mr. MacInnis, 13,158; Mr. Nance, 5,418; Mr. Smith, 5,418; Ms. Stoney, 31,232; and Ms. Sugg, 8,806.

(3) The SEC deems a person to have beneficial ownership of all shares that the person has the right to acquire within 60 days. The shares indicated represent stock options granted under our current or previous stock option plans that are currently exercisable or will become exercisable within 60 days of February 28, 2014. Shares subject to options cannot be voted.

(4) Ownership percentage is reported based on 685,317,418 shares of common stock outstanding on February 28, 2014, plus, as to the holder thereof only and no other person, the number of shares (if any) that the person has the right to acquire as of February 28, 2014, or within 60 days from that date, through the exercise of all options and other rights.

(5) Represents 3,047 shares held in the Joe R. Cleveland Family Trust dated November 21, 2008, Joe R. and Evelyn Cleveland, Trustees.

(6) Please see the table above setting forth information concerning beneficial ownership by holders of five percent or more of our common stock for information about Mr. Mandelblatt s beneficial holdings of our shares.

(7) Represents 3,000 shares held by Murray D. Smith and Associates Limited.

(8) Represents 60,076 shares held in the Larry and Janice Stoney Family Trust dated March 25, 2008, Larry D. & Janice D. Stoney, Trustees.

The following table sets forth, as of February 28, 2014, the number of common units of Williams Partners L.P. (WPZ) beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group. None of the persons in the table below own any Class D units of WPZ.

Name of Individual or Group	WPZ Common Units Owned Directly or Indirectly	Percent of Class(1)
Alan S. Armstrong (2)	20,000	*
Donald R. Chappel	22,584	*
Joseph R. Cleveland (3)	2,000	*
Kathleen B. Cooper	0	*
John A. Hagg	0	*
Juanita H. Hinshaw	2,492	*
Ralph Izzo	0	*
Frank T. MacInnis	8,792	*
Eric W. Mandelblatt	0	*
Rory L. Miller	0	*
Steven W. Nance	0	*
Fred E. Pace	0	*
James E. Scheel	0	*
Murray D. Smith	0	*
Janice D. Stoney (4)	8,792	*
Laura A. Sugg	0	*
All directors and executive officers as a group (23 persons)	74,391	*

* Less than 1%.

(1) Ownership percentage is reported based on 159,153,455 common units, which is the number of common units outstanding on February 28, 2014 (438,625,699) less the number of common units owned by a subsidiary of the Company on such date (279,472,244).

(2) 10,000 units are held in the Alan Stuart Armstrong Trust dated June 16, 2010, with Alan Armstrong as trustee, and 10,000 units are held in the Shelly Stone Armstrong Trust dated June 16, 2010, with Shelly Armstrong as trustee.

(3) Units are held in the Joe R. Cleveland Family Trust dated November 21, 2008, Joe R. and Evelyn Cleveland, Trustees.

(4) Units are held in the Larry and Janice Stoney Family Trust dated March 25, 2008, Larry D. & Janice D. Stoney, Trustees.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s directors and certain of its officers to file reports of their ownership of Williams common stock and of changes in such ownership with the SEC and the NYSE. Regulations also require Williams to identify in this proxy statement any person subject to this requirement who failed to file any such report on a timely basis. Based solely on a review of the copies of such reports furnished to the Company and written representations from certain reporting persons, we believe that all of our officers, directors, and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended December 31, 2013.

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NAMED EXECUTIVE OFFICER PROFILES

The following profiles provide biographical information and summarize total targeted compensation for 2013 for our NEOs. These profiles are provided in addition to the detailed compensation tables required by the SEC.

Alan S. Armstrong

Chief Executive Officer

Position held since 2011

Age: 51

Director since 2011. Mr. Armstrong became one of our directors and our Chief Executive Officer and President in 2011. From 2002 to 2011, he was Senior Vice President Midstream and acted as President of our midstream business. From 1999 to 2002, Mr. Armstrong was Vice President, Gathering and Processing for Midstream. From 1998 to 1999 he was Vice President, Commercial Development for our midstream business. Since 2011, Mr. Armstrong has served as Chairman of the Board and Chief Executive Officer of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P., where he was Senior Vice President Midstream from 2010, and Chief Operating Officer and a director from 2005. Since 2012, Mr. Armstrong has served as a director and a member of the compensation committee of Access Midstream Partners GP, L.L.C., the general partner of Access Midstream Partners, L.P. (a midstream natural gas service provider), in which we own an interest. Mr. Armstrong has served as a director of BOK Financial Corporation since April 2013. Mr. Armstrong also serves on the National Petroleum Council and as a director for the American Petroleum Institute. He is the past Chairman and a current board member of the University of Oklahoma College of Engineering Board of Visitors. He serves as a member of the board of Junior Achievement, USA.

2013 Target Compensation[1]

Long-Term Incentives (LTI)	
Performance-based RSUs	$ 2,612,500
Time-based RSUs	$ 1,187,500
Stock Options	$ 950,000
Short-Term Incentive at Target	
Annual Incentive Program (AIP)	$ 1,287,500
Base Pay	$ 1,030,000
Total Target Compensation	$ 7,067,500
Retirement Benefits	
Pension (year over year change)	$ (173,215)
Restoration Plan (year over year change)	$ (271,639)
401(k) Company Match	$ 15,300

Payment Upon Termination

(As of December 31, 2013)

Voluntary Termination	$	0
Termination with Cause	$	0
Involuntary Termination without Cause	$	10,807,386
Retirement	$	0
Death or Disability	$	12,899,146
Change in Control	$	24,847,285

Stock Ownership Requirements

As of December 31, 2013, Mr. Armstrong s ownership in our common stock exceeded the required CEO ownership threshold of six times base salary.

1 Please note that 2013 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

2013 Target Compensation Chart

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 68% of Mr. Armstrong s total target compensation.

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Donald R. Chappel

Senior Vice President and Chief Financial Officer

Position held since 2003

Age: 62

Prior to joining Williams, Mr. Chappel held various financial, administrative, and operational leadership positions. Mr. Chappel is included in Institutional Investor magazine s Best CFOs listing for 2013, 2012, 2011, 2010, 2008, 2007, and 2006. Since 2005, Mr. Chappel has served as Chief Financial Officer and a director of Williams Partners GP LLC, the general partner of Williams Partners L.P. Mr. Chappel was Chief Financial Officer, from 2007, and a director, from 2008, of Williams Pipeline GP LLC, the general partner of Williams Pipeline Partners L.P., until its merger with Williams Partners L.P. in 2010. Since 2012, Mr. Chappel has served as a director and a member of the compensation committee of Access Midstream Partners GP, L.L.C., the general partner of Access Midstream Partners, L.P. (a midstream natural gas service provider), in which we own an interest. Mr. Chappel is also a director of SUPERVALU Inc. (a grocery and pharmacy company), serving as a member of its audit committee and corporate governance and nominating committee. Mr. Chappel serves as a director of two not-for-profit organizations The Children s Hospital Foundation at St. Francis and Family & Children s Services of Oklahoma.

2013 Target Compensation[1]

Long-Term Incentives (LTI)		
Performance-based RSUs	$	1,080,000
Time-based RSUs	$	840,000
Stock Options	$	480,000
Short-Term Incentive at Target		
Annual Incentive Program	$	483,750
Base Pay	$	645,000
Total Target Compensation	$	3,528,750
Retirement Benefits		
Pension (year over year change)	$	(41,926)
Restoration Plan (year over year change)	$	(237,470)
401(k) Company Match	$	15,300

Payment Upon Termination

(As of December 31, 2013)

Voluntary Termination	$	0
Termination with Cause	$	0
Involuntary Termination without Cause	$	6,516,556
Retirement	$	6,528,967
Death or Disability	$	7,784,996
Change in Control	$	13,356,413

Stock Ownership Requirements

As of December 31, 2013, Mr. Chappel ownership in our common stock exceeded the required NEO ownership threshold of three times base salary.

1 Please note that 2013 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

2013 Target Compensation Chart

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 57% of our NEO s total target compensation.

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Fred E. Pace

Senior Vice President E&C (Engineering and Construction)

Position held since January 2013

Age: 52

From 2011 until January 2013, Mr. Pace served Williams in project engineering and development roles, including service as Vice President Engineering and Construction for Williams midstream business. From 2009 to 2011, Mr. Pace was the managing member of PACE Consulting, LLC (an engineering and consulting firm serving the energy industry). In 2003, Mr. Pace co-founded Clear Creek Natural Gas, LLC, later known as Clear Creek Energy Services, LLC (a provider of engineering, construction, and operational services to the energy industry) where he served as Chief Executive Officer until 2009. Mr. Pace has over 30 years of experience in the engineering, construction, operation, and project management areas of the energy industry, including prior service with Williams from 1985 to 1990. Mr. Pace also serves as Senior Vice President E&C of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P.

2013 Target Compensation[1]

Long-Term Incentives (LTI)		
Performance-based RSUs	$	585,000
Time-based RSUs	$	455,000
Stock Options	$	260,000
Short-Term Incentive at Target		
Annual Incentive Program	$	260,000
Base Pay	$	400,000
Total Target Compensation	$	1,960,000
Retirement Benefits		
Pension (year over year change)	$	5,375
Restoration Plan (year over year change)	$	41,045
401(k) Company Match	$	15,300

Payment Upon Termination

(As of December 31, 2013)

Voluntary Termination	$	0
Termination with Cause	$	0
Involuntary Termination without Cause	$	1,810,666
Retirement	$	0
Death or Disability	$	2,095,403
Change in Control	$	4,881,064

Stock Ownership Requirements

As of December 31, 2013, Mr. Pace s ownership in our common stock did not meet the required NEO ownership threshold of three times base salary. Mr. Pace must retain at least 50 percent of any vested equity awards net of taxes.

1 Please note that 2013 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

2013 Target Compensation Chart

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 57% of our NEO s total target compensation.

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Rory L. Miller

Senior Vice President Atlantic - Gulf

Position held since January 2013

Age: 53

From 2011 through 2012, Mr. Miller was Senior Vice President Midstream, acting as President of our midstream business. He was a Vice President of our midstream business from 2004 to 2011. Mr. Miller also serves as a director and Senior Vice President Atlantic Gulf of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P. Mr. Miller is a member of the board of directors for the Gas Processors Association and the Natural Gas Supply Association.

2013 Target Compensation[1]

Long-Term Incentives (LTI)		
Performance-based RSUs	$	585,000
Time-based RSUs	$	455,000
Stock Options	$	260,000
Short-Term Incentive at Target		
Annual Incentive Program	$	318,500
Base Pay	$	455,000
Total Target Compensation	$	2,073,500
Retirement Benefits		
Pension (year over year change)	$	(147,736)
Restoration Plan (year over year change)	$	(42,763)
401(k) Company Match	$	15,300

Payment Upon Termination

(As of December 31, 2013)

Voluntary Termination	$	0
Termination with Cause	$	0
Involuntary Termination without Cause	$	4,175,785
Retirement	$	0
Death or Disability	$	4,958,492
Change in Control	$	8,571,448

Stock Ownership Requirements

As of December 31, 2013, Mr. Miller s ownership in our common stock exceeded the required NEO ownership threshold of three times base salary.

[1] Please note that 2013 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

2013 Target Compensation Chart

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 57% of our NEO s total target compensation.

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James E. Scheel

Senior Vice President Northeast G&P

Position held since January 2014

Age: 49

Mr. Scheel joined Williams in 1988 and has served in leadership roles in business and strategic development, engineering and operations, operational excellence, our NGL business, and international and joint venture operations. Mr. Scheel has experience with more than $6 billion in transactions and business integrations. In Lithuania, Mr. Scheel helped Williams negotiate the purchase of a distressed company and led the operational aspects of modernizing a refinery and completing an oil export terminal. Mr. Scheel also serves as a director and as Senior Vice President Northeast G&P of our affiliate Williams Partners GP LLC, the general partner of Williams Partners L.P. From 2012 to January 2014, Mr. Scheel served as Senior Vice President Corporate Strategic Development for Williams and Williams Partners GP LLC. From 2011 to 2012, Mr. Scheel served as Vice President of Business Development for Williams midstream business. From 2012 to February 2014, Mr. Scheel served as a director of Access Midstream Partners GP, L.L.C., the general partner of Access Midstream Partners, L.P. (a midstream natural gas service provider), in which we own an interest.

2013 Target Compensation[1]

Long-Term Incentives (LTI)		
Performance-based RSUs	$	630,000
Time-based RSUs	$	490,000
Stock Options	$	280,000
Short-Term Incentive at Target		
Annual Incentive Program	$	256,750
Base Pay	$	395,000
Total Target Compensation	$	2,051,750
Retirement Benefits		
Pension (year over year change)	$	(159,576)
Restoration Plan (year over year change)	$	21,631
401(k) Company Match	$	15,300

Payment Upon Termination

(As of December 31, 2013)

Voluntary Termination	$	0
Termination with Cause	$	0
Involuntary Termination without Cause	$	2,789,482
Retirement	$	0
Death or Disability	$	3,437,936
Change in Control	$	6,586,154

Stock Ownership Requirements

As of December 31, 2013, Mr. Scheel s ownership in our common stock exceeded the required NEO ownership threshold of three times base salary.

[1] Please note that 2013 Compensation reflects target pay and consists of annual base pay, AIP at target, and the targeted long-term incentive grant. These amounts will differ from the Summary Compensation Table. The retirement benefits are valued in the same manner shown in the Summary Compensation Table.

2013 Target Compensation Chart

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 57% of our NEO s total target compensation.

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COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis (CD&A) provides a detailed description of the objectives and principles of Williams executive compensation programs. It explains how compensation decisions are linked to performance as compared to the Company s strategic goals and stockholder interests. Generally, Williams executive compensation programs apply to all officers, however this CD&A focuses on the NEOs for the Company for the 2013 fiscal year.

Compensation Highlights

- Pay-for-performance: We design our compensation programs to support our commitment to performance. At target, we provide at least 80% of an NEOs compensation through programs in which the amounts received will vary based on our performance.

  - Equity awards, consisting of performance-based restricted stock units (RSUs), time-based RSUs, and stock options, are used to align compensation with the long-term interests of our stockholders. Our performance-based RSUs, which are the largest component of an NEO s long-term incentive award, measure both absolute and relative total stockholder return (TSR) to determine the actual number of units that will be distributed to an NEO upon vesting. We are unique among our comparator companies in measuring both relative TSR, which gauges our TSR performance relative to our comparator companies, and absolute TSR, which requires that we deliver a strong absolute TSR to our stockholders, in order to earn the targeted number of units upon vesting. In 2013, the performance-based RSUs granted in 2010 exceeded our three-year annualized TSR targets by achieving a relative TSR performance in the top quartile of our comparator group and exceeding the stretch goal of 18% for the annualized absolute TSR delivered to our stockholders. As a result of this strong performance, the performance pay-out for these awards was certified at 188.24%.

  - Our performance-based cash compensation is paid under our Annual Incentive Program (AIP) based on financial performance and individual performance. Under this program, cash compensation reflects annual business performance and is based on weighted measures of adjusted operating distributable cash flow, controllable costs, and fee-based revenue. Actual 2013 AIP performance was 81.0% of the target.

- Stock Ownership Guidelines: All NEOs, consistent with their responsibilities to stockholders, must hold an equity interest in the Company equal to a stated multiple of their base pay. Effective January 1, 2014, unvested performance-based equity awards will no longer be counted towards shares owned in the executive stock ownership guidelines.

- Say on Pay: We seek stockholder support on our executive compensation pay programs annually. In 2013, our stockholders showed overwhelming support of our programs with 95.18% for votes. In considering this positive response, along with our analysis of the competitive market, we have not made any material changes to our overall executive compensation program.

2013 Business Overview

In the face of challenges in 2013 presented by the continued decline in NGL margins and the significant and tragic Geismar incident, we continued growing fee-based revenues while managing costs and executing on our strategy to safely and reliably connect enduring low cost natural gas and natural gas products with high-value markets. As intended, the new organizational structure we put into place at the beginning of 2013 helped to strengthen the company s fundamental capabilities of project execution and operational excellence.

In 2013, we increased our full-year dividend to shareholders by 20 percent, and we expect cash flow growth from Williams Partners and Access Midstream Partners to drive this level of annual dividend growth through the 2014 to 2015 guidance period. Our overall level of capital investment in our business was more than $4 billion during 2013.

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We placed into service a number of important capital projects and continued growing our gathering and processing operations to meet producer needs in the Utica-Marcellus where our gathered volumes reached a new monthly average record of 2 billion cubic feet a day. We continued our ongoing build-out of the Transco pipeline system and completed timely expansions in 2013 that drove record-breaking volume deliveries in areas stretching from Mississippi to New York City.

Projects and milestones

In the first quarter of 2013, WPZ placed into service the Mid-Atlantic Connector, a 142 Mdth/d expansion of Transco s mainline from an existing interconnection with East Tennessee Natural Gas in North Carolina to markets as far downstream as Maryland.

Effective April 1, 2013, WPZ sold a 49 percent interest in Gulfstar One LLC (Gulfstar One) to a third party for $187 million, representing their proportionate share of estimated capital expenditures to date for the construction of Gulfstar FPS , which is a proprietary floating production system and has been under construction since late 2011. It is supported by multiple agreements with two major producers to provide production handling, export pipeline, oil and gas gathering and gas processing services for the Tubular Bells field development located in the eastern deepwater Gulf of Mexico. We expect Gulfstar FPS to be capable of serving as a central host facility for other deepwater prospects in the area. The project is expected to be in service in the third quarter of 2014.

In December 2013, Gulfstar One agreed to host the Gunflint development, which will result in an expansion of the Gulfstar One system to provide production handling capacity of 20 Mbbls/d and 40 MMcf/d for Gunflint. The project has a first oil target of mid-2016.

In the second quarter of 2013, through our equity investment in Overland Pass Pipeline (OPPL), we completed the construction of a pipeline expansion, which increased the pipeline s capacity to 255 Mbbls/d. In addition, a new connection was completed in April 2013 to bring new NGL volumes to OPPL from the Bakken Shale in the Williston basin.

In the second quarter of 2013, we completed an expansion to our natural gas gathering system, processing facilities, and fractionator in our Ohio Valley Midstream business of the Marcellus Shale including a third turbo-expander at our Fort Beeler facility, which added 200 MMcf/d of processing capacity.

In the second quarter of 2013, we formed a joint project to develop the Bluegrass Pipeline. We own a 50 percent interest in Bluegrass Pipeline, which would connect processing facilities in the Marcellus and Utica shale-gas areas in the U.S. Northeast to growing petrochemical and export markets in the U.S. Gulf Coast. The proposed pipeline would deliver mixed NGLs from these producing areas to proposed new fractionation and storage facilities, which would have connectivity to petrochemical facilities and product pipelines along the coasts of Louisiana and Texas. We currently estimate that the project will be placed in-service in mid-to-late 2016.

In the second quarter of 2013, we placed into service the second phase of the Mid-South Expansion project which involved a 130 Mdth/d expansion of Transco s mainline from Station 85 in Choctaw County, Alabama to markets as far downstream as North Carolina.

In June 2013, we filed an application with the FERC for authorization to construct and operate the new jointly owned Constitution pipeline. In February 2014, we received the FERC s draft environmental statement regarding the project. We currently own 41 percent of Constitution with three other parties holding 25 percent, 24 percent, and 10 percent, respectively. We will be the operator of Constitution. The 120-mile Constitution pipeline will connect our gathering system in Susquehanna County, Pennsylvania, to the Iroquois Gas Transmission and Tennessee Gas Pipeline systems in New York. We plan to place the project into service in late 2015 to 2016, with an expected capacity of 650 Mdth/d. The pipeline is fully subscribed with two shippers.

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On August 31, 2012, Transco submitted to the FERC a general rate filing principally designed to recover increased costs and to comply with the terms of the settlement in its prior rate proceeding. The new rates became effective March 1, 2013, subject to refund and the outcome of the hearing. On August 27, 2013, Transco filed a stipulation and agreement with the FERC proposing to resolve all issues in this proceeding without the need for a hearing (Agreement). On December 6, 2013, the FERC issued an order approving the Agreement without modifications. Pursuant to its terms, the Agreement became effective March 1, 2014.

In the fourth quarter of 2013, the Northeast Supply Link Project was placed into service, increasing capacity by 250 Mdth/d on Transco s existing natural gas transmission system from the Marcellus Shale production region on the Leidy Line to various delivery points in New York and New Jersey.

Top Quartile Total Shareholder Return Performance - For each of the three-year measurement periods from 2009-2011, 2010-2012, and 2011-2013, Williams has delivered a Total Shareholder Return in the top quartile of our comparator company group.

Set forth below is a chart comparing Williams cumulative total stockholder return on our common stock (assuming reinvestment of dividends) to the cumulative total return of the S&P 500 Stock Index and the median of our comparator company group. For more details on our comparator company group, see the CD&A section titled Determining Our Comparator Group. The graph below assumes an initial investment of $100 at the beginning of the period on December 31, 2010.

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Compensation Summary

Objective of Our Compensation Programs

The role of compensation is to attract and retain the talent needed to increase stockholder value and to help our businesses meet or exceed financial and operational performance targets. Our compensation programs objective is to reward our NEOs and employees for successfully implementing our strategy to grow our business and create long-term stockholder value. To that end, in 2013 we used relative and absolute TSR to measure long-term performance; and we used adjusted operating distributable cash flow, controllable costs, and fee-based revenue to measure annual performance. We believe using separate long-term and annual metrics to incent and pay NEOs helped ensure that the business decisions made were aligned with the long-term interests of our stockholders.

Our Pay Philosophy

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

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

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

Our Commitment to Pay for Performance

We give significant consideration to the need to balance our pay philosophy and practices with affordability and sustainability. We continued to grant long-term incentives in the form of (1) performance-based RSUs, (2) time-based RSUs, and (3) stock options in 2013 to emphasize our commitment to pay for performance, enable ownership in the Company, and ensure appropriate retention of our NEOs.

Consistent with this commitment, we have granted performance-based RSUs to our NEOs since 2004. Performance-based RSUs awarded are only earned if we attain specific TSR results. We measure both relative TSR and absolute TSR as interdependent measures in determining the attainment level of our performance-based awards. Including absolute TSR ensures that we are delivering value to our stockholders, not simply performing well against our peers. Relative TSR may place us at the top of our peers; however, if we have not delivered value to our stockholders, awards would be limited. The companies in our comparator group typically only consider their TSR performance relative to a defined peer group regardless of whether their stockholders have experienced a return on their investment. Performance-based equity is a significant portion of our NEO compensation. The performance-based RSU matrix included in this section shows how the two metrics work together to generate a performance multiple. The matrix demonstrates that a maximum payout is achieved only when we exceed our goals both in absolute and relative terms. If our relative TSR performance is below the median of our comparator company group, we only deliver a payout if our absolute performance is at least a 7.5% annualized TSR to our stockholders during the three-year period. Even then, the payout would be between 0% - 50% of the original grant. Similarly, relative TSR performance near or at the top of our comparator group would be capped at 60% of the original grant if we fail to return at least 7.5% to our stockholders. This would result in each NEO receiving well below the targeted award despite high relative TSR compared to our peers. This is in sharp contrast to the companies in our comparator group who determine a payout based only on relative TSR. Without delivering the threshold absolute return to stockholders, relative TSR that fails to exceed the median of the comparator group will not generate any payout.

The performance-based RSUs granted in 2010 and 2011 for the 2010-2012 and 2011-2013 performance periods exceeded targets set for both absolute and relative TSR at the beginning of each performance period resulting in strong performance scores of 188.24% and 182.35% respectively. The 2010 awards were distributed in 2013. The 2011 awards will be distributed in 2014. Of note, within the past five vesting periods, two of our performance-based RSU grants have not achieved the minimum threshold for payout while three have achieved above target performance.

In addition to performance-based long-term incentive awards, we also reward performance through our Annual Incentive Program. Each year, we set performance targets for the AIP during the first quarter. The weighted performance measures established in 2013 were adjusted operating distributable cash flow, controllable costs, and fee-based revenue. Actual 2013 AIP performance was 81.0% of the target.

Compensation Recommendation and Decision Process

Role of Management

In order to make pay recommendations, management provides the CEO with data from the annual proxy statements of companies in our comparator group along with pay information compiled from nationally recognized executive and industry related compensation surveys sponsored by AonHewitt, Mercer, and Towers

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Watson. The survey data is used to confirm that pay practices among companies in the comparator group are aligned with the market as a whole.

Role of the CEO

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

For our 2013 annual cash incentive program, the CEO s recommendation was based on business performance metrics with a potential adjustment for individual performance. Individual performance includes operating and/or functional area results, achievement of business goals, 2013 individual performance as measured by our Right Way/Right Results performance rating, and demonstrated key leadership competencies.

Role of the Other NEOs

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

Role of the Compensation Committee

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

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

- Evaluations of the CEO completed by the board members and the executive officers (excluding the CEO);
- The CEO s written assessment of his/her own performance compared with the stated goals; and
- Business performance of the Company relative to established targets as well as the financial and safety metrics presented as a supplement to business performance.

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

Role of the Independent Compensation Consultant

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

2013 Comparator Group

How We Use Our Comparator Group

We refer to publicly available information to analyze our comparator companies practices including how pay is divided among equity, annual incentives, base pay and other forms of compensation. This allows the Committee to ensure competitiveness and appropriateness of proposed compensation packages. When setting

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pay, the Committee uses market median information of our comparator group, as opposed to market averages, to ensure that the impact of any unusual events that may occur at one or two companies during any particular year is diminished from the analysis. If an event is particularly unusual and surrounded by unique circumstances, the data is completely removed from the assessment. Two of our comparator companies are not considered in our aggregate pay statistics due to significant pay practice differences, but are still considered in the analysis of company performance with regard to our performance-based equity awards.

Determining Our Comparator Group

Companies in our comparator group have a range of revenues, assets, and market capitalization. Business consolidation and unique operating models create some challenges in identifying comparator companies. Accordingly, we take a broad view of comparability to include organizations that are similar to Williams in some, but not all, respects. This results in compensation that is appropriately scaled and reflects comparable complexities in business operations. We typically aim for a comparator group of 15 to 25 companies so our comparisons will be valid. The 2013 comparator group included the following 17 companies, which comprised a mix of both direct competitors and companies with whom we compete for talent.

		End of 2012 Fiscal Year (dollars in millions)		
			Total	**Market**
Company Name	**Ticker**	**Revenue**	**Assets**	**Cap**
Atmos Energy	ATO	$3,439	$7,496	$3,230
CenterPoint Energy, Inc.	CNP	7,452	22,871	8,233
Devon Energy	DVN	9,502	43,326	21,128
Dominion Resources	D	13,093	46,838	29,853
Enbridge Inc.	ENB	25,306	47,172	34,645
Energy Transfer Equity	ETE	16,964	48,904	12,733
EQT	EQT	1,642	8,850	8,868
Kinder Morgan	KMI	9,973	68,185	36,590
Nisource	NI	5,061	21,845	7,746
Oneok	OKE	12,633	15,855	8,764
Plains All American Pipeline LP	PAA	37,797	19,235	15,208
Sempra Energy	SRE	9,647	36,499	17,259
Southern	SO	16,537	63,149	37,201
Spectra Energy Corp.	SE	5,075	30,587	18,294
Targa Resources Corp.	TRGP	5,886	5,105	2,237
Transcanada Corp.	TRP	8,007	48,333	33,181
WPX Energy	WPX	3,189	9,456	2,978
Company Count	**17**			
	25^{th} percentile	5,075	15,855	8,233
	50^{th} percentile	9,502	30,587	15,208
	75^{th} percentile	13,093	47,172	29,853
The Williams Companies, Inc.		**$7,486**	**$24,327**	**$22,313**
	Percent Rank	**38%**	**45%**	**70%**

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The Committee determined to maintain these companies for the 2014 comparator group.

Our Pay Setting Process

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

The compensation data of our comparator group, disclosed in proxy statements, is the primary market data we use when benchmarking the competitive pay of our NEOs. Aggregate market data obtained from recognized third-party executive compensation survey companies is used to supplement and validate comparator group market data.

Although the Committee reviews relevant data as it designs compensation packages, setting pay is not an exact science. Because market data alone does not reflect the strategic competitive value of various roles within our Company, internal pay equity is also considered when making pay decisions. Other considerations when making pay decisions for the NEOs include individual experience, sustained performance, historical pay, realized and realizable pay over three-years, and tally sheets that include annual pay and benefit amounts, wealth accumulated over the past five-years, and the total aggregate value of the NEOs equity awards and holdings.

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

Note: Performance-based compensation includes: performance-based RSUs, stock options, and AIP, which accounts for approximately 68% of our CEO s and 57% of our NEO s total target compensation.

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How We Determine the Amount for Each Type of Pay

Long-term incentives, annual cash incentives, base pay, and benefits accomplish different objectives. The table below illustrates a summary of the primary objectives associated with each component of pay listed in the order of most significant to the NEO s total compensation. The table is followed by specific details regarding each pay component.

Type of Pay	Fixed or Variable	Form	Performance Period	Objective
Long-term Incentives	Variable	Performance-based RSUs Time-based RSUs Stock Options	Up to ten-years	Incents the accomplishment of long-term sustainable business goals Aligns interests of executives to our stockholders Promotes ownership in the Company Provides attraction and retention
Annual Cash Incentives **(our AIP)**	Variable	Cash	One-year	Incents the accomplishment of annual business goals Aligns interests of executives to our stockholders Provides attraction and retention
Base Pay	Fixed	Cash	One-year	Compensates for carrying out the duties of the job Recognizes individual experience, skills, and sustained performance Provides attraction and retention

Long-Term Incentives

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

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

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

long-term business objectives;

- awards made to executives in similar positions within our comparator group of companies;
- the market demand for the NEO s particular skills and experience;
- the amount granted to other NEOs in comparable positions at the Company;
- the NEO s demonstrated performance over the past few years; and
- the NEO s leadership performance.

A summary of the long-term incentive program details for 2013 and 2014 are shown in the table below. The long-term incentive mix for the CEO differs from the mix for the other NEOs. Since the CEO has more opportunity to influence our financial results, the Committee considers it appropriate that a greater percentage of his long-term incentives are directly tied to the performance of the Company s stock price.

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	Performance-based RSUs	Time-based RSUs	Stock Options
CEO Equity Mix	55%	25%	20%
NEO Equity Mix	45%	35%	20%
Term	Three-years	Three-years	Ten-years
Frequency	Granted annually	Granted annually	Granted annually
Performance criteria	Absolute TSR and Relative TSR	Retention	Stock price appreciation
Vesting	Cliff vesting after three-years	Cliff vesting after three-years	Ratable vesting over three-years
Payout	Upon vesting, shares are distributed based on performance certification (0% - 200%)	Upon vesting, shares are distributed	Upon vesting, options are available to exercise
Dividends	No dividends	Dividend equivalents accrued and paid in cash upon vesting [1]	No dividends

1 Dividend equivalents began accruing with the 2012 grant

Minimum Vesting Period. The 2007 Incentive Plan requires a minimum three-year vesting period for all RSU awards and at least a portion of all stock option awards.

2013 Performance-based RSUs Granted. As mentioned in the Our Commitment to Pay for Performance section earlier, we believe it is important to measure TSR on both an absolute and a relative basis. The chart under that section provides the absolute and relative TSR targets for the 2013 performance-based restricted stock unit awards for the 2013 to 2015 performance period and the continuum that will determine the resulting potential payout level.

2010 Performance-based RSUs Earned. The three-year performance cycle for our 2010 performance-based RSUs ended at the end of 2012 and were distributed in 2013 upon vesting and performance certification. As discussed earlier in the CD&A, we exceeded the performance requirements established prior to the awards being granted in 2010. We surpassed the stretch goal for the annualized TSR and performed well relative to our comparator companies achieving a relative TSR performance in the top quartile of our comparator company group. Applying these results generated a 188.24% performance result.

2011 Performance-based RSUs Earned. We also surpassed the three-year performance criteria for our 2011 performance-based RSU awards which ended at the end of 2013 and were distributed in 2014 upon vesting and performance certification. We exceeded the stretch goal for our annualized TSR and performed in the top quartile relative to our comparator company group. Applying these results to the matrix displayed in Our Commitment to Pay for Performance section generated a 182.35% performance result.

Time-Based RSUs. We grant time-based RSUs to retain executives and to facilitate stock ownership. The use of time-based RSUs is also consistent with the practices of our comparator group of companies. In 2012, we began accruing dividend equivalents on our time-based RSUs in line with transformation into a high-growth, high-dividend energy infrastructure company. Our quarterly dividend has increased since 2010, growing from $.11 to $.38. Accrued dividend equivalents will only distribute upon vesting.

Stock Option Awards. For recipients, stock options have value only to the extent the price of our common stock is higher on the date the options are exercised than it was on the date the options were granted.

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Grant Practices. The Committee typically approves our annual equity grant in February or early March of each year, shortly after the annual earnings release. The grant date for awards is on or after the date of such approval to ensure the market has time to absorb material information disclosed in the earnings release and reflect that information in the stock price. Our grant practices in 2013 were consistent with prior years. The grant date for off-cycle grants for individuals who are not NEOs, for reasons such as retention or new hires, is the first business day of the month following the approval of the grant. By using this consistent approach, we remove grant timing from the influence of the release of material information.

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

Position	Ownership Multiple	As a Multiple of	Holding / Retention Requirement
CEO	6x	Base Pay	50%, after taxes, until guidelines are met
NEO	3x	Base Pay	50%, after taxes, until guidelines are met
Board of Directors	5x	Annual Cash Retainer	60% until guidelines are met

The Committee annually reviews the guidelines for competitiveness and alignment with best practices and monitors the NEOs progress toward compliance. In 2013, shares owned outright and unvested performance-based and time-based RSUs counted as owned for purposes of the program. Stock options were not included as owned for purposes of the program. For 2014, performance-based equity awards will no longer be counted as shares owned. Stock options will continue to not be counted as shares owned. (It is important to note that the majority of NEO s equity grants are in the form of performance-based RSUs and stock options.) NEOs must retain 50% of any vested equity awards, net of taxes, until their ownership guidelines are met. Board members must retain 60% of distributed vested equity awards until their ownership guidelines are met. It s important to note while Williams CEO stock ownership guideline is six-times base salary, the median CEO ownership guideline of our comparator group of companies is just five-times base salary. Additionally, the majority of our comparator companies provide a five-year window for their CEO to meet their ownership guideline. During this time, no trading or sell restrictions are in place. At Williams, NEOs must hold at least 50% of any equity transaction if they have not met their ownership guideline regardless of their time in the role.

Annual Cash Incentives

As previously mentioned in the Our Commitment to Pay for Performance section, we pay annual cash incentives to encourage and reward our NEOs for making decisions that improve our performance in the near term as determined as one-year of performance through our AIP. The objectives of our AIP are to:

- motivate and incent management to choose strategies and investments that maximize long-term stockholder value;
- offer sufficient incentive compensation to motivate management to put forth extra effort, take prudent risks, and make effective decisions to maximize stockholder value;
- provide sufficient total compensation to retain management; and
- limit the cost of compensation to levels that will maximize the return of current stockholders without compromising the other objectives.

The AIP Calculation. In 2012, we changed our annual performance measures for 2012 short-term incentives to create more understanding and transparency with stockholders and employees. In 2013 we continued using the AIP weighted measures of adjusted operating distributable cash flow, controllable costs, and fee-based revenue.

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Each metric is directly aligned with our business strategy to operationally grow the business as well as continue to align with our dividend growth strategy.

Business Performance Metric	Weighting	Measuring	Importance
Adjusted Operating Distributable Cash Flow	40%	Cash generated	Enables us to create value for our stockholders by generating cash to grow our business and aligns with our high dividend growth strategy
Controllable Costs	40%	Operating and Maintenance (O&M) and General and Administrative (G&A) costs	Encourages cost management discipline while achieving our growth strategy
Fee-based Revenue	20%	Revenue created from fee-based contracts	Creates a steady cash flow from our fee-based business for day to day operational and growth initiatives Clearly measures growth and profitability without the influence of commodity price volatility

In 2013, we introduced a safety modifier which could increase or decrease an NEO s calculated 2013 AIP award by up to positive or negative 5% based on performance relative to the established safety measures of total recordable incident rate, lost time incident rate, and motor vehicle accidents.

NEOs AIP business performance is based on enterprise results of these business metrics in relation to established targets. We only use enterprise-level performance metrics for our NEOs in order to promote teamwork and collaboration by creating a shared goal for the overall Company performance. Our incentive program allows the Committee to make adjustments to these business performance metrics to reflect certain business events. When determining which adjustments are appropriate, we are guided by the principle that incentive payments should not result in unearned windfalls or impose undue penalties. In other words, we make adjustments to ensure NEOs are not rewarded for positive results they did not facilitate nor are they penalized for certain unusual circumstances outside their control.

Management regularly reviews with the Committee a supplemental scorecard reflecting the Company s segment profit, earnings per share, cash flow from operations, stock price performance, Economic Value Added (EVÂ® [1]) return on capital employed, and safety to provide updates regarding the Company s performance as well as to ensure alignment between these measures and the AIP s business performance metrics. This scorecard provides the Committee with additional data to assist in determining final AIP awards.

The Committee s independent compensation consultant annually compares our relative performance on various measures, including TSR, earnings per share, and cash flow, with our comparator group of companies. The Committee also uses this analysis to validate the reasonableness of our AIP results.

How We Set the 2013 AIP Goals. Setting the business performance goals for the annual cash incentive program begins with internal budgeting and planning. This rigorous process includes an evaluation of the challenges and opportunities for the Company and each of our operational areas. The key steps are as follows:

The business and financial goals are created by the CEO, CFO, and NEOs and given to operational and functional areas to create specific business and financial plans.

Business and financial plans are submitted by the operational and functional areas and consolidated by the corporate planning department.

[1] Economic Value Added® (EVA®) is a registered trademark of Stern, Stewart & Co.

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

Using the plan guidance, management establishes the AIP goal and recommends it to the Committee.

The Committee reviews, discusses, and makes adjustments as necessary to management s recommendations and sets the goal during the first quarter of each fiscal year.

Thereafter, progress toward the goal is regularly monitored and reported to the Committee throughout the year.
The attainment percentage of AIP goals results in payment of annual cash incentives along a continuum between threshold and stretch levels, which corresponds to 0% through 200% of the NEO s annual cash incentive target. NEOs have the possibility to exceed the stretch level up to 250% of their annual cash incentive target. The charts below show the goals for the 2013 annual cash incentive and the resulting payout level.

		(dollars in millions)	
	Threshold	**Target**	**Stretch**
Measure	**(0%)**	**(100%)**	**(200%)**
Adjusted Operating Distributable Cash Flow	$2,050	$2,350	$2,650
Controllable Costs	($1,649)	($1,449)	($1,249)
Fee-Based Revenue	$3,109	$3,209	$3,309

Based on business performance relative to the established goals, the Committee certified performance results of $2,168 million in adjusted operating distributable cash flow, of ($1,357) million in controllable costs, and of $3,143 million fee-based revenue which resulted in an approved payment of the annual cash incentive program at 81.0% of target. The payout of the 2013 AIP awards occurs in early 2014.

We calculate (a) Adjusted Operating Distributable Cash Flow as: segment profit, adjusted for certain items of income or loss that we characterize as unrepresentative of our ongoing operations; less general corporate expenses; plus *depreciation and amortization*, less *maintenance capital expenditures (b)* Controllable Costs as: *operating and maintenance costs* and *selling, general and administrative costs* that are under the responsibility of a cost center manager; less certain expenses that are considered less controllable (such as pension and postretirement benefit costs) or have no net impact on financial performance (such as costs that are passed directly to customers) and (c) Fee-based Revenues as: *total service revenues* from our reportable segments before intercompany eliminations; less certain tracked revenues that have no net impact on financial performance. In addition, each measure above may be further adjusted as appropriate to avoid undue penalties or windfalls. (*Italicized* components include our proportionate share of such items recognized by our equity method investees.)

2013 NEO AIP Targets. The starting point to determine annual cash incentive targets (expressed as a percentage of base pay) is competitive market information, which gives us an idea of what other companies target to pay in annual cash incentives for similar jobs. We also consider the internal value of each job - i.e., how important the job is to executing our strategy compared to other jobs in the Company- before the target is set for the year. The annual cash incentive targets as a percentage of base pay for the NEOs in 2013 were as follows:

Position	Target
CEO	100%
CFO	75%
Sr VP Engineering and Construction	65%
Sr VP Atlantic Gulf	70%
Sr VP Northeast Gathering & Processing[1]	65%

1 - The 65% reflects Mr. Scheel s AIP target during 2013 in the role of Sr. VP Corporate Strategic Development. The Sr. VP Northeast Gathering & Processing role has a 70% AIP target.

Determining 2013 AIP Awards. To determine the funding of the annual cash incentive, we use the following calculation for each NEO:

Actual payments are modified by the safety modifier as previously described. Individual performance, such as success toward our strategic objectives and individual goals, and successful demonstration of the Company s leadership competencies, which exceeded expectations may be recognized through adjustments. Payments may also be adjusted downward if performance warrants.

2014 AIP Awards. The 2013 business performance metrics and weightings will remain unchanged in the 2014 AIP. The 2014 safety modifier may decrease an NEO s calculated 2014 AIP award by up to negative 5% based on performance relative to established safety measures of lost time incident rate, days away from work, and motor vehicle accident rate.

Base Pay

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

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

Benefits

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

Retirement Restoration Benefits. NEOs participate in our qualified retirement program on the same terms as our other employees. We offer a retirement restoration plan to maintain a proportional level of pension benefits to our NEOs as provided to other employees. The Internal Revenue Code of 1986, as amended (the Internal Revenue Code), limits qualified pension benefits based on an annual compensation limit. For 2013, the limit was $255,000. Any limitation in an NEO s pension benefit in the tax-qualified pension plan due to this limit is made up for (subject to a cap) in the unfunded retirement restoration plan. Benefits for NEOs are not enhanced and are calculated using the same benefit formula as that used to calculate benefits for all employees in the qualified pension plan. The compensation included in the retirement restoration benefit is consistent with pay considered for all employees in the qualified pension plan. Equity compensation, including RSUs and stock options, is not considered. Additionally, we do not provide a nonqualified benefit related to our qualified 401(k) defined contribution retirement plan.

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

Personal Use of Company Aircraft. The Company s aircraft was not used during 2013 for discretionary personal use by the CEO or other NEOs. The CEO is allowed, but not required, to use the Company s private aircraft for personal travel. Our policy for all other executive officers is to discourage personal use of the aircraft, but the CEO retains discretion to permit its use when he deems appropriate, such as when the destination is not well served by commercial airlines, personal emergencies, and the aircraft is not being used for business purposes. To the extent that NEOs use the Company s private aircraft for personal travel, the NEO will be charged, as appropriate, in order to comply with the requirements of the Internal Revenue Code.

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

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

Spousal Travel. When it is deemed necessary or appropriate for spouses of employees to travel for Company business purposes, we provide a tax gross-up under our company-wide policy to cover the personal tax obligations associated with spousal travel for business purposes for all employees.

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Additional Components of our Executive Compensation Program

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

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

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

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

Our Committee reviews our change in control benefits annually to ensure they are consistent with competitive practice and aligned with our compensation philosophy. As part of the review, calculations are performed to determine the overall program cost to the Company if a change in control event were to occur and all covered NEOs were terminated as a result. An assessment of competitive norms, including the reasonableness of the elements of compensation received, is used to validate benefit levels for a change in control. We do not offer a tax gross up provision in our change in control agreements but rather provide a best net provision providing our NEOs with the better of their after-tax benefit capped at the safe harbor amount or their benefit paid in full, subjecting them to possible excise tax payments. The Committee continues to believe that offering a change in control program is appropriate and critical to attracting and retaining executive talent and keeping them aligned with stockholder interests in the event of a change in control.

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

Change in Control Benefit	What does the benefit provide to the Company and stockholders?	What does the benefit provide to the NEO?
Multiple of 2x to 3x base pay plus annual cash incentive at target	Encourages NEOs to remain engaged and stay focused on successfully closing the transaction.	Financial security for the NEO equivalent to two or three-years of continued employment.
Accelerated vesting of stock awards	An incentive to stay during and after a change in control. If there is risk of forfeiture, NEOs may be less inclined to stay or to support the transaction.	The NEOs are kept whole, if they have a separation from service following a change in control.

Change in Control Benefit	What does the benefit provide to the Company and stockholders?	What does the benefit provide to the NEO?
Up to 18 months of medical or health coverage through COBRA	This is a minimal cost to the Company that creates a competitive benefit.	Access to health coverage.
2x to 3x the previous year s retirement restoration allocation	This is a minimal cost to the Company that creates a competitive benefit.	May allow those NEOs who are nearing retirement to receive a cash payment to make up for lost allocations due to a change in control.
Reimbursement of legal fees to enforce benefit	Keeps NEOs focused on the Company and not concerned about whether the acquiring company will honor commitments after a change in control.	Security during an unstable period of time.
Outplacement assistance	Keeps NEOs focused on supporting the transaction and less concerned about trying to secure another position.	Assists NEOs in finding a comparable executive position.
Best Net provision	Enables the change in control benefits to be delivered in as close a manner to the intended value of the benefits as possible.	Provides NEOs with the better of their after-tax benefit capped at the safe harbor amount or their benefit paid in full, which would subject them to possible excise tax payments.

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

Mitigating Risk

Although no compensation-related risk was identified as a top risk for 2013, the approach to determine if there were adverse compensation risks was similar to the process detailed in the Corporate Governance and Board Matters Corporate Governance Board Oversight of Williams Strategic Risk Assessment section of this proxy statement. After this thorough review and analysis, it was determined we do not have material adverse compensation-related risks. Our compensation plans are effectively designed and functioning to reward positive performance and motivate NEOs and employees to behave in a manner consistent with our stockholder interests, business strategies and objectives, ethical standards, and prudent business practices, along with our Core Values & Beliefs which are the foundation on which we conduct business. Our Core Values & Beliefs can be found on our website at www.williams.com from the Our Company tab. In fact, many elements of our executive pay program serve to mitigate excessive risk taking. For example:

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

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

Performance-based Awards.

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

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

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

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

Recoupment Policy. In the event that financial results of the Company are significantly restated due to fraud or intentional misconduct, the Board of Directors will review any performance-based incentive payments, including payments under the AIP and performance-based RSUs, paid to executive officers, who are found by the Board of Directors to be personally responsible for the fraud or intentional misconduct that caused the need for the restatement and will, to the extent permitted by applicable law, seek recoupment from all executive officers of any amounts paid in excess of the amounts that would have been paid based on the restated financial results. In addition, the Company will take action to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) upon promulgation of final rules from the SEC.

Insider Trading Policy. Our insider trading policy prohibits NEOs and directors, directly or through family members or other persons or entities, from buying or selling Williams securities or engaging in any other action to take personal advantage of material nonpublic information. In addition, if during the course of working for the Company, the NEO or director learn of material nonpublic information about a competitor or a company with which Williams or an affiliate of Williams does or anticipates doing business with, they may not trade in that company s securities until the information becomes public or is no longer material.

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

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

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

We have reviewed and discussed the foregoing CD&A with management. Based on our review and discussions with management, we recommend to the Board of Directors that the CD&A be included in this proxy statement and in our Annual Report on Form 10-K for the year ended December 31, 2013.

By the members of the Compensation Committee of the Board of Directors as of March 11, 2014:

Janice D. Stoney, Chair

Frank T. MacInnis

Steven W. Nance

Murray D. Smith

Laura A. Sugg

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal year 2013, Mesdames Stoney and Sugg, and Messrs. MacInnis, Nance, and Smith served on the Compensation Committee. None of these Committee members has ever been an officer or employee of the Company or any of our subsidiaries and none has an interlocking relationship requiring disclosure under applicable SEC rules.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

2013 Summary Compensation Table

The following table sets forth certain information with respect to the compensation of the NEOs earned during fiscal years 2013, 2012, and 2011.

Name and Principal Position(1)	Year	Salary	Bonus	Stock Awards(2)	Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(5)	All Other Compensation(6)	Total
Alan S. Armstrong	2013	$ 1,025,385		$ 3,239,986	$ 833,629	$ 1,042,875	$ (444,854)	$ 27,402	$ 5,724,423
President &	2012	984,615		2,945,591	902,198	1,154,000	981,155	22,568	6,990,127
	2011	900,000		2,536,258	454,959	1,637,314	671,136	56,968	6,256,635
Chief Executive									
Officer									
Donald R. Chappel	2013	642,692		1,688,482	421,202	425,000	(279,396)	22,595	2,920,575
Senior Vice	2012	630,000		1,795,121	541,315	553,000	431,565	16,803	3,967,804
	2011	627,231		1,611,982	382,162	755,051	486,435	18,484	3,881,345
President, Chief									
Financial									
Officer									

Fred E. Pace	2013	400,000	914,600	228,153	185,000	46,420	33,257	1,807,430
Senior Vice	2012							
	2011							
President								
Engineering &								
Construction								
Rory L. Miller	2013	452,692	914,600	228,153	285,000	(190,499)	16,468	1,706,414
Senior Vice	2012	435,385	1,107,002	333,813	291,000	301,516	19,910	2,488,626
	2011	410,000	1,151,459	272,973	364,000	283,890	15,753	2,498,075
President,								
Atlantic & Gulf								
James E. Scheel	2013	392,692	984,937	245,702	190,000	(137,945)	20,448	1,695,834
Senior Vice	2012							
	2011							
President								
Northeast								
Gathering &								
Processing								

(1) **Name and Principal Position.** Mr. Scheel previously served as our Senior Vice President Corporate Strategic Development from February 2012 to January 2014.

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(2) **Stock Awards.** Awards were granted under the terms of the 2007 Incentive Plan and include time-based and performance-based RSUs. Amounts shown are the grant date fair value of awards computed in accordance with FASB ASC Topic 718. The assumptions used to value the stock awards can be found in our Annual Report on Form 10-K for the year-ended December 31, 2013.

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

	2013 Performance-Based RSU Maximum Potential
Alan S. Armstrong	$ 4,104,962
Donald R. Chappel	1,696,987
Fred E. Pace	919,184
Rory L. Miller	919,184
James E. Scheel	989,898

(3) **Option Awards.** Awards are granted under the terms of the 2007 Incentive Plan and include non-qualified stock options. Amounts shown are the grant date fair value of awards computed in accordance with FASB ASC Topic 718. The assumptions used to value the option awards can be found in our Annual Report on Form 10-K for the year-ended December 31, 2013.

(4) **Non-Equity Incentive Plan.** The maximum annual incentive pool funding for NEOs is 250% of target.

(5) **Change in Pension Value and Nonqualified Deferred Compensation Earnings.** The amount shown is the aggregate change from December 31, 2012 to December 31, 2013 in the actuarial present value of the accrued benefit under the qualified pension and non-qualified plan. The primary reason for the change in present value is an increase in the discount rate used to measure these benefits at the end of 2013. Please refer to the Pension Benefits table for further details of the present value of the accrued benefit.

(6) **All Other Compensation.** Amounts shown represent payments made on behalf of the NEOs and include life insurance premiums, a 401(k) matching contribution, tax gross-ups on the imputed income related to spousal travel for business purposes and perquisites (if applicable). Perquisites include financial planning services, mandated annual physical exam and personal use of the Company aircraft. If the NEO used the Company aircraft, the incremental cost method is used to calculate the personal use of the Company aircraft. The incremental cost calculation includes such items as fuel, maintenance, weather and airport services, pilot meals, pilot overnight expenses, aircraft telephone and catering. Details of perquisites for Mr. Pace are included because the individual aggregate amounts exceed $10,000. Amounts do not include arrangements that are generally available to our employees and do not discriminate in scope, terms or operations in favor of our NEOs, such as relocation, medical, dental, and disability programs.

	Financial Planning	Annual Physical Exam	Company Aircraft Personal Usage
Fred E. Pace	$ 12,000	$ 4,930	$

Notable Items

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

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Mr. Chappel s base pay, annual cash incentive target and long-term incentive amounts for 2013 are higher than other NEOs (other than the CEO) because of the impact of his role and market data. Because Mr. Chappel directly interfaces with stockholders and has greater accountability to stockholders, his pay is greater than that of the other NEOs, excluding the CEO.

Grants of Plan Based Awards

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

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards:			
Name	**Grant Date**	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**	**Number of Shares of Stock or Units(3)**	**All Other Option Awards: Number of Securities Underlying Options(4)**	**Exercise or Base Price of Option Awards**	**Grant Date Fair Value of Stock and Option Awards**
Armstrong	2/25/2013		$ 1,281,731	$ 3,204,327					147,545	$ 33.57	$ 833,629
	2/25/2013					88,469	176,938				2,052,481
	2/25/2013							35,374			1,187,505
Chappel	2/25/2013		482,019	1,205,048					74,549	33.57	421,202
	2/25/2013					36,573	73,146				848,494
	2/25/2013							25,022			839,989
Pace	2/25/2013		260,000	650,000					40,381	33.57	228,153
	2/25/2013					19,810	39,620				459,592
	2/25/2013							13,554			455,008
Miller	2/25/2013		316,885	792,212					40,381	33.57	228,153
	2/25/2013					19,810	39,620				459,592
	2/25/2013							13,554			455,008
Scheel	2/25/2013		255,250	638,125					43,487	33.57	245,702
	2/25/2013					21,334	42,668				494,949
	2/25/2013							14,596			489,988

Note: Information provided is as of the close of market on December 31, 2013.

(1) Non-Equity Incentive Awards. Awards from the 2013 AIP are shown.

Threshold: At threshold, the 2013 AIP awards are zero.

Target: The amount shown is based upon a business performance attainment of 100%.

Maximum: The maximum amount the NEOs can receive is 250% of their AIP target.

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

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

(3) Represents time-based RSUs granted under the 2007 Incentive Plan. Time-based units vest three-years from the grant date of 2/25/2013 on 2/25/2016.

(4) Represents stock options granted under the 2007 Incentive Plan. Stock options granted in 2013 become exercisable in three equal annual installments beginning one-year after the grant date. One-third of the options vested on 2/25/2014, another one-third will vest on 2/25/2015, with the final one-third vesting on 2/25/2016. Once vested, stock options are exercisable for a period of 10 years from the grant date.

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Outstanding Equity Awards

The following table sets forth certain information with respect to the outstanding equity awards held by the NEOs at the end of 2013.

	Option Awards						Stock Awards				
Name	Grant Date (1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units of Stock or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(4)
Armstrong	2/25/2013		147,545		$33.57	2/25/2023	2/25/2013(2)			35,374	$1,364,375
	2/27/2012	53,227	106,454		29.11	2/27/2022	2/25/2013(3)			88,469	3,412,249
	2/24/2011	48,323	24,163		24.21	2/24/2021	2/27/2012(2)			34,352	1,324,957
	2/23/2010	60,646			17.28	2/23/2020	2/27/2012(3)			84,518	3,259,859
	2/23/2009	108,587			8.85	2/23/2019	2/24/2011(2)			33,648	1,297,803
	2/25/2008	37,420			29.72	2/25/2018	2/24/2011(3)			67,297	2,595,645
	2/26/2007	41,660			23.04	2/26/2017					
	3/3/2006	29,648			17.65	3/3/2016					
	2/25/2005	40,060			15.71	2/25/2015					
Chappel	2/25/2013		74,549		33.57	2/25/2023	2/25/2013(2)			25,022	965,099
	2/27/2012	31,936	63,872		29.11	2/27/2022	2/25/2013(3)			36,573	1,410,621
	2/24/2011	40,590	20,297		24.21	2/24/2021	2/27/2012(2)			28,856	1,112,976
	2/23/2010	71,348			17.28	2/23/2020	2/27/2012(3)			41,491	1,600,308
	2/23/2009	135,733			8.85	2/23/2019	2/24/2011(2)			32,974	1,271,807
	2/25/2008	62,367			29.72	2/25/2018	2/24/2011(3)			32,974	1,271,807
	2/26/2007	59,515			23.04	2/26/2017					
	3/3/2006	51,495			17.65	3/3/2016					
	2/25/2005	55,083			15.71	2/25/2015					
Pace	2/25/2013		40,381		33.57	2/25/2023	2/25/2013(2)			13,554	522,778
	2/27/2012	4,378	8,756		29.11	2/27/2022	2/25/2013(3)			19,810	764,072
							2/27/2012(2)			4,522	174,414
							2/27/2012(3)				