

The Williams Companies, Inc.
Audit Committee Charter
(as adopted on November 19, 2009)

- I. Purpose.** The purpose of the Audit Committee (“*Committee*”) of the Board of Directors (the “*Board*”) of The Williams Companies, Inc. (the “*Company*”) is to represent and provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, and internal control functions of the Company and its subsidiaries. In addition, the Committee’s purpose includes (a) representing and assisting the Board’s oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence, and (iv) the performance of the Company’s internal audit function and independent auditors; (b) preparing the report of the Committee to be included in the Company’s annual proxy statement as required by the rules of the Securities and Exchange Commission (the “*SEC*”); and (c) appointing and retaining the firm of independent public accountants with respect to the audit of the books and accounts of the Company and its subsidiaries.
- II. Composition.** The Committee shall be comprised of three or more directors as determined by the Board. Committee members, including the chairman of the Committee, shall be appointed by the Board on an annual basis upon the recommendation of the Nominating and Governance Committee and may be removed by the Board. The members of the Committee must meet the independence requirements of the New York Stock Exchange and the SEC, as determined by the Board. Each member of the Committee must be financially literate, or must become financially literate within a reasonable period of time after his or her appointment to the Committee, and at least one member must be an “audit committee financial expert,” as determined by the Board in accordance with SEC rules. A member of the Committee may not simultaneously serve on the audit committees of more than three public companies unless such service is approved by the Board upon its determination, based on the recommendation of the Nominating and Governance Committee, that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.
- III. Meetings.** The Committee shall meet at least four times per year, either in person or telephonically, at such times and places and by such means as the Chairman shall determine, and record and maintain adequate minutes from each meeting. The Committee shall report regularly to the Board about its activities. A majority of the members of the Committee shall constitute a quorum. The Committee shall meet separately, at least four times per year, with management, the internal auditors, the independent auditors, and the general counsel.

IV. Duties and Responsibilities. Among its duties and responsibilities, the Committee shall:

- A. Directly appoint and retain, subject to shareholder ratification, and oversee, evaluate and terminate when appropriate, the firm of independent public accountants with respect to the audit of the books and accounts of the Company and its subsidiaries for each fiscal year and have sole authority to approve all audit fees and terms in connection with the engagement of the independent auditors, which shall report directly to the Committee.
- B. Approve in advance all audit and legally permitted non-audit services to be provided by the independent auditors and establish procedures (Attachment A) for the engagement of the independent auditors to provide audit and legally permitted non-audit services.
- C. At least annually, evaluate the independent auditors' qualifications and performance, and obtain and review a report by the independent auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.
- D. At least annually, evaluate the independent auditors' independence, and, consistent with rules of the Public Company Accounting Oversight Board, obtain and review a report by the outside auditor describing any relationships between the outside auditor and its affiliates, and the Company or individuals in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the independent auditors' independence and discuss with the independent auditor the potential effects of any such relationships on independence.
- E. Review with the independent auditors (i) the scope of the audit and the results of the annual audit examination by the auditors, including any audit problems or difficulties and management's response, and (ii) any reports of the outside auditor with respect to interim periods.
- F. Meet to review and discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditors, including (i) an analysis of the independent auditors' judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, (ii) the

Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (iii) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations.

- G. Recommend to the Board based on the review and discussion described in paragraphs (D)-(F) above, whether the financial statements should be included in the Company's Annual Report on Form 10-K.
- H. Discuss the Company's earnings press releases, and the Company's policies with respect to earnings press releases and financial information and earnings guidance provided to analysts and rating agencies (including any proposed changes in Company policies related to the foregoing).
- I. Discuss policies with respect to risk assessment and risk management and discuss the Company's major risk exposures and the steps management has taken to monitor and control such exposures.
- J. Review with the chief internal auditing executive the scope and results of the internal audit program, including the responsibilities, budget and staffing of the Company's internal audit function.
- K. Review and approve, if appropriate, the internal audit charter and any changes thereto.
- L. Assess the independence of the chief internal auditing executive and concur in the selection, retention and dismissal of the chief internal auditing executive.
- M. Review the adequacy and effectiveness of the Company's accounting and internal control policies and procedures through inquiry and discussions with the Company's independent auditors, internal auditors and management of the Company, including any significant deficiencies and changes in internal controls, and review the adequacy and effectiveness of the Company's disclosure controls and procedures.
- N. Establish and oversee procedures (Attachment B) for (i) the receipt, retention, treatment, processing and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- O. Set clear hiring policies for employees and former employees of the independent auditors.
- P. Direct preparation of and approve the Committee report required by the rules of the SEC to be included in the Company's annual proxy statement.
- Q. Annually evaluate the performance of the Committee and report the results of the evaluation to the Board, and assess annually the adequacy of the Committee's charter and recommend any changes to the Board.
- R. Review and approve related person transactions that have been determined, in accordance with Attachment C, to be in, and not inconsistent with, the best interests of the Company and its stockholders.

Any action duly and validly taken by the Committee pursuant to the power and authority conferred under this Charter shall for all purposes constitute an action duly and validly taken by the Board and may be certified as such by the Secretary or other authorized officer of the Company. The Board shall be informed of any such action.

V. Outside Advisors. The Committee shall have the authority to engage independent counsel and other advisors to represent the Committee as the Committee determines necessary to carry out its duties.

VI. Funding. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of:

- A. Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- B. Compensation to any advisors employed by the Committee under Section V.
- C. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

ATTACHMENT A

Williams Annual and Specific Pre-approval Policy to Engage Independent Accountant

I. Introduction:

Under the Sarbanes-Oxley Act of 2002 (“*Act*”), the Audit Committee of the Board of Directors is required to pre-approve the audit and permissible non-audit services performed by the independent accountants. The Company will not use its independent accountant for any of the services prohibited by the Act or the rules of the Securities and Commission (“*SEC*”) or Public Company Accounting Oversight Board (“*PCAOB*”). It is the intent of the Audit Committee to maintain this policy in a manner consistent with SEC rules and PCAOB rules and other relevant criteria as they may change from time to time. This Policy may be updated from time to time based on changes in such criteria, or otherwise as determined in the reasonable judgment of the Audit Committee.

II. Procedures:

A. General:

All services provided by the independent accountant will be subject to pre-approval by the Audit Committee. Requests to use the Company’s independent accountant for audit or non-audit services, and the related fees, will be approved by the Audit Committee before the commencement of such services.

The Audit Committee generally pre-approves most of the Audit services for the fiscal year (regardless of the year in which such services are performed) as part of its annual process for approving the independent auditor’s engagement, but the Audit Committee will separately pre-approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters. For all other services, the Audit Committee will pre-approve the performance of such services under this Policy. The Appendices to this Policy describe such services that have been pre-approved by the Audit Committee as of the date of this Policy and all other services must be separately pre-approved by the Audit Committee.

B. Requests for Pre-Approval:

Requests for pre-approvals of permissible services, whether subject to ad hoc pre-approval or annual pre-approval of the types of services described on Appendix A, must (1) be accompanied by appropriate details (see template in Appendix B) of the particular services provided, (2) inform the Audit Committee about each service and (3) not result in the delegation of the Audit Committee’s authority with respect to pre-approvals to management. Monetary limits cannot be the only basis for approval as they do not meet criteria (1) and (2) above. Details referenced in (1) above must provide sufficient information to enable the Audit Committee to make a well-reasoned assessment of the impact of the service on the accountant’s independence.

For pre-approval requests relating to permissible tax services, the support for such services must be in written form and describe the: scope of the service; fee structure; any side letter or other amendment to the engagement letter; any compensation or similar

arrangement between the independent accountants and any 3rd party promoting, marketing or recommending the transaction covered by the service.

Requests for services will be submitted to the General Auditor for consideration by the Audit Committee.

C. Term and Fees:

The term of approvals, including for services set forth on the Appendices, is 12 months from the date of approval, unless the Audit Committee specifies a different period. Audit Committee approval will include fee levels for each approved service, including as set forth on Appendix A, and, to the extent a particular service exceeds its corresponding fee level, any additional fees related to an approved service will require separate approval by the Audit Committee. For purposes of the preceding sentence, in the event the independent auditor becomes aware that the corresponding fee level for a particular service is reasonably expected to exceed established amounts by the lesser of 25% or \$100,000, the independent auditor shall advise the Audit Committee and the Chief Accounting Officer, and the additional fees shall be promptly submitted to the Audit Committee for approval. For all other additional fees in excess of an approved fee level, the Audit Committee may approve such additional fees after the performance of the corresponding service and prior to payment of the invoice for such services.

D. Delegation:

The Audit Committee hereby delegates pre-approval authority, such that any two of its members may pre-approve permissible services. Members who exercise this authority shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. However, where the service proposed by the independent accountant relates to the Company's internal control over financial reporting, the full Audit Committee must specifically consider, in advance, each proposed service and evaluate whether provision of that service would impair the accountant's independence. Moreover, the full Audit Committee must specifically approve, in advance, any proposed change in nature, scope or extent of the internal control-related service. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent accountant to management.

E. Monitoring and Reporting:

The Audit Committee will be informed on a quarterly basis of the services rendered by, including the fees of, the independent accountant in the previous quarter and on a cumulative basis for the fiscal year.

Effective Date and Term: Procedures are in effect as of date approved by the Audit Committee.

Appendix A

Annual Approval - Audit Services for Fiscal Year 20XX

Audit Services consist of (1) the “annual Audit services engagement” and (2) “other Audit services”, which are those services that only the independent accountant reasonably can provide.

The Audit Committee annually approves the terms and fees for the annual Audit services engagement and, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

Other Audit services may be pre-approved annually, if known, or may be specifically approved on an as-needed basis.

Dated: , 20XX

<u>Service</u>	<u>Range of Fees</u>
Statutory audits or financial audits for subsidiaries or affiliates of the Company	
Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters, consents), and assistance in responding to SEC comment letters	
Consultations by the Company’s management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under SEC rules, some consultations may be “audit-related” services rather than “audit” services)	

Annual Approval - Audit-Related Services for Fiscal Year 20XX

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are traditionally performed by the independent accountant.

Dated: , 20XX

<u>Service</u>	<u>Range of Fees</u>
Due diligence services pertaining to potential business acquisitions/dispositions	
Financial statement audits of employee benefit plans	
Agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters	
Internal control reviews and assistance with internal control reporting requirements*	
Consultations by the Company’s management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be “audit” services rather than “audit-related” services)	
Access to EY’s Accounting Literature electronic tool	
Attest services not required by statute or regulation	

*The full Audit Committee must specifically consider, in advance, each proposed service to the Company’s relating to internal control over financial reporting and evaluate whether provision of that service would impair the accountant’s independence. Moreover, the full Audit Committee must specifically approve, in advance, any proposed change in nature, scope or extent of the internal control-related service.

Annual Approval - Tax Services for Fiscal Year 20XX

All Tax services involving large and complex transactions must be separately pre-approved by the Audit Committee.

It is prohibited to retain the independent accountant in connection with marketing, planning or opining in favor of the tax treatment of a transaction that is a Confidential Transaction; or an Aggressive Tax Position Transaction, that is, was initially recommended, directly or indirectly, by the independent accountant and a significant purpose of which may be tax avoidance, unless the proposed tax treatment is at least more likely than not to be allowable under applicable tax laws.

The independent accountant shall not be retained to provide any tax services for a person with oversight responsibility over any material component of the Company’s financial statements, except services for persons newly acquiring oversight responsibility and where the services were in process before the employment change and will be completed within 180 days. Tax services for members of the Board of Directors are not prohibited.

Dated: , 20XX

<u>Service</u>	<u>Range of Fees</u>
U.S. federal, state and local tax planning and advice*	
U.S. federal, state and local tax compliance *	
International tax planning and advice*	
International tax compliance*	
Review of federal, state, local and international income, franchise, and other tax returns*	
Licensing [or purchase] of income tax preparation software* from the independent accountant, provided the functionality is limited** to preparation of tax returns	

* Excludes persons with financial reporting oversight responsibilities.

** If the software performs additional functions, each function must be evaluated separately for its potential impact on the accountant’s independence.

Annual Approval - Other Services for Fiscal Year 20XX

Other permissible non-audit services, not included in classes discussed above, and set forth in the table below are pre-approved.

Dated: , 20XX

<u>Service</u>	<u>Range of Fees</u>

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the audit client*
- Financial information systems design and implementation*
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports*
- Actuarial services*
- Internal audit outsourcing services*
- Management functions
- Human resources
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit

In addition, services or products provided under a contingent fee or commission, received directly or indirectly, are prohibited.

*Provision of these non-audit services is permitted if it is reasonable to conclude that the results of these services will not be subject to audit procedures. Materiality is not an appropriate basis upon which to overcome the rebuttable presumption that prohibited services will be subject to audit procedures because determining materiality is itself a matter of audit judgment.

**Appendix B
Engagement of Independent Accountant
Specific Pre-approval Form**

Date of Request	
Requestor	
Type of request:	<input type="checkbox"/> New engagement <input type="checkbox"/> Change in scope <input type="checkbox"/> Increase in fee (approval required in accordance with Section II.C)
Business/functional Unit	
Service to be performed	Choose one: <input type="checkbox"/> Audit <input type="checkbox"/> Audit-related <input type="checkbox"/> Tax services <input type="checkbox"/> Other
Term	
Estimated cost	
Describe engagement	
Is this a prohibited service? (see below)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does this engagement impair the independence of the IA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Decision	<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Decision-makers (requires 2)	1. _____ 2. _____
Decision relayed to BU/Function	On _____ By _____

Prohibited Services:

- Bookkeeping or other services related to the accounting records or financial statements subject to audit
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing
- Management function
- Human resources
- Broker-dealer, investment advisor or investment banking services
- Legal services
- Expert services unrelated to the audit

Date: (Insert AC approval date)

Williams Complaint Handling Procedures for Accounting and Auditing Matters

Williams is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. As part of this commitment, the Audit Committee of the Company's Board of Directors has established the following procedures for (1) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters ("**Accounting Matters**") and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Receipt of Complaints

From Employees:

- Employees with concerns regarding Accounting Matters are directed (through internal communications including the Code of Business Conduct, company policy, compliance training, etc.) to promptly contact their immediate supervisor, next level(s) of management, the Legal Department, Human Resources Department or the Business Ethics Resource Center ("**BERC**"). The recipients of these reported concerns should immediately communicate such information to BERC.
- If employees want to report their concerns regarding Accounting Matters on a confidential or anonymous basis, they may call the Company's business ethics helpline, the Action Line at 1-800-324-3606.

From Third Parties:

- Third parties with concerns regarding Accounting Matters are directed (through instructions on the Company's external website) to forward their complaints to BERC by:

Telephone: 1-918-573-2139

or

Mail: The Williams Companies, Inc.
One Williams Center
Tulsa, OK 74172
Attn: Business Ethics Resource Center

Scope of Matters Covered by These Procedures

These procedures relate to complaints relating to any questionable Accounting Matters, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- Fraud or deliberate error in the recording and maintaining of financial records of the Company;
- Deficiencies in or noncompliance with the Company's internal accounting controls;
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- Deviation from full and fair reporting of the Company's financial condition.

Treatment of Complaints

- Upon receipt of a complaint, BERC will work with the Finance and Legal Departments to determine whether the complaint actually pertains to Accounting Matters. When reasonably possible, BERC will acknowledge receipt of the complaint to the sender.
- Complaints relating to Accounting Matters will be reviewed under Audit Committee direction and investigated in a manner consistent with the Company's formal internal investigative process, unless otherwise instructed by the Audit Committee. All significant complaints will be promptly reported to the Chairperson of the Audit Committee. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.
- The Company and its officers, employees, and agents shall not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

Reporting and Retention of Complaints and Investigations

- BERC will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a quarterly summary report thereof for the Audit Committee. Such log will be maintained in accordance with the Company's document retention policy.

**POLICY AND PROCEDURES WITH RESPECT TO
RELATED PERSON TRANSACTIONS**

A. Policy Statement

It is the Company's policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through the Audit Committee or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders.

B. Related Person Transactions

The Audit Committee shall review all transactions with Related Persons, promoters and certain control persons as defined in Item 404(a) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934. The Chair of the Audit Committee shall be delegated the responsibility to review Related Person Transactions in the event it is impractical to convene a committee meeting prior to entering into the Related Person Transaction.

C. Approval Procedures and Standards

Prior to entering into the Related Person Transaction, the Audit Committee (or the Chair) shall consider all of the available relevant facts and circumstances, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee (or the Chair) determines in good faith. The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this policy pursuant to delegated authority. Any proposed Related Person Transaction involving a member of the Board of Directors or the Chief Executive Officer of the Company shall be reviewed and approved by the full Board of Directors.

If the Company determines that a Related Person Transaction has been entered into without prior approval as described above, the transaction shall be submitted to the Audit Committee for review. The Audit Committee shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate.