

MALCOLM STEVEN J
Form 4
February 09, 2009

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MALCOLM STEVEN J

2. Issuer Name and Ticker or Trading Symbol
WILLIAMS COMPANIES INC
[WMB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
ONE WILLIAMS CENTER
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/05/2009

Director 10% Owner
 Officer (give title below) Other (specify below)
President & CEO

TULSA, OK 74172
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) | Price | | |
| Common Stock ⁽¹⁾ | 02/05/2009 | | M | 50,000 | A \$ 14.98 | 581,627 | D |
| Common Stock ⁽¹⁾ | 02/05/2009 | | F | 15,975 | D \$ 14.98 | 565,652 | D |
| Common Stock | | | | | | 46,680 | I |
| | | | | | | | By Trust ⁽²⁾ |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Restricted Stock Units ⁽³⁾ | \$ 14.98 | 02/05/2009 | | M | | 02/05/2009 | 02/05/2009 | Common Stock | 50,000 |
| Employee Options (Right to Buy) | \$ 0 | 07/25/2008 | | J ⁽⁴⁾ | | 07/25/2008 | 07/25/2008 | Comm | 5,446 |
| Employee Options (Right to Buy) | \$ 0 | 11/19/2008 | | J ⁽⁴⁾ | | 11/19/2008 | 11/19/2008 | Common Stock | 406,728 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| MALCOLM STEVEN J ONE WILLIAMS CENTER TULSA, OK 74172 | X | | President & CEO | |

Signatures

Cher S. Lawrence, Attorney-in-Fact for Mr. Steven J. Malcolm
02/09/2009

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- Payout of Restricted Stock Units (formerly referred to as Deferred Stock) in transaction exempt under Rules 16b-3(d) and 16b-6(b) of
- (1) 50,000 shares of common stock awarded under The Williams Companies, Inc. 2002 Incentive Plan of which 15,975 shares were withheld for taxes.
 - (2) Represents total shares of the Company's common stock held in The Investment Plus Plan.
 - (3)

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Vesting subject to applicable grant agreement and compensation committee certification that the Company has met the three year performance measure. The specific performance measure will be an improvement in the Company's Economic Value Added over the three year period.

(4) Cancellation of stock options at no value to reporting person.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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