

ARMSTRONG ALAN S
Form 4
February 09, 2009

FORM 4

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

OMB APPROVAL

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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 *
ARMSTRONG ALAN S

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
 Officer (give title below) Sr. Vice President - Midstream
____ 10% Owner
____ Other (specify below)

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 Beneficial Ownership (Instr. 4)
				(A) or (D) Code V Amount Price			
Common Stock ⁽¹⁾	02/05/2009		M	20,000 A \$ 14.98	50,246	D	
Common Stock ⁽¹⁾	02/05/2009		F	6,602 D \$ 14.98	43,644	D	
Common Stock					15	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 or Number of Shares
Restricted Stock Units ⁽³⁾	\$ 14.98	02/05/2009		M		20,000	02/05/2009 02/05/2009	Common Stock	20,000
Employee Options (Right to Buy)	\$ 0	11/19/2008		J ⁽⁴⁾		34,275	11/19/2008 11/19/2008	Common Stock	34,275

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ARMSTRONG ALAN S ONE WILLIAMS CENTER TULSA, OK 74172			Sr. Vice President - Midstream	

Signatures

Cher S. Lawrence, Attorney-in-Fact for Mr. Alan S. Armstrong
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) 20,000 shares of common stock awarded under The Williams Companies, Inc. 2002 Incentive Plan of which 6,602 shares were withheld for taxes.
 - (2) Represents total shares of the Company's common stock held in The Investment Plus Plan.
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.

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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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