

WILLIAMS COMPANIES INC
Form 4
March 07, 2006

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 *
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)

3. Date of Earliest Transaction (Month/Day/Year)
03/03/2006

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

ONE WILLIAMS CENTER

(Street)

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

TULSA, OK 74172

(City) (State) (Zip)

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| | | | Code | V | Amount | | |
| Common Stock | 03/06/2006 | | M | | 3,810 | A | \$ 15.32 |
| | | | | | 24,111 | D | |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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

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| 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 Security (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------|---|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Deferred Stock | \$ 21.67 | 03/03/2006 | | A | 10,458 | 03/03/2009 | 03/03/2009 | Common Stock | 10,458 |
| Deferred Stock ⁽¹⁾ | \$ 21.67 | 03/03/2006 | | A | 20,916 | 03/03/2009 | 03/03/2009 | Common Stock | 20,916 |
| Employee Options (Right to Buy) | \$ 21.67 | 03/03/2006 | | A | 8,045 | 03/03/2007 | 03/03/2016 | Common Stock | 8,045 |
| Employee Options (Right to Buy) | \$ 21.67 | 03/03/2006 | | A | 8,045 | 03/03/2008 | 03/03/2016 | Common Stock | 8,045 |
| Employee Options (Right to Buy) | \$ 21.67 | 03/03/2006 | | A | 8,046 | 03/03/2009 | 03/03/2016 | Common Stock | 8,046 |
| Employee Options (Right to Buy) | \$ 15.32 | 03/06/2006 | | M | 3,810 | 09/19/1997 | 03/21/2006 | Common Stock | 3,810 |

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 Alan S. Armstrong. 03/07/2006

**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).

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

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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