

MALCOLM STEVEN J
Form 4
December 08, 2010

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)
12/06/2010

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

TULSA, OK 74172

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

(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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 12/06/2010 | | M | | 250,000 | A | \$ 2.58 |
| Common Stock | 12/06/2010 | | S | | 150,000 | D | \$ 23.9569 |
| Common Stock | 12/06/2010 | | S | | 100,000 | D | \$ 23.8853 |
| Common Stock | 12/07/2010 | | M | | 100,000 | A | \$ 2.58 |
| Common Stock | 12/07/2010 | | S | | 50,000 | D | \$ 23.7772 |

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Common Stock 12/07/2010 S 50,000 D \$ 23.6452 711,844 D

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

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(9-02)

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 |
| Employee Options (Right to Buy) | \$ 0 | 03/16/2010 | | J ⁽¹⁾ | 65,356 | 03/16/2010 03/16/2010 | Common Stock 65,356 |
| Employee Options (Right to Buy) | \$ 2.58 | 12/06/2010 | | M | 250,000 | 11/27/2003 11/27/2012 | Common Stock 250,000 |
| Employee Options (Right to Buy) | \$ 2.58 | 12/07/2010 | | M | 100,000 | 11/27/2003 11/27/2012 | Common Stock 100,000 |

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 Steven J. Malcolm 12/08/2010

__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).

(1) 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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