

WILLIAMS COMPANIES INC
 Form 4
 February 27, 2008

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 *
CHAPPEL DONALD R

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)
02/25/2008

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

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock ⁽¹⁾	02/25/2008		M		16,647	A	\$ 36.5
Common Stock	02/25/2008		F		5,339	D	\$ 36.5

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

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SEC 1474
 (9-02)

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**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 Underlying Security (Instr. 3 and 4)	8. Amount or Number of Shares			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	
Restricted Stock Units ⁽¹⁾	\$ 36.5	02/25/2008		D			16,647	02/25/2008	02/25/2008	Common Stock	16,647
Restricted Stock Units	\$ 36.5	02/25/2008		A		19,911		02/25/2011	02/25/2011	Common Stock	19,911
Restricted Stock Units ⁽²⁾	\$ 36.5	02/25/2008		A		39,822		02/25/2011	02/25/2011	Common Stock	39,822
Employee Options (Right to Buy)	\$ 36.5	02/25/2008		A		16,924		02/25/2009	02/25/2018	Common Stock	16,924
Employee Options (Right to Buy)	\$ 36.5	02/25/2008		A		16,924		02/25/2010	02/25/2018	Common Stock	16,924
Employee Options (Right to Buy)	\$ 36.5	02/25/2008		A		16,924		02/25/2011	02/25/2018	Common Stock	16,924

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CHAPPEL DONALD R ONE WILLIAMS CENTER TULSA, OK 74172			Sr. Vice President & CFO	

Signatures

Cher S. Lawrence, Attorney-in-Fact for Donald R. Chappel 02/27/2008

 **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) 16,647 shares of common stock awarded under The Williams Companies, Inc. 2002 Incentive Plan of which 5,339 shares were withheld for taxes.

Vesting subject to applicable grant agreement and compensation committee certification that the Company has met the three year
(2) performance measure. The specific performance measure will be 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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