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

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-4174

THE WILLIAMS COMPANIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	73-0569878
(State of Incorporation)	(IRS Employer Identification Number)
ONE WILLIAMS CENTER TULSA, OKLAHOMA	74172
(Address of principal executive office)	(Zip Code)

Registrant's telephone number: (918) 573-2000

NO CHANGE
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at April 30, 2002
Common Stock, $1 par value	516,321,539 Shares

The Williams Companies, Inc.
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Certain matters discussed in this report, excluding historical information, include forward-looking statements - statements that discuss Williams' expected future results based on current and pending business operations. Williams makes these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

Forward-looking statements can be identified by words such as "anticipates," "believes," "expects," "planned," "scheduled" or similar expressions. Although Williams believes these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this document. Additional information about issues that could lead to material changes in performance is contained in The Williams Companies, Inc.'s 2001 Form 10-K.

The Williams Companies, Inc.
Consolidated Statement of Income
(Unaudited)

(Dollars in millions, except per-share amounts)	Three months ended March 31, 2002	2001*
Revenues:		
Energy Marketing & Trading	$ 353.7	$ 657.0
Gas Pipeline	423.8	422.0
Energy Services	1,736.8	2,203.2
Other	15.9	18.5
Intercompany eliminations	(345.4)	(243.0)
Total revenues	2,184.8	3,057.7
Segment costs and expenses:		
Costs and operating expenses	1,305.2	2,037.7
Selling, general and administrative expenses	196.5	224.5
Other (income) expense - net	(1.9)	10.1
Total segment costs and expenses	1,499.8	2,272.3
General corporate expenses	38.2	29.4
Operating income:		
Energy Marketing & Trading	271.0	481.9
Gas Pipeline	170.7	168.6
Energy Services	241.7	130.1
Other	1.6	4.8
General corporate expenses	(38.2)	(29.4)
Total operating income	646.8	756.0
Interest accrued	(217.4)	(180.0)
Interest capitalized	5.7	9.7
Investing income (loss):		
Estimated loss on realization of amounts due from Williams Communications Group, Inc.	(232.0)	--
Other	16.1	34.0
Preferred returns and minority interest in income of consolidated subsidiaries	(15.2)	(25.3)
Other income - net	6.3	5.4
Income from continuing operations before income taxes	210.3	599.8
Provision for income taxes	(87.1)	(232.9)
Income from continuing operations	123.2	366.9
Loss from discontinued operations	(15.5)	(167.7)
Net income	107.7	199.2
Preferred stock dividends	(69.7)	--
Income applicable to common stock	$ 38.0	$ 199.2
Basic earnings per common share:		
Income from continuing operations	$ .10	$ .77
Loss from discontinued operations	(.03)	(.35)
Net income	$ .07	$ .42
Average shares (thousands)	519,224	479,090
Diluted earnings per common share:		
Income from continuing operations	$ .10	$ .76
Loss from discontinued operations	(.03)	(.35)
Net income	$ .07	$ .41
Average shares (thousands)	521,240	483,310
Cash dividends per common share	$ .20	$ .15

* Certain amounts have been restated or reclassified as described in Note 2 of Notes to Consolidated Financial Statements.

See accompanying notes.

The Williams Companies, Inc.
Consolidated Balance Sheet
(Unaudited)

(Dollars in millions, except per-share amounts)	March 31, 2002	December 31, 2001*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,703.0	$ 1,291.4
Accounts and notes receivable less allowance of $193.2 ($256.6 in 2001)	3,232.5	3,118.6
Inventories	908.3	813.2
Energy risk management and trading assets	7,014.4	6,514.1
Margin deposits	256.8	213.8
Assets of discontinued operations	--	25.6
Deferred income taxes	391.3	440.6
Other	485.5	520.7
Total current assets	13,991.8	12,938.0
Investments	1,718.8	1,563.1
Property, plant and equipment, at cost	22,318.1	22,138.4
Less accumulated depreciation and depletion	(5,270.0)	(5,199.6)
	17,048.1	16,938.8
Energy risk management and trading assets	4,834.2	4,209.4
Goodwill, net	1,164.3	1,164.3
Assets of discontinued operations	--	935.9
Receivables from Williams Communications Group, Inc. less allowance of $2,038.8 ($103.2 in 2001)	343.1	137.2
Other assets and deferred charges	1,017.2	1,019.5
Total assets	$40,117.5	$38,906.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 678.4	$ 1,424.5
Accounts payable	2,847.7	2,885.9
Accrued liabilities	1,841.7	1,957.1
Liabilities of discontinued operations	--	40.9
Energy risk management and trading liabilities	6,086.1	5,525.7
Guarantees and payment obligations related to Williams Communications Group, Inc.	51.2	645.6
Long-term debt due within one year	1,938.6	1,014.8
Total current liabilities	13,443.7	13,494.5
Long-term debt	12,233.5	9,012.7
Deferred income taxes	3,541.7	3,689.9
Liabilities of discontinued operations	--	488.0
Energy risk management and trading liabilities	3,242.4	2,936.6
Guarantees and payment obligations related to Williams Communications Group, Inc.	--	1,120.0
Other liabilities and deferred income	983.6	943.1
Contingent liabilities and commitments (Note 10)		
Minority interests in consolidated subsidiaries	201.3	201.0
Preferred interests in consolidated subsidiaries	428.8	976.4
Stockholders' equity:		
Preferred stock, $1 per share par value, 30 million shares authorized, 1.5 million issued in 2002, none in 2001	272.3	--
Common stock, $1 per share par value, 960 million shares authorized, 519.5 million issued in 2002, 518.9 million issued in 2001	519.5	518.9
Capital in excess of par value	5,086.1	5,085.1
Retained earnings	134.4	199.6
Accumulated other comprehensive income	124.2	345.1
Other	(54.9)	(65.0)
	6,081.6	6,083.7
Less treasury stock (at cost), 3.3 million shares of common stock in 2002 and 3.4 million in 2001	(39.1)	(39.7)
Total stockholders' equity	6,042.5	6,044.0
Total liabilities and stockholders' equity	$40,117.5	$38,906.2

* Certain amounts have been restated or reclassified as described in Note 2 of Notes to Consolidated Financial Statements.

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Cash Flows
(Unaudited)

(Millions)	Three months ended March 31,	
	2002	2001*
OPERATING ACTIVITIES:		
Income from continuing operations	$ 123.2	$ 366.9
Adjustments to reconcile to cash used by operations:		
Depreciation, depletion and amortization	211.6	174.3
Provision for deferred income taxes	73.3	127.1
Payments of guarantees and payment obligations related to Williams Communications Group, Inc.	(753.9)	--
Estimated loss on realization of amounts due from Williams Communications Group, Inc.	232.0	--
Preferred returns and minority interest in income of consolidated subsidiaries	15.2	25.3
Tax benefit of stock-based awards	1.9	15.0
Cash provided (used) by changes in assets and liabilities:		
Accounts and notes receivable	(62.3)	75.2
Inventories	(95.0)	175.3
Margin deposits	(43.0)	(434.1)
Other current assets	(157.0)	(67.8)
Accounts payable	(25.7)	66.3
Accrued liabilities	(241.7)	71.5
Changes in current energy risk management and trading assets and liabilities	60.1	(358.6)
Changes in noncurrent energy risk management and trading assets and liabilities	(319.0)	(517.1)
Changes in noncurrent deferred income	(20.1)	9.3
Other, including changes in noncurrent assets and liabilities	(40.0)	30.7
Net cash used by operating activities of continuing operations	(1,040.4)	(240.7)
Net cash provided by operating activities of discontinued operations	30.2	31.5
Net cash used by operating activities	(1,010.2)	(209.2)
FINANCING ACTIVITIES:		
Payments of notes payable	(1,337.5)	(2,012.7)
Proceeds from long-term debt	3,083.7	1,187.8
Payments of long-term debt	(277.2)	(680.4)
Proceeds from issuance of common stock	19.2	1,362.4
Proceeds from issuance of preferred stock	272.3	--
Dividends paid	(103.5)	(72.5)
Proceeds from sale of limited partner units of consolidated partnership	--	92.5
Payments of debt issuance costs	(95.4)	(20.2)
Payments/dividends to preferred and minority interests	(14.0)	(7.3)
Other--net	(.3)	--
Net cash provided (used) by financing activities of continuing operations	1,547.3	(150.4)
Net cash provided (used) by financing activities of discontinued operations	(5.6)	1,317.6
Net cash provided by financing activities	1,541.7	1,167.2
INVESTING ACTIVITIES:		
Property, plant and equipment:		
Capital expenditures	(431.4)	(307.2)
Proceeds from dispositions	86.5	14.5
Purchases of investments/advances to affiliates	(151.0)	(87.6)
Proceeds from sales of businesses	423.2	--
Other--net	(8.3)	(4.8)
Net cash used by investing activities of continuing operations	(81.0)	(385.1)
Net cash used by investing activities of discontinued operations	(48.6)	(1,449.3)
Net cash used by investing activities	(129.6)	(1,834.4)
Increase (decrease) in cash and cash equivalents	401.9	(876.4)
Cash and cash equivalents at beginning of period**	1,301.1	1,210.7
Cash and cash equivalents at end of period**	$1,703.0	$ 334.3

* Amounts have been restated or reclassified as described in Note 2 of Notes to Consolidated Financial Statements.

** Includes cash and cash equivalents of discontinued operations of $9.7 million, $103.6 million and $224.2 million at December 31, 2001, March 31, 2001 and December 31, 2000, respectively.

See accompanying notes.

The Williams Companies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. General

The accompanying interim consolidated financial statements of The Williams Companies, Inc. (Williams) do not include all notes in annual financial statements and therefore should be read in conjunction with the consolidated financial statements and notes thereto in Williams' Annual Report on Form 10-K. The accompanying financial statements have not been audited by independent auditors, but include all normal recurring adjustments and others, which, in the opinion of Williams' management, are necessary to present fairly its financial position at March 31, 2002, its results of operations and cash flows for the three months ended March 31, 2002 and 2001.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

2. Basis of presentation

On March 27, 2002, Williams completed the sale of one of its Gas Pipeline segments, Kern River Gas Transmission (Kern River), to MidAmerican Energy Holdings Company (MEHC). Accordingly, the accompanying consolidated financial statements and notes reflect the results of operations, net assets and cash flows of Kern River as discontinued operations. Unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates to the continuing operations of Williams (see Note 6).

Certain other income statement, balance sheet and cash flow amounts have been reclassified to conform to the current classifications.

3. Receivables from Williams Communications Group, Inc. and other related information

Background

At December 31, 2001, Williams had financial exposure from Williams Communications Group, Inc. (WCG) of $375 million of receivables and $2.21 billion of guarantees and payment obligations. Williams determined it was probable it would not fully realize the $375 million of receivables and it would be required to perform under its $2.21 billion of guarantees and payment obligations. Williams developed an estimated range of loss related to its total WCG exposure and management believed that no loss within that range was more probable than another. Accordingly, in 2001, Williams recorded the $2.05 billion minimum amount of the range of loss from its financial exposure to WCG, which was reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. The charge to discontinued operations of $1.84 billion included a $1.77 billion minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations. The charge to continuing operations of $213 million included estimated losses from an assessment of the recoverability of the carrying amounts of the $375 million of receivables.

Williams, prior to the spinoff, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes. On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminates acceleration of the WCG Note Trust Notes due to a WCG bankruptcy or from a Williams credit rating downgrade. The amendment also affirms Williams' obligation for all payments due with respect to the WCG Note Trust Notes, which mature in March 2004, and allows Williams to fund such payments from any available sources. With the exception of the March and September 2002 interest payments, totaling $115 million, WCG, through a subsidiary, remains obligated to reimburse Williams for any payments Williams makes in connection with the Notes.

Williams also provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into a lease agreement covering a portion of its fiber-optic network. WCG had an option to purchase the covered network assets during the lease term at an amount approximating the lessor's cost of $750 million. On March 8, 2002, WCG exercised its option to purchase the covered network assets. On March 29, 2002, Williams funded the purchase price of $754 million and became entitled to an unsecured note from WCG for the same amount. Pursuant to the terms of an agreement between Williams and WCG's revolving credit facility lenders, the liability of WCG to compensate Williams for funding the purchase is subordinated to the interests of WCG's revolving credit facility lenders and will not mature any earlier than one year after the maturity of WCG's revolving credit facility.

Williams has also provided guarantees on certain other performance obligations of WCG totaling approximately $57 million.

First Quarter 2002 Evaluation

At March 31, 2002, Williams has receivables from WCG of $2.15 billion arising from Williams affirming its payment obligation on the $1.4 billion of WCG Note Trust Notes and Williams paying $754 million under the WCG lease agreement. Both of these transactions occurred in the first quarter of 2002. At March 31, 2002, Williams also has $363 million of previously existing receivables. In the first quarter of 2002, Williams recorded in continuing operations an additional pre-tax charge of $232 million from its assessment of the recoverability of its receivables from WCG. At March 31, 2002, Williams estimates that $2.1 billion of the $2.5 billion of receivables from WCG are unrecoverable. The net receivable of approximately $380 million includes a minimum lease payment receivable of $154 million related to the Williams Technology Center and other ancillary assets (Technology Center) and aircraft.

A little more than a month after filing its 2001 Form 10-K on March 7, 2002, Williams participated in negotiations with WCG, WCG's secured creditors and other unsecured creditors as a part of a review of restructuring alternatives for WCG. Williams did not reach agreement with these parties and our discussions terminated. Thereafter, on April 22, 2002, WCG filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Based on these negotiations, WCG filing for Chapter 11 bankruptcy protection and the receipt of revised financial projections from WCG, Williams performed a financial analysis and lowered its estimated recovery of its receivables from WCG. Williams utilized the assistance of external legal counsel and an external financial and restructuring advisor in order to estimate the recovery of its receivables from WCG. In preparing its current financial analysis, Williams and its external financial and restructuring advisor revised certain assumptions and cash flow projections for WCG from the prior financial analysis prepared in conjunction with Williams' 2001 Form 10-K filing. Williams considered the overall market condition of the telecommunications industry, revised financial projections provided by WCG, the potential impact of a bankruptcy on WCG's financial performance, the nature of the proposed restructuring as detailed in WCG's bankruptcy filing and various issues discussed in the negotiations prior to WCG's bankruptcy filing.

To estimate recovery of its receivables, Williams estimated the total value of WCG available to the unsecured creditors and then assumed a level of Williams participation in the consideration issued to the unsecured creditors of WCG considering Williams' unsecured claims and the other unsecured liabilities of WCG. In order to estimate the total value of WCG available to the unsecured creditors, Williams estimated an enterprise value of WCG using a present value analysis, reduced by the amount of secured debt that may exist in WCG's restructured balance sheet. Williams considered a range of discount rates from 21 percent to 25 percent, which reflects an assumed restructured WCG capital structure of debt and equity and the debt and equity returns that outside market investors may require.

Williams' current estimate of WCG's total value available to the unsecured creditors is lower than Williams' prior estimate used for 2001 reporting primarily due to lower estimates of WCG cash flows and a revised range of discount rates. These estimates of cash flows and discount rates used to estimate WCG's total value available to the unsecured creditors are within the range of amounts discussed in Williams' 2001 Form 10-K. In developing current cash flow projections to estimate WCG's enterprise value, Williams and its external financial and restructuring advisor considered several factors including revised WCG financial projections, which were lower than prior financial projections. Also, Williams previously considered a range of discount rates from 17 percent to 25 percent. At the lower end of that range, the equity component reflected a blended equity return comprised of outside market investors and other investors who might require a lower equity return due to their strategic interest in WCG.

Estimating recoveries of Williams' receivables from WCG involves making complex judgments and assumptions about uncertain outcomes. Actual recoveries may ultimately differ from currently estimated recoveries as numerous factors will affect any recovery, including the form of consideration that Williams may receive from WCG's restructuring under bankruptcy, WCG's future performance, the length of time WCG remains in bankruptcy, customer reaction to WCG's bankruptcy filing, challenges to Williams' claims which may be raised in the bankruptcy proceeding, negotiations among WCG's secured creditors, its unsecured creditors and Williams, and the resolution of any related claims, issues or challenges that may be raised in the bankruptcy proceedings.

Williams has been selected by the U.S. Trustee to serve on the unsecured creditors committee in the WCG bankruptcy. At its initial meeting the committee decided to form a subcommittee, which excludes Williams, to investigate what rights and remedies, if any, the creditors may have against Williams relating to its dealings with WCG. Williams has entered into an agreement with WCG in which Williams agreed not to object to a plan of reorganization submitted by WCG in its bankruptcy if that plan provides for WCG to assume its obligations under certain service agreements and the sale leaseback transaction involving the Technology Center and aircraft with Williams and for Williams' other claims to be treated as general unsecured claims with treatment substantially identical to the treatment of claims by WCG's bondholders.

4. Investing income (loss)

Estimated loss on realization of amounts due from Williams Communications Group, Inc.

In first-quarter 2002, Williams recorded in continuing operations an additional pre-tax charge of $232 million from its assessment of the

recoverability of its receivables from WCG (see Note 3).

Other

Other investing income for the three months ended March 31, 2002 and 2001, is as follows:

	Three months ended March 31,	
(Millions)	2002	2001
Equity earnings (loss)*	$ 7.5	$ (2.3)
Interest income and other	8.6	36.3
Total other investing income	$ 16.1	$ 34.0

* Item also included in segment profit.

5. Provision for income taxes

The provision for income taxes from continuing operations includes:

	Three months ended March 31,	
(Millions)	2002	2001
Current:		
Federal	$ 7.6	$ 85.8
State	2.6	13.7
Foreign	3.6	6.3
	13.8	105.8
Deferred:		
Federal	57.1	116.3
State	9.5	11.5
Foreign	6.7	(.7)
	73.3	127.1
Total provision	$ 87.1	$232.9

The effective income tax rate for the three months ended March 31, 2002 and 2001, is greater than the federal statutory rate due primarily to the effects of state income taxes.

6. Discontinued operations

Kern River

On March 27, 2002, Williams completed the sale of its Kern River pipeline for $450 million in cash and the assumption by the purchaser of $510 million in debt. As part of the agreement, a maximum of $32.5 million of the purchase price is contingent upon Kern River receiving a certificate from the Federal Energy Regulatory Commission (FERC) to construct and operate a future expansion. This amount has not yet been recognized in the loss on sale computation. This certificate is expected to be received during third-quarter 2002. In accordance with the provisions related to discontinued operations within Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the results of operations, financial position and cash flows for Kern River have been reflected in the accompanying consolidated financial statements and notes as discontinued operations.

Williams Communications Group, Inc.

On March 30, 2001, Williams' board of directors approved a tax-free spinoff of WCG to Williams' shareholders. Williams distributed 398.5 million shares, or approximately 95 percent of the WCG common stock held by Williams on April 23, 2001. In accordance with Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual, and Infrequently Occurring Events and Transactions," the results of operations and cash flows for WCG have been reflected in the accompanying Consolidated Statement of Income and Consolidated Statement of Cash Flows and notes as discontinued operations.

See Note 3 for information regarding events in 2002 related to WCG.

Summarized results of discontinued operations for the three months ended March 31, 2002 and 2001, are as follows:

	Three months ended March 31,	
(Millions)	2002	2001
Kern River:		
Revenues	$ 40.3	$ 38.5
Income from operations before income taxes	13.5	18.1
Loss on sale of Kern River	(38.1)	--
(Provision) benefit for income taxes	9.1	(6.7)
Income (loss) from Kern River	(15.5)	11.4
WCG:		
Revenues	--	270.2
Loss from operations before income taxes	--	(271.3)
Benefit for income taxes	--	92.2
Loss from WCG	--	(179.1)
Total loss from discontinued operations	$ (15.5)	$(167.7)

7. Earnings per share

Basic and diluted earnings per common share are computed as follows:

(Dollars in millions, except per-share amounts; shares in thousands)	Three months ended March 31,	
	2002	2001
Income from continuing operations	$ 123.2	$ 366.9
Preferred stock dividends (see Note 12)	69.7	--
Income from continuing operations available to common stockholders for basic and diluted earnings per share	$ 53.5	$ 366.9
Basic weighted-average shares	519,224	479,090
Effect of dilutive securities:		
Stock options	2,016	4,220
Diluted weighted-average shares	521,240	483,310

Earnings per share from continuing operations:		
Basic	$ .10	$ .77
Diluted	$ .10	$ .76

For 2002, approximately .8 million weighted-average shares related to the assumed conversion of 9 7/8 percent cumulative convertible preferred stock have been excluded from the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive (see Note 12).

8. Inventories

(Millions)	March 31, 2002	December 31, 2001
Raw materials:		
Crude oil	$166.7	$117.7
Other	1.4	1.3
	168.1	119.0
Finished goods:		
Refined products	298.4	265.0
Natural gas liquids	127.2	142.6
General merchandise	17.7	14.5
	443.3	422.1
Materials and supplies	151.6	134.0
Natural gas in underground storage	143.3	136.4
Other	2.0	1.7
	$908.3	$813.2

9. Debt and banking arrangements

Notes payable

Williams has a $2.2 billion commercial paper program backed by a short-term bank-credit facility. At March 31, 2002, $378.4 million of commercial paper was outstanding under the program. Interest rates vary with current market conditions. In addition, Williams has $300 million of floating rate notes at March 31, 2002. The weighted-average interest rate on all short-term borrowings at March 31, 2002, was 3.2 percent.

Debt

(Millions)	Weighted-average interest rate(1)	March 31, 2002	December 31, 2001
Revolving credit loans	2.9%	$ 554.9	$ 53.7
Commercial paper	--	--	300.0
Debentures, 6.25% -10.25%, payable 2003 - 2031	7.4	1,576.0	1,585.4
Notes, 5.1% - 9.45%, payable through 2032(2)	7.2	10,545.3	6,835.3
Notes, adjustable rate, payable through 2004	2.7	1,441.8	1,192.9
Other, payable through 2016	7.8	54.1	60.2
		14,172.1	10,027.5
Current portion of long-term debt		(1,938.6)	(1,014.8)
		$12,233.5	$ 9,012.7

(1) At March 31, 2002, including the effect of interest rate swaps.

(2) $400 million of 6.75% notes, payable 2016, putable/callable in 2006 and $1.1 billion of 6.5% notes payable 2007, subject to remarketing in 2004.

Williams' December 31, 2001 long-term debt included $300 million of commercial paper, $300 million of short-term debt obligations and $244 million of long-term debt obligations due within one year, which would have otherwise been classified as current, but were classified as noncurrent based on Williams' intent and ability to refinance on a long-term basis. At March 31, 2002, there were no short-term obligations classified as noncurrent based on Williams' intent and ability to refinance on a long-term basis.

Under the terms of Williams' $700 million revolving credit agreement, Northwest Pipeline, Transcontinental Gas Pipe Line and Texas Gas Transmission have access to various amounts of the facility, while Williams (Parent) has access to all unborrowed amounts. Interest rates vary with current market conditions. At March 31, 2002, $491.7 million was outstanding under this revolving credit agreement. Subsequent to March 31, 2002, this amount was repaid and is included in current portion of long-term debt. Additionally, certain Williams subsidiaries have revolving credit facilities with a total capacity of $110 million at March 31, 2002.

Pursuant to completion of a consent solicitation during first-quarter 2002, with WCG Note Trust holders, Williams recorded $1.4 billion of long-term debt

obligations which mature in March 2004 and bear an interest rate of 8.25 percent (see Note 3).

In March 2002, the terms of a Williams $560 million priority return structure, previously classified as preferred interest in consolidated subsidiaries, were amended. The amendment provided for the outside investor's preferred interest to be redeemed over the next year in equal quarterly installments (see Note 11). The interest rate varies based on LIBOR plus an applicable margin and was 2.59 percent at March 31, 2002. Based on the new payment terms, the preferred interest was reclassified to debt, of which $448 million is classified as long-term debt due within one year and $112 million is classified as long-term debt on Williams' Consolidated Balance Sheet.

In addition to the items discussed above, significant long-term debt issuances and retirements, other than amounts under revolving credit agreements, during first-quarter 2002 are as follows:

Issue/Terms	Due Date	Principal Amount (Millions)
Issuances of long-term debt in 2002:		
6.5% notes (see Note 12)	2007	$ 1,100.0
8.125% notes	2012	650.0
8.75% notes	2032	850.0
Retirements/prepayments of long-term debt in 2002:		
6.125% notes(1)	2012	$ 240.0

(1) Subject to redemption at par in 2002.

Williams' ratio of net debt to consolidated net worth plus net debt, as defined in Williams' Annual Report on Form 10-K, was 61.8 percent at March 31, 2002 as compared to 61.5 percent at December 31, 2001.

Subsequent to March 31, 2002, Williams Energy Partners L.P., a consolidated subsidiary of Williams, borrowed $700 million from a group of institutions. These proceeds were primarily used to acquire Williams Pipe Line, a wholly owned subsidiary of Williams (see Note 14).

10. Contingent liabilities and commitments

Rate and regulatory matters and related litigation

Williams' interstate pipeline subsidiaries have various regulatory proceedings pending. As a result of rulings in certain of these proceedings, a portion of the revenues of these subsidiaries has been collected subject to refund. The natural gas pipeline subsidiaries have accrued approximately $138 million for potential refund as of March 31, 2002.

As a result of FERC Order 636 decisions in prior years, each of the natural gas pipeline subsidiaries has undertaken the reformation or termination of its respective gas supply contracts. None of the pipelines has any significant pending supplier take-or-pay, ratable take or minimum take claims.

Williams Energy Marketing & Trading subsidiaries are engaged in power marketing in various geographic areas, including California. Prices charged for power by Williams and other traders and generators in California and other western states have been challenged in various proceedings including those before the FERC. In December 2000, the FERC issued an order which provided that, for the period between October 2, 2000 and December 31, 2002, it may order refunds from Williams and other similarly situated companies if the FERC finds that the wholesale markets in California are unable to produce competitive, just and reasonable prices or that market power or other individual seller conduct is exercised to produce an unjust and unreasonable rate. Beginning on March 9, 2001, the FERC issued a series of orders directing Williams and other similarly situated companies to provide refunds for any prices charged in excess of FERC-established proxy prices in January, February, March, April and May 2001, or to provide justification for the prices charged during those months. According to these orders, Williams' total potential refund liability for January through May 2001 is approximately $30 million. Williams has filed justification for its prices with the FERC and calculated its refund liability under the methodology used by the FERC to compute refund amounts at approximately $11 million. On July 25, 2001, the FERC issued an order establishing a hearing to establish the facts necessary to determine refunds under the approved methodology. Refunds under this order will cover the period of October 2, 2000 through June 20, 2001. They will be paid as offsets against outstanding bills and are inclusive of any amounts previously noticed for refund for that period. The judge presiding over the refund proceedings is expected to issue his findings in November 2002. The FERC will subsequently issue a refund order based on these findings.

In an order issued June 19, 2001, the FERC implemented a revised price mitigation and market monitoring plan for wholesale power sales by all suppliers of electricity, including Williams, in spot markets for a region that includes California and ten other western states (the "Western Systems Coordinating Council," or "WSCC"). In general, the plan, which will be in effect from June 20, 2001 through September 30, 2002, establishes a market clearing price for spot sales in all hours of the day that is based on the bid of the highest-cost gas-fired California generating unit that is needed to serve the Independent System Operator's (ISO's) load. When generation operating reserves fall below seven percent in California (a "reserve deficiency period"), absent cost-based justification for a higher price, the maximum price that Williams may charge for wholesale spot sales in the WSCC is the market clearing price. When generation operating reserves rise to seven percent or above in California, absent cost-based justification for a higher price, Williams' maximum price will be limited to 85 percent of the highest hourly price that was in effect during the most recent reserve deficiency period. This methodology initially resulted in a maximum price of $92 per megawatt hour during non-emergency periods and $108 per megawatt hour during emergency periods, and these maximum prices remained unchanged throughout summer and fall 2001. Revisions to the plan for the post-

September 30, 2002, period are expected from the Commission in summer 2002.

On December 19, 2001, the FERC reaffirmed its June 19 and July 25 orders with certain clarifications and modifications. It also altered the price mitigation methodology for spot market transactions for the WSCC market for the winter 2001 season and set the period maximum price at $108 per megawatt hour through April 30, 2002. Under the order, this price would be subject to being recalculated when the average gas price rises by a minimum factor of ten percent effective for the following trading day, but in no event will the maximum price drop below $108 per megawatt hour. The FERC also upheld a ten percent addition to the price applicable to sales into California to reflect credit risk.

The California Public Utilities Commission (CPUC) filed a complaint with the FERC on February 25, 2002, seeking to void or, alternatively, reform a number of the long-term power purchase contracts entered into between the State of California and several suppliers in 2001, including Williams Energy Marketing & Trading Company. The CPUC alleges that the contracts are tainted with the exercise of market power and significantly exceed "just and reasonable" prices. The Electricity Oversight Board made a similar filing on February 27, 2002. FERC set the complaint for hearing on April 24, 2002, but held the hearing in abeyance pending settlement discussions before a FERC judge. FERC also ordered that the higher public interest test will apply to the contracts. FERC commented that the state has a very heavy burden to carry in proving its case.

Certain entities have also asked the FERC to revoke Williams' authority to sell power from California-based generating units at market-based rates to limit Williams to cost-based rates for future sales from such units and to order refunds of excessive rates, with interest, back to May 1, 2000, and possibly earlier.

On March 14, 2001, the FERC issued a Show Cause Order directing Williams Energy Marketing & Trading Company and AES Southland, Inc. to show cause why they should not be found to have engaged in violations of the Federal Power Act and various agreements, and they were directed to make refunds in the aggregate of approximately $10.8 million, and have certain conditions placed on Williams' market-based rate authority for sales from specific generating facilities in California for a limited period. On April 30, 2001, the FERC issued an Order approving a settlement of this proceeding. The settlement terminated the proceeding without making any findings of wrongdoing by Williams. Pursuant to the settlement, Williams agreed to refund $8 million to the ISO by crediting such amount against outstanding invoices. Williams also agreed to prospective conditions on its authority to make bulk power sales at market-based rates for certain limited facilities under which it has call rights for a one-year period. Williams also has been informed that the facts underlying this proceeding are also under investigation by a California Grand Jury.

On September 27, 2001, the FERC issued a Notice of Proposed Rulemaking proposing to adopt uniform standards of conduct for transmission providers. The proposed rules define transmission providers as interstate natural gas pipelines and public utilities that own, operate or control electric transmission facilities. The proposed standards would regulate the conduct of transmission providers with their energy affiliates. The FERC proposes to define energy affiliates broadly to include any transmission provider affiliate that engages in or is involved in transmission (gas or electric) transactions, or manages or controls transmission capacity, or buys, sells, trades or administers natural gas or electric energy or engages in financial transactions relating to the sale or transmission of natural gas or electricity. Current rules affecting Williams regulate the conduct of Williams' natural gas pipelines and their natural gas marketing affiliates. If adopted, these new standards would require the adoption of new compliance measures by certain Williams subsidiaries.

On February 13, 2002, the FERC issued an Order Directing Staff Investigation commencing a proceeding titled Fact-Finding Investigation of Potential Manipulation of Electric and Natural Gas Prices. Through the investigation, the FERC intends to determine whether "any entity, including Enron Corporation (through any of its affiliates or subsidiaries), manipulated short-term prices for electric energy or natural gas in the West or otherwise exercised undue influence over wholesale electric prices in the West, since January 1, 2000, resulting in potentially unjust and unreasonable rates in long-term power sales contracts subsequently entered into by sellers in the West." This investigation does not constitute a Federal Power Act complaint, rather, the results of the investigation will be used by the FERC in any existing or subsequent Federal Power Act or Natural Gas Act complaint. The FERC Staff is directed to complete the investigation as soon as "is practicable." Williams, through many of its subsidiaries, is a major supplier of natural gas and power in the West and, as such, anticipates being the subject of certain aspects of the investigation. Williams is cooperating with all data requests received in this proceeding. On May 8, Williams received an additional set of data requests from the FERC related to a recent disclosure by Enron of certain trading practices in which it may have been engaged in the California market. Williams will be responding to the data requests.

On March 20, 2002, the California Attorney General filed a complaint with FERC alleging that Williams and all other sellers of power in California have failed to comply with federal law requiring the filing of rates and charges for power. Williams filed an answer to the complaint.

Environmental Matters

Since 1989, Texas Gas and Transcontinental Gas Pipe Line have had studies under way to test certain of their facilities for the presence of toxic and hazardous substances to determine to what extent, if any, remediation may be necessary. Transcontinental Gas Pipe Line has responded to data requests regarding such potential contamination of certain of its sites. The costs of any such remediation will depend upon the scope of the remediation. At March 31, 2002, these subsidiaries had accrued liabilities totaling approximately $33 million for these costs.

Certain Williams subsidiaries, including Texas Gas and Transcontinental Gas Pipe Line, have been identified as potentially responsible parties (PRP) at various Superfund and state waste disposal sites. In addition, these subsidiaries have incurred, or are alleged to have incurred, various other hazardous materials removal or remediation obligations under environmental laws. Although no assurances can be given, Williams does not believe that these obligations or the PRP status of these subsidiaries will have a material adverse effect on its financial position, results of operations or net cash flows.

Transcontinental Gas Pipe Line, Texas Gas and Williams Gas Pipelines Central (Central) have identified polychlorinated biphenyl contamination in air compressor systems, soils and related properties at certain compressor station sites. Transcontinental Gas Pipe Line, Texas Gas and Central have also been involved in negotiations with the U.S. Environmental Protection Agency (EPA) and state agencies to develop screening, sampling and cleanup programs. In addition, negotiations with certain environmental authorities and other programs concerning investigative and remedial actions relative to potential mercury contamination at certain gas metering sites have been commenced by Central, Texas Gas and Transcontinental Gas Pipe Line. As of March 31, 2002, Central had accrued a liability for approximately $8 million, representing the current estimate of future environmental cleanup costs to be incurred over the next six to ten years. Texas Gas and Transcontinental Gas Pipe Line likewise had accrued liabilities for these costs which are included in the $33 million liability mentioned above. Actual costs incurred will depend on the actual number of contaminated sites identified, the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA and other governmental authorities and other factors.

Williams Energy Services (WES) and its subsidiaries also accrue environmental remediation costs for its natural gas gathering and processing facilities, petroleum products pipelines, retail petroleum and refining operations and for certain facilities related to former propane marketing operations primarily related to soil and groundwater contamination. In addition, WES owns a discontinued petroleum refining facility that is being evaluated for potential remediation efforts. At March 31, 2002, WES and its subsidiaries had accrued liabilities totaling approximately $38 million for these costs. WES accrues receivables related to environmental remediation costs based upon an estimate of amounts that will be reimbursed from state funds for certain expenses associated with underground storage tank problems and repairs. At March 31, 2002, WES and its subsidiaries had accrued receivables totaling $.8 million.

In connection with the 1987 sale of the assets of Agrico Chemical Company, Williams agreed to indemnify the purchaser for environmental cleanup costs resulting from certain conditions at specified locations, to the extent such costs exceed a specified amount. At March 31, 2002, Williams had approximately $10 million accrued for such excess costs. The actual costs incurred will depend on the actual amount and extent of contamination discovered, the final cleanup standards mandated by the EPA or other governmental authorities, and other factors.

On July 2, 2001, the EPA issued an information request asking for information on oil releases and discharges in any amount from Williams' pipelines, pipeline systems, and pipeline facilities used in the movement of oil or petroleum products, during the period July 1, 1998 through July 2, 2001. In November 2001, Williams furnished its response.

Other legal matters

In connection with agreements to resolve take-or-pay and other contract claims and to amend gas purchase contracts, Transcontinental Gas Pipe Line and Texas Gas each entered into certain settlements with producers which may require the indemnification of certain claims for additional royalties which the producers may be required to pay as a result of such settlements. As a result of such settlements, Transcontinental Gas Pipe Line is currently defending three lawsuits brought by producers. In one of the cases, a jury verdict found that Transcontinental Gas Pipe Line was required to pay a producer damages of $23.3 million including $3.8 million in attorneys' fees. In addition, through December 31, 2001, post-judgment interest was approximately $10.5 million. Transcontinental Gas Pipe Line's appeals have been denied by the Texas Court of Appeals for the First District of Texas, and on April 2, 2001, the company filed an appeal to the Texas Supreme Court. On February 21, 2002, the Texas Supreme Court denied Transcontinental Gas Pipe Line's petition for review. As a result, Transcontinental Gas Pipe Line recorded a fourth-quarter 2001 pre-tax charge to income (loss) for the year ended December 31, 2001, in the amount of $37 million ($18 million

is included in Gas Pipeline's segment profit and $19 million in interest accrued) representing management's estimate of the effect of this ruling. Transcontinental Gas Pipe Line filed a motion for rehearing. In response to the Court's request, Texaco filed a response on April 25, 2002. In the other cases, producers have asserted damages, including interest calculated through December 31, 2001, of $16.3 million. Producers have received and may receive other demands, which could result in additional claims. Indemnification for royalties will depend on, among other things, the specific lease provisions between the producer and the lessor and the terms of the settlement between the producer and either Transcontinental Gas Pipe Line or Texas Gas. Texas Gas may file to recover 75 percent of any such additional amounts it may be required to pay pursuant to indemnities for royalties under the provisions of Order 528.

On June 8, 2001, 14 Williams entities were named as defendants in a nationwide class action lawsuit which has been pending against other defendants, generally pipeline and gathering companies, for more than one year. The plaintiffs allege that the defendants, including the Williams defendants, have engaged in mismeasurement techniques that distort the heating content of natural gas, resulting in an alleged underpayment of royalties to the class of producer plaintiffs. In September 2001, the plaintiffs voluntarily dismissed two of the 14 Williams entities named as defendants in the lawsuit. In November 2001, Williams, along with other Coordinating Defendants, filed a motion to dismiss under Rules 9b and 12b of the Kansas Rules of Civil Procedure. In January 2002, most of the Williams defendants, along with a group of Coordinating Defendants, filed a motion to dismiss for lack of personal jurisdiction. The court has not yet ruled on these motions. In the next several months, the Williams entities will join with other defendants in contesting certification of the plaintiff class.

In 1998, the United States Department of Justice (DOJ) informed Williams that Jack Grynberg, an individual, had filed claims in the United States District Court for the District of Colorado under the False Claims Act against Williams and certain of its wholly owned subsidiaries. In connection with its sale of Kern River, the Company agreed to indemnify the purchaser for liability relating to this claim. Mr. Grynberg has also filed claims against approximately 300 other energy companies and alleges that the defendants violated the False Claims Act in connection with the measurement and purchase of hydrocarbons. The relief sought is an unspecified amount of royalties allegedly not paid to the federal government, treble damages, a civil penalty, attorneys' fees, and costs. On April 9, 1999, the DOJ announced that it was declining to intervene in any of the Grynberg qui tam cases, including the action filed against the Williams entities in the United States District Court for the District of Colorado. On October 21, 1999, the Panel on Multi-District Litigation transferred all of the Grynberg qui tam cases, including those filed against Williams, to the United States District Court for the District of Wyoming for pre-trial purposes. Motions to dismiss the complaints filed by various defendants, including Williams, were denied on May 18, 2001.

Williams and certain of its subsidiaries are named as defendants in various putative, nationwide class actions brought on behalf of all landowners on whose property the plaintiffs have alleged WCG installed fiber-optic cable without the permission of the landowners. Williams believes that WCG's installation of the cable containing the fiber network that crosses over or near the putative class members' land does not infringe on their property rights. Williams also does not believe that the plaintiffs have sufficient basis for certification of a class action. It is likely that Williams will be subject to other putative class action suits challenging WCG's railroad or pipeline rights of way. However, Williams has a claim for indemnity from WCG, subject to their ability to perform, for damages resulting from or arising out of the businesses or operations conducted or formerly conducted or assets owned or formerly owned by any subsidiary of WCG.

In November 2000, class actions were filed in San Diego, California Superior Court by Pamela Gordon and Ruth Hendricks on behalf of San Diego rate payers against California power generators and traders including Williams Energy Services Company and Williams Energy Marketing & Trading Company, subsidiaries of Williams. Three municipal water districts also filed a similar action on their own behalf. Other class actions have been filed on behalf of the people of California and on behalf of commercial restaurants in San Francisco Superior Court. These lawsuits result from the increase in wholesale power prices in California that began in the summer of 2000. Williams is also a defendant in other litigation arising out of California energy issues. The suits claim that the defendants acted to manipulate prices in violation of the California antitrust and unfair business practices statutes and other state and federal laws. Plaintiffs are seeking injunctive relief as well as restitution, disgorgement, appointment of a receiver, and damages, including treble damages. These cases have all been coordinated in San Diego County Superior Court.

On May 2, 2001, the Lieutenant Governor of the State of California and Assemblywoman Barbara Matthews, acting in their individual capacities as members of the general public, filed suit against five companies including Williams Energy Marketing & Trading Company and 14 executive officers, including Keith Bailey, Chairman of Williams, Steve Malcolm,

President and CEO of Williams, and Bill Hobbs, President and CEO of Williams Energy Marketing & Trading, in Los Angeles Superior State Court alleging State Antitrust and Fraudulent and Unfair Business Act Violations and seeking injunctive and declaratory relief, civil fines, treble damages and other relief, all in an unspecified amount. This case is being coordinated with the other class actions in San Diego Superior Court.

On May 17, 2001, the DOJ advised Williams that it had commenced an antitrust investigation relating to an agreement between a subsidiary of Williams and AES Southland alleging that the agreement limits the expansion of electric generating capacity at or near the AES Southland plants that are subject to a long-term tolling agreement between Williams and AES Southland. In connection with that investigation, the DOJ has issued two Civil Investigative Demands to Williams requesting answers to certain interrogatories and the production of documents. Williams is cooperating with the investigation.

On October 5, 2001, a suit was filed on behalf of California taxpayers and electric ratepayers in the Superior Court for the County of San Francisco against the Governor of California and 22 other defendants consisting of other state officials, utilities and generators, including Energy Marketing & Trading. The suit alleges that the long-term power contracts entered into by the state with generators are illegal and unenforceable on the basis of fraud, mistake, breach of duty, conflict of interest, failure to comply with law, commercial impossibility and change in circumstances. Remedies sought include rescission, reformation, injunction, and recovery of funds.

On March 11, 2002, the California Attorney General filed a civil complaint in San Francisco Superior Court, against Williams and three other sellers of electricity alleging unfair competition relating to sales of ancillary power services between 1998 and 2000. The complaint seeks restitution, disgorgement and civil penalties of approximately $150 million in total. This case has been removed to federal court. On April 9, 2002, the California Attorney General filed a civil complaint in San Francisco Superior Court against Williams and three other sellers of electricity alleging unfair and unlawful business practices related to charges for electricity during and after 2000. The maximum penalty for each violation is $2,500 and the complaint seeks a total fine in excess of $1 billion in total. Finally, the California Attorney General has indicated it may file a Clayton Act complaint against AES Southland and Williams relating to AES Southland's acquisition of Southern California generation facilities in 1998, tolled by Williams. Williams believes the complaints against it are without merit.

Since January 29, 2002, Williams is aware of numerous shareholder class action suits that have been filed in the United States District Court for the Northern District of Oklahoma. The majority of the suits allege that Williams and co-defendants, WCG and certain corporate officers, have acted jointly and separately to inflate the stock price of both companies. Other suits allege similar causes of action related to a public offering in early January 2002, known as the FELINE PACS offering. These cases were filed against Williams, certain corporate officers, all members of the Williams board of directors and all of the offerings' underwriters. Williams does not anticipate any immediate action by the Court in these actions. In addition, class action complaints have been filed against Williams and the members of its board of directors under the Employee Retirement Income Security Act by participants in Williams' 401(k) plan and a derivative shareholder suit has been filed in state court in Oklahoma, all based on similar allegations.

Williams has been selected by the U.S. Trustee to serve on the unsecured creditors committee in the WCG bankruptcy. At its initial meeting, the committee decided to form a subcommittee creditors committee, which excludes Williams, to investigate what rights and remedies, if any, the creditors may have against Williams relating to its dealings with WCG. Williams has entered into an agreement with WCG in which Williams agreed not to object to a plan of reorganization submitted by WCG in its bankruptcy if that plan provides (i) for WCG to assume its obligations under certain service agreements and the sale leaseback transaction with Williams and (ii) for Williams' other claims to be treated as general unsecured claims with treatment substantially identical to the treatment of claims by WCG's bondholders.

On April 26, 2002, the Oklahoma Department of Securities issued an order initiating an investigation of Williams and WCG regarding issues associated with the spin-off of WCG and regarding the WCG bankruptcy. Williams will cooperate fully in the investigation.

In addition to the foregoing, various other proceedings are pending against Williams or its subsidiaries which are incidental to their operations.

Enron Corp. (Enron) and certain of its subsidiaries, with whom Energy Marketing & Trading and other Williams subsidiaries have had commercial relations, filed a voluntary petition for Chapter 11 reorganization under the U.S. Bankruptcy Code in the Federal District Court for the Southern District of New York on December 2, 2001. Additional Enron subsidiaries have subsequently filed for Chapter 11. The court has not set a date for the filing of claims. During fourth-quarter 2001, Energy Marketing & Trading recorded a total decrease to revenues of approximately $130 million as a part of its valuation of energy commodity and derivative trading contracts with Enron entities, approximately $91 million of which was recorded pursuant to events immediately preceding and following the announced bankruptcy of Enron. Other Williams subsidiaries recorded approximately $5 million of bad debt expense related to amounts receivable from Enron entities in fourth-quarter 2001, reflected in selling, general and administrative expenses. At December 31, 2001, Williams has reduced its recorded exposure to accounts receivable from Enron entities, net of margin deposits, to expected recoverable amounts. During first-quarter 2002, Energy Marketing & Trading sold rights to certain Enron receivables to a third party in

exchange for $24.5 million in cash. The $24.5 million is recorded within the trading revenues in first-quarter 2002.

Summary

While no assurances may be given, Williams, based on advice of counsel, does not believe that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, will have a materially adverse effect upon Williams' future financial position, results of operations or cash flow requirements.

Commitments

Energy Marketing & Trading has entered into certain contracts giving it the right to receive fuel conversion services as well as certain other services associated with electric generation facilities that are either currently in operation or are to be constructed at various locations throughout the continental United States. At March 31, 2002, annual estimated committed payments under these contracts range from approximately $45 million to $462 million, resulting in total committed payments over the next 20 years of approximately $8 billion.

11. Preferred interest in consolidated subsidiary

In December 2000, Williams formed two separate legal entities, Snow Goose Associates, L.L.C. (Snow Goose) and Arctic Fox Assets, L.L.C. (Arctic Fox) for the purpose of generating funds to invest in certain Canadian energy-related assets. An outside investor contributed $560 million in exchange for the non-controlling preferred interest in Snow Goose. The investor in Snow Goose is entitled to quarterly priority distributions.

The initial priority return structure was originally scheduled to expire in December 2005.

During first-quarter 2002, the terms of the priority return were amended. Significant terms of the amendment include elimination of covenants regarding Williams' credit ratings, modifications of certain Canadian interest coverage covenants and a requirement to amortize the outside investor's preferred interest with equal principal payments due each quarter and the final payment in April 2003. In addition, Williams provided a financial guarantee of the Arctic Fox note payable to Snow Goose which, in turn, is the source of the priority returns. Based on the terms of the amendment, the $560 million has been reclassified from preferred interests in consolidated subsidiaries to long-term debt due within one year and long-term debt on Williams Consolidated Balance Sheet at March 31, 2002. Priority returns prior to this amendment are included in preferred returns and minority interest in income of consolidated subsidiaries on the Consolidated Statement of Income.

12. Stockholders' equity

Concurrent with the sale of Kern River to MEHC, Williams issued approximately 1.5 million shares of 9 7/8 percent cumulative convertible preferred stock to MEHC for $275 million. The terms of the preferred stock allow the holder to convert, at any time, one share of preferred stock into 10 shares of Williams common stock at $18.75 per share. Preferred shares have a liquidation preference equal to the stated value of $187.50 per share plus any dividends accumulated and unpaid. Dividends on the preferred stock are payable quarterly.

First-quarter 2002 preferred dividends include $69.4 million associated with the accounting for a preferred security that contains a conversion option that is beneficial to the purchaser at the time the security was issued. This is accounted for as a noncash dividend (reduction to retained earnings) and results from the conversion price being less than the market price of Williams common stock on the date the preferred stock was issued. The reduction in retained earnings was offset by an increase in capital in excess of par value.

In January 2002, Williams issued $1.1 billion of 6.5 percent notes payable 2007 which are subject to remarketing in 2004. Attached to these notes is an equity forward contract requiring the holder to purchase Williams common stock at the end of three years. The note and equity forward contract are bundled as units, called FELINE PACS, and were sold in a public offering for $25 per unit. At the end of three years, the holder is required to purchase for $25, one share of Williams common stock provided the average price of Williams common stock does not exceed $41.25 per share for a 20 trading day period prior to settlement. If the average price over that period exceeds $41.25 per share, the number of shares issued in exchange for $25 will be equal to one share multiplied by the quotient of $41.25 divided by the average price over that period.

Notes (Continued)

13. Comprehensive income (loss)

Comprehensive income (loss) is as follows:

(Millions)	Three months ended March 31, 2002	2001
Net income	$ 107.7	$ 199.2
Other comprehensive income (loss):		
Unrealized gains (losses) on securities	1.1	(86.7)
Realized gains on securities reclassified to net income	--	(20.6)
Cumulative effect of a change in accounting for derivative instruments	--	(153.4)
Unrealized gains (losses) on derivative instruments	(201.3)	14.7
Net reclassification into earnings of derivative instrument (gains) losses	(154.3)	9.2
Foreign currency translation adjustments	(1.4)	(31.8)
Other comprehensive loss before taxes and minority interest	(355.9)	(268.6)
Income tax benefit on other comprehensive loss	135.0	91.3
Minority interest in other comprehensive loss	--	12.5
Other comprehensive loss	(220.9)	(164.8)
Comprehensive income (loss)	$(113.2)	$ 34.4

Components of other comprehensive loss before minority interest and taxes related to discontinued operations are as follows:

(Millions)	Three months ended March 31, 2002	2001
Unrealized losses on securities	$ --	$ (90.7)
Realized gains on securities reclassified to net income	--	(20.6)
Foreign currency translation adjustments	--	(19.4)
Other comprehensive loss before minority interest and taxes related to discontinued operations	$ --	$(130.7)

14. Segment disclosures

Williams evaluates performance based upon segment profit (loss) from operations which includes revenues from external and internal customers, operating costs and expenses, depreciation, depletion and amortization, equity earnings (losses) and income (loss) from investments. Intersegment sales are generally accounted for as if the sales were to unaffiliated third parties, that is, at current market prices.

In first-quarter 2002, Williams began managing its interest rate risk on an enterprise basis by the corporate parent. The more significant of these risks relate to its energy risk management and trading portfolio and debt instruments. To facilitate the management of the risk, entities within Williams may enter into derivative instruments (usually swaps) with the corporate parent. The level, term and nature of derivative instruments entered into with external parties are determined on a consolidated basis. Energy Marketing & Trading has entered into intercompany interest rate swaps with the corporate parent, the effect of which is included in Energy Marketing & Trading's segment revenues and segment profit as shown in the reconciliation below.

The majority of energy commodity hedging by the Energy Services' business units is done through intercompany derivatives with Energy Marketing & Trading which, in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counterparty performance risks associated with unrelated parties.

Williams' reportable segments are strategic business units that offer different products and services. The segments are managed separately, because each segment requires different technology, marketing strategies and industry knowledge. Other includes corporate operations.

On April 11, 2002, Williams Energy acquired Williams Pipe Line, an operation within Petroleum Services. Accordingly, Williams Pipe Line's operations have been transferred from the Petroleum Services segment to the Williams Energy Partners segment for which segment information has been restated for all periods presented.

The increase in Energy Marketing & Trading's total assets, as noted on page 17, is due primarily to increased fair value of the energy risk management and trading portfolio. The following tables reflect the reconciliation of revenues and operating income as reported in the Consolidated Statement of Income to segment revenues and segment profit (loss).

	Three months ended March 31, 2002			Three months ended March 31, 2001		
(Millions)	Revenues	Intercompany Interest Rate Swaps	Segment Revenues	Revenues	Intercompany Interest Rate Swaps	Segment Revenues
Energy Marketing & Trading	$ 353.7	$ 14.1	$ 367.8	$ 657.0	$ --	$ 657.0
Gas Pipeline	423.8	--	423.8	422.0	--	422.0
Energy Services	1,736.8	--	1,736.8	2,203.2	--	2,203.2
Other	15.9	--	15.9	18.5	--	18.5
Intercompany eliminations	(345.4)	(14.1)	(359.5)	(243.0)	--	(243.0)
Total segments	$2,184.8	$ --	$2,184.8	$3,057.7	$ --	$3,057.7

	Three months ended March 31, 2002				Three months ended March 31, 2001			
(Millions)	Operating Income	Equity Earnings (Losses)	Intercompany Interest Rate Swaps	Segment Profit	Operating Income	Equity Earnings (Losses)	Intercompany Interest Rate Swaps	Segment Profit
Energy Marketing & Trading	$ 271.0	$ (4.0)	$ 14.1	$ 281.1	$ 481.9	$ 2.6	$ --	$ 484.5
Gas Pipeline	170.7	19.5	--	190.2	168.6	8.1	--	176.7
Energy Services	241.7	(7.8)	--	233.9	130.1	(13.0)	--	117.1
Other	1.6	(.2)	--	1.4	4.8	--	--	4.8
Total segments	685.0	$ 7.5	$ 14.1	$ 706.6	785.4	$ (2.3)	$ --	$ 783.1
General corporate expenses	(38.2)				(29.4)			
Total operating income	$ 646.8				$ 756.0			

14. Segment disclosures (continued)

(Millions)	Revenues: External Customers	Revenues: Inter-segment	Revenues: Total	Equity Earnings (Losses)	Segment Profit (Loss)
FOR THE THREE MONTHS ENDED MARCH 31, 2002					
ENERGY MARKETING & TRADING	$ 492.7	$ (124.9)*	$ 367.8	$ (4.0)	$ 281.1
GAS PIPELINE	405.9	17.9	423.8	19.5	190.2
ENERGY SERVICES					
Exploration & Production	15.9	210.0	225.9	(.4)	105.7
International	47.8	--	47.8	(8.8)	--
Midstream Gas & Liquids	297.8	124.7	422.5	1.4	69.4
Petroleum Services	841.7	106.8	948.5	--	31.9
Williams Energy Partners	77.1	15.0	92.1	--	26.9
TOTAL ENERGY SERVICES	1,280.3	456.5	1,736.8	(7.8)	233.9
OTHER	5.9	10.0	15.9	(.2)	1.4
ELIMINATIONS	--	(359.5)	(359.5)	--	--
TOTAL	$2,184.8	$ --	$2,184.8	$ 7.5	$ 706.6
FOR THE THREE MONTHS ENDED MARCH 31, 2001					
ENERGY MARKETING & TRADING	$ 821.2	$ (164.2)*	$ 657.0	$ 2.6	$ 484.5
GAS PIPELINE	415.3	6.7	422.0	8.1	176.7
ENERGY SERVICES					
Exploration & Production	15.3	125.3	140.6	2.0	54.2
International	23.2	--	23.2	(7.6)	(11.0)
Midstream Gas & Liquids	438.1	167.2	605.3	(7.3)	37.8
Petroleum Services	1,250.8	85.7	1,336.5	(.1)	14.7
Williams Energy Partners	85.0	12.6	97.6	--	22.8
Merger-related costs	--	--	--	--	(1.4)
TOTAL ENERGY SERVICES	1,812.4	390.8	2,203.2	(13.0)	117.1
OTHER	8.8	9.7	18.5	--	4.8
ELIMINATIONS	--	(243.0)	(243.0)	--	--
TOTAL	$3,057.7	$ --	$3,057.7	$ (2.3)	$ 783.1

(Millions)	TOTAL ASSETS: March 31, 2002	December 31, 2001
ENERGY MARKETING & TRADING	$16,387.7	$15,483.0
GAS PIPELINE	8,741.7	8,291.5
ENERGY SERVICES		
Exploration & Production	4,581.8	5,008.7
International	2,023.7	2,018.1
Midstream Gas & Liquids	4,538.6	4,484.4
Petroleum Services	2,270.6	2,275.4
Williams Energy Partners	1,029.6	1,033.6
TOTAL ENERGY SERVICES	14,444.3	14,820.2
OTHER	8,142.1	7,344.5
ELIMINATIONS	(7,598.3)	(7,994.5)
	40,117.5	37,944.7
DISCONTINUED OPERATIONS	--	961.5
TOTAL	$40,117.5	$38,906.2

* Energy Marketing & Trading intercompany cost of sales, which are netted in revenues consistent with fair-value accounting, exceed intercompany revenue.

15. Recent accounting standards

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." Williams adopted this Statement effective January 1, 2002. This Statement addresses accounting and reporting standards for goodwill and other intangible assets. Under the provisions of this Statement, goodwill and intangible assets with indefinite useful lives are no longer amortized, but will be tested annually for impairment. During first-quarter 2002, application of the non-amortization provisions of this Statement applied to goodwill did not materially impact the comparability of the Consolidated Statement of Income. At March 31, 2002, Williams' other intangible assets, which continue to be subject to amortization, were not material. During first-quarter 2002, there were no changes to the carrying value of goodwill and there were no additions to other intangible assets. During first-quarter 2002, Williams performed tests to determine whether any impairment of goodwill existed at adoption of the Statement on January 1, 2002. As a result of these tests, it is management's opinion that there was no impairment of goodwill at adoption.

At March 31, 2002, net goodwill by segment was as follows:

(Millions)	
Energy Marketing & Trading	$ 106.1
Exploration & Production	1,004.0
International	8.1
Petroleum Services	23.7
Williams Energy Partners	22.4
Total	$1,164.3

ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

RECENT EVENTS

As discussed in Williams' 2001 Annual Report on Form 10-K, Williams has been engaged in various discussions with investors, analysts, rating agencies and financial institutions regarding the liquidity implications of the Enron bankruptcy to the business strategy of Williams' energy risk management and trading activities. Additionally, Williams had also been evaluating its contingent obligations regarding guarantees and payment obligations with respect to certain financial obligations of Williams Communications Group, Inc. (WCG) because of uncertainty regarding its ability to perform. In addition, WCG has filed for reorganization under Chapter 11 bankruptcy laws. Both of these situations have resulted in rating agencies issuing statements in February 2002 confirming investment grade ratings, but with certain negative implications. Williams has announced its continued commitment to strengthen its balance sheet and retain investment grade ratings and has taken significant steps since the first of the year towards this objective.

Following is a summary of the progress as of March 31, 2002 related to the steps discussed in the Form 10-K which Williams believes will strengthen its balance sheet and support retention of its investment grade ratings.

- Reduced planned capital expenditures for 2002 to $2.5 billion
- Received approximately $510 million in proceeds from sales of assets or businesses excluding the assumption, by the purchaser, of $510 million in debt obligations
- Reduced "ratings trigger" exposure of potential acceleration of debt payment and redemption of preferred interests to $182 million
- Issued $1.1 billion FELINE PACS units

Each of these is discussed in more detail within the Liquidity section that follows.

GENERAL

On March 27, 2002, Williams completed the sale of one of its Gas Pipeline segments, Kern River Gas Transmission (Kern River), to MidAmerican Energy Holdings Company (MEHC). Accordingly, the results of operations for Kern River have been reflected in the consolidated financial statements as discontinued operations. (See Note 6).

Unless otherwise indicated, the following discussion and analysis of results of operations, financial condition and liquidity relates to the continuing operations of Williams and should be read in conjunction with the consolidated financial statements and notes thereto included in Item 1 and Williams' Annual Report on Form 10-K for the year ended December 31, 2001.

RESULTS OF OPERATIONS

Consolidated Overview

The following table and discussion is a summary of Williams' consolidated results of operations. The results of operations by segment are discussed in further detail beginning on page 20.

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Revenues	$ 2,184.8	$ 3,057.7
Operating income	$ 646.8	$ 756.0
Interest accrued-net	(211.7)	(170.3)
Investing income (loss):		
Estimated loss on realization of amounts due from WCG	(232.0)	--
Other	16.1	34.0
Preferred returns and minority interest in income of consolidated subsidiaries	(15.2)	(25.3)
Other income - net	6.3	5.4
Income from continuing operations before income taxes	210.3	599.8
Provision for income taxes	(87.1)	(232.9)
Income from continuing		

operations	123.2	366.9
Loss from discontinued operations	(15.5)	(167.7)
Net income	107.7	199.2
Preferred stock dividends	(69.7)	--
Income applicable to common stock	$ 38.0	$ 199.2

Williams' revenue decreased $872.9 million, or 29 percent, due primarily to lower refined product sales prices at refineries within Petroleum Services, lower revenues associated with energy risk management and trading activities at Energy Marketing & Trading, lower natural gas liquids sales prices and processing rates within Midstream Gas & Liquids and the absence of $105 million of revenue related to the 198 convenience stores sold in May 2001. Partially offsetting these decreases was an increase in net production volumes within Exploration & Production.

Segment costs and expenses decreased $772.5 million, or 34 percent, due to lower petroleum products costs, lower shrink fuel and replacement gas purchases related to processing activities, lower natural gas liquids purchases from fractionation activities, lower selling, general and administrative expenses at Energy Marketing & Trading, and the absence of $104 million in costs related to the 198 convenience stores sold.

Operating income decreased $109.2 million, or 14 percent, due primarily to lower net revenues associated with energy risk management and trading activities at Energy Marketing & Trading, partially offset by increased production within Exploration & Production. Included in operating income are general corporate expenses, which increased $8.8 million, or 30 percent, due primarily to a $6 million increase in advertising costs.

Interest accrued - net increased $41.4 million, or 24 percent, due primarily to the $59 million effect of higher borrowing levels offset by the $24 million effect of lower average interest rates, $3 million of higher debt amortization expense related to the higher debt levels and $5 million lower interest expense related to deposits received from customers relating to energy risk management and trading and hedging activities.

Investing income decreased $249.9 million due substantially to the $232 million estimated loss on realization of amounts due from WCG (see Note 3). Excluding the estimated loss related to WCG, investing income decreased $17.9 million, or 53 percent. The decrease reflects a $14 million decrease in interest income related to margin deposits, a $5 million decrease in interest related to invested cash equivalents (mainly due to lower rates) and a $5 million decrease in dividend income due to the sale of the Ferrellgas Partners L.P. senior common units in second-quarter 2001, partially offset by $9 million higher equity earnings. Preferred returns and minority interest in income of consolidated subsidiaries decreased $10.1 million, or 40 percent, due primarily to a $7 million decrease in preferred returns of Snow Goose LLC (mainly due to lower interest rates) and $4 million decrease in preferred returns related to the second-quarter 2001 redemption of Williams obligated mandatorily redeemable preferred securities of Trust.

The provision for income taxes decreased $145.8 million, or 63 percent, due primarily to lower pre-tax income. The effective income tax rate for 2002 and 2001 is greater than the federal statutory rate due primarily to the effects of state income taxes.

Loss from discontinued operations for 2002 of $15.5 million is the after-tax loss related to the sale of Kern River, partially offset by its results of operations for the first-quarter 2002. The $167.7 million loss from discontinued operations for 2001 includes the after-tax loss from WCG operations of $179.1 million and after-tax results of operations of $11.4 million from the operations of Kern River.

Income applicable to common stock in 2002 reflects the impact of the $69.4 million associated with accounting for a preferred security that contains a conversion option that was beneficial to the purchaser at the time the security was issued (see Note 12). The average shares for the diluted calculation increased approximately 38 million from March 31, 2001. The increase is due primarily to the 29.6 million shares issued in the Barrett acquisition in August 2001 and the full impact of the 38 million shares issued in mid-January 2001. The increased shares had a dilutive effect on earnings per share in 2002 of approximately $.01 per share.

RESULTS OF OPERATIONS-SEGMENTS

Williams is organized into three industry groups: Energy Marketing & Trading, Gas Pipeline and Energy Services (includes Exploration & Production, International, Midstream Gas & Liquids, Petroleum Services, and Williams Energy Partners). Williams evaluates performance based upon segment profit (loss) from operations (see Note 14). Segment profit of the operating companies may vary by quarter. Energy Marketing & Trading's results can vary quarter to quarter based on the timing of origination activities and market movements of commodity prices, interest rates and counterparty creditworthiness impacting the determination of fair value of contracts.

On April 11, 2002, Williams Energy Partners acquired Williams Pipe Line, an operation within the Petroleum Services segment. Accordingly, Williams Pipe Line's results of operations have been transferred from the Petroleum Services segment to the Williams Energy Services segment. Also in the first quarter of 2002, management of APCO Argentina was transferred from the International segment to the Exploration & Production segment to align exploration activities. Prior period amounts have been restated to reflect these changes.

The following discussions relate to the results of operations of Williams' segments.

ENERGY MARKETING & TRADING

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 367.8	$ 657.0

Segment profit	$ 281.1	$ 484.5

ENERGY MARKETING & TRADING'S revenues decreased $289.2 million, or 44 percent, due to a $239 million decrease in risk management and trading revenues and a $50 million decrease in non-trading revenues.

The $239 million decrease in risk management and trading revenues results primarily from a $425 million decrease related to the natural gas and power portfolio, partially offset by a $140 million increase from the crude and refined products portfolio which includes $119 million from origination activities in 2002. The $425 million decrease related to the natural gas and power portfolio reflects higher net revenues recognized during the first quarter of 2001 due to higher volatility in natural gas and power prices surrounding power tolling agreements. Energy Marketing & Trading, through its origination of new contracts, executed several offsetting positions throughout 2001 to mitigate future exposure to the volatility of commodity prices. As a result of the commodity risk mitigated during 2001, Energy Marketing & Trading's portfolio value is less sensitive to the movements and volatility in the underlying gas and power prices. The 2002 natural gas and power net revenues did benefit from $62 million in favorable origination activities, $42 million from cash collected for prior-period sales in Western markets which were previously estimated to be uncollectible, approximately $30 million related to excess capacity contracts on the Kern River pipeline and $24.5 million related to a sale of certain Enron receivables (see below). The excess capacity contracts were previously accounted for on an accrual basis as Kern River was an affiliate; however, pursuant to the sale of Kern River, these contracts are now recorded at fair value.

As discussed in the Williams 2001 Annual Report on Form 10-K, Energy Marketing & Trading had credit exposure to Enron and certain of its subsidiaries which have sought protection from creditors under Chapter 11 of the U.S. Bankruptcy Code. During fourth-quarter 2001, Energy Marketing & Trading recorded a reduction in net trading revenues of approximately $130 million through the valuation of contracts with Enron. At December 31, 2001, Williams had reduced its exposure to accounts receivable from Enron, net of margin deposits, to expected recoverable amounts. During first quarter 2002, Energy Marketing & Trading sold rights to certain Enron receivables to a third party in exchange for $24.5 million in cash. The $24.5 million is recorded within the trading revenues in first quarter 2002.

The $50 million decrease in non-trading revenues is due primarily to decreased natural gas liquids prices coupled with certain activities previously recorded on a gross basis which are now accounted for on a net basis.

Costs and operating expenses decreased $51 million, or 69 percent, due primarily to the corresponding changes in non-trading revenues discussed above.

Selling, general and administrative costs decreased $44 million primarily reflecting lower variable compensation levels associated with reduced segment profit and the effect in 2002 of modifications to the variable compensation plan.

Segment profit decreased $203.4 million, or 42 percent, due primarily to the $239 million lower trading revenues discussed above, partially offset by the $44 million lower selling, general and administrative costs.

Potential Impact of California Power Regulation and Litigation

At March 31, 2002, Energy Marketing & Trading had net accounts receivable recorded of approximately $217 million for power sales to the California Independent System Operator and the California Power Exchange Corporation (CPEC). While the amount recorded reflects management's best estimate of collectibility, future events or circumstances could change those estimates.

As discussed in Rate and Regulatory Matters and Related Litigation in Note 10 of the Notes to Consolidated Financial Statements, the FERC and the DOJ have issued orders or initiated actions which involve Energy Marketing & Trading related to California and the western states electric power industry. In addition to these federal agency actions, a number of federal and state initiatives addressing the issues of the California electric power industry are also ongoing and may result in restructuring of various markets in

California and elsewhere. Discussions in California and other states have ranged from threats of re-regulation to suspension of plans to move forward with deregulation. Allegations have also been made that the wholesale price increases resulted from the exercise of market power and collusion of the power generators and sellers, such as Williams. These allegations have resulted in multiple state and federal investigations as well as the filing of class-action lawsuits in which Williams is a named defendant (see Other Legal Matters in Note 10). Most of these initiatives, investigations and proceedings are in their preliminary stages and their likely outcome cannot be estimated. There can be no assurance that these initiatives, investigations and proceedings will not have an adverse effect on Williams' results of operations or financial condition.

GAS PIPELINE

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 423.8	$ 422.0
Segment profit	$ 190.2	$ 176.7

GAS PIPELINE'S revenues increased $1.8 million from first-quarter 2001. The revenue increase includes $8 million of higher gas imbalance settlements (offset in segment costs and expenses) and $8 million of higher demand revenues on the Transco system resulting from new rates effective September 1, 2001. Substantially offsetting these increases were $8 million lower recovery of tracked costs which are passed through to customers (offset in segment costs and expenses) and $6 million lower transportation revenues on the Texas Gas system resulting from lower volumes due to warmer weather.

Segment profit increased $13.5 million, or 8 percent, due primarily to $11.4 million higher equity investment earnings from the Gulfstream pipeline joint venture project, primarily consisting of interest capitalized on internally generated funds as allowed by the FERC, and lower operation and maintenance expenses. These were slightly offset by $4 million higher depreciation expense due to increased property, plant and equipment placed into service on the Transco system.

ENERGY SERVICES

EXPLORATION & PRODUCTION

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 225.9	$ 140.6
Segment profit	$ 105.7	$ 54.2

EXPLORATION & PRODUCTION'S revenues increased $85.3 million, or 61 percent, due primarily to $105 million higher production revenues partially offset by an $18 million decrease in gas management revenues. The $105 million increase in production revenues includes $158 million associated with an increase in net production volumes partially offset by $52 million from decreased net realized average prices for production (including the effect of hedge positions). The increase in net production volumes mainly results from the acquisition of Barrett Resources Corporation in mid-2001. Approximately 81 percent of production in the first quarter of 2002 was hedged. Exploration & Production has contracts that hedge approximately 78 percent of estimated production for the remainder of the year. These hedges are entered into with Energy Marketing & Trading which in turn, enters into offsetting derivative contracts with unrelated third parties. Energy Marketing & Trading bears the counterparty performance risks associated with unrelated third parties. During 2001, a portion of the external derivative contracts was with Enron, which filed for bankruptcy in December 2001. As a result, the contracts were effectively liquidated as a result of contractual terms about bankruptcy and Energy Marketing & Trading recorded estimated charges for the credit exposure. Under accounting guidance, the other comprehensive income related to a terminated contract remains in accumulated other comprehensive income and is recognized as the underlying volumes are produced. During the first quarter of 2002, approximately $9 million related to the terminated contracts was recognized as revenues. At March 31, 2002, the contracted future hedge contracts are at prices that averaged above the spot market, resulting in an unrealized gain of $123 million (including $71 million related to the terminated contracts as discussed above) reflected in accumulated other comprehensive income within stockholders'

equity. This is a decrease from the unrealized gain at December 31, 2001, due to an increase in natural gas prices.

Gas management revenues consist primarily of marketing activities within the Exploration & Production segment that are not a direct part of the results of operations for producing activities. These marketing activities include acquisition and disposition of other working interest and royalty interest gas and the movement of gas from the wellhead to the tailgate of the respective plants for sale to Energy Marketing & Trading or third parties.

Segment costs and operating expenses increased $31 million, including a $9 million increase in selling, general and administrative expenses. Segment costs and operating expenses increased due primarily to costs related to the former Barrett operations, comprised primarily of depletion, depreciation and amortization and lease operating expenses, partially offset by $18 million lower gas management costs and a $4 million gain on sale of Wind River basin producing assets.

Segment profit increased $51.5 million due primarily to the higher revenues in excess of costs and the $4 million gain recorded on the sale of the Wind River basin assets.

INTERNATIONAL

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 47.8	$ 23.2
Segment profit (loss)	$ --	$ (11.0)

INTERNATIONAL'S revenues increased $24.6 million, or 106 percent, due primarily to $20 million of revenue from a gas compression facility in Venezuela which began operations in August 2001 and $4 million higher revenue from Colorado soda ash mining operations.

Costs and operating expenses increased $7 million due primarily to the gas compression facility in Venezuela which began operations in August 2001.

Segment profit increased $11 million due primarily to $13 million of segment profit from operations of the gas compression facility in Venezuela discussed above and $4 million of lower losses from the soda ash mining operations. These increases were slightly offset by a $2 million increase in selling, general and administrative expenses and $4 million of Venezuelan foreign currency transaction losses.

Williams' management has announced plans to initiate a reserve-price auction of its interest in Colorado soda ash mining operations mentioned above, in an effort to monetize all or part of its investment. Williams expects the reserve-price auction process to end during second-quarter 2002 at which time Williams will evaluate the expressed interests of participants.

As is evident through the results of operations discussion above, Williams owns and operates several assets in Venezuela and for many years has been a business partner of PdVSA, the country's national oil company. Although Venezuela has been experiencing political unrest, the Venezuelan assets have continued to operate. Williams' total investment, after minority interest, in Venezuelan assets or projects is approximately $351 million at March 31, 2002.

MIDSTREAM GAS & LIQUIDS

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 422.5	$ 605.3
Segment profit	$ 69.4	$ 37.8

MIDSTREAM GAS & LIQUIDS' revenues decreased $182.8 million, or 30 percent, due primarily to $104 million lower natural gas liquids sales from processing activities. The liquids sales decrease reflects $155 million from a 53 percent decrease in average natural gas liquids sales prices, partially offset by a $51 million increase from 21 percent higher volumes sold. Also contributing to the decrease were $40 million lower revenues from processing activities due primarily to a decrease in processing rates, $38 million lower natural gas liquids sales from fractionation activities and $6 million lower gathering revenues due primarily to lower volumes. Natural gas liquids pipeline transportation revenues increased $9 million due primarily to contract deficiency billings.

Costs and operating expenses decreased $208.4 million, or 39 percent, due primarily to $166 million lower shrink, fuel and replacement gas purchases relating to processing activities, $39 million lower liquid purchases related to fractionation activities and $7 million lower power costs related to the natural gas liquids pipeline. Transportation and fractionation expenses increased by $5 million due primarily to increased volumes sold.

Segment profit increased $31.6 million, or 84 percent, due primarily to $24 million higher average per-unit natural gas liquids margins, $16 million higher transportation revenues combined with decreased power costs from the natural gas liquids pipeline and $9 million higher equity earnings due primarily to decreased losses on equity investments. Partially offsetting these increases to segment profit were $9 million lower processing margins, including $6 million due to lower processing rates and $3 million due to lower volumes, $6 million lower gathering revenues and $4 million higher general and administrative expenses.

PETROLEUM SERVICES

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 948.5	$ 1,336.5
Segment profit	$ 31.9	$ 14.7

PETROLEUM SERVICES' revenues decreased $388 million, or 29 percent, due primarily to $266 million lower refining and marketing revenues and $180 million lower travel center/convenience store sales slightly offset by $59 million lower intrasegment sales, which are eliminated, from refining and marketing to travel center/convenience stores.

The $266 million decrease in refining and marketing revenues includes $323 million resulting from 33 percent lower average refined product sales prices, partially offset by $57 million from a 6 percent increase in refined product volumes sold. The $180 million decrease in travel center/convenience store sales reflects a $75 million decrease in revenues related to travel centers and Alaska convenience stores and the absence of $105 million in revenues related to the 198 convenience stores sold in May 2001. The $75 million decrease in revenues of the travel centers and Alaska convenience stores primarily reflects $40 million from a 21 percent decrease in diesel sales volumes and $36 million from a 17 percent decrease in average diesel and gasoline sales prices.

Costs and operating expenses decreased $388.5 million, or 30 percent, due primarily to $258 million lower refining and marketing costs and $183 million lower travel center/convenience store costs partially offset by $59 million increase in external costs due to a $59 million decrease in intrasegment purchases, which are eliminated. The $258 million decrease in refining and marketing costs includes a $109 million decrease in the cost of refined product purchased for resale and a $149 million decrease from lower crude supply cost and other per unit cost of sales from the refineries. The $183 million decrease in travel center and Alaska convenience store costs reflects the absence of $104 million in costs related to the 198 convenience stores sold in May 2001 and $78 million decrease in costs related to the travel centers and Alaska convenience stores. The $78 million decrease in costs for the travel centers and Alaska convenience stores reflect $37 million from lower gasoline and diesel purchase prices and $38 million from decreased diesel sales volumes and lower store operating and merchandise costs.

Segment profit increased $17.2 million due primarily to the absence of a 2001 $11 million impairment charge, included in other (income) expense - net, related to an end-to-end mobile computing systems business in 2001.

WILLIAMS ENERGY PARTNERS

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(MILLIONS)	
Segment revenues	$ 92.1	$ 97.6
Segment profit	$ 26.9	$ 22.8

WILLIAMS ENERGY PARTNERS' revenue decreased $5.5 million, or 6 percent, due to $9 million decrease in commodity sales from transportation activities (costs associated with the sales also decreased), partially offset by $4 million of higher revenue from ammonia pipeline shipments, a marine facility acquired in October 2001 and two inland terminals acquired in June 2001. Segment profit increased $4.1 million due primarily to decreased operating costs of Williams Pipe Line.

FAIR VALUE OF ENERGY RISK MANAGEMENT AND TRADING ACTIVITIES

The fair value of Energy Marketing & Trading's energy risk management and trading contracts increased $259 million during first-quarter 2002 from $2,261 million at December 31, 2001, to $2,520 million at March 31, 2002. There was no significant change in the percentage of fair value of this portfolio derived from models and other valuation techniques. The percent of the fair value expected to be realized in the next twelve months declined from 44 percent at December 31, 2001, to 37 percent at March 31, 2002, due to a decrease in cash payments for premiums on option contracts purchased in excess of cash received for options sold and an increase in value expected to be realized in years 2003 and later on existing and new contracts.

The following table reflects the changes in fair value between December 31, 2001 and March 31, 2002.

	(Millions)	
Fair value of contracts outstanding at December 31, 2001		$ 2,261
Fair value of contracts outstanding at December 31, 2001 expected to be realized during the period (1)	$ 173	
Initial recorded value of new contracts entered into during the period(2)	181	
Changes in net option premiums paid (received)	(271)	
Changes attributable to market movements of contracts outstanding at March 31, 2002(3)	176	
Total changes in fair value during the period		259
Fair value of contracts outstanding at March 31, 2002		$ 2,520

- ----------

(1) Of the $988 million total value expected to be realized in 2002 as disclosed in the Form 10-K for the year ended December 31, 2001, losses of $173 million were attributable to the first-quarter 2002 and the remaining $1,161 million of net gains is attributable to the remainder of 2002.

(2) The new contracts related primarily to crude and refined products commodities.

(3) The most significant components contributing to the changes attributable to market movements during the period were increasing gas prices and higher natural gas and electric power services net revenues during peak periods.

FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY

Williams' liquidity comes from both internal and external sources. Certain of those sources are available to Williams (parent) and certain of its subsidiaries. Williams' unrestricted sources of liquidity, which can be utilized without limitation under existing loan covenants, consist primarily of the following:

- Available cash-equivalent investments of $1.5 billion at March 31, 2002, as compared to $1.1 billion at December 31, 2001.
- $208 million available under Williams' $700 million bank-credit facility at March 31, 2002, as compared to $700 million at December 31, 2001.
- $1.8 billion available under Williams' $2.2 billion commercial paper program (or the related bank-credit facility) at March 31, 2002, as compared to $769 million at December 31, 2001.
- Cash generated from operations.
- Short-term uncommitted bank lines of credit may also be used in managing liquidity.

In April 2002, Williams filed a shelf registration statement with the Securities and Exchange Commission to enable it to issue up to $3 billion of a variety of debt and equity securities. As of May 8, 2002, this registration statement has not yet been declared effective. In addition, there are outstanding registration statements filed with the Securities and Exchange Commission for Northwest Pipeline, Texas Gas Transmission and Transcontinental Gas Pipe Line (each a wholly owned subsidiary of Williams). As of May 8, 2002, approximately $450 million of shelf availability remains under these outstanding registration statements and may be used to issue a variety of debt or equity securities. Interest rates and market conditions will affect amounts borrowed, if any, under these arrangements. Williams believes additional financing arrangements, if required, can be obtained on reasonable terms.

Capital and investment expenditures for 2002 are estimated to total approximately $2.5 billion. Williams expects to fund capital and investment expenditures, debt payments and working-capital requirements through (1) cash generated from operations, (2) the use of the available portion of Williams' $700 million bank-credit facility, (3) commercial paper (or the related bank-credit facility), (4) short-term uncommitted bank lines, (5) private borrowings, (6) sale or disposal of existing businesses and/or (7) debt or equity public offerings.

Credit Ratings

At December 31, 2001, Williams maintained certain preferred interest and debt obligations that contained provisions requiring accelerated payment of the related obligation or liquidation of the related assets in the event of specified levels of decline in Williams' credit ratings given by Moody's Investor's Service, Standard & Poor's and Fitch Ratings (rating agencies). Performance by Williams under these terms include potential acceleration of debt payment and redemption of preferred interests totaling $816 million at December 31, 2001. During the first quarter of 2002, Williams negotiated changes to certain of the agreements which eliminated the exposure to the "ratings trigger" clauses incorporated in the agreements. The amount related to potential acceleration of debt payment and redemption of preferred interests has been reduced to $182 million at March 31, 2002. Negotiations for one of the agreements resulted in Williams agreeing to redeem a $560 million preferred interest over the next year in equal quarterly installments (see Note 11).

In addition to the factors noted above, Williams' energy marketing and trading business relies upon the investment grade rating of Williams senior unsecured long-term debt to satisfy credit support requirements of many counterparties. If Williams' credit ratings were to decline below investment grade, its ability to participate in energy marketing and trading activity could be significantly limited. Alternate credit support would be required under certain existing agreements and would be necessary to support future transactions. Without an investment grade rating, Williams would be required to fund margining requirements pursuant to industry standard derivative agreements with cash, letters of credit or other negotiable instruments. At March 31, 2002, the total notional amounts that could require such funding, in the event of a credit rating decline of Williams to below investment grade, is approximately $500 million, before consideration of offsetting positions and margin deposits from the same counterparties.

As of March 31, 2002, Williams maintained the following credit ratings on its senior unsecured long-term debt, which are considered to be investment grade: 1) Moody's Investor's Service: Baa2 (negative outlook); 2) Standard & Poor's: BBB (on negative watch); and 3) Fitch Ratings: BBB (negative outlook). On May 8, 2002, Williams was notified by Moody's Investor Service that it was reviewing Williams for a possible credit rating downgrade. The notification stated the review would include an assessment of Williams' business segment cash flows, medium-term liquidity and the continued execution of its plan to strengthen its balance sheet. In its announcement, Moody's noted that Williams' near-term liquidity position is good and that the company has made progress toward reducing its debt level.

Williams continues to engage in discussions with the rating agencies regarding expectations associated with maintaining investment grade rating

status. Management has stated its intent to take actions as necessary to preserve this level of rating.

WCG and significant events since December 31, 2001 regarding WCG

At December 31, 2001, Williams had financial exposure from WCG of $375 million of receivables and $2.21 billion of guarantees and payment obligations. Williams determined it was probable it would not fully realize the $375 million of receivables and it would be required to perform under its $2.21 billion of guarantees and payment obligations. Williams developed an estimated range of loss related to its total WCG exposure and management believed that no loss within that range was more probable than another. Accordingly, in 2001, Williams recorded the $2.05 billion minimum amount of the range of loss from its financial exposure to WCG, which was reported in the Consolidated Statement of Operations as a $1.84 billion pre-tax charge to discontinued operations and a $213 million pre-tax charge to continuing operations. The charge to discontinued operations of $1.84 billion included a $1.77 billion minimum amount of the estimated range of loss from performance on $2.21 billion of guarantees and payment obligations. The charge to continuing operations of $213 million included estimated losses from an assessment of the recoverability of the carrying amounts of the $375 million of receivables.

Williams, prior to the spinoff, provided indirect credit support for $1.4 billion of WCG's Note Trust Notes. On March 5, 2002, Williams received the requisite approvals on its consent solicitation to amend the terms of the WCG Note Trust Notes. The amendment, among other things, eliminates acceleration of the WCG Note Trust Notes due to a WCG bankruptcy or from a Williams credit rating downgrade. The amendment also affirms Williams' obligations for all payments due with respect to the WCG Note Trust Notes, which mature in March 2004, and allows Williams to fund such payments from any available sources. With the exception of the March and September 2002 interest payments, totaling $115 million, WCG, through a subsidiary, remains obligated to reimburse Williams for any payments Williams makes in connection with the Notes.

Williams also provided a guarantee of WCG's obligations under a 1998 transaction in which WCG entered into a lease agreement covering a portion of its fiber-optic network. WCG had an option to purchase the covered network assets during the lease term at an amount approximating the lessor's cost of $750 million. On March 8, 2002, WCG exercised its option to purchase the covered network assets. On March 29, 2002, Williams funded the purchase price of $754 million and became entitled to an unsecured note from WCG for the same amount. Pursuant to the terms of an agreement between Williams and WCG's revolving credit facility lenders, the liability of WCG to compensate Williams for funding the purchase is subordinated to the interests of WCG's revolving credit facility lenders and will not mature any earlier than one year after the maturity of WCG's revolving credit facility.

Williams has also provided guarantees on certain other performance obligations of WCG totaling approximately $57 million.

At March 31, 2002, Williams has receivables from WCG of $2.15 billion arising from Williams affirming its payment obligation on the $1.4 billion of WCG Note Trust Notes and Williams paying $754 million under the WCG lease agreement. Both of these transactions occurred in the first quarter of 2002. At March 31, 2002, Williams also has $363 million of previously existing receivables. In the first quarter of 2002, Williams recorded in continuing operations an additional pre-tax charge of $232 million from its assessment of the recoverability of its receivables from WCG. At March 31, 2002, Williams estimates that $2.1 billion of the $2.5 billion of receivables from WCG are unrecoverable. The net receivable of approximately $380 million includes a minimum lease payment receivable of $154 million related to the Williams Technology Center and other ancillary assets (Technology Center) and aircraft.

See Note 3 for further discussion of Williams' estimate of recoverability.

OPERATING ACTIVITIES

In March 2002, WCG exercised its option to purchase certain network assets under an operating lease agreement for which Williams provided a guarantee of WCG's obligations. On March 29, 2002, Williams, as guarantor under the agreement, paid $754 million related to WCG's purchase of these network assets. In return, Williams became entitled to receive an instrument of unsecured debt from WCG in the same amount. In first-quarter 2002, Williams recorded an additional pre-tax charge of $232 million from its assessment of the recoverability, of certain receivables from WCG (see Note 3).

FINANCING ACTIVITIES

On January 14, 2002, Williams completed the sale of 44 million publicly traded units, more commonly

known as FELINE PACS, that include a senior debt security and an equity purchase contract. The $1.1 billion of debt has a term of five years, and the equity purchase contract will require the company to deliver Williams common stock to holders after three years based on a previously agreed rate. Net proceeds from this issuance were approximately $1.1 billion. The FELINE PACS were issued as part of Williams' plan to strengthen its balance sheet and maintain its investment-grade rating.

On March 19, 2002, Williams issued $850 million of 30-year notes with an interest rate of 8.75 percent and $650 million of 10-year notes with an interest rate of 8.125 percent. The proceeds will be used to repay outstanding commercial paper, provide working capital and for general corporate purposes.

On March 27, 2002, concurrent with its sale of Kern River to MEHC, Williams issued approximately 1.5 million shares of 9.875 percent cumulative convertible preferred stock for $275 million. Dividends on the preferred stock are payable quarterly (see Note 12).

Subsequent to March 31, 2002, Williams Energy Partners L.P., a consolidated subsidiary of Williams, borrowed $700 million from a group of institutions. These proceeds were primarily used to acquire Williams Pipe Line, a wholly owned subsidiary of Williams. Williams Energy Partners expects to replace this interim financing in the future with permanent financing in the form of additional equity issuances of Williams Energy Partners and long-term debt.

Williams' long term debt to debt-plus-equity ratio was 67.8 percent at March 31, 2002, compared to 59.9 percent at December 31, 2001 (excluding Kern River debt). If short-term notes payable and long-term debt due within one year are included in the calculations, these ratios would be 71.1 percent at March 31, 2002 and 65.5 percent at December 31, 2001. Additionally, the long-term debt to debt plus equity ratio as calculated for covenants under certain debt agreements was 61.8 percent at March 31, 2002 as compared to 61.5 percent at December 31, 2001.

INVESTING ACTIVITIES

During first-quarter 2002, Williams contributed $122 million towards the continuing development of the Gulfstream joint venture project, in which it holds an interest.

Proceeds from the sales of businesses include $450 million from the sale of Kern River on March 27, 2002. The sale of the pipeline eliminates the need to fund Kern River's capital expenditure requirements of approximately $1.26 billion over the next 18 months, which includes approximately $900 million for 2002 (See Note 6).

OTHER

As disclosed in the Annual Report on Form 10-K, Williams offered an enhanced-benefit early retirement option to certain employee groups. The deadline for electing the early retirement option was April 26, 2002. Approximately 58 percent of employees eligible for the early retirement option accepted. The second quarter 2002 expense associated with the early retirement is estimated to be between $35 million and $40 million. As a result, lump sum payments during 2002 may reach a settlement accounting threshold requiring recognition of certain unrecognized net losses which would increase pension expense by as much as $30 million. This entire expense would be recognized at such time that the settlement accounting threshold was met.

As a result of the above, Williams anticipates making additional contributions to the pension plan in the second quarter 2002.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

Williams' interest rate risk exposure associated with the debt portfolio was impacted by new debt issuances in first-quarter 2002. In January 2002, Williams issued $1.1 billion of 6.5 percent notes payable 2007 (see Note 12). In February 2002, $240 million of 6.125 percent notes were retired. In March 2002, Williams issued $850 million of 8.75 percent notes due 2032 and $650 million of 8.125 percent notes due 2012. Also in March 2002, the terms of a $560 million priority return structure classified as preferred interest in consolidated subsidiaries were amended. Based on the new payment terms of the amendment, the $560 million has been reclassified from preferred interests in consolidated subsidiaries to long-term debt due within one year and long-term debt (see Note 11). The interest rate varies based on LIBOR plus an applicable margin and was 2.59 percent at March 31, 2002. In March 2002, Williams also received the requisite approvals on its consent solicitation to amend the terms of the $1.4 billion WCG Note Trust Notes. The amendment affirms Williams' obligation for all payments due with respect to the WCG Note Trust Notes. The WCG Note Trust Notes are 8.25 percent notes due 2004.

COMMODITY PRICE RISK

At March 31, 2002, the value at risk for the trading operations was $75.2 million compared to $92.7 million at December 31, 2001. This decrease of approximately 19 percent reflects the impact of the additional price risk management services offered through additional transactions mitigating commodity price risk, as well as the realization of certain portfolio positions in first-quarter 2002. These structured transactions decrease risk on an aggregated portfolio basis. Value at risk requires a number of key assumptions and is not necessarily representative of actual losses in fair value that could be incurred from the trading portfolio. Energy Marketing & Trading's value-at-risk model includes all financial instruments and physical positions and commitments in its

trading portfolio and assumes that as a result of changes in commodity prices, there is a 95 percent probability that the one-day loss in the fair value of the trading

portfolio will not exceed the value at risk. The value-at-risk model uses historical simulations to estimate hypothetical movements in future market prices assuming normal market conditions based upon historical market prices. Value at risk does not consider that changing the energy risk management and trading portfolio in response to market conditions could affect market prices and could take longer to execute than the one-day holding period assumed in the value-at-risk model.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits listed below are filed as part of this report:

Exhibit 4.1--Seventh Supplemental Indenture dated as of March 19, 2002, between The Williams Companies, Inc. as Issuer and Bank One Trust Company, National Association, as Trustee.

Exhibit 10.1--Third Amendment to Credit Agreement dated as of March 11, 2002, by and among Williams and certain of its subsidiaries, as Borrowers, the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Documentation Agent as named therein and Citibank, N.A., as agent for the Banks.

Exhibit 10.2--Fourth Amendment to Credit Agreement dated as of March 11, 2002, by and among Williams, as Borrower, the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Co-Documentation Agents as named therein and Citibank, N.A. as agent for the Banks.

Exhibit 10.3--Fourth Amendment to Term Loan Agreement effective as of March 11, 2002, among Williams, Credit Lyonnais New York Branch, as Administrative Agent and certain Lenders of the Term Loan Agreement.

Exhibit 10.4--First Supplemental Indenture dated as of March 5, 2002, among WCG Note Trust (the "Issuer"), WCG Note Corp., Inc. (the "Co-Issuer") and The Bank of New York, as Indenture Trustee.

Exhibit 12--Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements.

(b) During first-quarter 2002, the Company filed a Form 8-K on January 4, 2002; January 23, 2002; January 30, 2002; February 5, 2002; February 19, 2002; March 7, 2002 (filed three Form 8-K's this date); March 8, 2002; March 13, 2002 (filed two Form 8-K's this date); March 20, 2002 (filed two Form 8-K's this date); March 27, 2002; and March 28, 2002 (filed two Form 8-K's this date), which reported significant events under Item 5 of the Form and included the Exhibits required by Item 7 of the Form.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE WILLIAMS COMPANIES, INC.

(Registrant)

/s/ Gary R. Belitz

Gary R. Belitz
Controller
(Duly Authorized Officer and
Principal Accounting Officer)

May 9, 2002

INDEX TO EXHIBITS

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EXHIBIT 4.1

SEVENTH SUPPLEMENTAL INDENTURE

DATED AS OF MARCH 19, 2002

BETWEEN

THE WILLIAMS COMPANIES, INC.,

AS ISSUER

AND

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION,

AS TRUSTEE

Table of Contents

SEVENTH SUPPLEMENTAL INDENTURE, dated as of March 19, 2002 (the "SEVENTH SUPPLEMENTAL INDENTURE"), between The Williams Companies, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and Bank One Trust Company, National Association (successor in interest to the First National Bank of Chicago), as trustee (the "TRUSTEE").

WHEREAS, the Company executed and delivered the Indenture dated as of November 10, 1997 (the "BASE INDENTURE") to the Trustee to provide for the issuance from time to time of the Company's senior, unsecured debentures, notes, or other evidences of indebtedness (the "SECURITIES"), to be issued in one or more series as might be determined by the Company under the Base Indenture; and

WHEREAS, pursuant to the terms of the Base Indenture, the Company desires to provide for the establishment of two new series of its Securities to be known as its 8.125% Notes due March 15, 2012 (the "8.125% NOTES") and 8.75% Notes due March 15, 2032 (the "8.75% NOTES" and, together with the 8.125% Notes, the "NOTES"), respectively, the form and terms of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Base Indenture and this Seventh Supplemental Indenture (together, the "INDENTURE"); and

WHEREAS, the Company has requested that the Trustee execute and deliver this Seventh Supplemental Indenture and all requirements necessary to make this Seventh Supplemental Indenture a valid, binding and enforceable instrument in accordance with its terms, and to make the Notes, when executed, authenticated and delivered by the Company, the valid, binding and enforceable obligations of the Company, have been done and performed, and the execution and delivery of this Seventh Supplemental Indenture has been duly authorized in all respects.

NOW THEREFORE, in consideration of the purchase and acceptance of the Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Base Indenture, the form and terms of the Notes, the Company covenants and agrees with the Trustee as follows:

Article 1
DEFINITIONS

Section 1.01. Definition of Terms. Unless the context otherwise requires:

(a) a term defined in the Base Indenture has the same meaning when used in this Seventh Supplemental Indenture;

(b) a term defined anywhere in this Seventh Supplemental Indenture has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience of reference only and do not affect interpretation;

(e) the following terms have the meanings given to them in this Section 1.01(e):

"APPLICABLE PROCEDURES" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear or Clearstream, Luxembourg, as the case may be, that apply to such transfer or exchange.

"CLEARSTREAM, LUXEMBOURG" means Clearstream Banking, societe anonyme, or any successor.

"COMPARABLE TREASURY ISSUE" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"COMPARABLE TREASURY PRICE" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"DEFINITIVE NOTE" means a certificated Note in the form of Exhibit A-1 or A-2 hereto, registered in the name of the Holder thereof and issued in accordance with Section 2.07 hereof, except that such Note shall not bear the Global Note Legend.

"DEPOSITARY" has the meaning assigned to it in Section 2.02(a) hereof.

"EUROCLEAR" means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor.

"EXCHANGE NOTES" means the Notes of the applicable series issued in the Exchange Offer pursuant to Section 2.07(f) hereof; following the exchange of interests in the applicable Rule 144A Global Notes, the Regulation S Global Notes and any Restricted Definitive Note for Exchange Notes pursuant to an effective registration statement, the defined term "Exchange Notes" and "Notes" shall have the same meaning and be entitled to the same rights under the Indenture.

"EXCHANGE OFFER" means the exchange offer by the Company of the Exchange Notes for the Notes of the applicable series issued in reliance upon an exemption from registration under the Securities Act on the date hereof in accordance with the provisions of the Registration Rights Agreement.

"EXCHANGE OFFER REGISTRATION STATEMENT" means an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, including the prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein filed by the Company in accordance with the Registration Rights Agreement in connection with the Exchange Offer.

"GLOBAL NOTES" means, individually and collectively, any of the Notes issued as Registered Global Securities under the Indenture.

"GLOBAL NOTE LEGEND" means the legend set forth in Section 2.4 of the Indenture, which is required to be placed on all Registered Global Securities issued under the Indenture.

"INDIRECT PARTICIPANT" means a Person who holds a beneficial interest in a Global Note through a Participant.

"INDEPENDENT INVESTMENT BANKER" means one of the Reference Treasury Dealers appointed by the Company.

"INITIAL PURCHASER" means each of Lehman Brothers Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., ABN AMRO Incorporated, Barclays Capital Inc., BMO Nesbitt Burns Corp., BNP Paribas Securities Corp., BNY Capital Markets, Inc., CIBC World Markets Corp., Fleet Securities, Inc., Mizuho International plc, RBC Dominion Securities Corporation, The Royal Bank of Scotland plc, Scotia Capital (USA) Inc., TD Securities (USA) Inc. and UBS Warburg LLC.

"LETTER OF TRANSMITTAL" means the letter of transmittal to be prepared by the Company and sent to all Holders of the applicable series of Notes for use by such Holders in connection with the Exchange Offer.

"NON-U.S. PERSON" means a Person who is not a U.S. Person.

"NOTES" has the meaning assigned to it in the recitals hereto.

"PARTICIPANT" means, with respect to Euroclear or Clearstream, Luxembourg or the Depositary, a Person who has an account with Euroclear or Clearstream, Luxembourg or the Depositary, as the case may be (and, with respect to The Depository Trust Company, shall include Euroclear and Clearstream, Luxembourg).

"PARTICIPATING BROKER DEALER" means the Initial Purchasers and any other broker-dealer which makes a market in the Notes and exchanges Notes in the Exchange Offer for Exchange Notes.

"PRIVATE PLACEMENT LEGEND" means the legend set forth in Section 2.07(f)(i) to be placed on all Notes issued under the Indenture except where otherwise permitted by the provisions of the Indenture.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"REFERENCE TREASURY DEALER" means Lehman Brothers Inc. and J.P. Morgan Securities Inc. and their respective successors and, at the option of the Company, additional primary U.S. Government securities dealers ("PRIMARY TREASURY DEALERS"); provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Company shall substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"REFERENCE TREASURY DEALER QUOTATIONS" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of March 19, 2002, by and among the Company and the Initial Purchasers, as such agreement may be amended, modified or supplemented from time to time.

"REGISTRAR" means the registrar, transfer agent and paying agent of the Company in respect of the Notes which shall initially be the Trustee hereunder. The Company may appoint additional co-registrars or terminate the appointment of an existing registrar at any time.

"REGULATION S" means Regulation S promulgated under the Securities Act or any successor rule or regulation substantially to the same effect.

"REGULATION S GLOBAL NOTE" means a Global Note in the form of Exhibit A-1 or A-2 hereto bearing the Global Note Legend and the legend in Section 2.07(f)(ii) hereof and deposited with or on behalf of the Depositary and registered in the name of the Depositary or its nominee.

"RESTRICTED DEFINITIVE NOTE" means a Definitive Note bearing the Private Placement Legend.

"RESTRICTED PERIOD" means the period beginning on the date hereof and ending on the later of April 28, 2002 and the completion of the distribution of the Notes by the Initial Purchasers.

"RULE 144" means Rule 144 promulgated under the Securities Act, any successor rule or regulation to substantially the same effect or any additional rule or regulation under the Securities Act that permits transfers of restricted securities without registration such that the transferee thereof holds securities that are freely tradeable under the Securities Act.

"RULE 144A" means Rule 144A promulgated under the Securities Act or any successor rule or regulation to substantially the same effect.

"RULE 144A GLOBAL NOTE" means a Global Note in the form of Exhibit A-1 or A-2 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee.

"RULE 903" means Rule 903 promulgated under the Securities Act or any successor rule or regulation substantially to the same effect.

"RULE 904" means Rule 904 promulgated under the Securities Act or any successor rule or regulation substantially to the same effect.

"SEC" means the United States Securities and Exchange Commission.

"SECURITIES ACT" means the United States Securities Act of 1933, as amended.

"SHELF REGISTRATION STATEMENT" means a "shelf" registration statement of the Company filed pursuant to the provisions of the Registration Rights Agreement on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"TREASURY RATE" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"UNRESTRICTED GLOBAL NOTE" means a Global Note (other than a Regulation S Global Note) in the form of Exhibit A-1 or A-2 attached hereto that bears the Global Note Legend, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"UNRESTRICTED DEFINITIVE NOTE" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"U.S. PERSON" means a U.S. Person as defined in Rule 902(o) under the Securities Act.

Section 1.02 . Rules of Construction. For all purposes of this Seventh Supplemental Indenture:

(a) capitalized terms used herein without definition shall have the meanings specified in the Indenture;

(b) all references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Seventh Supplemental Indenture; and

(c) the terms "herein", "hereof", "hereunder" and other words of similar import refer to this Seventh Supplemental Indenture.

Article 2
THE SERIES OF NOTES

Section 2.01. Title Of The Securities. There shall be two series of Securities designated as the "8.125% Notes due March 15, 2012" and the "8.75% Notes due March 15, 2032", respectively.

Section 2.02. Form And Dating.

(a) General.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A-1 or A-2 hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage.

Each Note shall be dated the date of its authentication. The Notes shall be in denominations of US$1,000 and integral multiples thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Seventh Supplemental Indenture, and the Company and the Trustee, by their execution and delivery of this Seventh Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Seventh Supplemental Indenture, the provisions of this Seventh Supplemental Indenture shall govern and be controlling.

The Company hereby designates The Depository Trust Company as the initial Depositary for the Rule 144A Global Notes and the Regulation S Global Notes. References to the "Depositary" herein shall refer to the Depositary designated in the foregoing sentence.

(a) Rule 144A Global Notes.

Notes of each series offered and sold to QIBs shall be issued initially in the form of Rule 144A Global Notes, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. Each Rule 144A Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time as conclusively reflected in the books and records of the Trustee endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemption. Any change in the principal amount of a Rule 144A Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee as the custodian for the Depositary, at the direction of the Registrar, in accordance with instructions given by the Holder thereof as required by Section 2.07 hereof.

(b) Regulation S Global Notes.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. During the Restricted Period, interests in the Regulation S Global Note must be held through Euroclear or Clearstream, Luxembourg, if the holders are Participants in such systems, or indirectly through organizations that are Participants in such systems. Following the termination of the Restricted Period, beneficial interests in the Regulation S Global Note may be held, directly or indirectly, in the account of any Participant of the Depositary.

Each Regulation S Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time as conclusively reflected in the books and records of the Trustee endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemption. Any change in the principal amount of a Regulation S Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee as the custodian for the Depositary, at the direction of the Registrar, in accordance with instructions given by the Holder thereof as required by Section 2.07 hereof.

Section 2.03. Limitation On Aggregate Principal Amount. The aggregate principal amount of the 8.125% Notes shall not initially exceed US$650,000,000 and the aggregate principal amount of the 8.75% Notes shall not initially exceed US$850,000,000.

Section 2.04. Principal Payment Date. The 8.125% Notes will mature and principal thereof will be due and payable, together with all accrued and unpaid interest thereon, on March 15, 2012. The 8.75% Notes will mature and principal thereof will be due and payable, together with all accrued and unpaid interest thereon, on March 15, 2032.

Section 2.05. Interest And Interest Dates. Interest on the Notes shall be payable semi-annually on March 15 and September 15 of each year beginning on September 15, 2002 (each, an "INTEREST PAYMENT DATE"); provided, however, that if an Interest Payment Date would otherwise be a day that is not a Business Day, such Interest Payment Date shall be the next succeeding Business Day, and no additional interest shall be paid in respect of such intervening period. The interest rate borne by the Notes will be 8.125% per annum, in the case of the 8.125% Notes, and 8.75% per annum, in the case of the 8.75% Notes, respectively, until the Notes are paid in full subject, however, to the following provisions. In the event that (i) the Exchange Offer Registration Statement is not filed with the SEC on or prior to the 120th calendar day following the original issue of the Notes, (ii) the Exchange Offer Registration Statement has not been declared effective by the SEC on or prior to the 180th calendar day following the original issue of the Notes, (iii) the Exchange Offer is not consummated within 60 calendar days after the Exchange Offer Registration Statement has been declared effective by the SEC or (iv) a Shelf Registration Statement has not been filed or declared effective on or prior to the applicable dates specified in the Registration Rights Agreement (each such event in clauses (i) through (iv) above and in the next succeeding paragraph below, a "REGISTRATION DEFAULT"), the interest rate borne by the Notes shall be increased by an amount ("ADDITIONAL INTEREST") equal to an additional one quarter of one percent (0.25%) per annum upon the occurrence of each Registration Default, which rate will increase by an additional one quarter of one percent (0.25%) per annum for each 90-day period that such Additional Interest

continues to accrue under any such circumstance, provided that the maximum aggregate increase in the interest rate will in no event exceed one half of one percent (0.5%) per annum; provided, that Additional Interest shall only be payable in the case a Shelf Registration Statement is not declared effective as aforesaid with respect to Notes that have the right to be included, and whose inclusion has been requested, in the Shelf Registration Statement, in the manner specified in the Registration Rights Agreement. Following the cure of all Registration Defaults applicable to the respective Notes, the accrual of Additional Interest will cease and the interest rate will revert to 8.125% per annum for the 8.125% Notes and 8.75% per annum for the 8.75% Notes.

If a Shelf Registration Statement is declared effective but shall thereafter become unusable by a Holder of the Notes for any reason (whether or not the Company had the right to prevent the Holders from distributing Notes during any period pursuant to the Registration Rights Agreement) without being succeeded within two Business Days by a post-effective amendment thereto which cures the failure and that is immediately declared effective, the Notes included in such Shelf Registration Statement will bear Additional Interest at a rate equal to one quarter of one percent (0.25%) per annum for the first 90-day period (or portion thereof) beginning on the date that such Shelf Registration Statement ceases to be usable, which rate shall be increased by an additional one quarter of one percent (0.25%) per annum at the beginning of each subsequent 90-day period, provided that the maximum aggregate increase in the interest rate will in no event exceed one-half of one percent (0.5%) per annum. Upon the Shelf Registration Statement once again becoming usable, the interest rate borne by the Notes included therein will be reduced to the applicable original interest rate if the Company is otherwise in compliance with the Registration Rights Agreement with respect to such Notes at that time.

For all purposes of this Seventh Supplemental Indenture, the term interest shall include "Additional Interest".

The amount of interest payable on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall notify the Trustee within five Business Days after each and every date (an "EVENT DATE") on which an event occurs in respect of which Additional Interest is required to be paid. The obligation to pay Additional Interest shall be deemed to accrue from and including the day following the applicable Event Date. Additional Interest shall be paid by depositing with the Trustee for the benefit of the Holders of the Notes entitled to receive such Additional Interest, on or before the applicable Interest Payment Date, immediately available funds in sums sufficient to pay the Additional Interest then due. Additional Interest shall be payable to the Person otherwise entitled to be paid the interest payable on the Notes on such Interest Payment Date.

Section 2.06. Redemption. The Notes will be redeemable in whole or in part, at the option of the Company, at any time at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 37.5 basis points plus accrued interest thereon to the date of redemption.

Section 2.07. Transfer And Exchange.

(a) Transfer and Exchange of Global Notes.

A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee notice from the Depositary stating that it is unwilling or unable to continue to act as a clearing agency for the Notes or is no longer a clearing agency registered under the Exchange Act or other applicable law and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice; (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or (iii) an Event of Default with respect to the Notes of such series has occurred and has not been cured, disregarding for this purpose any requirement of notice or that the default exist for a specified period of time; provided that in no event shall a Regulation S Global Note be exchanged by the Company for Definitive Notes prior to the expiration of the Restricted Period. Upon the occurrence of any of the preceding events, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes.

The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary in accordance with the provisions of the Indenture and the applicable procedures of the Depositary. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Type of Global Note. Beneficial interests in any Rule 144A Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in a Rule 144A Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests

in any Regulation S Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in a Regulation S Global Note; provided, however, that prior to the expiration of the Restricted Period beneficial interests in the Regulation S Global Note may only be held through Euroclear of Clearstream, Luxembourg, if holders are Participants in such systems, or indirectly through organizations that are Participants in such systems. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.07(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.07(b)(i) above, and, subject to any other requirement in this Section 2.07, the transferor of such beneficial interest must deliver to the Registrar: (1) a written order from a Participant or an Indirect Participant given to the Depositary, Euroclear or Clearstream, Luxembourg in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in a Global Note of another type in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B), subject to Section 2.07(a), (1) a written order from a Participant or an Indirect Participant given to the Depositary, Euroclear or Clearstream, Luxembourg in accordance with the Applicable Procedures directing the Depositary, Euroclear or Clearstream, Luxembourg to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be exchanged and (2) instructions given by the Depositary, Euroclear or Clearstream, Luxembourg to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the exchange; provided that in no event shall Definitive Notes be issued upon the exchange of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained herein and in the Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.07(g) hereof.

(iii) Transfer and Exchange of Beneficial Interests in a Rule 144A Global Note or a Regulation S Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in a Rule 144A Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who

takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if (x) the exchange or transfer complies with the requirements of Section 2.07(b)(ii) above and (y):

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or via the Depositary's book-entry system that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company, and such Letter of Transmittal or book-entry system certification shall satisfy the requirements of Section 2.07(b)(ii);

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) such transfer is effected pursuant to Rule 144 of the Securities Act, a letter in the form of Exhibit B with the certification set forth in paragraph 3(a) thereof is completed, and, if the Registrar so requests or the Applicable Procedures so require, an Opinion of Counsel to the effect that the transfer is permitted, and that upon transfer the Notes will not be restricted under the Securities Act, is furnished to the Registrar.

If any such transfer is effected at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Issuer Order in accordance with the Indenture, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests so transferred.

(iv) Transfer of Beneficial Interests to and from Regulation S Global Notes.

(A) Transfer of Beneficial Interests in a Regulation S Global Note Prior to the Termination of the Restricted Period for Beneficial Interests in a Rule 144A Global Note. A beneficial interest in any Regulation S Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in a Rule 144A Global Note, if (x) the transfer complies

with the requirements of Section 2.07(b)(ii) above, and (y) the holder of the beneficial interest in the Regulation S Global Note delivers to the Trustee and the Registrar a letter in the form of Exhibit B with the certification set forth in paragraph 1 thereof completed.

(B) Transfer of Beneficial Interests in a Regulation S Global Note Following the Termination of the Restricted Period for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Regulation S Global Note following the termination of the Restricted Period may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, if (x) the transfer complies with the requirements of Section 2.07(b)(ii) above and (y) the holder of the Regulation S Global Note delivers to the Registrar a letter in the form of Exhibit B with the certification set forth in paragraph 3(b) thereof completed.

(C) Transfer of Beneficial Interests in a Rule 144A Global Note for Beneficial Interests in a Regulation S Global Note. A beneficial interest in any Rule 144A Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in a Regulation S Global Note, if (x) the transfer complies with the requirements of Section 2.07(b)(ii) above and (y) the holder of the beneficial interest in the Rule 144A Global Note delivers to the Registrar a letter in the form of Exhibit B with the certification set forth in paragraph 2 thereof completed.

(c) Exchange of Beneficial Interests in Global Notes for Definitive Notes.

(i) Beneficial Interests in Rule 144A Global Notes or Regulation S Global Notes to Unrestricted Definitive Notes. Subject to Section 2.07(a), a holder of a beneficial interest in a Rule 144A Global Note or Regulation S Global Note may exchange such beneficial interest for an Unrestricted Definitive Note only if such exchange is in accordance with the Applicable Procedures, and, if the Registrar so requests or the Applicable Procedures so require, an Opinion of Counsel or other certification to the effect that the exchange is permitted, and that upon exchange the Notes will not be restricted under the Securities Act, is furnished to the Registrar.

(ii) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in an Unrestricted Global Note may, in the circumstances described in Section

2.07(a), exchange such beneficial interest for an Unrestricted Definitive Note.

Any exchange pursuant to this Section 2.07(c) shall satisfy the requirements of Section 2.07(b)(ii). In any such case, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(g) hereof, and the Company shall execute and the Trustee, upon receipt of an Issuer Order in accordance with the Indenture, shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Global Note pursuant to this Section 2.07(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered.

(d) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.07(d), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.07(d).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a letter in the form of Exhibit B with the certification set forth in paragraph 1 thereof completed,

(B) if the transfer will be made to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or 904 under the Securities Act, then the transferor must deliver a letter in the form of Exhibit B with the certification set forth in paragraph 2 thereof completed; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver an Opinion of Counsel and/or

other certification in form and substance acceptable to the Registrar and the Company.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal, that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) such transfer is effected pursuant to Rule 144 of the Securities Act, a letter in the form of Exhibit B with the certification set forth in paragraph 3(a) thereof completed, and, if the Trustee and the Registrar so request or the Applicable Procedures so require, an Opinion of Counsel to the effect that the transfer is permitted, and that upon transfer the Notes will not be restricted under the Securities Act, is furnished to the Trustee and Registrar.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(e) Exchange Offer; Shelf Registration Statement

(i) Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and,

upon receipt of an Issuer Order in accordance with the Indenture, the Trustee shall authenticate (x) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Rule 144A Global Notes and Regulation S Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (A) they are not broker-dealers, (B) they are not participating in a distribution of the Exchange Notes and (C) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (y) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Rule 144A Global Notes and/or Regulation S Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall, upon receipt of an Issuer Order in accordance with the Indenture, authenticate and deliver to the Persons designated by the Holders of the Restricted Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(ii) Following the effectiveness of a Shelf Registration Statement the Company shall issue and, upon receipt of an Issuer Order in accordance with the Indenture, the Trustee shall authenticate from time to time (x) one or more Unrestricted Global Notes, or, if there shall be at the time one or more Unrestricted Global Notes outstanding and such increase can be effected in accordance with Applicable Procedures, the Trustee shall increase or cause to be increased the aggregate principal amount thereof, in each case in an aggregate principal amount equal to the principal amount of the beneficial interests in the Global Notes sold by Persons that certify as to the consummation of such sale under the Shelf Registration Statement in a manner acceptable to the Trustee and the Company and (y) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes sold by Persons that certify as to the consummation of such sale under the Shelf Registration Statement in a manner acceptable to the Trustee and the Company. Concurrently with the issuance of such Unrestricted Global Notes, the Trustee shall cause the aggregate principal amount of the applicable Rule 144A Global Notes and/or the Regulation S Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall, upon receipt of an Issuer Order in accordance with the Indenture, authenticate and deliver to the Persons designated by the Holders of Restricted Definitive Notes so sold Unrestricted Definitive Notes in the appropriate principal amount.

(f) Legends.

The following legends shall appear on the face of all Global Notes and Definitive Notes issued under the Indenture unless specifically stated otherwise in the applicable provisions of the Indenture.

(i) Private Placement Legend. (A) Except as permitted by subparagraph (B) below, each Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF THE WILLIAMS COMPANIES, INC. THAT (a) THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OTHER THAN (1) TO THE WILLIAMS COMPANIES, INC., (2) IN A TRANSACTION ENTITLED TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (3) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A (AS INDICATED BY THE BOX CHECKED BY THE TRANSFEROR ON THE CERTIFICATE OF TRANSFER ON THE REVERSE OF THIS SECURITY), (4) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, SUBJECT, IN THE CASE OF CLAUSES (2), (4) OR (5), TO THE RECEIPT BY THE WILLIAMS COMPANIES, INC. OF AN OPINION OF COUNSEL OR SUCH OTHER EVIDENCE ACCEPTABLE TO THE WILLIAMS COMPANIES, INC. THAT SUCH RESALE, PLEDGE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND THAT (b) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO HEREIN AND DELIVER TO THE TRANSFEREE (OTHER THAN A QUALIFIED INSTITUTIONAL BUYER) PRIOR TO THE SALE A COPY OF THE TRANSFER RESTRICTIONS APPLICABLE HERETO (COPIES OF WHICH MAY BE OBTAINED FROM THE TRUSTEE).

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT (AS SUCH TERM

IS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF) AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

BECAUSE OF THE FOREGOING RESTRICTIONS, PURCHASERS ARE ADVISED TO CONSULT LEGAL COUNSEL PRIOR TO MAKING ANY RESALE, PLEDGE OR TRANSFER OF ANY OF THE NOTES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

(B) Notwithstanding the foregoing, any Note which is (i) a Regulation S Global Note (and any Note issued in exchange therefor or substitution thereof) after the Restricted Period, (ii) a Note which has been exchanged or transferred pursuant to the Exchange Offer Registration Statement or the Shelf Registration Statement, or (iii) a Note which has been transferred in accordance with Rule 144, provided that in such case an Opinion of Counsel is delivered which states that the Note does not have to bear the Private Placement Legend in the cases where such opinion is required under this Indenture, shall not bear the Private Placement Legend.

(ii) Regulation S Global Note Legend. The Regulation S Global Note shall bear a legend in substantially the following form:

"THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT (AS SUCH TERMS IS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF) AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

DURING THE RESTRICTED PERIOD (AS DEFINED IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF), INTERESTS IN THIS REGULATION S GLOBAL NOTE MAY ONLY BE HELD THROUGH EUROCLEAR AND CLEARSTREAM, LUXEMBOURG."

(g) Cancellation and/or Adjustment of Global Notes.

At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with the Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take

delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary to reflect such increase.

The Registrar shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under the Indenture, this Seventh Supplemental Indenture or under applicable law with respect to any transfer or exchange of any interest in any Note (including any transfers between or among Participants, Indirect Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Indenture or this Seventh Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Article 3
EXECUTION OF NOTES

Section 3.01. Execution of Notes. The Notes shall be executed as follows:

The Notes shall be signed on behalf of the Company by its Chairman of the Board, its President, one of its Vice Presidents or its Treasurer, under its corporate seal which may, but need not, be attested. Such signatures may be the manual or facsimile signatures of the present or any future such officers. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Notes. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Note that has been duly authenticated and delivered by the Trustee.

In case any officer of the Company who shall have signed any of the Notes shall cease to be such officer before the Note so signed shall be authenticated and delivered by the Trustee or disposed of by the Company, such Note nevertheless may be authenticated and delivered or disposed of as though the person who signed such Note had not ceased to be such officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the proper officers of the Company, although at the date of the execution and delivery of this Seventh Supplemental Indenture any such person was not such an officer.

Article 4
MISCELLANEOUS PROVISIONS

Section 4.01. Ratification. The Indenture, as supplemented and amended by this Seventh Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 4.02. Counterparts. This Seventh Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original; and all such counterparts shall together constitute but one and the same instrument.

Section 4.03. Applicable Procedures. Notwithstanding anything else herein, the Company shall not be required to permit a transfer to a Global Note that is not permitted by the Applicable Procedures.

Section 4.04. Governing Law. THIS SEVENTH SUPPLEMENTAL INDENTURE AND EACH NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CHOICE OF LAW PRINCIPLES THEREOF.

Section 4.05. Counterparts. The Seventh Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute on and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the day and year first written above.

THE WILLIAMS COMPANIES, INC.,

By: /s/ Steven J. Malcolm

Name: Steven J. Malcolm
Title: President & Chief Executive Officer

BANK ONE TRUST COMPANY, N.A.,
as Trustee

By: /s/ Christopher Holly

Name: Christopher Holly
Title: Vice President

EXHIBIT 10.1

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (herein called this "Amendment"), dated as of March 11, 2002, is entered into by and among the Borrowers party to the Credit Agreement (as hereinafter defined), the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Documentation Agent as named therein and Citibank, N.A., as agent for the Banks (in such capacity, the "Agent"). Except as otherwise defined or as the context requires, terms defined in the Credit Agreement are used herein as therein defined.

WITNESSETH:

WHEREAS, The Williams Companies, Inc., a Delaware Corporation ("TWC"), Northwest Pipeline Corporation, a Delaware corporation ("NWP"), Transcontinental Gas Pipe Line Corporation, a Delaware corporation ("TGPL"), Texas Gas Transmission Corporation, a Delaware corporation ("TGT"; TWC, NWP, TGPL and TGT each a "Borrower" and collectively, the "Borrowers") have entered into a certain Credit Agreement dated as of July 25, 2000 with the financial institutions from time to time party thereto (the "Banks"), The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent (the "Original Credit Agreement"), which Original Credit Agreement has been amended by a letter agreement dated as of October 10, 2000, by a Waiver and First Amendment dated as of January 31, 2001 and by a Second Amendment to Credit Agreement dated as of February 7, 2002 (the Original Credit Agreement, as so amended to the date hereof, the "Credit Agreement");

WHEREAS, the Borrowers and the Banks now desire to amend the Credit Agreement in certain respects, as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrowers and the Banks hereby agree as follows:

SECTION 1. Amendment of Section 5.02. Section 5.02 of the Credit Agreement is hereby amended as follows:

(a) Clause (c) of Section 5.02 is hereby amended by deleting the word "or" at the end of subclause (iv) thereof, deleting the period at the end of subclause (v) thereof and inserting "; or" in its place, and inserting the following new subclause (vi) immediately following the existing clause (v):

"(vi) Kern River Gas Transmission Company in connection with the transaction with a subsidiary of Berkshire Hathaway, Inc. announced by TWC on March 7, 2002 from (1) selling, conveying or otherwise transferring all or substantially all of its assets or (2) merging or consolidating with or into another Person."

SECTION 2. Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment, each of the Borrowers hereby reaffirms as to itself and its

Subsidiaries, as of the date hereof, its representations and warranties contained in Article IV of the Credit Agreement (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) Each Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of each Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of such Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of a Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of such Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by each Borrower of this Amendment and the consummation of the transactions contemplated by this Amendment are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting such Borrower and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Borrower of this Amendment or the consummation of the transactions contemplated by this Amendment.

(d) This Amendment has been duly executed and delivered by each Borrower. This Amendment and the Credit Agreement as amended by this Amendment are the legal, valid and binding obligations of each Borrower enforceable against each Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings and except for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws, there is, as to each of the Borrowers, no pending or, to the knowledge of such Borrower, threatened action or proceeding affecting such Borrower or

any material Subsidiary of such Borrower (or in the case of TWC, the Borrowers, any Subsidiary of a Borrower or any WCG Subsidiary) before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of such Borrower and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Amendment, the Credit Agreement or any Note. For the purposes of this Section, "Public Filings" shall mean the respective annual reports of TWC or any other Borrower on Form 10-K or Form 10-K/A for the year ended December 31, 2001, and TWC's and the Borrowers' respective reports on Form 8-K for the period from March 1, 2002 through March 11, 2002.

(f) Upon giving effect to this Amendment, no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Amendment is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Amendment executed by each of the Borrowers, the Agent and Banks constituting not less than the Majority Banks; and

(b) Such other documents as the Agent shall have reasonably requested.

SECTION 4. Effect. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Credit Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as amended hereby.

SECTION 5. Governing Law, Etc. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICT OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

SECTION 6. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing one or more counterparts.

SECTION 7. Successors and Assigns. This Amendment shall be binding upon each of the Borrowers, the Agent and the Banks and their respective successors and assigns, and shall inure to the benefit of each of the Borrowers, the Agent and the Banks and the successors and assigns of the Banks.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, to be effective as of the date first written above.

BORROWERS:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

TEXAS GAS TRANSMISSION CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

NORTHWEST PIPELINE CORPORATION

By: /s/ Nick A. Bacile

Name: Nick A. Bacile
Title: Vice President & CFO

AGENT:

CITIBANK, N.A., as Agent

By: /s/ Lydia G. Junek

Attorney-in-Fact
Authorized Officer

Date: March 21, 2002

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
as Co-Syndication Agent

By: /s/ Signature not legible

Authorized Officer

Date: , 2002

COMMERZBANK AG,
as Co-Syndication Agent

By: /s/ Harry P. Yergey

Senior Vice President & Manager
Authorized Officer

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

Date: March 20, 2002

DOCUMENTATION AGENT:

CREDIT LYONNAIS NEW YORK BRANCH,
as Documentation Agent

By: /s/ Bernard Weymuller

Senior Vice President
Authorized Officer

Date: March 21, 2002

BANKS:

CITIBANK, N.A.

By: /s/ Lydia G. Junek

Attorney-in-fact, Authorized
Officer

Date March 21, 2002

THE BANK OF NOVA SCOTIA

By:

Authorized Officer

Date: , 2002

BANK OF AMERICA, N.A.

By: /s/ Claire Liu

Authorized Officer

Date: , 2002

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By: /s/ Signature not legible

Authorized Officer

Date: March 21, 2002

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),

By: /s/ Signature not legible

Authorized Officer

Date: , 2002

COMMERZBANK AG
NEW YORK AND GRAND CAYMAN BRANCHES

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Bernard Weymuller

Authorized Officer

Date: March 21, 2002

THE FUJI BANK, LIMITED

By: /s/ Jacques Azagury

Authorized Officer

Date: March 15, 2002

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ Kevin J. Howard

Name: Kevin J. Howard

Title: Managing Director

Date: , 2002

NATIONAL WESTMINSTER BANK PLC

By:

Name:

Title:

Date: , 2002

ABN AMRO BANK, N.V.

By: /s/ Signature not legible

Authorized Officer

By: /s/ Signature not legible

Authorized Officer

Date: March 21, 2002

BANK OF MONTREAL

By: /s/ Signature not legible

Authorized Officer

Date: March 22, 2002

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer

Vice President, Authorized
Officer

Date: March 22, 2002

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Director, Loan Transaction
Management, Authorized Officer

Date: , 2002

CIBC INC.

By: /s/ Signature not legible

Authorized Officer

Date: March 20, 2002

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran,

Director
Authorized Officer

By: /s/ David M. Koczan,

Associate
Authorized Officer

Date: March 19, 2002

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner,

Senior Manager
Authorized Officer

Date: March 21, 2002

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By:

Authorized Officer

Date: , 2002

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: March 22, 2002

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ Signature not legible

Authorized Officer

Date: March 21, 2002

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH

By: /s/ Michael N. Oakes,

Senior Vice President
Authorized Officer, Houston
Office

Date: March 21, 2002

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Authorized Officer

Date: March 21, 2002

UBS AG, STAMFORD BRANCH

By: /s/ Patricia O'Kicki,

Director Banking Produces
Authorized Officer

By: /s/ Wilfred V. Saint,

Assoc. Director Banking Prod.
Authorized Officer

Date: March 20, 2002

WELLS FARGO BANK TEXAS, N.A.

By:

Authorized Officer

Date: , 2002

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

CREDIT AGRICOLE INDOSUEZ

By: /s/ Mark Lvoff,

First Vice President, Head of Energy Platform, Authorized Officer

By: /s/ Brian Knezeak,

First Vice President
Authorized Officer

Date: March 22, 2002

SUNTRUST BANK

By: /s/ Signature not legible

Authorized Officer

Date: March 12, 2002

THE DAI-ICHI KANGYO BANK, LTD.

By:

Authorized Officer

Date: , 2002

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich,

Deputy General Manager
Authorized Officer

Date: March 22, 2002

BANK OF CHINA, NEW YORK BRANCH

By:

Authorized Officer

Date: , 2002

BANK OF OKLAHOMA, N.A.

By: /s/ Robert D. Mattax

SVP
Authorized Officer

Date: March 15, 2002

BNP PARIBAS, HOUSTON AGENCY

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

DG BANK DEUTSCHE
GENNOSSENSCHAFTSBANK AG

By: /s/ Mark K. Connelly,

Vice President
Authorized Officer

By: /s/ Richard W. Wilbert,

Vice President
Authorized Officer

Date: March 21, 2002

KBC BANK N.V.

By: /s/ Jean-Pierre Diels,

First Vice President
Authorized Officer

By: /s/ Eric Raskin,

Vice President
Authorized Officer

Date: , 2002

SUMITOMO MITSUI BANKING CORPORATION

By:

Authorized Officer

Date: , 2002

COMMERCE BANK, N.A.

By:

Authorized Officer

Date: , 2002

RZB FINANCE LLC

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

FIRST UNION NATIONAL BANK

By: /s/ Robert R. Wetteroff,

SVP
Authorized Officer

Date: March 13, 2002

EXHIBIT 10.2

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (herein called this "Amendment"), dated as of March 11, 2002, is entered into by and among The Williams Companies, Inc., a Delaware corporation, as Borrower pursuant to the Credit Agreement (as hereinafter defined), the Banks from time to time party to the Credit Agreement, the Co-Syndication Agents as named therein, the Co-Documentation Agents as named therein and Citibank, N.A., as agent for the Banks (in such capacity, the "Agent"). Except as otherwise defined or as the context requires, terms defined in the Credit Agreement are used herein as therein defined.

WITNESSETH:

WHEREAS, The Williams Companies, Inc. ("TWC" or the "Borrower") has entered into a certain Credit Agreement dated as of July 25, 2000 with the financial institutions from time to time party thereto (the "Banks"), The Chase Manhattan Bank and Commerzbank AG, as Co-Syndication Agents, Credit Lyonnais New York Branch, as Documentation Agent, and Citibank, N.A., as Agent (the "Original Credit Agreement"), which has been amended by that certain Waiver and First Amendment to Credit Agreement dated as of January 31, 2001, by that certain Limited Waiver and Second Amendment to Credit Agreement dated as of July 24, 2001 and by that certain Third Amendment to Credit Agreement dated as of February 7, 2002 (the Original Credit Agreement, as so amended to the date hereof, the "Credit Agreement");

WHEREAS, the Borrower and the Banks now desire to amend the Credit Agreement in certain respects, as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrower and the Banks hereby agree as follows:

SECTION 1. Amendment of Section 5.2. Section 5.2 of the Credit Agreement is hereby amended as follows:

(a) Clause (c) of Section 5.2 is hereby amended by deleting the word "or" at the end of subclause (iv) thereof, deleting the period at the end of subclause (v) thereof and inserting "; or" in its place, and inserting the following new subclause (vi) immediately following the existing clause (v):

"(vi) Kern River Gas Transmission Company in connection with the transaction with a subsidiary of Berkshire Hathaway, Inc. announced by TWC on March 7, 2002 from (1) selling, conveying or otherwise transferring all or substantially all of its assets or (2) merging or consolidating with or into another Person."

SECTION 2. Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment, the Borrower hereby reaffirms, as of the date hereof, its

representations and warranties contained in Article IV of the Credit Agreement (except to the extent such representations and warranties relate solely to an earlier date) and additionally represents and warrants as follows:

(a) The Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower is duly organized or validly formed, validly existing and (if applicable) in good standing under the laws of its jurisdiction of incorporation or formation, except where the failure to be so organized, existing and in good standing could not reasonably be expected to have a material adverse effect on the business, assets, condition or operations of the Borrower and its Subsidiaries taken as a whole. Each material Subsidiary of the Borrower has all corporate or limited liability company powers and all governmental licenses, authorizations, certificates, consents and approvals required to carry on its business as now conducted in all material respects, except for those licenses, authorizations, certificates, consents and approvals which the failure to have could not reasonably be expected to have a material adverse effect on the business, assets, condition or operation of the Borrower and its Subsidiaries taken as a whole.

(b) The execution, delivery and performance by the Borrower of this Amendment and the consummation of the transactions contemplated by this Amendment are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) the Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Borrower and will not result in or require the creation or imposition of any Lien.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Amendment or the consummation of the transactions contemplated by this Amendment.

(d) This Amendment has been duly executed and delivered by the Borrower. This Amendment and the Credit Agreement as amended by this Amendment are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Except as set forth in the Public Filings and except for certain class-action lawsuits filed on or after January 29, 2002 alleging fraud and other violations of applicable securities laws, there is, as to the Borrower, no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower or any material Subsidiary of the Borrower before any court, governmental agency or arbitrator, which could reasonably be expected to materially and adversely affect the financial condition or operations of the Borrower

and its Subsidiaries taken as a whole or which purports to affect the legality, validity, binding effect or enforceability of this Amendment, the Credit Agreement or any Note. For the purposes of this Section, "Public Filings" shall mean the Borrower's annual report on Form 10-K for the year ended December 31, 2001, and the Borrower's reports on Form 8-K for the period from March 1, 2002 through March 11, 2002.

(f) Upon giving effect to this Amendment, no event has occurred and is continuing which constitutes an Event of Default or which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Amendment is conditioned upon receipt by the Agent of all the following documents, each in form and substance satisfactory to the Agent:

(a) Counterparts of this Amendment executed by the Borrower, the Agent and Banks constituting not less than the Majority Banks; and

(b) Such other documents as the Agent shall have reasonably requested.

SECTION 4. Effect. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, is hereby ratified, approved and confirmed in each and every respect. All references to the Credit Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as amended hereby.

SECTION 5. Governing Law, Etc. THIS AMENDMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICT OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

SECTION 6. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Amendment by signing one or more counterparts.

SECTION 7. Successors and Assigns. This Amendment shall be binding upon the Borrower, the Agent and the Banks and their respective successors and assigns, and shall inure to the benefit of each of the Borrower, the Agent and the Banks and the successors and assigns of the Banks.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, to be effective as of the date first written above.

BORROWER:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

AGENT:

CITIBANK, N.A., as Agent

By: /s/ Lydia G. Junek

Attorney-in-Fact
Authorized Officer

Date: March 21, 2002

CO-SYNDICATION AGENTS:

JPMORGAN CHASE BANK
(formerly known as
THE CHASE MANHATTAN BANK),
as Co-Syndication Agent and as a Bank

By: /s/ Signature not legible

Authorized Officer

Date: , 2002

COMMERZBANK AG, as Co-Syndication Agent

By: /s/ Harry P. Yergey

Senior Vice President & Manager
Authorized Officer

By: /s/ Brian J. Campbell

Senior Vice President
Authorized Officer

Date: March 20,2002

CO-DOCUMENTATION AGENTS:

CREDIT LYONNAIS NEW YORK BRANCH,
as Co-Documentation Agent and as a Bank

By: /s/ Bernard Weymuller

Senior Vice President
Authorized Officer

Date: March 21, 2002

BANK OF AMERICA, N.A.
as Co-Documentation Agent and as a Bank

By: /s/ Claire Liu

Authorized Officer

Date: , 2002

BANKS:

CITIBANK, N.A.

By: /s/ Lydia G. Junek

Attorney-in-Fact
Authorized Officer

Date: March 21, 2002

THE BANK OF NOVA SCOTIA

By: _____
Authorized Officer

Date: _____, 2002

BANK ONE, N.A. (MAIN OFFICE - CHICAGO)

By: /s/ Janie C. Harman

Authorized Officer

Date: March 21, 2002

COMMERZBANK AG,
NEW YORK AND GRAND CAYMAN BRANCHES

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

THE FUJI BANK, LIMITED

By: /s/ Jacques Azagury

Authorized Officer

Date: March 15, 2002

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ Kevin J. Howard

Name: Kevin J. Howard
Title: Managing Director

Date: , 2002

NATIONAL WESTMINSTER BANK PLC

BY:

NAME:

TITLE:

DATE: , 2002

ABN AMRO BANK, N.V.

By:
\-------------------------------------
Authorized Officer

By:
\-------------------------------------
Authorized Officer

Date: ______________________________, 2002

BANK OF MONTREAL

By: /s/ Signature not legible

Authorized Officer

Date: March 22, 2002

THE BANK OF NEW YORK

By: /s/ Raymond J. Palmer

Vice President
Authorized Officer

Date: March 22, 2002

BARCLAYS BANK PLC

By: /s/ Nicholas A. Bell

Director, Loan Transaction Management
Authorized Officer

Date: , 2002

CIBC INC.

By: /s/ Signature not legible

Authorized Officer

Date: March 20, 2002

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran

Director
Authorized Officer

By: /s/ David M. Koczan

Associate
Authorized Officer

Date: March 19, 2002

ROYAL BANK OF CANADA

By: /s/ Tom J. Oberaigner

Senior Manager
Authorized Officer

Date: March 21, 2002

THE BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By: _____
Authorized Officer

Date: _____, 2002

FLEET NATIONAL BANK
f/k/a Bank Boston, N.A.

By: /s/ Signature not legible

Authorized Officer

Date: March 22, 2002

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ Signature not legible

Authorized Officer

Date: March 21, 2002

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH

By: /s/ Michael N. Oakes

Senior Vice President, Houston Office
Authorized Officer

Date: March 21, 2002

TORONTO DOMINION (TEXAS), INC.

By: /s/ Jill Hall

Vice President
Authorized Officer

Date: March 21, 2002

UBS AG, STAMFORD BRANCH

By: /s/ Patricia O'Kicki

Director, Banking Products Services
Authorized Officer

By: /s/ Wilfred V. Saint

Associate Director Banking Products
Services US
Authorized Officer

Date: March 20, 2002

WELLS FARGO BANK TEXAS, N.A.

By: _____
Authorized Officer

Date: _____, 2002

WESTDEUTSCHE LANDESBANK GIROZENTRALE,
NEW YORK BRANCH

By:

Authorized Officer

By:

Authorized Officer

Date: , 2002

CREDIT AGRICOLE INDOSUEZ

By: /s/ Mark Lvoff

First Vice President, Head of Energy Platform
Authorized Officer

By: /s/ Brian Knezeak

First Vice President
Authorized Officer

Date: March 22, 2002

SUNTRUST BANK

By: /s/ Signature not legible

Authorized Officer

Date: March 18, 2002

THE DAI-ICHI KANGYO BANK, LTD.

By: _____
Authorized Officer

Date: _____, 2002

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ Robert J. Ivosevich

Deputy General Manager
Authorized Officer

Date: March 22, 2002

BANK OF CHINA, NEW YORK BRANCH

By: _____
Authorized Officer

Date: _____, 2002

BANK OF OKLAHOMA, N.A.

By: /s/ Robert D. Mattax

SVP
Authorized Officer

Date: March 15, 2002

BNP PARIBAS, HOUSTON AGENCY

By: _____
Authorized Officer

By: _____
Authorized Officer

Date: _____, 2002

KBC BANK N.V.

By: /s/ Jean-Pierre Diels

First Vice President
Authorized Officer

By: /s/ Eric Raskin

Vice President
Authorized Officer

Date: , 2002

SUMITOMO MITSUI BANKING CORPORATION

By:

Authorized Officer

Date: , 2002

COMMERCE BANK, N.A.

By: /s/ Dennis R. Block,

SVP
Authorized Officer

Date: March 15, 2002

RZB FINANCE LLC

By:

Authorized Officer

By:

Authorized Officer

Date: ------------------------------, 2002

FIRST UNION NATIONAL BANK

By: /s/ Robert R. Wetteroff,

SVP
Authorized Officer

Date: March 13, 2002

UMB BANK, N.A.

By:

              Authorized Officer

Date: ______________________________, 2002

MERRILL LYNCH BANK USA

By: /s/ D. Kevin Imlay

Authorized Officer

Date: March 20, 2002

LEHMAN COMMERCIAL PAPER INC.

By: _____
Authorized Officer

Date: _____, 2002

NATEXIS BANQUES POPULAIRES

By: /s/ Louis P. Laville, III

Vice President
Authorized Officer

Date: March 21, 2002

By: /s/ Daniel Payer

Vice President
Authorized Officer

Date: March 21, 2002

EXHIBIT 10.3

FOURTH AMENDMENT TO TERM LOAN AGREEMENT

THIS FOURTH AMENDMENT TO TERM LOAN AGREEMENT (the "AMENDMENT") is entered into effective as of March 11, 2002, among The Williams Companies, Inc., a Delaware corporation (the "COMPANY"), Credit Lyonnais New York Branch, as Administrative Agent (in such capacity, "ADMINISTRATIVE AGENT"), and certain LENDERS (herein so called) named on SCHEDULE 2.1 (as amended and supplemented from time to time) of the Term Loan Agreement (as hereinafter defined).

RECITALS

A. The Company, Lenders, Commerzbank AG New York and Cayman Island Branches, as Syndication Agent, The Bank of Nova Scotia, as Documentation Agent, and Administrative Agent entered into that certain Term Loan Agreement dated as of April 7, 2000, as modified and amended pursuant to that certain First Amendment to Term Loan Agreement dated as of August 21, 2000, that certain Waiver and Second Amendment to Term Loan Agreement dated as of January 31, 2001, and that certain Third Amendment to Term Loan Agreement dated as of February 7, 2002 (such Term Loan Agreement, as so modified and amended, herein referred to as the "TERM LOAN AGREEMENT") which Term Loan Agreement has been further modified by that certain letter agreement (the "PRIOR WAIVER LETTER"), dated as of November 6, 2000, and that certain Limited Waiver of Term Loan Agreement dated as of July 20, 2001 (the "JULY WAIVER", and together with the Prior Waiver Letter herein collectively referred to as "EXISTING WAIVERS"). Unless otherwise indicated herein, all terms used with their initial letter capitalized are used herein with their meaning as defined in the Term Loan Agreement, and all Section references are to Sections in the Term Loan Agreement.

B. The Company has requested that the Lenders further modify and amend certain terms and provisions of the Term Loan Agreement.

C. The Lenders are willing to so modify and amend the Term Loan Agreement, as requested, in accordance with the terms and provisions set forth herein and upon the condition that the Company and the Determining Lenders shall have executed and delivered this Amendment and that the Company shall have fully satisfied the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company, Administrative Agent and the Lenders hereby agree, as follows:

PARAGRAPH 1. AMENDMENT OF SECTION 8.7 OF THE TERM LOAN AGREEMENT. Section 8.7 of the Term Loan Agreement is hereby amended by deleting the word "or" at the end of subclause (d) thereof, deleting the period at the end of subclause (e) thereof and inserting "; or" in its place, and inserting the following new subclause (f) immediately following the existing clause (e):

> "(f) Kern River Gas Transmission Company in connection with the transaction with a subsidiary of Berkshire Hathaway, Inc announced by TWC on March

7, 2002, from (1) selling, conveying or otherwise transferring all or substantially all of its assets or (2) merging or consolidating with or into another Person."

PARAGRAPH 2. AMENDMENT EFFECTIVE DATE. This Amendment shall be binding upon all Sparties to the Loan Papers on the last day upon which the following has occurred:

(a) Counterparts of this Amendment shall have been executed and delivered to Administrative Agent by the Company, Administrative Agent, and the Determining Lenders or when Administrative Agent shall have received telecopied, telexed, or other evidence satisfactory to it that all such parties have executed and are delivering to Administrative Agent counterparts thereof.

Upon satisfaction of the foregoing conditions, (i) this Amendment shall be deemed effective on and as of March 11, 2002 (the "AMENDMENT EFFECTIVE DATE").

PARAGRAPH 3. REPRESENTATIONS AND WARRANTIES. As a material inducement to Lenders to execute and deliver this Amendment, the Company hereby represents and warrants to Lenders (with the knowledge and intent that Lenders are relying upon the same in entering into this Amendment) the following: (a) the representations and warranties in the Term Loan Agreement and in all other Loan Papers are true and correct on the date hereof in all material respects, as though made on the date hereof except to the extent such representations and warranties relate to an earlier date and except with respect to Section 7.6 of the Term Loan Agreement as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2001; and (b) no Default or Potential Default exists under the Loan Papers.

PARAGRAPH 4. MISCELLANEOUS.

4.1 EFFECT ON LOAN DOCUMENTS. The Term Loan Agreement and all related Loan Papers shall remain unchanged and in full force and effect, except as provided in this Amendment, and are hereby ratified and confirmed. On and after the Amendment Effective Date, all references to the "TERM LOAN AGREEMENT" shall be to the Term Loan Agreement as herein amended. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any Rights of the Lenders under the Term Loan Agreement or any Loan Papers, nor constitute a waiver under the Term Loan Agreement or any other provision of the Loan Papers.

4.2 REFERENCE TO MISCELLANEOUS PROVISIONS. This Amendment and the other documents delivered pursuant to this Amendment are part of the Loan Papers referred to in the Term Loan Agreement, and the provisions relating to Loan Papers set forth in SECTION 12 are incorporated herein by reference the same as if set forth herein verbatim.

4.3 COSTS AND EXPENSES. The Company agrees to pay promptly the reasonable fees and expenses of counsel to Administrative Agent for services rendered in connection with the preparation, negotiation, reproduction, execution, and delivery of this Amendment.

4.4 COUNTERPARTS. This Amendment may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes, and all of which constitute, collectively, one agreement; but, in making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that all parties execute the same counterpart so long as identical counterparts are executed by the Company, each Determining Lender, and Administrative Agent.

4.5 THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Executed as of the date first above written, but effective as of the Amendment Effective Date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOLLOW]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Address for notices
One Williams Center, Suite 5000
Tulsa, Oklahoma 74172
Attn: Treasurer
Telephone No.: (918) 573-5551
Facsimile No.: (918) 573-2065

THE WILLIAMS COMPANIES, INC.,
a Delaware corporation

By: /s/ James G. Ivey

Name: James G. Ivey

Title: Treasurer

With a copy to:
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attn: Associate General Counsel
Telephone No.: (918) 573-2613
Facsimile No.: (918) 573-4503

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1301 Avenue of the Americas
New York, New York 10019

CREDIT LYONNAIS NEW YORK BRANCH,
as Administrative Agent and as a Lender

By: /s/ Bernard Weymuller

Name: Bernard Weymuller

Title: Senior Vice President

With a copy to:
1000 Louisiana Street, Suite 5360
Houston, Texas 77002
Attention: Mr. Robert LaRocque
Telephone No.: 713-753-8733
Facsimile No.: 713-751-0307

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1230 Peachtree Street, Suite 3500
Atlanta, Georgia 30309
Attn: Brian Campbell
Telephone: (404) 888-6518
Facsimile: (404) 888-6539

COMMERZBANK AG NEW YORK AND GRAND CAYMAN BRANCHES, as Syndication Agent, as a Lender and as a Designating Lender

By: /s/ Harry P. Yergey

Name: Harry P. Yergey

Title: Senior Vice President & Manager

With a copy to:

Holland & Knight
1291 West Peachtree Street, Suite 2000
Atlanta, Georgia 30309
Attn: Ms. Sherie Holmes
Telephone: (404) 898-8197
Facsimile: (404) 881-0470

By: /s/ Brian J. Campbell

Name: Brian J. Campbell

Title: Senior Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

FOUR WINDS FUNDING CORPORATION, as a Designated Lender

By COMMERZBANK AKTIENGESELLCHAFT, as Administrator and Attorney-in-Fact

By: ----------

Name: ----------

Title: ----------

By: ----------

Name: ----------

Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1100 Louisiana Street, Suite 3000
Houston, Texas 77002
Attn: Joe Latanzie
Telephone: (713) 759-3435
Facsimile: (713) 752-2425

THE BANK OF NOVA SCOTIA,
as Documentation Agent and as a Lender

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1020 19th Street, NW, Suite 500
Washington, DC 20036
Attn: David Young
Telephone: (202) 842-7956
Facsimile: (202) 842-7955

ABU DHABI INTERNATIONAL BANK INC.,
as a Lender

By: ----------
Name: ----------
Title: ----------

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

470 Park Avenue South
32nd Street, 15th Floor
New York, New York 10016
Attn: Hussein El-Tawil
Telephone: (212) 251-1245
Facsimile: (212) 679-5910

BANK POLSKA KASA OPIEKI S.A.,
as a Lender

By: /s/ Hussein B. El-Tawil

Name: Hussein B. El-Tawil

Title: Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Strong Capital Management
100 Heritage Reserve
Menomonee Falls, Wisconsin 53201
Attn: Joe Ford
Telephone: (414) 973-5266
Facsimile: (414) 973-5239

STRONG ADVANTAGE FUND, INC.
as a Lender

By: /s/ Gilbert L. Southwell, III

Name: Gilbert L. Southwell, III

Title: Assistant Secretary

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

c/o JP Morgan Chase
4 Chase MetroTech Center
20th Floor (West)
Brooklyn, New York 11245
Attn: Vivian Chen
Telephone: (718) 242-8815
Facsimile: (718) 242-7159

CHANG HWA COMMERCIAL BANK, LTD., NEW YORK BRANCH, as a Lender

By: ----------
Name: ----------
Title: ----------

With a copy to:

c/o JP Morgan Chase
4 Chase MetroTech Center
20th Floor (West)
Brooklyn, New York 11245
Attn: Peter Lieu
Telephone: (718) 242-3688
Facsimile: (718) 242-7159

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

16333 Broadway, 40th Floor
New York, New York 10019
Attn: Maureen Carson
Telephone: (212) 649-0325
Facsimile: (212) 541-4822

THE DAI-ICHI KANGYO BANK, LTD., as a Lender

By: ----------
Name: ----------
Title: ----------

With a copy to:

16333 Broadway, 40th Floor
New York, New York 10019
Attn: Bert Tang
Telephone: (212) 432-8839
Facsimile: (212) 541-4805

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

76 Madison Avenue, 12th Floor
New York, New York 10016
Attn: Max Kwok
Telephone: (212) 684-9248
Facsimile: (212) 684-9315

FIRST COMMERCIAL BANK - NEW YORK AGENCY, as a Lender

By: ----------

Name: ----------

Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

380 Madison Avenue, 21st Floor
New York, New York 10017
Attn: Bill Shepard
Telephone: (212) 922-2323
Facsimile: (212) 922-2309

GULF INTERNATIONAL BANK,
as a Lender

By: ----------
Name: ----------
Title: ----------

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT
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Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

200 Madison Avenue, Suite 20007
New York, New York 10016
Attn: Frank Tang
Telephone: (646) 435-1881
Facsimile: (212) 417-9341

HUA NAN COMMERCIAL BANK, LTD.,
as a Lender

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

150 East 42nd Street, 29th Floor
New York, New York 10017
Attn: Steve Atwell
Telephone: (212) 672-5458
Facsimile: (212) 672-5530

BAYERISCHE HYPO-UND
VEREINSBANK AG, NEW YORK
BRANCH, as a Lender

By: /s/ Steven Atwell

Name: Steven Atwell

Title: Director

By: /s/ Shannon Batchman

Name: Shannon Batchman

Title: Director

[SIGNATURE PAGE TO FOURTH AMENDMENT
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245 Peachtree Center Avenue, Suite 2550
Atlanta, Georgia 30303
Attn: Filip Ferrante
Telephone: (404) 584-5466
Facsimile: (404) 584-5465

KBC BANK N.V., as a Lender

By: /s/ Jean-Pierre Diels

Name: Jean-Pierre Diels

Title: First Vice President

By: /s/ Eric Raskin

Name: Eric Raskin

Title: Vice President

With a copy to:

125 West 55th Street
New York, New York 10019
Attn: Diane Grimmig
Telephone: (212) 541-0707
Facsimile: (212) 541-0784

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Grosse Bleiche 54-56
Mainz, Germany 55098
Attn: wolf-Rudiger Stahl
Telephone: (011) 49-61-31-1332747
Facsimile: (011) 49-61-31-1322684

LANDESBANK RHEINLAND-PFALZ,
GIROZENTRALE,
as a Lender

By: /s/ Wolf-Rudiger Stahl

Name: Wolf-Rudiger Stahl

Title: Senior Vice President

By: /s/ Beatrix Eberz

Name: Beatrix Eberz

Title: Assistant Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Ursulinenstra(beta)e 2
66111 Saarbrucken, Germany
Attn: Rolf Buchholz
Telephone: (011) 49-681-383-1304
Facsimile: (011) 49-681-383-1208

LANDESBANK SAAR GIROZENTRALE,
as a Lender

By: /s/ Reiner Montag

Name: Reiner Montag

Title: Senior Vice President

By: /s/ Ulrich Hildebrandt

Name: Ulrich Hildebrandt

Title: Senior Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

Martensdamm 6
Kiel, Germany 24103
Attn: Kerstin Spaeter
Telephone: (011) 49-431-900-2765
Facsimile: (011) 49-431-900-1794

LANDESBANK SCHLESWIG-HOLSTEIN
GIROZENTRALE, as a Lender

By: ----------
Name: ----------
Title: ----------

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT
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Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

811 Wilshire Boulevard, Suite 1900
Los Angeles, California 90017
Attn: Jonathan Kuo
Telephone: (213) 532-3789
Facsimile: (213) 532-3766

LAND BANK OF TAIWAN, LOS ANGELES BRANCH, as a Lender

By: ----------
Name: ----------
Title: ----------

[SIGNATURE PAGE TO FOURTH AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

2250 East 73rd Street, Suite 200
Tulsa, Oklahoma 74136
Attn: Elisabeth Blue
Telephone: (918) 497-2422
Facsimile: (918) 497-2497

LOCAL OKLAHOMA BANK, N.A.,
as a Lender

By: /s/ James N. Young, Jr.

Name: James N. Young, Jr.

Title: Executive Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT
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Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

299 Park Avenue, 17th Floor
New York, New York 10171
Attn: Wendy Wanninger
Telephone: (212) 303-9807
Facsimile: (212) 888-2958

NATIONAL BANK OF KUWAIT, S.A.K.,
GRAND CAYMAN BRANCH, as a Lender

By: /s/ Robert J. McNeill

Name: Robert J. McNeill

Title: Executive Manager

By: /s/ Muhannad Kamal

Name: Muhannad Kamal

Title: General Manager

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1200 Smith Street, Suite 3100
Houston, Texas 77002
Attn: Mark Cox
Telephone: (713) 982-1152
Facsimile: (713) 859-6915

BNP PARIBAS, as a Lender

By: ----------

Name: ----------

Title: ----------

With a copy to:

1200 Smith Street, Suite 3100
Houston, Texas 77002
Attn: David Dodd
Telephone: (713) 982-1156
Facsimile: (713) 859-6915

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

135 Bishopsgate
London, England EC2M 3UR
Attn: Jane Woodley
Telephone: (011) 44-207-375-5724
Facsimile: (011) 44-207-375-5919

THE ROYAL BANK OF SCOTLAND PLC,
as a Lender

By: /s/ Jane M. Woodley

Name: Jane M. Woodley

Title: Associate Director

With a copy to:

JP Morgan Chase Towers
600 Travis, Suite 6070
Houston, Texas 77002
Attn: Adam Pettifer
Telephone: (713) 221-2416
Facsimile: (713) 221-2430

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

277 Park Avenue, 6th Floor
New York, New York 10172
Attn: Bruce Meredith
Telephone: (212) 224-4194
Facsimile: (212) 224-4384

SUMITOMO MITSUI BANKNG CORPORATION, as a Lender

By: /s/ Leo E. Pagarigan

Name: Leo E. Pagarigan

Title: Vice President

With a copy to:

277 Park Avenue, 6th Floor
New York, New York 10172
Attn: Kenneth Austin
Telephone: (212) 224-4043
Facsimile: (212) 224-4384

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

1221 McKinney Street, Suite 4100
Houston, Texas 77010
Attn: Lynn Williford
Telephone: (713) 651-9444 x104
Facsimile: (713) 651-9209

THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH, as a Lender

By: /s/ Michael N. Oakes

Name: Michael N. Oakes

Title: Senior Vice President, Houston Office

[SIGNATURE PAGE TO FOURTH AMENDMENT TO TERM LOAN AGREEMENT]

Signature Page to that certain Fourth Amendment to Term Loan Agreement dated effective as of March 11, 2002, among The Williams Companies, Inc., as the Company, Credit Lyonnais New York Branch, as Administrative Agent and as a Lender, and certain Lenders named therein.

55 East 52nd Street, 11th Floor
New York, New York 10055
Attn: Ryoichi Konishi
Telephone: (212) 339-6172
Facsimile: (212) 754-2360

UNITED FINANCIAL OF JAPAN, as a Lender

By: /s/ C. Lawrence Murphy

Name: C. Lawrence Murphy

Title: Senior Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT
TO TERM LOAN AGREEMENT]

EXHIBIT 10.4

FIRST SUPPLEMENTAL INDENTURE

dated as of March 5, 2002

among

WCG NOTE TRUST,
Issuer,

WCG NOTE CORP., INC.,
Co-Issuer

and

THE BANK OF NEW YORK,
Indenture Trustee and Securities Intermediary

8.25% Senior Secured Notes due 2004

This FIRST SUPPLEMENTAL INDENTURE, dated as of March 5, 2002 (this "First Supplemental Indenture"), is among WCG NOTE TRUST, a special purpose statutory business trust created under the law of the State of Delaware (the "Issuer"), WCG NOTE CORP., INC., a special purpose corporation organized under the law of the State of Delaware (the "Co-Issuer" and, together with the Issuer, the "Issuers"), and THE BANK OF NEW YORK, a New York banking corporation duly organized and existing under the law of the State of New York (as successor-in-interest to United States Trust Company of New York) (in its capacity as Indenture Trustee, together with its successors in such capacity, the "Indenture Trustee" and, in its capacity as securities intermediary, together with its successors in such capacity, the "Securities Intermediary").

WITNESSETH:

WHEREAS, the Issuers and the Indenture Trustee and Securities Intermediary have entered into an Indenture, dated as of March 28, 2001 (as amended, supplemented or otherwise modified and in effect from time to time, the "Indenture"), providing for the creation, execution, authentication and delivery of certain Senior Notes of the Issuers;

WHEREAS, the Issuers desire to supplement and amend the Indenture by modifying and deleting certain provisions thereof and by adding certain provisions thereto (collectively, the "Amendments");

WHEREAS, the Issuers have obtained the consent of the Majority Noteholders to the Amendments in accordance with Section 12.02 and Article XIII of the Indenture; and

WHEREAS, (i) the Issuers have requested that the Indenture Trustee execute and deliver this First Supplemental Indenture pursuant to Section 12.02 of the Indenture, (ii) all requirements necessary to make this First Supplemental Indenture a valid instrument in accordance with its terms, including the filing with the Indenture Trustee of evidence of the consent of the Majority Noteholders, have been performed, and (iii) the execution and delivery of this First Supplemental Indenture have been duly authorized in all respects;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuers and the Indenture Trustee, for the benefit of the Noteholders, hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless otherwise defined herein or unless the context shall otherwise require, capitalized terms used in this First Supplemental Indenture shall have the meanings assigned to such terms in, or incorporated by reference into, the Indenture. For all purposes of this First Supplemental Indenture, "Effective Date" shall mean the first day on which each of the Issuer, the Co-Issuer, the Indenture Trustee and Williams receives executed counterparts of this First Supplemental Indenture.

ARTICLE II

AMENDMENTS

SECTION 2.01. Amendments to the Indenture. The Indenture is hereby amended, effective on the Effective Date, as follows:

(a) The definition of "Qualified Equity Proceeds" in Section 1.01 of the Indenture is hereby amended to read as follows:

> ""Qualified Equity Proceeds" means amounts equivalent to the sum of (x) the proceeds of (i) sales of mandatorily convertible preferred (as to which the conversion must occur within three years of its issuance) or common equity securities of Williams, (ii) conversion by its terms of convertible debt or non-mandatorily convertible preferred stock into common equity securities of Williams, (iii) sales by Williams of its equity interests in WCG (or any of WCG's Subsidiaries), (iv) the liquidation by Williams of securities or assets received by Williams in exchange for its equity interests in WCG and (v) sales or dispositions of assets of Williams or its Subsidiaries for cash up to the amount of equity that has been issued by Williams in one or more consolidations, acquisitions, mergers or other similar transactions, in each case, occurring after the

Closing Date and (y) all other amounts determined by Williams in its sole and absolute discretion to be appropriate, regardless of the source."

(b) The definition of "Semi-Annual Cash Flow" in Section 1.01 of the Indenture is hereby amended to read as follows:

""Semi-Annual Cash Flow" has the meaning assigned to such term in Section 5.02(c)."

(c) The definition of "Stock Price/Credit Downgrade Trigger" in Section 1.01 of the Indenture is hereby deleted.

(d) The definition of "Transaction Documents" set forth in Annex A to the Participation Agreement and incorporated by reference in Section 1.01 of the Indenture is hereby amended for purposes of the Indenture by inserting the phrase ", the Williams Payment Agreement" immediately after the phrase "the WCG Note Reset Remarketing Agreement."

(e) The definition of "Trigger Event" in Section 1.01 of the Indenture is hereby amended to read as follows:

""Trigger Event" means the occurrence of (a) the Acceleration Trigger or (b) the Maturity Trigger."

(f) A new definition, "Repayment Obligations," is hereby added to Section 1.01 of the Indenture, in the appropriate alphabetical sequence, to read as follows:

""Repayment Obligations" has the meaning assigned to such term in Section 2 of the Williams Payment Agreement."

(g) The definition of "Williams Event" in Section 1.01 of the Indenture is hereby amended to read as follows:

""Williams Event" means the occurrence of any event described in Sections 9.01(c) through (i), (k) and (m) with respect to Williams or the Share Trust."

(h) A new definition, "Williams Payment Agreement," is hereby added to Section 1.01 of the Indenture, in the appropriate alphabetical sequence, to read as follows:

> ""Williams Payment Agreement" means the Payment Agreement, dated as of March 5, 2002, between Williams and the Issuer."

(i) Section 3.01 of the Indenture is hereby amended by inserting the phrase "and the payment of the Issuer's Repayment Obligations to Williams under the Williams Payment Agreement" immediately after the phrase "Remarketing and Support Agreement" in the first sentence thereof.

(j) Section 3.01 of the Indenture is hereby further amended by (i) redesignating paragraph (c) as paragraph (d), (ii) redesignating paragraph (d) as paragraph (e) and (iii) adding a new paragraph (c) as follows:

> "(c) the Williams Payment Agreement and all of the rights of the Issuer and the Indenture Trustee under the Williams Payment Agreement;"

(k) Section 3.02(b) of the Indenture is hereby amended by adding the following at the end thereof:

> "and the Issuer's Repayment Obligations to Williams pursuant to Section 2 of the Williams Payment Agreement."

(l) Section 5.02 of the Indenture is hereby amended by (i) deleting the parenthetical phrase contained in paragraph (b) thereof and (ii) adding a new paragraph (c) as follows:

> "(c) The Issuer shall deposit or cause to be deposited into the Indenture Interest Account all payments made by Williams in accordance with the Williams Payment Agreement (such amounts deposited in respect of clauses (a), (b) and (c) collectively, the "Semi-Annual Cash Flow").

(m) Section 5.03 of the Indenture is hereby amended to read as follows:

"Section 5.03. Indenture Redemption Account. The Issuer shall deposit or cause to be deposited into the Indenture Redemption Account (a) all payments from WCG in respect of any prepayment of the WCG Note, in whole or in part, (b) all payments made by Williams in accordance with the Williams Payment Agreement, (c) proceeds from a Reset Sale in accordance with Section 9.04(i)(i) and (d) proceeds from a sale of the WCG Note in accordance with Sections 9.04(i)(ii), (iii) or (iv); provided that any such amounts that are not specified in a notice to the Indenture Trustee to fund an Early Redemption shall be invested in accordance with Section 5.01(g) in Financial Investments maturing no later than the Maturity Date; provided further that if, following the payment in full of the Secured Obligations, amounts are subsequently deposited into the Indenture Redemption Account, then by 9:00 a.m. the Business Day after such amounts are deposited into the Indenture Redemption Account, the Indenture Trustee shall direct the Securities Intermediary to withdraw the Amount Available from the Indenture Redemption Account and pay such amount to the Issuer."

(n) Section 5.05(a)(iii) of the Indenture is hereby amended to read as follows:

"(iii) (A) If Williams shall have exercised the Liquidity Option pursuant to the Liquidity Agreement or made any payment pursuant to Section 1(a)(i) of the Williams Payment Agreement and the Noteholders have received the Senior Note Interest Amount pursuant to Section 5.05(b)(ii) and (B) WCG subsequently deposits money in respect of interest on the WCG Note with the Indenture Trustee, by 9:00 a.m. the Business Day after any such deposit by WCG, the Indenture Trustee shall direct the Securities Intermediary to withdraw the Amount Available from the Indenture Interest Account and pay such amount to Williams as payment of the Liquidity Reimbursement Obligations or the Repayment Obligations, as the case may be."

(o) Priority third of Section 5.05(b)(ii) of the Indenture is hereby amended to read as follows:

"third, (i) any amounts remaining in the Share Trust Proceeds Account and the Indenture Redemption Account to be invested in accordance with Section 5.01(g) and (ii) any amounts remaining in the Indenture Interest Account to be paid (A) first to Williams in an amount up to

the aggregate amount of the Liquidity Reimbursement Obligations and the Repayment Obligations and (B) second to the Issuer to be applied in accordance with the Issuer Trust Agreement."

(p) Priority fourth of Section 5.05(c) of the Indenture is hereby amended to read as follows:

"fourth, to the extent that (i) Williams has exercised the Liquidity Option in accordance with the Liquidity Agreement, (ii) Williams has exercised the Share Trust Release Option in accordance with Section 7(d) of the Remarketing and Support Agreement or (iii) Williams has made any payment in accordance with Section 1 of the Williams Payment Agreement, from any amounts remaining in the Indenture Accounts, to Williams in an amount up to the amount of the Issuer's Reimbursement Obligations and Repayment Obligations to Williams; and"

(q) Priority third of Section 5.05(d) of the Indenture is hereby amended to read as follows:

"third, to the extent that (i) Williams has exercised the Liquidity Option, (ii) Williams has exercised the Share Trust Release Option, (iii) Williams has made any payment in accordance with Section 1 of the Williams Payment Agreement or (iv) the Indenture Trustee has received any payments in respect of the Share Trust Remedy pursuant to Sections 7(a) or 8(g) or 8(h) of the Remarketing and Support Agreement, from any amounts remaining in the Indenture Accounts, to Williams in an amount up to the amount of the Issuer's Reimbursement Obligations and Repayment Obligations to Williams; and"

(r) Priority third of Section 5.05(e) of the Indenture is hereby amended to read as follows:

"third, with respect to an Early Redemption in whole only, to the extent that (i) Williams has exercised the Liquidity Option or (ii) Williams has made any payment in accordance with Section 1 of the Williams Payment Agreement, any amounts remaining in the Indenture Interest Account and the Indenture Redemption Account, to Williams in an amount up to the amount of the Issuer's Reimbursement Obligations and Repayment Obligations;"

(s) Section 5.05 of the Indenture is hereby further amended by redesignating paragraph (i) as paragraph (j) and adding a new paragraph (i) as follows:

"(i) If the Indenture Trustee shall not have received any payment due and payable under the Williams Payment Agreement by the Business Day such payment became due and payable, the Indenture Trustee shall promptly, but in any event within two Business Days, demand such payment from Williams."

(t) Section 9.01(h) of the Indenture is hereby amended to read as follows:

"(h) the commencement of any voluntary or involuntary proceeding under any bankruptcy or insolvency law seeking liquidation, reorganization or other relief with respect to any of the Issuer, Williams or the Share Trust, and, in the case of any such involuntary proceeding with respect to Williams, such proceeding has not been terminated within 60 days after commencement;"

(u) Section 9.01(k) of the Indenture is hereby amended by deleting the phrase "; and" at the end thereof and substituting, in lieu thereof, the following:

", except, in the case of the Co-Issuer, WCG or WCL, to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law);"

(v) Section 9.01(l) of the Indenture is hereby amended by (i) deleting the term "Issuers" contained therein and substituting, in lieu thereof, the term "Issuer" and (ii) inserting the word "and" at the end thereof.

(w) Section 9.01 of the Indenture is hereby further amended by adding a new paragraph (m) as follows:

"(m) the failure by Williams to make (or cause to be made on its behalf) any payment when due and payable under the Williams Payment Agreement;"

(x) Section 9.04(b)(ii) of the Indenture is hereby amended by deleting the phrase "or a Stock Price/Credit Downgrade Trigger" contained therein.

(y) Section 9.04(b) of the Indenture is hereby further amended by adding a new paragraph (iv) as follows:

"(iv) Notwithstanding the foregoing, upon the occurrence of a Williams Event resulting from an Event of Default under Section 9.01(m), the Share Trust Remedy Standstill Period shall not affect in any way the rights and obligations set forth in the Williams Payment Agreement or the ability of the Indenture Trustee to immediately enforce the same."

(z) Section 10.02 of the Indenture is hereby amended by inserting the phrase "and Repayment Obligations" immediately after the phrase "Issuer's Reimbursement Obligations" in the first sentence thereof.

(aa) Section 15.01(a) of the Indenture is hereby amended by deleting the proviso thereto and substituting, in lieu thereof, the following:

"provided that if an Acceleration Trigger subsequently occurs, the Senior Notes shall be subject to a Mandatory Redemption pursuant to Section 15.01(c)."

(bb) Section 15.01(b) of the Indenture is hereby amended to read as follows:

"(b) [RESERVED]."

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent. The obligations of each of the parties hereto under this First Supplemental Indenture shall be subject to

the satisfaction (or waiver by such party) on or prior to the Effective Date of the following conditions precedent:

(a) Documents. This First Supplemental Indenture and the Williams Payment Agreement shall be reasonably satisfactory to such party and shall, upon execution and delivery thereof, be in full force and effect.

(b) Authorization, Execution and Delivery of Agreements. This First Supplemental Indenture, the First Supplemental Indenture, dated as of March 5, 2002, to the Indenture (the "WCG Note Indenture") governing the 8.25% Senior Reset Notes due 2008 between Williams Communications Group, Inc. and The Bank of New York (as successor-in-interest to United States Trust Company of New York), as trustee (the "WCG Supplemental Indenture"), and the Williams Payment Agreement shall have been duly authorized, executed and available for delivery by each of the parties thereto (other than such party).

(c) Collateral. All actions necessary, in the reasonable opinion of such party (other than the Indenture Trustee), in order to effectively establish and create a first priority lien on and perfected security interest in the Williams Payment Agreement and all of the rights of the Issuer under the Williams Payment Agreement in favor of the Indenture Trustee, subject only to Permitted Liens, shall have been duly taken (or provisions therefor shall have been made), including, without limitation, the making of all conveyances, registrations and filings.

(d) Opinions. Opinions addressed to Salomon Smith Barney Inc., as solicitation agent, and the Indenture Trustee dated the Effective Date of the following counsel shall have been delivered to the applicable addressees, each such opinion to be reasonably satisfactory to the recipients and their counsel:

(i) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to Williams;

(ii) William G. von Glahn, Esq., internal counsel of Williams; and

(iii) Counsel for the Issuers.

(e) Certificates. (i) On the Effective Date, each Issuer and Williams shall have delivered to the Indenture Trustee a certificate of each other party dated the Effective Date, in form and substance reasonably satisfactory to the Indenture Trustee, certifying (A) as to the facts and circumstances applicable to the certifying party set forth in Section 3.01(f) hereof, (B) that each of this First Supplemental Indenture and/or the Williams Payment Agreement, as the case may be, has been duly authorized, executed and delivered by such certifying party and is in full force and effect and (C) that such certifying party has satisfied all conditions precedent (other than conditions precedent that have been waived) contained in this Section 3.01 required to be satisfied by it on or prior to the Effective Date.

(ii) On the Effective Date, each Issuer and Williams shall have delivered to the Indenture Trustee a certificate dated the Effective Date, in form and substance reasonably satisfactory to the Indenture Trustee, attaching and certifying (A) the completeness of the certifying party's organizational documents, (B) the resolutions of the certifying party's board of directors or other governing body, if applicable, duly authorizing the certifying party's execution, delivery and performance of this First Supplemental Indenture and/or the Williams Payment Agreement, as the case may be, and that such resolutions have not been rescinded, amended or modified, and (C) the incumbency and signatures of the persons authorized to execute and deliver this First Supplemental Indenture and/or the Williams Payment Agreement, as the case may be.

(f) Certain Facts and Circumstances. (i) No condition, event or act that with the giving of notice and/or the lapse of time and/or any determination or certification would constitute a Trigger Event (as such term is amended by this First Supplemental Indenture) or an Event of Default (as such term is amended by this First Supplemental Indenture) shall have occurred and be continuing on the Effective Date.

(ii) No change in the financial or other condition of Williams shall have occurred that would reasonably be expected to result in a Williams Material Adverse Effect, and no other act, event or circumstance shall have occurred that has had or could reasonably be expected to result in a Williams Material Adverse Effect.

(iii) There shall be no actions, suits, investigations or proceedings at law or in equity by or before any Governmental Authority

pending or, to the actual knowledge of Williams, threatened, and there shall not have been issued or, to the actual knowledge of Williams, proposed to be issued any orders, judgments or decrees by any Governmental Authority to set aside, restrain, enjoin or prevent (x) the performance of any of the Transaction Documents or (y) the execution, delivery or performance of this First Supplemental Indenture or the Williams Payment Agreement or the consummation of the transactions contemplated hereby and thereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties. (i)Williams represents and warrants to the other parties to this Agreement that each of the representations and warranties of Williams set forth in Sections 4.1 and 4.4 of the Participation Agreement, which representations and warranties are incorporated herein by reference, shall be true and correct on and as of the Effective Date in all material respects as if made on and as of such date (or, if stated to have been made solely as of an earlier date, were true and correct in all material respects as of such date), provided, however, that (i) any reference to "Event of Default" or "Trigger Event" in such representations and warranties shall refer to the definitions of "Event of Default" or "Trigger Event," as the case may be, as amended by this First Supplemental Indenture, (ii) any reference to "Transaction Documents" in such representations and warranties shall include the Williams Payment Agreement, the Indenture, as amended by this First Supplemental Indenture, and the WCG Note Indenture, as amended by the WCG Supplemental Indenture, and (iii) any reference to "incorporated by reference in the Offering Memorandum" in such representations and warranties shall include all documents filed by either Williams or WCG pursuant to Sections 13, 14 or 15(d) of the Exchange Act after the date of the Offering Memorandum and prior to the date hereof and all other information as to which public disclosure has been made.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Ratification of Indenture. The Indenture, as supplemented by this First Supplemental Indenture, is in all respects ratified and confirmed, and this First Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

SECTION 5.02. Severability of Provisions. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. To the extent permitted by Applicable Law, the Issuers and the Indenture Trustee hereby agree that any provision hereof that renders any other term or provision hereof invalid or unenforceable in any respect shall be modified but only to the extent necessary to avoid rendering such other term or provision invalid or unenforceable, and such modification shall be accomplished in the manner that most nearly preserves the benefit of the Issuers' and the Indenture Trustee's bargain hereunder.

SECTION 5.03. Effect of Headings. The heading of the Articles, Sections, subsections, clauses and paragraphs hereof are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture.

SECTION 5.04. Counterparts. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but all such counterparts shall together constitute but one and the same instrument.

SECTION 5.05. Governing Law. THE RIGHTS AND OBLIGATIONS OF EACH OF THE PARTIES UNDER THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 5.06. Benefit of Agreement. This First Supplemental Indenture is for the sole benefit of the Issuer, the Co-Issuer, the Indenture Trustee and the Noteholders and Williams, as an express third-party beneficiary, and their respective successors and assigns and is not for the benefit of any other Person. This First Supplemental Indenture may not be amended or supplemented without the consent of Williams, as express third-party beneficiary.

SECTION 5.07. Limitation on Liability. It is expressly understood and agreed by the parties hereto with respect to the Issuer that (a) this First Supplemental Indenture is executed and delivered by Wilmington Trust Company, not individually or personally, but solely as Issuer Trustee, in the exercise of the powers and authority conferred and vested in it under the Issuer Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertaking and agreements by Wilmington Trust Company, but is made and intended for the purposes of binding only the Issuer and (c) under no circumstances shall Wilmington Trust Company be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this First Supplemental Indenture or the other Transaction Documents; provided that this Section 5.07 shall not limit any liability expressly assumed by Wilmington Trust Company under the Issuer Trust Agreement (including Section 7.05 thereof).

IN WITNESS WHEREOF, the undersigned have caused this First Supplemental Indenture to be duly executed as of this 5th day of March, 2002, by their respective representatives hereunto duly authorized.

WCG NOTE TRUST, as Issuer

By: Wilmington Trust Company, not in its individual capacity, but solely as Issuer Trustee

By: /s/ JAMES A. HANLEY

Name: James A. Hanley
Title: Financial Services Officer

WCG NOTE CORP., INC., as Co-Issuer

By: /s/ HOWARD S. KALIKA

Name: Howard S. Kalika
Title: Senior Vice President

THE BANK OF NEW YORK,
as Indenture Trustee

By: /s/ LOUIS P. YOUNG

Name: Louis P. Young
Title: Authorized Signer

THE BANK OF NEW YORK, as Securities Intermediary for purposes of Section 5.01, Section 5.02, Section 5.03, Section 5.04 and Section 5.05 of the Indenture only

By: /s/ LOUIS P. YOUNG

Name: Louis P. Young
Title: Authorized Signer

Accepted and agreed pursuant to
Section 16.09 of the Indenture:

THE WILLIAMS COMPANIES, INC.

By: /s/ James G. Ivey

Name: James G. Ivey
Title: Treasurer

EXHIBIT 12

The Williams Companies, Inc. and Subsidiaries
Computation of Ratio of Earnings to Combined Fixed Charges
and Preferred Stock Dividend Requirements
(Dollars in millions)

	Three months ended March 31, 2002
Earnings:	
Income from continuing operations before income taxes	$ 210.3
Add:	
Interest expense - net	211.7
Rental expense representative of interest factor	7.9
Preferred returns and minority interest in income of consolidated subsidiaries	15.2
Interest accrued - 50% owned company	1.4
Equity losses in less than 50% owned companies	10.1
Other	3.0
Total earnings as adjusted plus fixed charges	$ 459.6
Fixed charges and preferred stock dividend requirements:	
Interest expense - net	$ 211.7
Capitalized interest	5.7
Rental expense representative of interest factor	7.9
Pre-tax effect of preferred stock dividend requirements of the Company	.5
Pre-tax effect of preferred returns of subsidiaries	7.5
Interest accrued - 50% owned company	1.4
Combined fixed charges and preferred stock dividend requirements	$ 234.7
Ratio of earnings to combined fixed charges and preferred stock dividend requirements	1.96