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

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**FORM S-8**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**THE WILLIAMS COMPANIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**73-0569878**  
(I.R.S. Employer  
Identification Number)

**One Williams Center  
Tulsa, Oklahoma 74172**  
(Address of Principal Executive Offices)

**The Williams Companies, Inc. 2007 Employee Stock Purchase Plan  
The Williams Companies, Inc. 2007 Incentive Plan**  
(Full Title of the Plans)

**James J. Bender**  
**The Williams Companies, Inc.**  
**One Williams Center**  
**Tulsa, Oklahoma 74172**  
(Name and address of agent for service)  
**(918) 573-2000**  
(Telephone number, including area code, of agent for service)

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**CALCULATION OF REGISTRATION FEE**

<b>Title of Securities to be Registered (1)</b>	<b>Amount to be Registered (2)</b>	<b>Proposed Maximum Offering Price Per Share (3)</b>	<b>Proposed Maximum Aggregate Offering Price (3)</b>	<b>Amount of Registration Fee</b>
2007 Employee Stock Purchase Plan, common stock, par value \$1.00 per share	2,000,000	\$ 24.72(4)	\$ 49,440,000(4)	\$ 1,517.81
2007 Incentive Plan, common stock, par value \$1.00 per share	19,000,000	\$ 29.08	\$ 552,520,000	\$ 16,962.36
<b>Total</b>	<b>21,000,000</b>	<b>\$ 28.66</b>	<b>\$ 601,960,000</b>	<b>\$ 18,480.17</b>

- (1) In addition to the number of shares of common stock of the Registrant set forth in the above table, this Registration Statement covers an indeterminate number of options and other rights to acquire common stock of the Registrant, to be granted pursuant to the employee benefit plans described herein.
  - (2) Pursuant to Rule 416(a), this registration statement shall also cover any additional common stock of the Registrant that may be offered or issued in connection with any stock split, stock dividend or similar transaction effected without the receipt of consideration, which results in an increase in the number of the outstanding shares of the Registrant's common stock.
  - (3) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(c) and 457(h) under the Securities Act of 1933, as amended. The price per share and aggregate offering price are based upon the average of the high and low prices per share of Registrant's common stock on May 9, 2007 as reported on the New York Stock Exchange.
  - (4) The Williams Companies, Inc. 2007 Employee Stock Purchase Plan established a purchase price equal to 85% of the fair market value of the Registrant's common stock, and, therefore, for registration purposes, the price for the shares of Registrant's common stock under this plan is based on 85% of the high (\$29.50) and low (\$28.66) price per share of the Registrant's common stock on May 9, 2007 as reported on the New York Stock Exchange.
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## INTRODUCTION

This Registration Statement on Form S-8 is filed by The Williams Companies, Inc., a Delaware corporation (the "Registrant"), relating to 2,000,000 shares of the Registrant's common stock, par value \$1.00 per share (the "Common Stock"), which may be issued to eligible employees in accordance with the terms of the Registrant's 2007 Employee Stock Purchase Plan (the "2007 ESP Plan") and relating to 19,000,000 shares of Common Stock, which may be issued to eligible employees in accordance with the terms of the Registrant's 2007 Incentive Plan (the "2007 Incentive Plan").

### PART I

#### INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 will be sent or given to employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not being filed with the Securities and Exchange Commission (the "SEC") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 of the Securities Act. Such documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

### PART II

#### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

##### Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are hereby incorporated by reference in this Registration Statement:

- (1) Registrant's latest annual report on Form 10-K filed pursuant to Section 13(a) or 15(d) of the Exchange Act for the fiscal year ended December 31, 2006, as filed with the SEC on February 28, 2007;
- (2) Registrant's quarterly report on Form 10-Q filed pursuant to Section 13(a) or 15(d) of the Exchange Act for the quarter ended March 31, 2007, as filed with the SEC on May 3, 2007;
- (3) Registrant's current reports on Form 8-K filed with the SEC since the end of the fiscal year covered by the annual report on Form 10-K referred to in (1) above;
- (4) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the annual report on Form 10-K referred to in (1) above.
- (5) The description of Registrant's Common Stock contained in Registrant's registration statement on Form S-3 filed pursuant to the Exchange Act, as filed with the SEC on May 19, 2006, including any amendments or reports filed for the purpose of updating that description; and

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All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this Registration Statement and prior to the filing of a post-effective amendment hereto, which indicates that all securities offered hereunder have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents.

Any document and any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated herein by reference modifies or supersedes such statement or such document. Any such statement or document so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement. Subject to the foregoing, all information appearing in this Registration Statement is so qualified in its entirety by the information appearing in the documents incorporated herein by reference.

### **Item 4. Description of Securities.**

Not applicable.

### **Item 5. Interests of Named Experts and Counsel.**

Not applicable.

### **Item 6. Indemnification of Directors and Officers.**

The Registrant, a Delaware corporation, is empowered by Section 145 of the General Corporation Law of the State of Delaware, subject to the procedures and limitations stated therein, to indemnify any person against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by them in connection with any threatened, pending, or completed action, suit, or proceeding in which such person is made party by reason of their being or having been a director, officer, employee, or agent of the Registrant. The statute provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise.

The By-laws of the Registrant provide for indemnification by the Registrant of its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware. In addition, the Registrant has entered into indemnity agreements with its directors and certain officers providing for, among other things, the indemnification of and the advancing of expenses to such individuals to the fullest extent permitted by law, and to the extent insurance is maintained, for the continued coverage of such individuals.

Policies of insurance are maintained by the Registrant under which the directors and officers of the Registrant are insured, within the limits and subject to the limitations of the policies, against certain expenses in connection with the defense of actions, suits, or proceedings, and certain liabilities which might be imposed as a result of such actions, suits or proceedings, to which they are parties by reason of being or having been such directors or officers.

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**Item 7. Exemption from Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

See Exhibit Index.

**Item 9. Undertakings.**

A The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement.

*Provided, however,* that paragraphs (1)(i) and (1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on this 15th day of May, 2007.

**THE WILLIAMS COMPANIES, INC.**

By: /s/ Brian K. Shore  
Brian K. Shore  
Corporate Secretary

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*</u> Steven J. Malcolm	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	May 15, 2007
<u>*</u> Donald R. Chappel	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	May 15, 2007
<u>*</u> Ted T. Timmermans	Controller (Principal Accounting Officer)	May 15, 2007
<u>*</u> Kathleen B. Cooper	Director	May 15, 2007
<u>*</u> Irl F. Engelhardt	Director	May 15, 2007
<u>*</u> William R. Granberry	Director	May 15, 2007
<u>*</u> William E. Green	Director	May 15, 2007
<u>*</u> Juanita H. Hinshaw	Director	May 15, 2007

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
* W.R. Howell	Director	May 15, 2007
* Charles M. Lillis	Director	May 15, 2007
* George A. Lorch	Director	May 15, 2007
* William G. Lowrie	Director	May 15, 2007
* Frank T. MacInnis	Director	May 15, 2007
* Janice D. Stoney	Director	May 15, 2007

\*By: /s/ Brian K. Shore  
Brian K. Shore  
Attorney-in-Fact



**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
4.1*	Restated Certificate of Incorporation, as supplemented (filed as Exhibit 3.1 to Form 10-K filed with the SEC on March 11, 2005)
4.2*	Restated Bylaws (filed as Exhibit 3.2 to Form 8-K filed with the SEC on January 31, 2007)
4.3*	The Williams Companies, Inc. 2007 Employee Stock Purchase Plan (filed as Appendix D to the Definitive Proxy Statement filed with the SEC on April 10, 2007)
4.4*	The Williams Companies, Inc. 2007 Incentive Plan (filed as Appendix C to the Definitive Proxy Statement filed with the SEC on April 10, 2007)
4.5*	Amended and Restated Rights Agreement dated September 21, 2004 by and between The Williams Companies, Inc. and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to Form 8-K filed with the SEC on September 21, 2004)
4.6**	Form of Restricted Stock Unit Agreement
4.7**	Form of Performance-Based Restricted Stock Unit Agreement
4.8**	Form of Stock Option Agreement
4.9**	Form of Non-management Director Restricted Stock Unit Agreement
5.1**	Opinion and Consent of James J. Bender, Esq.
23.1**	Consent of Independent Registered Public Accounting Firm – Ernst & Young LLP
23.2**	Consent of James J. Bender, Esq. (contained in Exhibit 5.1)
24.1**	Power of Attorney (The Williams Companies, Inc. 2007 Employee Stock Purchase Plan)
24.2**	Power of Attorney (The Williams Companies, Inc. 2007 Incentive Plan)

\* Incorporated herein by reference.

\*\* Filed herewith.

**FORM OF RESTRICTED STOCK UNIT AGREEMENT**

**TO:** \_\_\_\_\_

**FROM:** Steven J. Malcolm

**SUBJECT:** 2007 Restricted Stock Unit Award

You have been selected to receive a restricted stock unit award. This award, which is subject to adjustment under the 2007 Restricted Stock Unit Agreement (the "Agreement"), is granted to you in recognition of your role as a key employee whose responsibilities and performance are critical to the attainment of long-term goals. This award and similar awards are made on a selective basis and are, therefore, to be kept confidential. It is granted and subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time, and the Agreement.

Subject to all of the terms of the Agreement, you will become entitled to payment of this award if you are an active employee of the Company three years after the date on which this award is made.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

**2007 RESTRICTED STOCK UNIT AGREEMENT**

**THIS RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the 2007 Restricted Stock Unit Award Letter delivered in hard copy or electronically to Participant ("2007 Award Letter"), is by and between **THE WILLIAMS COMPANIES, INC.**, a Delaware corporation (the "Company") and the individual identified on the last page hereof (the "Participant").

1. **Grant of RSUs.** Subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time (the "Plan"), this Agreement and the 2007 Award Letter, the Company hereby grants an award (the "Award") to the Participant of \_\_\_\_\_ RSUs effective \_\_\_\_\_ (the "Effective Date"). The Award gives the Participant the opportunity to earn the right to receive the number of shares of the Common Stock of the Company equal to the number of RSUs shown in the prior sentence, subject to adjustment under the terms of this Agreement. These shares are referred to in this Agreement as the "Shares." Until the Participant both becomes entitled to payment of the Shares under the terms of Paragraph 4 and is paid such Shares under the terms of Paragraph 5, the Participant shall have no rights as a stockholder of the Company with respect to the Shares.

2. **Incorporation of Plan.** The Plan is hereby incorporated herein by reference and all capitalized terms used herein which are not defined in this Agreement shall have the respective meanings set forth in the Plan. The Participant acknowledges that he or she has received a copy of, or has online access to, the Plan and hereby accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement.

3. **Committee Decisions and Interpretations.** The Participant hereby agrees to accept as binding, conclusive and final all actions, decisions and/or interpretations of the Committee, its delegates, or agents, upon any questions or other matters arising under the Plan or this Agreement.

4. **Entitlement to Payment of Shares.**

(a) Except as otherwise provided in Subparagraphs 4(b) – 4(g) below, the Participant shall become entitled to payment of all Shares on the date that is three years after the Effective Date (not including the Effective Date) (the "Maturity Date"), but only if the Participant remains an active employee of the Company or any of its parents, subsidiaries or affiliates through the Maturity Date. For example, if the Effective Date of Participant's award under this Agreement is \_\_\_\_\_, 2007, the Maturity Date will be \_\_\_\_\_, 2010.

(b) If a Participant dies prior to the Maturity Date while an active employee of the Company or any of its parents, subsidiaries or affiliates, the Participant shall become entitled to payment of all Shares at the time of such death.

(c) If a Participant becomes Disabled (as defined below) prior to the Maturity Date while an active employee of the Company or any of its parents, subsidiaries or affiliates, the Participant shall become entitled to payment of all Shares at the time the Participant becomes Disabled. For purposes of this Subparagraph 4(c), the Participant shall be considered Disabled if he or she (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically

determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant's employer. Notwithstanding the forgoing, all determinations of whether a Participant is Disabled shall be made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the guidance thereunder.

(d) If the Participant qualifies for Retirement (as defined below) and terminates employment with the Company or any of its parents, subsidiaries or affiliates prior to the Maturity Date due to such Retirement, at the time of such termination, the Participant shall become entitled to payment of a pro rata number of the Shares as determined in accordance with this Subparagraph 4(d). For purposes of this Subparagraph 4(d), a Participant qualifies for Retirement only if such Participant separates from service, within the meaning of Section 409A(a)(2)(A)(i) of the Code, after attaining age fifty-five (55) and completing at least five (5) years of service with the Company or any of its parents, subsidiaries or affiliates. The pro rata number referred to above shall be determined by multiplying the number of Shares subject to the Award by a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's separation from service, and the denominator of which is the total number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

(e) If a Participant's employment with the Company or any of its parents, subsidiaries or affiliates terminates prior to the Maturity Date within two (2) years following a Change in Control (as defined below), either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall become entitled to payment of all of the Shares upon such termination. For purposes of this Agreement, Change in Control means an event that qualifies as a Change in Control Event as defined in Section 409A of the Code and guidance thereunder.

(f) If the Participant's employment with the Company or any of its parents, subsidiaries or affiliates is terminated by the respective employing entity prior to the Maturity Date and the Participant either receives benefits under a severance pay plan or program maintained by the Company or receives benefits under a separation agreement with the Company, the Participant shall become entitled to payment of all Shares upon such termination.

(g) If the Participant's employment with the Company or any of its parents, subsidiaries or affiliates is terminated by the respective employing entity prior to the Maturity Date due to a sale of a business or the outsourcing of any portion of a business, the Participant shall become entitled to payment of all Shares upon such termination, but only if the Company or any of its parents, subsidiaries or affiliates failed to make an offer of comparable employment, as defined by a severance pay plan or program maintained by the Company, to the Participant. For purposes of this Subparagraph 4(g), a Termination of Affiliation shall constitute a termination of employment.

#### 5. Payment of Shares.

(a) All Shares that become payable pursuant to Paragraph 4, above shall be paid immediately to the Participant following occurrence of the event giving rise to the right to payment or, in the case

of Participant's death, to the beneficiary of the Participant under the Plan or, if no beneficiary has been designated, to the Participant's estate, but in any event not later than March 15 of the year immediately following the year in which the Participant became entitled to payment of such Shares, *provided* that if the Participant was a "key employee" within the meaning of Section 409A(a)(B)(i) of the Code, and such Participant became entitled to payment of Shares under Subparagraph 4(d), 4(e), 4(f) or 4(g) above, payment shall not be made sooner than six (6) months following the date such Participant experienced a "separation from service" as defined in Section 409A of the Code and guidance thereunder. Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled.

(b) Shares that become payable under this Agreement will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, as soon as practicable, after the Participant is entitled to the payment of Shares, of one or more certificates (or other indicia of ownership) representing shares of Williams Common Stock equal in number to the number of Shares otherwise payable under this Agreement less the number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, equal to the minimum statutory withholding requirements. Notwithstanding the foregoing, to the extent permitted by Section 409A of the Code and the guidance issued by the Internal Revenue Service thereunder, if federal employment taxes become due upon the Participant's becoming entitled to payment of Shares, the number of Shares necessary to cover minimum statutory withholding requirements may, in the discretion of the Company, be used to satisfy such requirements upon such entitlement.

6. Other Provisions.

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan or any employee benefit plan as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that, upon payment of Shares under this Agreement, stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to Company or any of its parents, affiliated or subsidiary companies or their vendor(s) contracted to provide business tools or services for use by Participant in his or her employment, including but not limited to personal loan(s), Company credit card debt, relocation repayment obligations or benefits from any plan that provides for pre-paid educational assistance.

(c) Except as provided in Subparagraphs 4(b) through 4(g) above, in the event that the Participant's employment with the Company or any of its parents, subsidiaries or affiliates terminates prior to the Participant's becoming entitled to payment of the Shares under this Agreement, RSUs subject to this Agreement and any right to Shares issuable thereunder shall be forfeited.

(d) The Participant acknowledges that this Award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

(e) RSUs, Shares and the Participant's interest in RSUs and Shares may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to both (i) the Participant's becoming entitled to payment of Shares and (ii) payment of Shares under this Agreement.

(f) If the Participant at any time forfeits any or all of the RSUs pursuant to this Agreement, the Participant agrees that all of the Participant's rights to and interest in such RSUs and in Shares issuable thereunder shall terminate upon forfeiture without payment of consideration.

(g) The Committee shall determine whether an event has occurred resulting in the forfeiture of the Shares, in accordance with this Agreement, and all determinations of the Committee shall be final and conclusive.

(h) With respect to the right to receive payment of the Shares under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.

(i) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.

(j) The parties to this Agreement intend that this Agreement meet the applicable requirements of Section 409A of the Code and recognize that it may be necessary to modify this Agreement and/or the Plan to reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. Participant agrees that the Committee shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.

(k) The Participant shall become a party to this Agreement by accepting the Award either electronically or in writing in accordance with procedures of the Committee, its delegates or agents.

(l) Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate the Participant's employment or service at any time, nor confer upon the Participant the right to continue in the employ of the Company and/or Affiliate.

7. Notices. All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner.

8. Tax Consultation. You understand you will incur tax consequences as a result of acquisition or disposition of the Shares. You agree to consult with any tax consultants you think advisable in connection with the acquisition of the Shares and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

By: /s/ Steven J. Malcolm \_\_\_\_\_  
Steven J. Malcolm  
President and CEO

Participant: \_\_\_\_\_  
SSN: \_\_\_\_\_

FORM OF PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

**TO:** \_\_\_\_\_

**FROM:** Steven J. Malcolm

**SUBJECT:** 2007 Performance-Based Restricted Stock Unit Award

You have been selected to receive a performance-based restricted stock unit award to be paid if the the Company exceeds the Threshold goal for EVA improvement, as established by the Committee, over the Performance Period. This award, which is subject to adjustment under the 2007 Performance-Based Restricted Stock Unit Agreement (the "Agreement"), is granted to you in recognition of your role as a key employee whose responsibilities and performance are critical to the attainment of long-term goals. This award and similar awards are made on a selective basis and are, therefore, to be kept confidential. It is granted and subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time, and the Agreement.

Subject to all of the terms of the Agreement, you will become entitled to payment of the award if you are an active employee of the Company on \_\_\_\_\_ of the third year following the year in which this award is made, and performance measures are certified for the three-year period beginning January 1 of the year in which this award is made to you. The termination provisions associated with this award are included in the Agreement.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

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## 2007 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

**THIS 2007 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the 2007 Performance-Based Restricted Stock Unit Award Letter delivered in hard copy or electronically to Participant ("2007 Award Letter"), is by and between **THE WILLIAMS COMPANIES, INC.**, a Delaware corporation (the "Company"), and the individual identified on the last page hereof (the "Participant").

1. Grant of RSUs. Subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time (the "Plan"), this Agreement, and the 2007 Award Letter, the Company hereby grants to the Participant an award (the "Award") of \_\_\_\_\_ RSUs effective \_\_\_\_\_ (the "Effective Date"). The Award, which is subject to adjustment under the terms of this Agreement, gives the Participant the opportunity to earn the right to receive the number of shares of the Common Stock of the Company equal to the number of RSUs shown in the prior sentence if the Target goal, as established by the Committee, is achieved by the Company over the Performance Period. These shares, together with any other shares that are payable under this Agreement, are referred to in the Agreement as "Shares." Until the Participant both becomes entitled to payment of the Shares under the terms of Paragraph 5 and is paid such Shares under the terms of Paragraph 6, the Participant shall have no rights as a stockholder of the Company with respect to the Shares.

2. Incorporation of Plan. The Plan is hereby incorporated herein by reference and all capitalized terms used herein which are not defined in this Agreement shall have the meaning set forth in the Plan. The Participant acknowledges that he or she has received a copy of, or has online access to, the Plan, and hereby accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement.

3. Committee Decisions and Interpretations; Committee Discretion. The Participant hereby agrees to accept as binding, conclusive and final all actions, decisions and/or interpretations of the Committee, its delegates, or agents, upon any questions or other matters arising under the Plan or this Agreement.

4. Performance Measures; Number of Shares Payable to the Participant.

(a) Performance measures established by the Committee shall be based on targeted levels of improvement in "Economic Value Added ®". "Economic Value Added®" or "EVA®" means that metric that measures the true economic profit of a business after taking into account the cost of all capital employed. In general, EVA of the Company for a Performance Period (as defined below) is computed as the Company's net operating profit after taxes minus the Company's cost of capital for such Performance Period, subject to such adjustments as may be made pursuant to the EVA Measurement Manual adopted by the Committee. The Committee establishes (i) "Threshold," "Target" and "Stretch" goals for EVA improvement during the Performance Period and (ii) the designated numbers of Shares that may be received by a Participant if each such goal, or an EVA

improvement attainment level not precisely equal to any of the three established goals, is met during the Performance Period, all as more fully described in Subparagraphs 4(b) through 4(c) below. The number of Shares that may be received by the Participant if the Target improvement goal is reached is equal to the number of RSUs set forth in Paragraph 1 above.

(b) The RSUs awarded to Participant and subject to this Agreement as reflected in Paragraph 1 above represents Participant's opportunity to earn the right to payment of an equal number of Shares ("Target Number of Shares") upon (i) certification by the Committee that 100% of the Target goal for EVA improvement for the Performance Period has been met and (ii) satisfaction of all the other conditions set forth in Paragraph 5 below.

(c) Subject to the Committee's discretion as set forth in Subparagraph 4(d) below and to satisfaction of all other conditions set forth in Paragraph 5 below, the actual number of Shares earned by and payable to Participant upon certification of EVA improvement results and satisfaction of all other conditions set forth in Paragraph 5 below will be determined on a continuum ranging from 0% (at the Threshold goal) to 200% (at the Stretch goal) of the Target Number of Shares depending on the level of EVA improvement certified by the Committee at the end of the Performance Period.

(d) Notwithstanding (i) any other provision of this Agreement or the Plan or (ii) certification by the Committee that an improvement in EVA performance above the Threshold goal has been achieved during the Performance Period, the Committee may in its sole and absolute discretion reduce, but not below zero (0), the number of Shares payable to the Participant based on such factors as it deems appropriate, including but not limited to the Company's performance. Accordingly, any reference in this Agreement to Shares that (i) become payable, (ii) may be received by a Participant or (iii) are earned by a Participant, and any similar reference, shall be understood to mean the number of Shares that are received, payable or earned after any such reduction is made.

#### 5. Entitlement to Payment of Shares.

(a) Except as otherwise provided in Subparagraphs 5(b) – 5(f) below and subject to the provisions of Subparagraph 4(d) above, the Participant shall become entitled to payment of Shares under this Agreement only if and at the time that both of the following conditions are fully satisfied:

(i) The Participant remains an active employee of the Company or any of its parents, subsidiaries or Affiliates until \_\_\_\_\_ of the third year following the year that contains the Effective Date (the "Maturity Date"); and

(ii) The Committee certifies that the Company has met an EVA performance improvement level above the Threshold goal as defined by the Committee for the three-year performance period beginning January 1, 200\_\_\_(the "Performance Period"). Certification, if any, by the Committee for the Performance Period shall be made by the Maturity Date or as soon thereafter as is administratively practicable.

(b) If a Participant dies, becomes Disabled (as defined below) or qualifies for Retirement (as defined below) prior to the Maturity Date while an active employee of the Company or any of its

parents, subsidiaries or Affiliates, at but not prior to the Maturity Date the Participant shall be deemed to have satisfied the condition set forth in Subparagraph 5(a)(i) above and, accordingly, if, when and to the extent the Committee certifies that the performance measures for the Performance Period are satisfied under Subparagraph 5(a)(ii) above, the Participant shall become entitled to payment of that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above pro rated to reflect that portion of the Performance Period prior to such Participant's death, becoming Disabled or qualifying for Retirement. The pro rata number of Shares to which the Participant may become entitled to payment in such case shall equal that number determined by multiplying (i) the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times (ii) a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's death, becoming Disabled or qualifying for Retirement, and the denominator of which is the total number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

(c) As used in this Agreement, the terms "Disabled" and "qualify for Retirement" shall have the following respective meanings:

(i) A Participant shall be considered Disabled if such Participant (A) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant's employer. Notwithstanding the foregoing, all determinations of whether a Participant is Disabled shall be made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and guidance thereunder.

(ii) A Participant qualifies for Retirement only if such Participant separates from service, within the meaning of Section 409A(a)(2)(A)(i) of the Code, after attaining age fifty-five (55) and completing at least five (5) years of service with the Company or any of its parents, subsidiaries or Affiliates.

(d) If a Participant's employment with the Company or any of its parents, subsidiaries or Affiliates terminates prior to the Maturity Date but within two (2) years following a Change in Control (as defined below), either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall become entitled to payment upon such termination of that number Shares equal to the number of Shares that might otherwise be received by the Participant upon achievement of the Target goal. For purposes of this Agreement, Change in Control means an event that qualifies as a Change in Control Event as defined in Section 409A of the Code and guidance thereunder.

(e) If the Participant's employment with the Company or any of its parents, subsidiaries or Affiliates is terminated by the respective employing entity prior to the Maturity Date and the Participant either receives benefits under a severance pay plan or program maintained by the Company or receives benefits under a separation agreement with the Company, at but not prior to the Maturity Date the Participant shall be deemed to have satisfied the condition set forth in Subparagraph 5(a)(i) above and, accordingly, if, when and to the extent the Committee certifies that the performance measures for the Performance Period are satisfied under Subparagraph 5(a)(ii) above, the Participant shall become entitled to payment of that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above pro rated to reflect that portion of the Performance Period prior to the Participant's termination of employment. The pro rata number of Shares which may be payable to Participant on but not prior to the Maturity Date in such case shall equal that number determined by multiplying (i) the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times (ii) a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that includes the Effective Date and ends on (and includes) the date of the Participant's termination of employment, and the denominator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

(f) If the Participant's employment with the Company or any of its parents, subsidiaries or Affiliates is terminated by the respective employing entity prior to the Maturity Date due to a sale of a business or the outsourcing of any portion of a business, and the Company or any of its parents, subsidiaries or Affiliates fails to make an offer of comparable employment, as defined a severance plan or program maintained by the Company, to the Participant, then at but not prior to the Maturity Date the Participant shall be deemed to have satisfied the condition set forth in Subparagraph 5(a)(i) above and, accordingly, if, when and to the extent the Committee certifies that the performance measures for the Performance Period are satisfied under Subparagraph 5(a)(ii) above, the Participant shall become entitled to that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above pro rated to reflect that portion of the Performance Period prior to the Participant's termination of employment. The pro rata number of Shares to which the Participant may become entitled to payment on but not prior to the Maturity Date in such case shall equal that number of Shares determined by multiplying (i) the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times (ii) a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date of the Participant's termination of employment, and the denominator of which is the total number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

For purposes of this Subparagraph 5(f), a Termination of Affiliation shall constitute a termination of employment.

6. Payment of Shares.

(a) All Shares that become payable in accordance with Paragraph 5 above shall be paid immediately following the date on which the Participant becomes entitled to payment thereof or, in

the case of the Participant's death, his or her beneficiary under the Plan, or if no beneficiary has been designated, to his or her estate. In no event, however, shall such payment be made later than March 15 of the year following the year in which the Participant became entitled to such payment, *provided* that if the Participant became entitled to payment under Subparagraph 5(d) above in connection with a Change in Control and he or she was a key employee within the meaning of Section 409A(a)(2)(B)(i) of the Code, payment shall not in any case be made sooner than six (6) months following the date on which the Participant experiences a "separation from service" as defined under Section 409A of the Code and guidance thereunder. Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled.

(b) Shares that become payable under this Agreement will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, as soon as practicable, after the Participant is entitled to the payment of such Shares, of one or more certificates (or other indicia of ownership) representing Shares of Williams Common Stock equal in number to the number of Shares otherwise payable under this Agreement less the number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, equal to the minimum statutory withholding requirements. Notwithstanding the foregoing, to the extent permitted by Section 409A of the Code and the guidance thereunder, if federal employment taxes become due upon the Participant's becoming entitled to payment of Shares, the number of Shares necessary to cover minimum statutory withholding requirements may, in the Company's discretion, be used to satisfy such requirements upon such entitlement.

7. Other Provisions.

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan or any employee benefit plan as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to Company or any of its parents, affiliated or subsidiary companies or their vendor(s) contracted to provide business tools or services for use by Participant in his or her employment, including but not limited to personal loan(s), Company credit card debt, relocation repayment obligations or benefits from any plan that provides for pre-paid educational assistance.

(c) Except as provided in Subparagraphs 5(b) through 5(f) above, in the event that the Participant's employment with the Company or any of its parents, subsidiaries or Affiliates terminates prior to the Maturity Date, RSUs subject to this Agreement and any right to Shares issuable thereunder shall be forfeited.

(d) The Participant acknowledges that this Award and similar awards are made on a selective basis and are, therefore, to be kept confidential.

- (e) RSUs, Shares, and Participant's interest in RSUs and Shares, may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to both (i) the Participant's becoming entitled to payment of Shares and (ii) payment of Shares under this Agreement.
- (f) If the Participant at any time forfeits any or all of the RSUs pursuant to this Agreement, the Participant agrees that all of the Participant's rights to and interest in such RSUs and in Shares issuable thereunder shall terminate upon forfeiture without payment of consideration.
- (g) The Committee shall determine whether an event has occurred resulting in the forfeiture of the RSUs and any Shares issuable thereunder in accordance with this Agreement, and all determinations of the Committee shall be final and conclusive.
- (h) With respect to the right to receive payment of Shares under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.
- (i) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.
- (j) The parties to this Agreement intend that this Agreement meet the requirements of Section 409A of the Code and recognize that it may be necessary to modify this Agreement and/or the Plan to reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. Participant agrees that the Committee shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.
- (k) The Participant shall become a party to this Agreement by accepting the Award either electronically or in writing in accordance with procedures of the Committee, its delegates or agents.
- (l) Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate the Participant's employment or service at any time, nor confer upon the Participant the right to continue in the employ of the Company and/or Affiliate.
8. Notices. All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner.
9. Tax Consultation. You understand you will incur tax consequences as a result of acquisition or disposition of the Shares. You agree to consult with any tax consultants you think advisable in connection with the acquisition of the Shares and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

By: /s/ Steven J. Malcolm \_\_\_\_\_  
Steven J. Malcolm  
President and CEO

Participant: \_\_\_\_\_  
SSN: \_\_\_\_\_

**FORM OF STOCK OPTION AGREEMENT**

**TO:** \_\_\_\_\_

**FROM:** Steven J. Malcolm

**SUBJECT:** Stock Option Award

You have been selected to receive a stock option grant certain terms of which are set forth in the attached Nonqualified Stock Option Agreement. Your stock option award is subject to three-year graded vesting. You may view the vesting schedule for this award on-line.

This stock option award is granted to you in recognition of your role as a key employee whose responsibilities and performance are critical to the attainment of long-term goals. This award and similar awards are made on a selective basis and are, therefore, to be kept confidential. It is granted and subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time, and the Nonqualified Stock Option Agreement.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

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Name: \_\_\_\_\_  
SSN: \_\_\_\_\_

THE WILLIAMS COMPANIES, INC.  
2007 INCENTIVE PLAN  
NONQUALIFIED STOCK OPTION AGREEMENT

This Nonqualified Stock Option Agreement ("Option Agreement") contains the terms of the Option (as defined below) granted to you in this Option Agreement. Certain other terms of the Option are defined in the Plan (as defined below).

1. Stock Options. Subject to the terms of The Williams Companies, Inc. 2007 Incentive Plan or any successor plan, including any supplements or amendments to it (the "Plan"), you have been granted the right ("Option") to purchase from the Company \_\_\_\_\_ shares of the Company's Common Stock, par value \$1 per share (the "Shares") effective \_\_\_\_\_ (the "Effective Date"). Your Option is exercisable in whole or in part at the exercise price of \_\_\_\_\_ (the "Option Price"), the closing stock price on \_\_\_\_\_, and has an expiration date of \_\_\_\_\_. The Option will vest in one-third increments each year for three years on the anniversary date of the Effective Date beginning the year following the Effective Date and is exercisable at such times and during such periods as are set forth in this Option Agreement and the Plan.

2. Incorporation of Plan. The Plan applies as though it were included in this Option Agreement. Any capitalized word has a special meaning, which can be found either in the Plan or in this Option Agreement. You agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any questions arising under the Plan or this Option Agreement.

3. Exercise. Except as otherwise provided in this Option Agreement, you may exercise vested Options, in whole or in part, by delivering a notice of exercise to the Plan's designated broker, showing the number of Shares for which the Option is being exercised, and providing payment in full for the Option Price. To give notice of exercise of an Option and receive instructions on payment of the Option Price, contact Fidelity at <http://netbenefits.fidelity.com> or by telephone at 800-544-9354. If you have not signed and delivered this Option Agreement prior to submitting a notification of such election, submission of your notification of election shall constitute your agreement with the terms and conditions of this Option Agreement. Notwithstanding the preceding sentence, the Company reserves the right to require your signature to this Option Agreement prior to accepting a notification of election to exercise this Option in whole or in part.

4. Payment. You must pay the Option Price in full by any one or more of the following methods, subject to approval of the Committee in its sole discretion, (i) subject to applicable law, in cash through the sale of the Shares acquired on exercise of the Option through a broker-dealer to whom you have submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay the Option Price; (ii) in cash, by personal check or wire transfer; (iii) in Shares valued at their Fair Market Value on the date of exercise; (iv) withholding of Shares otherwise deliverable upon exercise valued at their Fair Market Value on the date of exercise; or (v) in any

combination of the above methods. Certificates for any Shares used to pay the Option Price must be attested to in writing to the Company or delivered to the Company in negotiable form, duly endorsed in blank or with separate stock powers attached, and must be free and clear of all liens, encumbrances, claims and any other charges thereon of any kind.

5. Tax Withholding. Whenever any Options are exercised under the terms of this Option Agreement, the Company will not deliver your Shares unless you remit or, in appropriate cases, agree to remit when due the minimum amount necessary to satisfy all of the Company's federal, state and local withholding tax requirements relating to your Option or the Shares. The Committee may require you to satisfy these minimum withholding tax obligations by any (or a combination) of the following means as determined by the Committee in its sole discretion: (i) a cash payment; (ii) withholding from compensation otherwise payable to you; (iii) authorizing the Company to withhold from the Shares otherwise deliverable to you as a result of the exercise of an Option, a number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, less than or equal to the amount of the withholding obligation; or (iv) delivering to the Company unencumbered Mature Shares having a Fair Market Value, as of the date the withholding tax obligation arises, less than or equal to the amount of the withholding obligation.

6. Rights in the Event of Termination of Service.

(a) Rights in the Event of Termination of Service. If your service with the Company and its Affiliates is terminated for any reason other than death, retirement, Disability or for Cause as defined below, the Option, to the extent vested on the date of your termination, will remain exercisable for six months from the date of such termination (but may not be exercised later than the last day of the original Option Term).

(b) Rights in the Event of Death. If you die while in the service of the Company and its Affiliates, your Option will immediately vest and the Option shall remain exercisable for a period of five years from the date of your death (but may not be exercised later than the last day of the original Option Term) by the person who becomes entitled to exercise your Option after your death (whether by will or by the laws of descent and distribution, or by means of a written beneficiary designation you filed with the Stock Administration Department before your death).

(c) Rights in the Event of Retirement or Disability. If your service with the Company and its Affiliates is terminated for retirement (as defined in the Company's pension plan) or Disability (as defined below), your Option will immediately vest and the Option shall remain exercisable for five years from the date of your termination (but may not be exercised later than the last day of the original Option Term). The term "Disability" is defined in the Company's long-term disability plan in which you participate or are eligible to participate, as determined by the Committee.

(d) Rights in the Event of Termination for Cause. If your service for the Company or an Affiliate terminates for Cause (as defined under the Plan and set forth below), any Option exercisable on or before such termination shall remain exercisable for a period of 30 days from the date of such termination (but may not be exercised later than the last day of the original Option Term). As of the date of this Agreement, the Plan defines "Cause" as (i) your willful failure to substantially perform your duties, other than any such failure resulting from a Disability; or (ii) your gross negligence or willful misconduct which results in a significantly

adverse effect upon the Company or an Affiliate; or (iii) your willful violation or disregard of the Company's or an Affiliate's code of business conduct or other published policy of the Company or an Affiliate; or (iv) your conviction of a crime involving an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude or causing material harm, financial or otherwise, to the Company or an Affiliate. The Company may change the definition of Cause under the Plan at any time.

7. Notices. All notices to the Company or to the Committee must be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices become effective upon their receipt by the Company if delivered as described in this section.

8. Securities Law Compliance. The Company may, without liability for its good faith actions, place legend restrictions upon Shares obtained by exercising this Option and issue "stop transfer" instructions requiring compliance with applicable securities laws and the terms of this Option.

9. No Right to Employment or Service. Nothing in the Option Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate your employment or service at any time, nor confer upon you the right to continue in the employ of the Company and/or Affiliate.

10. Tax Consultation. You understand you will incur tax consequences as a result of purchase or disposition of the Shares. You agree to consult with any tax consultants you think advisable in connection with the purchase of the Shares and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

By /s/ Steven J. Malcolm

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Steven J. Malcolm  
President and CEO

**FORM OF NON-MANAGEMENT DIRECTOR RESTRICTED STOCK UNIT  
AGREEMENT**

**TO:** \_\_\_\_\_

**FROM:** Steven J. Malcolm

**SUBJECT:** 2007 Restricted Stock Unit Award

You have been granted a restricted stock unit award. This award, which is subject to adjustment under the 2007 Restricted Stock Unit Agreement (the "Agreement"), is granted to you in recognition of your role as a non-management director for The Williams Companies, Inc. It is granted and subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time, and the Agreement.

Subject to all of the terms of the Agreement, you will become entitled to payment of this award three years after the date on which this award is made.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

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## 2007 RESTRICTED STOCK UNIT AGREEMENT

**THIS RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the 2007 Restricted Stock Unit Award Letter delivered in hard copy or electronically to Participant ("2007 Award Letter"), is by and between **THE WILLIAMS COMPANIES, INC.**, a Delaware corporation (the "Company") and the individual identified on the last page hereof (the "Participant").

1. Grant of RSUs. Subject to the terms and conditions of The Williams Companies, Inc. 2007 Incentive Plan, as amended from time to time (the "Plan"), this Agreement and the 2007 Award Letter, the Company hereby grants an award (the "Award") to the Participant of \_\_\_\_\_ RSUs effective \_\_\_\_\_ (the "Effective Date"). The Award gives the Participant the right to receive the number of shares of the Common Stock of the Company equal to the number of RSUs shown in the prior sentence, subject to adjustment under the terms of this Agreement. These shares are referred to in this Agreement as the "Shares." Until the Participant both becomes entitled to payment of the Shares under the terms of Paragraph 4 and is paid such Shares under the terms of Paragraph 5, the Participant shall have no rights as a stockholder of the Company with respect to the Shares.

2. Incorporation of Plan. The Plan is hereby incorporated herein by reference and all capitalized terms used herein which are not defined in this Agreement shall have the respective meanings set forth in the Plan. The Participant acknowledges that he or she has received a copy of, or has online access to, the Plan and hereby accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement.

3. Board Decisions and Interpretations. The Participant hereby agrees to accept as binding, conclusive and final all actions, decisions and/or interpretations of the Board, its delegates, or agents, upon any questions or other matters arising under the Plan or this Agreement.

4. Entitlement to Payment of Shares.

(a) Except as otherwise provided in Subparagraph 4(b) below, the Participant shall become entitled to payment of all Shares on the date that is three years after the Effective Date (not including the Effective Date) (the "Maturity Date"). For example, if the Effective Date of the Participant's award under this Agreement is May 17, 2007, the Maturity Date will be May 17, 2010.

(b) If the Participant dies prior to the Maturity Date while serving as a Non-Management Director of the Company or his or her service as a Non-Management Director of the Company terminates for any other reason prior to the Maturity Date, the

Participant shall become entitled to payment of all Shares at the time of such death or other termination of service.

5. Payment of Shares.

(a) All Shares that become payable pursuant to Paragraph 4, above shall be paid immediately to the Participant following occurrence of the event giving rise to the right to payment or, in the case of Participant's death, to the beneficiary of the Participant under the Plan or, if no beneficiary has been designated, to the Participant's estate, *provided* that if the Participant is a "key employee" within the meaning of Section 409A(a)(B)(i) of the Code, and such Participant becomes entitled to payment of Shares under Subparagraph 4(b) above as a result of a "separation from service" as defined in guidance issued under Section 409A of the Code other than due to the Participant's death, payment shall not be made sooner than six (6) months following the date such Participant experienced a "separation from service" as defined in Section 409A of the Code and guidance thereunder, and *provided further*, that all Shares that become payable pursuant to Subparagraph 4(b) above shall be paid not more than 90 days following the occurrence of the event giving rise to the right to payment unless otherwise required under applicable law. Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled.

(b) Shares that become payable under this Agreement will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, as soon as practicable, after the Participant is entitled to the payment of Shares, of one or more certificates (or other indicia of ownership) representing shares of Williams Common Stock equal in number to the number of Shares otherwise payable under this Agreement.

6. Other Provisions.

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan or any employee benefit plan as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that, upon payment of Shares under this Agreement, stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to Company or any of its parents, affiliated or subsidiary companies or their vendor(s) contracted to provide business tools or services for use by Participant in his or her service as a member of the Board of Directors, including but not limited to personal loan(s) or Company credit card debt.

- (c) RSUs, Shares and the Participant's interest in RSUs and Shares may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered at any time prior to the Participant's becoming entitled to payment of Shares under this Agreement.
- (d) With respect to the right to receive payment of the Shares under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.
- (e) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.
- (f) The parties to this Agreement intend that this Agreement meet the applicable requirements of Section 409A of the Code and recognize that it may be necessary to modify this Agreement and/or the Plan to reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. Participant agrees that the Board shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.
- (g) The Participant shall become a party to this Agreement by accepting the Award either electronically or in writing in accordance with procedures of the Board, its delegates or agents.
- (h) Nothing in this Agreement or the Plan shall confer upon the Participant the right to continue to serve as a director of the Company.

7. Notices. All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner.

8. Tax Consultation. You understand you will incur tax consequences as a result of acquisition or disposition of the Shares. You agree to consult with any tax consultants you think advisable in connection with the acquisition of the Shares and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

THE WILLIAMS COMPANIES, INC.

By: /s/ Steven J. Malcolm  
Steven J. Malcolm  
President and CEO

Participant: \_\_\_\_\_  
SSN: \_\_\_\_\_

**OPINION AND CONSENT OF JAMES J. BENDER, ESQ.**

**JAMES J. BENDER**  
Senior Vice President and  
General Counsel

One Williams Center  
Tulsa, Oklahoma 74172  
918/573-8705

May 15, 2007

The Williams Companies, Inc.  
One Williams Center  
Tulsa, OK 74172

Ladies and Gentlemen:

The Williams Companies, Inc., a Delaware corporation ("Williams"), contemplates filing a Registration Statement on Form S-8 under the Securities Act of 1933, as amended (the "Registration Statement"), relating to the registration of Common Stock of Williams, \$1.00 par value (the "Common Stock"), 2,000,000 shares of which are to be issued pursuant to the terms of The Williams Companies, Inc. 2007 Employee Stock Purchase Plan and 19,000,000 shares of which are to be issued pursuant to the terms of The Williams Companies, Inc. 2007 Incentive Plan (the "Plans").

As counsel for Williams, I, or attorneys reporting to me, have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and legal matters as I, or attorneys reporting to me, deem relevant to the authorization and issuance of the Common Stock under the terms of the Plans. Based on such examination, it is my opinion that the Common Stock has been duly authorized and, when issued and delivered in accordance with the terms of the relevant Plan upon the receipt of requisite consideration therefor provided therein, will be validly issued, fully paid and nonassessable.

In making my examination, I have assumed that all signatures on documents I, or attorneys reporting to me, examined are genuine, the authenticity of all documents submitted to me, or attorneys reporting to me, as originals and the conformity with the original documents of all documents submitted to me, or attorneys reporting to me, as certified, conformed or photostatic copies. I express no opinion other than as to the Delaware General Corporation Law. This opinion is rendered on the date hereof and I disclaim any duty to advise you regarding any changes in the matters addressed herein.

I hereby consent to the filing of this opinion with the Securities and Exchange Commission as Exhibit 5.1 to the Registration Statement.

Best regards,

/s/ James J. Bender

James J. Bender  
General Counsel and  
Senior Vice President  
The Williams Companies, Inc.



Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to The Williams Companies, Inc. 2007 Employee Stock Purchase Plan and 2007 Incentive Plan for the registration of an aggregate of 21,000,000 shares of The Williams Companies, Inc.'s common stock, of our reports dated February 22, 2007, with respect to the consolidated financial statements and schedule of The Williams Companies, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 2006, The Williams Companies, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of The Williams Companies, Inc., filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Tulsa, Oklahoma  
May 10, 2007

THE WILLIAMS COMPANIES, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of THE WILLIAMS COMPANIES, INC., a Delaware corporation ("Williams"), does hereby constitute and appoint JAMES J. BENDER, BRIAN K. SHORE, and HILLARY E. CINOCCA their true and lawful attorneys and each of them (with full power to act without the others) their true and lawful attorneys for them and in their name and in their capacity as a director or officer, or both, of Williams, as hereinafter set forth below their signature, to sign a registration statement on Form S-8 for the registration under the Securities Act of 1933, as amended, of Common Stock of Williams issuable to participants in The Williams Companies, Inc. 2007 Employee Stock Purchase Plan and any and all amendments and pre- and post-effective amendments to said registration statement and any and all instruments necessary or incidental in connection therewith; and

THAT the undersigned Williams does hereby constitute and appoint JAMES J. BENDER, BRIAN K. SHORE and HILLARY E. CINOCCA its true and lawful attorneys and each of them (with full power to act without the others) its true and lawful attorney for it and in its name and on its behalf to sign said registration statement and any and all amendments and post-effective amendments thereto and any and all instruments necessary or incidental in connection therewith.

Each of said attorneys shall have full power of substitution and resubstitution, and said attorneys or any of them or any substitute appointed by any of them hereunder shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully to all intents and purposes as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys or any of them or of any such substitute pursuant hereto.

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 14th day of March, 2007.

/s/ Steven J. Malcolm

Steven J. Malcolm  
Chairman of the Board,  
President and Chief Executive  
Officer (Principal Executive Officer)

/s/ Donald R. Chappel

Donald R. Chappel  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/s/ Ted T. Timmermans

Ted T. Timmermans  
Controller  
(Principal Accounting Officer)

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/s/ Kathleen B. Cooper  
Kathleen B. Cooper  
Director

/s/ William R. Granberry  
William R. Granberry  
Director

/s/ Juanita H. Hinshaw  
Juanita H. Hinshaw  
Director

/s/ Charles M. Lillis  
Charles M. Lillis  
Director

/s/ William G. Lowrie  
William G. Lowrie  
Director

/s/ Irl F. Engelhardt  
Irl F. Engelhardt  
Director

/s/ William E. Green  
William E. Green  
Director

/s/ W. R. Howell  
W. R. Howell  
Director

/s/ George A. Lorch  
George A. Lorch  
Director

/s/ Frank T. MacInnis  
Frank T. MacInnis  
Director

/s/ Janice D. Stoney  
Janice D. Stoney  
Director

THE WILLIAMS COMPANIES, INC.

By: /s/ James J. Bender  
JAMES J. BENDER  
Senior Vice President and General Counsel

ATTEST:

/s/ Brian K. Shore  
BRIAN K. SHORE  
Secretary

THE WILLIAMS COMPANIES, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of THE WILLIAMS COMPANIES, INC., a Delaware corporation ("Williams"), does hereby constitute and appoint JAMES J. BENDER, BRIAN K. SHORE, and HILLARY E. CINOCCA their true and lawful attorneys and each of them (with full power to act without the others) their true and lawful attorneys for them and in their name and in their capacity as a director or officer, or both, of Williams, as hereinafter set forth below their signature, to sign a registration statement on Form S-8 for the registration under the Securities Act of 1933, as amended, of Common Stock of Williams issuable to participants in The Williams Companies, Inc. 2007 Incentive Plan and any and all amendments and pre- and post-effective amendments to said registration statement and any and all instruments necessary or incidental in connection therewith; and

THAT the undersigned Williams does hereby constitute and appoint JAMES J. BENDER, BRIAN K. SHORE and HILLARY E. CINOCCA its true and lawful attorneys and each of them (with full power to act without the others) its true and lawful attorney for it and in its name and on its behalf to sign said registration statement and any and all amendments and post-effective amendments thereto and any and all instruments necessary or incidental in connection therewith.

Each of said attorneys shall have full power of substitution and resubstitution, and said attorneys or any of them or any substitute appointed by any of them hereunder shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully to all intents and purposes as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys or any of them or of any such substitute pursuant hereto.

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 14th day of March, 2007.

/s/ Steven J. Malcolm

Steven J. Malcolm  
Chairman of the Board,  
President and Chief Executive  
Officer (Principal Executive Officer)

/s/ Donald R. Chappel

Donald R. Chappel  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/s/ Ted T. Timmermans

Ted T. Timmermans  
Controller  
(Principal Accounting Officer)

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/s/ Kathleen B. Cooper  
Kathleen B. Cooper  
Director

/s/ William R. Granberry  
William R. Granberry  
Director

/s/ Juanita H. Hinshaw  
Juanita H. Hinshaw  
Director

/s/ Charles M. Lillis  
Charles M. Lillis  
Director

/s/ William G. Lowrie  
William G. Lowrie  
Director

/s/ Irl F. Engelhardt  
Irl F. Engelhardt  
Director

/s/ William E. Green  
William E. Green  
Director

/s/ W. R. Howell  
W. R. Howell  
Director

/s/ George A. Lorch  
George A. Lorch  
Director

/s/ Frank T. MacInnis  
Frank T. MacInnis  
Director

/s/ Janice D. Stoney  
Janice D. Stoney  
Director

THE WILLIAMS COMPANIES, INC.

By: /s/ James J. Bender  
JAMES J. BENDER  
Senior Vice President and General Counsel

ATTEST:

/s/ Brian K. Shore  
BRIAN K. SHORE  
Secretary