

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

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

Date of Report: May 16, 2003  
(Date of earliest event reported)

The Williams Companies, Inc.  
-----  
(Exact Name of Registrant as Specified in Charter)

|                                                      |                          |                                      |
|------------------------------------------------------|--------------------------|--------------------------------------|
| Delaware                                             | 1-4174                   | 73-0569878                           |
| -----                                                | -----                    | -----                                |
| (State or Other<br>Jurisdiction of<br>Incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |

|                                          |            |
|------------------------------------------|------------|
| One Williams Center Tulsa, Oklahoma      | 74172      |
| -----                                    | -----      |
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's telephone number, including area code (918) 573-2000

Not Applicable  
(Former name or former address, if changed since last report)

## Item 2. Acquisition or Disposition of Assets

On May 16, 2003, The Williams Companies, Inc. ("Williams") announced that it completed the sale of its Texas Gas Transmission pipeline to a subsidiary of Loews Corporation for approximately \$1.045 billion, which includes approximately \$795 million in cash and \$250 million in existing Texas Gas debt. The disposition is reflected in the Company's unaudited pro forma financial information filed as part of this report in Item 7.

## Item 7. Financial Statements and Exhibits

- (a) Not Applicable
- (b) Pro forma financial information

The following unaudited pro forma consolidated balance sheet as of March 31, 2003 gives effect to the divestiture of Texas Gas as if it had occurred on March 31, 2003. The following unaudited pro forma consolidated statements of income for the year ended December 31, 2002 and the quarterly period ended March 31, 2003 give effect to the divestiture as if it had occurred on January 1, 2002.

The pro forma information below is provided for informational purposes only and is not necessarily indicative of what the actual financial position or results of operations of the Company would have been had the transaction actually occurred on the dates indicated, nor does it purport to indicate the future financial position or results of operations of the Company.

THE WILLIAMS COMPANIES, INC.  
PRO FORMA CONSOLIDATED BALANCE SHEET  
MARCH 31, 2003 (UNAUDITED)

(Dollars in millions, except per-share amounts)

Adjustment to  
remove Texas Gas  
Historical  
Balances Other  
Adjustments Pro  
forma -----  
-----  
-----

ASSETS Current  
assets: Cash and  
cash equivalents  
\$ 1,501.1 \$ (.2)  
\$ 795.0(a) \$  
2,295.9

Restricted cash  
323.1 -- 323.1

Accounts and  
notes receivable  
less allowance  
2,589.4 (164.6)  
109.3(b) 2,534.1

Inventories  
383.4 (13.5) --  
369.9

Derivative  
assets 7,772.8 -  
- -- 7,772.8

Margin deposits  
853.5 -- --

Assets of  
discontinued  
operations 205.9  
-- -- 205.9

Deferred income  
taxes 572.9  
(15.2) 15.2(d)

572.9 Other  
current assets  
and deferred  
charges 410.3  
(6.3) -- 404.0 -  
-----  
-----

----- Total  
current assets  
14,612.4 (199.8)

919.5 15,332.1

Restricted cash  
216.5 -- --  
216.5

Investments  
1,511.0 (.2) --  
1,510.8

Property  
plant and  
equipment at  
cost 19,036.6  
(1,264.5)

109.0(c)  
17,881.1

Less  
accumulated  
depreciation and  
depletion  
(4,359.5) 216.9  
-- (4,142.6) ---  
-----  
-----

-----  
-----  
---- 14,677.1  
(1,047.6)

109.0(c)

13,738.5  
 Derivative  
 assets 2,415.2 -  
 - -- 2,415.2  
 Goodwill 1,082.5  
 -- -- 1,082.5  
 Assets of  
 discontinued  
 operations -- --  
 -- -- Other  
 assets and  
 deferred charges  
 927.6 (155.9) --  
 771.7 -----  
 -----  
 - -----  
 Total assets \$  
 35,442.3 \$  
 (1,403.5) \$  
 1,028.5  
 \$35,067.3  
 =====  
 =====  
 =====

=====  
 =====  
 =====  
 LIABILITIES AND  
 STOCKHOLDERS'  
 EQUITY Current  
 liabilities:  
 Notes payable \$  
 967.6 \$ -- \$ --  
 \$ 967.6 Accounts  
 payable 1,927.3  
 (16.1) 15.0(b),  
 (e) 1,926.2  
 Accrued  
 liabilities  
 1,377.3 (83.9)  
 39.2(d), (e)  
 1,332.6  
 Liabilities of  
 discontinued  
 operations 124.4  
 -- -- 124.4  
 Derivative  
 liabilities  
 7,807.5 -- --  
 7,807.5 Long-  
 term debt due  
 within one year  
 2,304.5 -- --  
 2,304.5 -----  
 -----  
 -----  
 Total current  
 liabilities  
 14,508.6 (100.0)  
 54.2 14,462.8  
 Long-term debt  
 10,491.1 (249.7)  
 10,241.4  
 Deferred income  
 taxes 2,799.5  
 (213.6) 213.6(d)  
 2,799.5  
 Derivative  
 liabilities  
 2,023.0 -- --  
 2,023.0 Other  
 liabilities and  
 deferred income  
 1,036.9 (79.5) -  
 - 957.4  
 Contingent  
 liabilities and  
 commitments  
 Minority  
 interests in  
 consolidated

```

subsidiaries
430.3 -- --
430.3
Stockholders'
equity:
Preferred stock
271.3 -- 271.3
Common stock
520.8 -- 520.8
Capital in
excess of par
value 5,186.6 --
5,186.6
Accumulated
deficit
(1,710.8) --
(1,710.8)
Accumulated
other
comprehensive
loss (48.3) --
(48.3) Other
(28.1) -- --
(28.1) -----
-----
-----
-----
4,191.5 --
4,191.5 Less
treasury stock
(at cost) (38.6)
-- -- (38.6) ---
-----
-----
-----
-----
---- Total
stockholders'
equity 4,152.9 -
- -- 4,152.9 ---
-----
-----
-----
---- Total
liabilities and
stockholders'
equity $
35,442.3 $
(642.8) $ 267.8
$35,067.3
=====
=====
=====
=====

```

- (a) Represents net cash proceeds
- (b) Represents the settlement of intercompany receivable/payable.
- (c) Represents the impairment charge recorded in first quarter 2003.
- (d) Adjustments for deferred income, ad valorem and other accrued taxes retained by Williams.
- (e) Adjustments for other liabilities that will remain with Williams.

THE WILLIAMS COMPANIES, INC.  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2002 (UNAUDITED)

(Dollars in millions, except per-share amounts)

Historical  
Adjustments (a)  
Other Adjustments  
Pro forma -----  
-----  
-----  
-----  
-----  
- Revenues \$  
5,608.4 \$ (262.0)  
\$ -- \$ 5,346.4  
Segment costs and  
expenses: Costs  
and operating  
expenses 3,653.5  
(105.0) 4.4(c)  
3,552.9 Selling,  
general &  
administrative  
expenses 723.9  
(45.7) -- 678.2  
Other expense -  
net 297.4 .5 --  
297.9 -----  
-----  
-----  
Total segment  
costs and  
expenses 4,674.8  
(150.2) 4.4  
4,529.0 General  
corporate  
expenses 142.8  
(6.6) 6.6(d)  
142.8 -----  
-----  
-----  
Total operating  
income 790.8  
(105.2) (11.0)  
674.6 Interest  
accrued (1,229.5)  
21.4 -- (1,208.1)  
Interest  
capitalized 29.0  
(.9) -- 28.1  
Interest rate  
swap loss (124.2)  
-- -- (124.2)  
Investing loss  
(109.7) (1.5)(e)  
-- (111.2)  
Minority interest  
in income and  
preferred returns  
of consolidated  
subsidiaries  
(79.3) -- --  
(79.3) Other  
income - net 26.4  
(2.1) -- 24.3 ---  
-----  
-----  
-----  
-----  
-----  
----- Loss from  
continuing  
operations before  
income taxes and  
cumulative effect  
of change in

|                               |            |
|-------------------------------|------------|
| accounting principles         |            |
| (696.5)                       | (88.3)     |
| (11.0)                        | (795.8)    |
| Benefit for income taxes      |            |
| (195.0)                       | (34.8)(b)  |
| (4.3)(b)                      | (234.1)    |
| -----                         |            |
| -----                         |            |
| -----                         |            |
| ----- Loss                    |            |
| from continuing operations \$ |            |
| (501.5)                       | \$ (53.5)  |
| \$ (6.7)                      | \$ (561.7) |
| =====                         |            |

=====

|                           |           |
|---------------------------|-----------|
| ===== Loss                |           |
| per share from continuing |           |
| operations: Basic         |           |
| \$ (1.14)                 | \$ (1.26) |
| Diluted \$ (1.14)         |           |
| \$ (1.26) Basic           |           |
| weighted-average          |           |
| shares                    |           |
| (thousands)               |           |
| 516,793                   | 516,793   |
| Diluted weighted-         |           |
| average shares            |           |
| (thousands)               |           |
| 516,793                   | 516,793   |

- (a) Adjustments in this column represent Texas Gas' results to be removed from Williams.
- (b) Income taxes calculated using 39.4 percent rate.
- (c) Adjustments relate to intercompany revenues of Texas Gas that were previously eliminated.
- (d) General corporate expenses allocated to Texas Gas will not necessarily be directly impacted as a result of the sale of Texas Gas, therefore, these expenses are assumed to remain with Williams.
- (e) Adjustment represents intercompany interest income of Texas Gas.

THE WILLIAMS COMPANIES, INC.  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
THREE MONTHS ENDED MARCH 31, 2003 (UNAUDITED)

(Dollars in millions, except per-share amounts)

|                     |  |
|---------------------|--|
| Historical          |  |
| Adjustments (a)     |  |
| Other Adjustments   |  |
| Pro forma -----     |  |
| -----               |  |
| -----               |  |
| - Revenues \$       |  |
| 5,360.2 \$ (83.0)   |  |
| \$ .2(c) \$ 5,277.4 |  |
| Segment costs and   |  |
| expenses: Costs     |  |
| and operating       |  |
| expenses 4,847.7    |  |
| (25.0) 1.3(c)       |  |
| 4,824.0 Selling,    |  |
| general &           |  |
| administrative      |  |
| expenses 149.4      |  |
| (6.9) -- 142.5      |  |
| Other expense -     |  |
| net 113.1 .2        |  |
| (109.0)(d) 4.3 --   |  |
| -----               |  |
| -----               |  |
| -----               |  |
| ----- Total         |  |
| segment costs and   |  |
| expenses 5,110.2    |  |
| (31.7) (107.7)      |  |
| 4,970.8 General     |  |
| corporate           |  |
| expenses 22.9       |  |
| (1.1) 1.1(e) 22.9   |  |
| -----               |  |
| -----               |  |
| -----               |  |
| ----- Total         |  |
| operating income    |  |
| 227.1 (50.2)        |  |
| 106.8 283.7         |  |
| Interest accrued    |  |
| (372.8) 5.0 --      |  |
| (367.8) Interest    |  |
| capitalized 12.1    |  |
| (.2) -- 11.9        |  |
| Interest rate       |  |
| swap loss (2.8) -   |  |
| - -- (2.8)          |  |
| Investing income    |  |
| 48.0 (1.2)(f) --    |  |
| 46.8 Minority       |  |
| interest in         |  |
| income of           |  |
| consolidated        |  |
| subsidiaries        |  |
| (16.1) -- --        |  |
| (16.1) Other        |  |
| income - net 22.5   |  |
| (.5) -- 22.0 ----   |  |
| -----               |  |
| -----               |  |
| -----               |  |
| ---- Loss from      |  |
| continuing          |  |
| operations before   |  |
| income taxes and    |  |
| cumulative effect   |  |
| of change in        |  |



accounting  
 principles (82.0)  
 (47.1) 106.8  
 (22.3) Benefit  
 for income taxes  
 (24.3) (18.6)(b)  
 42.1(b) (.8) ----  
 -----  
 -----  
 ---- Loss from  
 continuing  
 operations \$  
 (57.7) \$ (28.5) \$  
 64.7 \$ (21.5)  
 =====  
 =====  
 =====

===== Loss  
 per share from  
 continuing  
 operations: Basic  
 \$ (.13) \$ (.05)  
 Diluted \$ (.13) \$  
 (.05) Basic  
 weighted-average  
 shares  
 (thousands)  
 517,652 517,652  
 Diluted weighted-  
 average shares  
 (thousands)  
 517,652 517,652

- (a) Adjustments in this column represent Texas Gas' results to be removed from Williams.
- (b) Income taxes calculated using 39.4 percent rate.
- (c) Adjustments relate to intercompany revenues of Texas Gas (other companies' costs) that were previously eliminated.
- (d) Represents the impairment charge recorded in the first quarter of 2003 related to Texas Gas.
- (e) General corporate expenses allocated to Texas Gas will not necessarily be directly impacted as a result of the sale of Texas Gas, therefore, these expenses are assumed to remain with Williams.
- (f) Adjustment represents intercompany interest income of Texas Gas.

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 hereunto duly authorized.

The Williams Companies, Inc.

Date: May 22, 2003

/s/ Brian K. Shore

-----  
Name: Brian K. Shore

Title: Corporate Secretary