

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 7)

TRANSCO ENERGY COMPANY
(Name of Issuer)

Common stock, par value \$0.50 per share
(Including the attached common share purchase rights)

(Title of Class and Securities)

89353210
(CUSIP Number of Class of Securities)

J. Furman Lewis
Senior Vice President and General Counsel
The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172
(918) 588-2000
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

Copy to:

Randall H. Doud, Esq.
Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
(212) 735-3000

January 25, 1995
(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule
13G to report the acquisition which is the subject of this
Schedule 13D, and is filing this schedule because of Rule 13d-
1(b)(3) or (4), check the following: ()

Check the following box if a fee is being paid with this
Statement: ()

SCHEDULE 13D

CUSIP No. 89353210 (Common Stock)

-
- (1) NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS
The Williams Companies, Inc. 73-0569878
-
- (2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:
(a) ()
(b) (x)
-
- (3) SEC USE ONLY
-
- (4) SOURCE OF FUNDS*
WC
-
- (5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)
-
- (6) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware
-
- (7) SOLE VOTING POWER

32,100,000 Shares

(8) SHARED VOTING POWER

0

(9) SOLE DISPOSITIVE POWER

32,100,000 Shares

(10) SHARED DISPOSITIVE POWER

0

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

The Purchaser has acquired 24,600,000 Shares pursuant to the Offer. Assuming exercise of the Option under the Stock Option Agreement, the Purchaser is the beneficial owner of 32,100,000 Shares.

(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES* ()

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
60% (66.3%, assuming exercise in full of the Option under the Stock Option Agreement.)

(14) TYPE OF REPORTING PERSON*

CO

This Amendment No. 7 amends and supplements the Schedule 13D (the "Schedule 13D") dated December 16, 1994, as amended, originally filed in connection with the tender offer (the "Offer") by The Williams Companies, Inc., a Delaware corporation (the "Purchaser"), to purchase up to 24,600,000 of the outstanding shares of common stock, par value \$0.50 per share (and the attached common share purchase rights), of Transco Energy Company, a Delaware corporation (the "Company"). Unless otherwise defined herein, all terms used herein shall have the meanings set forth in the Schedule 13D as previously amended including Exhibit 1, the Offer to Purchase, dated December 16, 1994, filed by the Purchaser with respect to the Offer.

Item 4 of the Schedule 13D is hereby amended to add the following:

Item 4. Purpose of Transaction.

(a)-(j) The Company's Board of Directors (meeting on January 25, 1995) and the Purchaser's Board of Directors (meeting on January 22, 1995) have approved a proposed recapitalization plan for the Company which will include, among other things, the following elements: (i) a call for redemption of up to 100% of the Company \$4.75 Preferred Stock; (ii) a tender offer to acquire up to 100% of the outstanding Company Notes, subject among other things to obtaining at least 51% of such Company Notes and certain amendments to the related indenture; (iii) a call for redemption of all of TGPL's outstanding preferred stock, subject to the occurrence of certain events; (iv) the repurchase or other retirement of other outstanding Company public or other debt; (v) the securitization of the Company's receivables; and (vi) the refinancing of certain debt outstanding under the Company's existing loan agreements. The funds for the redemption of the Company \$4.75 Preferred Stock will be provided to the Company in the form of the purchase by the Purchaser of a new series of Company preferred stock. The funds for certain of the other elements of the recapitalization described above will be loaned to the Company by the Purchaser. This Schedule 13D does not constitute either the formal notices or other documentation that will be required in connection with the various elements of the recapitalization plan, all of which will be set forth in separate documents. There can be no assurance as to the timing of the various elements

of the recapitalization plan or that any or all elements of the proposed recapitalization will be completed. A copy of the joint press release issued by the Purchaser and the Company relating to the foregoing is attached as Exhibit 4 hereto and is incorporated herein by reference.

In addition, on January 25, 1995, as contemplated by the Merger Agreement, Keith E. Bailey, the Chairman, Chief Executive Officer and President of the Purchaser, and John C. Bumgarner, Jr., the Senior Vice President for Corporate Development and Planning of the Purchaser, were elected to the Company's Board of Directors. A copy of the press release issued by the Company relating to the foregoing is attached as Exhibit 5 hereto and is incorporated herein by reference.

Item 7 of the Schedule 13D is hereby amended to add the following exhibits:

- Exhibit 4. Text of Press Release, dated January 30, 1995, issued by The Williams Companies, Inc. and Transco Energy Company.
- Exhibit 5. Text of Press Release, dated January 25, 1995, issued by Transco Energy Company.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 30, 1995

THE WILLIAMS COMPANIES, INC.

By: /s/ J. FURMAN LEWIS
Name: J. Furman Lewis
Title: Senior Vice President
and General Counsel

For release: Jan. 30, 1995

For more information contact:

Jim Gipson (918) 588-2111 (Media)
Linda Lawson (918) 588-2087 (Investors)

WILLIAMS, TRANSCO PLANNING RAPID RECAPITALIZATION OF
TRANSCO ENERGY

TULSA - The boards of directors of The Williams Companies, Inc. and Transco Energy Company have approved a proposed recapitalization plan under which Williams will quickly move to inject up to an estimated \$950 million into Transco.

"Access to this funding will allow us to quickly begin a series of actions that will significantly reduce Transco's cost of capital - strategies that we have long planned, but could not execute due to financial constraints," said Larry J. Dagley, senior vice president and chief financial officer for Transco.

He said Transco has canceled its revolving bank credit facility, terminated the sales receivables facility utilized by the company's pipelines and will rely on Williams for working capital and other needs. The recapitalization plan also includes, among other things:

- * Transco's call for redemption of up to 100 percent of its existing \$4.75 series cumulative convertible preferred stock at \$50.475 per share plus accrued dividends;
 - * An offer by Transco to acquire all of its outstanding 11 1/4 percent notes due 1999 subject to, among other things, obtaining at least 51 percent of the notes and certain amendments to the related indenture;
 - * A call for redemption of all Transcontinental Gas Pipe Line Corporation's outstanding preferred stock;
 - * And, the potential repurchase or retirement of certain other debt of Transco and its subsidiaries.
- On Jan. 17, Williams completed a tender offer for 60

percent of Transco's common stock. A stock merger will follow with Transco becoming a subsidiary of Williams, possibly by the end of the first quarter of this year. The consummation of the merger is not conditioned upon the completion of all or part of the recapitalization plan.

"These are critically important first steps and represent some of the major reasons a merger of the two companies makes a great deal of sense," said John P. DesBarres, chairman, president and chief executive officer of Transco.

Keith E. Bailey, chairman, president and chief executive officer of Williams said "We are very pleased to be able to begin this process now, hastening the moment when the remaining Transco shareholders and all of the Williams shareholders can begin reaping the benefits that we believe are embedded within the Transco assets."

Jack D. McCarthy, senior vice president and chief financial officer of Williams, said funding for the recapitalization programs is being provided to Transco by Williams, and is based on arms-length terms and conditions. He said Williams intends to complete the program -- as well as estimated 1995 capital expenditures exceeding \$1 billion for the combined companies -- while retaining its investment-grade credit rating.

This news release does not constitute either the formal notices or other documentation that will be

required in connection with the various elements of the recapitalization plan, all of which will be set forth in separate documents filed with the Securities and Exchange Commission. There can be no assurances as to the timing of the various elements of the recapitalization plan or that any or all of it will be completed.

Williams (NYSE: WMB) owns and operates three interstate pipeline systems, major natural gas gathering and processing facilities, telecommunications companies that specialize in serving businesses and broadcasters, and companies that provide a range of products and services to the energy industry.

Transco (NYSE: E) owns and operates two interstate natural gas pipelines and gathering systems, a large natural gas marketing company and has investments in other energy assets.

At Transco, contact:

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TRANSCO ELECTS BAILEY, BUMGARNER TO BOARD

(HOUSTON, Jan. 25) Transco Energy Company's (NYSE: E) board of directors today elected Keith E. Bailey and John C. Bumgarner Jr. to its board, increasing the total number of directors from eight to 10. The merger agreement between The Williams Companies, Inc. (WMB) and Transco provided for designation of two Williams representatives to the Transco board of directors.

Bailey, 52, is chairman, president and chief executive officer of The Williams Companies, Inc. He was named Williams chief executive officer in January 1994 and chairman the following May. He served as the company's chief financial officer from 1986 until 1992, when he became president.

Bumgarner, 52, is senior vice president of corporate development and planning at Williams. He joined Williams in 1977 as vice president of planning after more than 10 years with a major oil company. He was named to his current position in 1979.

Transco Energy Company (NYSE: E) transports natural gas through its two interstate pipelines, the 10,500 mile Transcontinental Gas Pipe Line Corporation system and the 6,050-mile Texas Gas Transmission Corporation system, to markets in the eastern and midwestern United States, respectively. Transco also buys, sells and arranges for the transportation of natural gas throughout the United States and Canada through its marketing subsidiary, Transco Gas Marketing Company. Through Interstate Coal Company, Transco mines coal in eastern Kentucky and Tennessee, which it markets primarily to electric power companies in the eastern United States.