

WILLIAMS COMPANIES INC

Form PRE 14A

March 18, 2010

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

The Williams Companies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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STEVEN J. MALCOLM
CHAIRMAN OF THE BOARD

Dear Williams Stockholders:

You are cordially invited to attend the 2010 annual meeting of stockholders of The Williams Companies, Inc. The meeting will be held on Thursday, May 20, 2010, in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, at 11:00 a.m., Central time. We look forward to greeting personally as many of our stockholders as possible at the annual meeting.

The notice of the annual meeting and proxy statement accompanying this letter provide information concerning matters to be considered and acted upon at the annual meeting. Also at the annual meeting we will provide a report on our operations, followed by a question-and-answer and discussion period.

For security reasons, briefcases, backpacks, and other large bags are not permitted in the theater. All such items can be checked with security upon arrival at the theater.

I know that most of our stockholders are unable to attend the annual meeting in person. However, it is important that your shares be represented and voted at the meeting. Whether or not you plan to attend, you can be sure your shares are represented by promptly voting and submitting your proxy by phone, by Internet, or by completing, signing, dating, and returning your proxy card in the enclosed postage-paid envelope.

Thank you for your continued interest in our Company.

Very truly yours,

Steven J. Malcolm

Enclosures
April 8, 2010

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**THE WILLIAMS COMPANIES, INC.
One Williams Center
Tulsa, Oklahoma 74172**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 20, 2010**

Details for the annual meeting of stockholders of The Williams Companies, Inc. are below:

| | |
|--------------------------|--|
| TIME | 11:00 a.m., Central time, on Thursday, May 20, 2010 |
| PLACE | Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma 74172 |
| ITEMS OF BUSINESS | <ol style="list-style-type: none">1. To elect three directors;2. To approve the amendment to our Restated Certificate of Incorporation to provide for the annual election of all directors;3. To approve the amendment to The Williams Companies, Inc. 2007 Incentive Plan;4. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2010;5. To consider a stockholder proposal requesting a report regarding the environmental impact of certain fracturing operations of the Company's Exploration and Production business unit, if properly presented;6. To consider a stockholder proposal requesting an advisory vote related to compensation, if properly presented; and7. To transact such other business as may properly come before the annual meeting or any adjournment of the meeting. |
| RECORD DATE | You can vote and attend the annual meeting if you were a stockholder of record at the close of business on March 29, 2010. |
| ANNUAL REPORT | Our 2009 annual report, which includes a copy of our annual report on Form 10-K, accompanies this proxy statement. |
| VOTING | Even if you intend to be present at the annual meeting, please promptly vote in one of the following ways so that your shares of common stock may be represented and voted at the annual meeting: <ol style="list-style-type: none">1. Call the toll-free telephone number shown on the proxy card;2. Vote via the Internet on the website shown on the proxy card; or |

3. Mark, sign, date, and return the enclosed proxy card in the postage-paid envelope.

Important Notice Regarding The Availability Of Proxy Materials For The Stockholder Meeting To Be Held On May 20, 2010:

The annual report and proxy statement are available at www.edocumentview.com/wmb.

By order of the Board of Directors,

La Fleur C. Browne
Corporate Secretary

Tulsa, Oklahoma
April 8, 2010

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**THE WILLIAMS COMPANIES, INC.
One Williams Center
Tulsa, Oklahoma 74172**

PROXY STATEMENT

GENERAL

We are providing this proxy statement as part of a solicitation by the Board of Directors (the Board) of The Williams Companies, Inc. for use at our 2010 annual meeting of stockholders and at any adjournment or postponement thereof. We will hold the meeting in the Williams Resource Center Theater, One Williams Center, Tulsa, Oklahoma, on Thursday, May 20, 2010, at 11:00 a.m., Central time.

As permitted by the rules of the Securities and Exchange Commission (SEC), we have elected to send you this full set of proxy materials, including a proxy card, and additionally to notify you of the availability of these proxy materials on the Internet. This proxy statement and our 2009 Annual Report are available at www.edocumentview.com/wmb, which does not have cookies that identify visitors to the site.

We expect to mail this proxy statement and accompanying proxy card to stockholders beginning on April 8, 2010.

Unless the context otherwise requires, all references in this proxy statement to Williams, the Company, we, us, and our refer to The Williams Companies, Inc. and its consolidated subsidiaries.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why am I receiving these materials?

A: You are receiving these materials because, at the close of business on March 29, 2010 (the Record Date), you owned shares of Williams common stock. All stockholders of record on the Record Date are entitled to attend and vote at the annual meeting. Each stockholder will have one vote on each matter for every share of common stock owned on the Record Date. On the Record Date, we had [_____] shares of common stock outstanding. (The shares held in our treasury are not considered outstanding and will not be voted or considered present at the meeting.)

Q: What information is contained in this proxy statement?

A: This proxy statement includes information about the nominees for director and other matters to be voted on at the annual meeting. It also explains the voting process and requirements, describes the compensation of the principal executive officer, the principal financial officer and the three other most highly compensated officers (collectively referred to as our Named Executive Officers or NEOs), describes the compensation of our directors,

and provides certain other information required under SEC rules.

Q: What matters can I vote on?

A: You can vote on the following matters:

election of three of our directors;

approval of the amendment to our Restated Certificate of Incorporation to provide for the annual election of all directors;

approval of the amendment to The Williams Companies, Inc. 2007 Incentive Plan;

ratification of the appointment of Ernst & Young LLP as our independent auditors for 2010;

a stockholder proposal requesting a report regarding the environmental impact of certain fracturing operations of the Company's Exploration and Production business unit, if properly presented;

a stockholder proposal requesting an advisory vote related to compensation, if properly presented; and

any other business properly coming before the annual meeting.

In the election of directors, you may vote **FOR** or **AGAINST** each individual nominee or indicate that you wish to **ABSTAIN** from voting on one or more nominee. For the other matters, you may vote **FOR** or **AGAINST** the matter, or you may indicate that you wish to **ABSTAIN** from voting on the matter.

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We are not aware of any matter to be presented at the annual meeting that is not included in this proxy statement. However, your proxy authorizes the persons named on the proxy card to take action on additional matters that may properly arise. These individuals will exercise their best judgment to vote on any other matter, including a question of adjourning the annual meeting.

All votes are confidential unless disclosure is legally necessary.

Q: How does the Board recommend that I vote on each of the matters?

A: **FOR ITEMS 1-4:** The Board recommends that you vote **FOR** each of the director nominees, **FOR** the amendment to our Restated Certificate of Incorporation to provide for the annual election of all directors, **FOR** the amendment to The Williams Companies, Inc. 2007 Incentive Plan, and **FOR** the ratification of Ernst & Young LLP as our independent auditors for 2010.

AGAINST ITEMS 5 and 6: The Board recommends that you vote **AGAINST** both of the stockholder proposals.

Q: What is the difference between a stockholder of record and a stockholder who holds stock in street name?

A. If your shares are registered in your name with our transfer agent, Computershare Investor Services, LLC (Computershare), you are a stockholder of record, and the Company's proxy materials, including a proxy card, were sent to you directly by Computershare.

If you hold your shares with a broker or in an account at a bank, then you are a beneficial owner of shares held in street name. The Company's proxy materials were forwarded to you by your broker or bank, who is considered the stockholder of record for purposes of voting at the annual meeting. Your broker or bank should also have provided you with instructions for directing the broker or bank how to vote your shares.

Q: How do I vote if I am a stockholder of record?

A: As a stockholder of record, you may vote your shares in any one of the following ways:

Call the toll-free number shown on the proxy card;

Vote on the Internet on the website shown on the proxy card;

Mark, sign, date, and return the enclosed proxy card in the postage-paid envelope; or

Vote in person at the annual meeting.

Q: How do I vote if I am a beneficial owner?

A: As the beneficial owner, you have the right to direct your broker or bank how to vote your shares by following the instructions sent to you by your broker or bank. You will receive proxy materials and voting instructions for each account you have with a broker or bank. As a beneficial owner, if you wish to change the directions you have provided your broker or bank, you should follow the instructions sent to you by your broker or bank.

As a beneficial owner, you are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you obtain a signed legal proxy from your broker or bank giving you the right to vote the shares.

Q. Will my shares held in street name be voted if I do not tell my broker how I want them voted?

A. Under the current rules of the New York Stock Exchange (NYSE), if you are a beneficial owner, your broker or bank only has discretion to vote on certain routine matters without your voting instructions. The proposal to ratify Ernst & Young LLP as our independent auditors is considered a routine matter. However, the election of directors, the amendment to our Restated Certificate of Incorporation, the amendment to The Williams Companies, Inc. 2007 Incentive Plan and the stockholder proposals are not considered routine matters. Accordingly, your bank or broker will not be permitted to vote your shares on such matters unless you provide proper voting instructions.

Q. How do I vote if I participate in The Williams Investment Plus Plan?

A. If you hold shares in The Williams Investment Plus Plan, Computershare sent you the Company s proxy materials directly. You may direct the trustee of the plan how to vote your plan shares by calling the toll-free number shown on the proxy card, voting on the Internet on the website shown on the proxy card, or completing and returning the enclosed proxy card in the postage-paid envelope. Please note, in order to permit the trustee to

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tally and vote all shares of Williams common stock held in The Williams Investment Plus Plan, your instructions, whether by Internet, by telephone, or by proxy card, must be completed **prior to 1:00 a.m. Central time on Monday, May 17, 2010**. You may not change your vote related to such plan shares after this deadline.

If you do not instruct the trustee how to vote, your plan shares will be voted by the trustee in the same proportion that it votes shares in other plan accounts for which it did receive timely voting instructions. The proportional voting policy is detailed under the terms of the plan and the trust agreement.

Q: What if I return my proxy card or vote by Internet or phone but do not specify how I want to vote?

A. If you are a stockholder of record and sign and return your proxy card or complete the Internet or telephone voting procedures, but do not specify how you want to vote your shares, we will vote them as follows:

FOR the election of each of the director nominees.

FOR the amendment of our Restated Certificate of Incorporation to provide for the annual election of all directors.

FOR the amendment to The Williams Companies, Inc. 2007 Incentive Plan.

FOR the approval ratifying the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2010.

AGAINST the stockholder proposals.

Q: Can I change my vote or revoke my proxy?

A: If you are a stockholder of record, you can change your vote within the regular voting deadlines by voting again by telephone or on the Internet, executing and returning a later dated proxy, or attending the annual meeting and voting in person. If you are a stockholder of record, you can revoke your proxy by delivering a written notice of your revocation to our corporate secretary at One Williams Center, MD 47, Tulsa, Oklahoma 74172.

Q: What shares are included on my proxy card?

A. You will receive one proxy card for all the shares of common stock you hold in certificate form, in book-entry form, and in The Williams Investment Plus Plan.

If you hold your shares in street name, you will receive voting instructions for each account you have with a broker or bank.

Q: What is the quorum requirement for the meeting?

A: There must be quorum to take action at the meeting (other than adjournment or postponement of the meeting). A quorum will exist at the meeting if stockholders holding a majority of the shares entitled to vote at the annual meeting are present in person or by proxy. Stockholders of record who return a proxy or vote in person at the meeting will be considered part of the quorum. Abstentions are counted as present for determining a quorum. Uninstructed broker votes, also called broker non-votes, are also counted as present for determining a quorum so long as there is at least one matter that a broker may vote on without specific instructions from a beneficial owner. See *Will my shares held in street name be voted if I do not tell my broker how I want them voted?*

Q: What is the voting requirement to approve each of the matters?

A: Items 1-6 may be approved by a majority of the votes cast. Other matters that may properly come before the annual meeting may require more than a majority vote under our bylaws, our Restated Certificate of Incorporation, the laws of Delaware, or other applicable laws.

Q: How will the votes be counted?

A: Abstentions from voting on the election of a director nominee will not be considered a vote cast with respect to that director's election and therefore will not be counted in determining whether the director received a majority of the votes cast. Abstentions from voting on any other proposal will have the same effect as a vote against that proposal.

Broker non-votes (i.e., shares held by brokers or nominees that cannot be voted because the beneficial owner did not provide specific voting instructions) will be treated as not present and not entitled to vote.

Q: Who will count the votes?

A: A representative of Computershare will act as the inspector of elections and count the votes.

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Q: Where can I find the voting results of the meeting?

A: We will announce the voting results at the meeting. We also will disclose the voting results in a Form 8-K within four business days after the annual meeting.

Q: May I propose actions for consideration at the 2011 meeting of stockholders?

A: Yes. For your proposal to be considered for inclusion in our proxy statement for the 2011 meeting, we must receive your written proposal no later than December 23, 2010. If we change the date of the 2011 meeting by more than 30 days from the anniversary of the date of this year's meeting, then the deadline to submit proposals will be a reasonable time before we begin to print and mail our proxy materials. Your proposal, including the manner in which you submit it, must comply with SEC regulations regarding stockholder proposals.

If you wish to raise a proposal (including a director nomination) from the floor during our 2011 annual meeting of stockholders, we must receive a written notice of the proposal between January 21, 2011 and February 20, 2011. Your submission must contain the additional information required by our bylaws. Proposals should be addressed to our corporate secretary at One Williams Center, MD 47, Tulsa, Oklahoma 74172.

Q: Who is paying for this proxy solicitation?

A: Your proxy is solicited by the Board. We expect to solicit proxies in person, by telephone, or by other electronic means. We have retained MacKenzie Partners, Inc. to assist in this solicitation. We expect to pay MacKenzie Partners, Inc. an estimated \$17,500 in fees, plus expenses and disbursements.

We also will pay the expenses of this proxy solicitation including the cost of preparing and mailing the proxy statement and accompanying proxy card. Such expenses may include the charges and expenses of banks, brokerage firms and other custodians, nominees, or fiduciaries for forwarding proxy materials to beneficial owners of our common stock.

Q. Are you householding for stockholders sharing the same address?

A. The SEC's rules permit us to deliver a single copy of this proxy statement and our 2009 Annual Report to an address shared by two or more stockholders. This method of delivery is referred to as "householding" and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. We will deliver only one proxy statement and 2009 Annual Report to multiple registered stockholders sharing an address, unless we receive instructions to the contrary from one or more of the stockholders. We will still send each stockholder an individual proxy card.

If you would like to receive more than one copy of this proxy statement and our 2009 Annual Report, we will promptly send you additional copies upon request directed to our transfer agent, Computershare. You can call Computershare toll free at 1-800-884-4225. You can call the same phone number to notify us that you wish to receive a separate annual report or proxy statement in the future, or to request delivery of a single copy of any materials if you are receiving multiple copies now.

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CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance

General

Our Board believes that strong corporate governance is critical to achieving our performance goals and to maintaining the trust and confidence of investors, employees, suppliers, business partners, regulatory agencies, and other stockholders.

Corporate Governance Guidelines

Our Corporate Governance Guidelines provide a framework for the governance of Williams as a whole and also address the operation, structure, and practice of the Board and its committees. The Nominating and Governance Committee reviews these guidelines at least annually.

Strategic Planning

During the year, the Board meets with management to discuss and approve strategic plans, financial goals, capital spending, and other factors critical to successful performance. The Board also conducts a mid-year review of progress on objectives and strategies. During Board meetings, directors review key issues and financial performance. The Board meets privately with the Chief Executive Officer (CEO) six times per year and meets in executive session at each regular Board meeting and additionally as required. Further, the CEO communicates regularly with the Board on important business opportunities and developments. In 2009, the Board held one of its regularly scheduled meetings at one of our field locations to further educate the directors about our operations.

Board/Committee/Director Evaluations

The Board and each of its committees conduct annual self-assessments. In addition, the Nominating and Governance Committee evaluates each individual director annually.

Chief Executive Officer Evaluation and Management Succession

The Board and the CEO annually discuss and collaborate to set the CEO s performance goals and objectives. The Board meets annually in executive session to assess the CEO s performance. The Board maintains a process for planning orderly succession for the CEO and other executive officer positions and oversees executive officer development.

Board Leadership Structure

The Board believes that the Company and its stockholders are best served at this time by a leadership structure in which a single leader serves as chairman and CEO and the Board has an independent lead director.

Combining the roles of chairman and CEO makes clear that the person serving in these roles has primary responsibility for managing the Company s business, subject to the oversight and review of the Board. Under this structure, the chairman and CEO chairs Board meetings, where the Board discusses strategic and business issues. The Board believes that this approach is preferable because the CEO is the individual with primary responsibility for

implementing the Company's strategy, directing the work of other officers and leading implementation of the Company's strategic plans as approved by the Board. This structure creates a single leader who is directly accountable to the Board and, through the Board, to stockholders, and enables the CEO to act as the key link between the Board and other members of management. In addition, Mr. Malcolm personally brings to the combined role of chairman and CEO a strong history with Williams. Since joining the Company in 1984, Mr. Malcolm performed roles of increasing responsibility related to business development, gas management and supply, and gathering and processing, before ultimately assuming the chief executive officer position in 2002.

Because the Board also believes that strong, independent Board leadership is a critical aspect of effective corporate governance, the Board has established the position of Lead Director. The Lead Director, who must be

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independent, is elected annually by the independent directors. The Lead Director presides over executive sessions of the independent directors, consults with the chairman of the Board and our corporate secretary to establish an agenda for each Board meeting, oversees the flow of information to the Board, and acts as liaison between the non-employee directors and management. Mr. W. R. Howell currently serves as the Lead Director.

The Board believes that having a single leader serving as Chairman and CEO, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. However, the Board maintains the flexibility to amend the Corporate Governance Guidelines should it determine in the future that the two roles should be separated based upon the Board's assessment of the Company's needs and leadership from time to time. The Board periodically reviews the Board structure and leadership as well as director succession planning.

Board oversight of Williams' risk assurance process

We employ an annual risk assurance process that is designed to provide positive assurance to management and the Board that risks are effectively managed to enable achievement of strategic and operating objectives. The risk process is governed by the committees of the Board, our executive officers, and our risk subject matter experts. We utilize the Enterprise Risk Management (ERM) framework to identify the top risks to the Company considering our internal and external environments and objectives and to measure the likelihood of occurrence and potential impact of each risk. The Audit Committee annually reviews and provides feedback about the list of the top risks so identified. Such top risks are then further reviewed by the most appropriate Board committee. For example, the risk of financial reporting and disclosure is reviewed by the Audit Committee, the risk of capital availability is reviewed by the Finance Committee, and the risk of ethics and compliance program is reviewed by the Nominating and Governance Committee. Each Board committee annually considers a summary for each of its risks, including the definition, likelihood, and potential impact of each risk, the planned response to the risk, management's assessment of the effectiveness of mitigation efforts, and a status report of any action required. For so long as any action is required for the planned response to a risk, such risk is reviewed at each committee meeting until management assesses the risk's mitigation efforts as effective. Each committee provides feedback to management about the risk assurance process.

Executive Sessions of Non-Employee Directors

Non-employee directors meet without management present at each regularly scheduled Board meeting. Additional meetings may be called by the Lead Director in his discretion or at the request of the Board.

Director Independence

The Board has adopted director independence standards, as an attachment to our Corporate Governance Guidelines.

The Board has affirmatively determined that each of Mr. Cleveland, Dr. Cooper, Mr. Engelhardt, Mr. Granberry, Mr. Green, Ms. Hinshaw, Mr. Howell, Mr. Lorch, Mr. Lowrie, Mr. MacInnis, and Ms. Stoney is an independent director. In addition, the Board affirmatively determined that Charles M. Lillis, who resigned effective March 18, 2009, was an independent director. In so doing, the Board determined that each of these individuals met the bright line independence standards of the NYSE and our own director independence standards. In addition, the Board considered transactions and relationships between each director and any member of his or her immediate family on one hand, and Williams and its affiliates on the other, to confirm that those transactions and relationships do not vitiate the affected director's independence. We discuss these relationships below.

Ms. Hinshaw is a director of Insituform Technologies, Inc., a company whose subsidiaries, Bayou Coating LLC, Bayou Companies LLC, and Insituform Technologies Inc. dba United Pipeline Systems provide services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only

because Ms. Hinshaw is a director of Insituform, that she has no material interest in any transactions between the subsidiaries and Williams, and that she had no role in any such transactions.

Mr. Howell is a director of Deutsche Bank Trust Corporation and Deutsche Bank Trust Company Americas and a member of the America Advisory Board of Deutsche Bank AG. Deutsche Bank AG and Deutsche Bank

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Securities Inc. provide services to Williams. In determining that this relationship was not material, the Board considered these facts: the relationship arises only because Mr. Howell is a director of Deutsche Bank entities, that he has no material interest in any transaction between Deutsche Bank and Williams, and that he had no role in any such transactions.

Mr. Lorch is a director of HSBC Finance Corporation and HSBC North America Holding Co. HSBC Bank (USA) and HSBC Business Solutions provide services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Mr. Lorch is a director of HSBC, that he has no material interest in any transactions between HSBC and Williams, and that he had no role in any such transactions.

Mr. MacInnis is a director of ITT, whose subsidiary Gould Pumps Inc. provides services to Williams. In determining that the relationship was not material, the Board considered these facts: the relationship arises only because Mr. MacInnis is a director of ITT, that he has no material interest in any transactions between the ITT subsidiary and Williams, and that he had no role in any such transactions.

Mr. MacInnis also serves as chairman of the board and chief executive officer of EMCOR Group Inc., a company whose subsidiaries Integrated Solutions Group, Ohmstede Industrial Services Inc., Ohmstede Ltd, Ohmstede United Industrial Services, and Wasatch Electric provide services to Williams. In determining that the relationship was not material, the Board considered the fact that payments made by Williams to EMCOR subsidiaries did not exceed the greater of \$1 million or 2% of either company's consolidated gross revenues.

No member of our Board serves as an executive officer of any non-profit organization that has received contributions from Williams exceeding the greater of \$1 million or 2% of such organization's consolidated gross revenues in any single fiscal year of the preceding three years. Further, in accordance with our director independence standards, the Board determined that there were no discretionary contributions to a non-profit organization with which a director, or a director's spouse, has a relationship that affects the director's independence.

The Board determined that Mr. Malcolm is not independent because he is an executive officer of the Company.

Transactions with Related Persons

The Board has adopted policies and procedures with respect to related person transactions as part of the Audit Committee charter. Any proposed related person transaction involving a member of the Board must be reviewed and approved by the full Board. Otherwise, the Audit Committee reviews proposed transactions with related persons, promoters, and certain control persons that are required to be disclosed in our filings with the SEC. If it is impractical to convene an Audit Committee meeting before a related person transaction occurs, the chairman of the committee may review the transaction alone. The Audit Committee or its chairman, in good faith, may approve only those related person transactions that are in, or not inconsistent with, Williams' best interests and the best interests of our stockholders. No director may participate in any review, consideration or approval of any related person transaction with respect to which such director or any of his or her immediate family members is the related person. During 2009, there were no transactions that required review or approval by the Audit Committee or the full Board.

Majority Vote Standard

Our Board has adopted a majority vote standard for the election of directors in uncontested elections. Each of our directors has executed an irrevocable resignation that will become effective if he or she fails to receive a majority of the votes cast in an uncontested election and the Board accepts such resignation. If a director fails to receive the required votes for election, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the resignation. The Nominating and Governance Committee will then submit its recommendation

for consideration by the Board. The Board will act on the recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results. The Board expects the director whose tendered resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's tendered resignation. If the Board accepts a director's resignation, the

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Nominating and Governance Committee will recommend to the Board whether to fill such vacancy or reduce the size of the Board.

Director Attendance at Annual Meeting of Stockholders

We have a policy that all Board members are expected to attend our annual meeting of stockholders. All of the then-current Board members attended the 2009 annual meeting of stockholders.

Communications with Directors

Any stockholder or other interested party may communicate with our directors, individually or as a group, by contacting our corporate secretary or the Lead Director. The contact information is maintained on the Investor page of our website at www.williams.com.

The current contact information is as follows:

The Williams Companies, Inc.
One Williams Center, MD 47
Tulsa, Oklahoma 74172
Attn: Lead Director

The Williams Companies, Inc.
One Williams Center, MD 47
Tulsa, Oklahoma 74172
Attn: Corporate Secretary
Email: lafleur.browne@williams.com

Communications will be forwarded to the relevant director(s) except for solicitations or other matters not related to the Company.

Code of Ethics

We have adopted a code of ethics specific to the CEO, Chief Financial Officer, and Chief Accounting Officer, which was filed with the SEC as Exhibit 14 to our annual report on Form 10-K for the year ended December 31, 2003. In addition, we have adopted a code of business conduct that is applicable to all employees and directors.

How to Obtain Copies of our Governance-Related Materials

The following documents are available on our website at www.williams.com from the Corporate Responsibility/Corporate Governance tab.

Corporate Governance Guidelines,

Code of Ethics for Senior Officers,

the Williams Code of Business Conduct, and

the charters for the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating and Governance Committee.

If you want to receive these documents in print, please send a written request to our corporate secretary at The Williams Companies, Inc., One Williams Center, MD 47, Tulsa, Oklahoma 74172.

Board and Committee Structure and Meetings

Board Meetings

Board members actively participate in Board and committee meetings. Generally, materials are distributed one week in advance of each regular Board meeting so that members can be prepared for the discussion.

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The full Board met 9 times in 2009. Further, the non-employee directors met 6 times without the chairman of the Board and CEO present. Each director attended at least 75% of the aggregate of the Board and applicable committee meetings held in 2009.

Board Committees

The Board has four standing committees – Audit, Compensation, Finance, and Nominating and Governance – as well as an ad hoc Litigation Committee. Each standing committee has a charter adopted by the Board. The standing committees report to the full Board at each regular Board meeting.

The Board elects each committee’s members and chairman annually. The chart below shows the composition of the standing committees and the number of committee meetings in 2009.

| | Audit Committee | Compensation Committee | Finance Committee | Nominating and Governance Committee |
|-----------------------------------|----------------------------|-----------------------------------|------------------------------|--|
| Joseph R. Cleveland | ü | | ü | |
| Kathleen B. Cooper | | ü | ü | |
| Irl F. Engelhardt | ü | | ü | |
| William R. Granberry | | ü | ü | |
| William E. Green | ü | | | ü |
| Juanita H. Hinshaw | ü | | | |
| W. R. Howell | | | | ü |
| George A. Lorch | | ü | | ü |
| William G. Lowrie | | | | ü |
| Frank T. MacInnis | | ü | | |
| Steven J. Malcolm | | | | |
| Janice D. Stoney | | ü | | ü |
| Number of Meetings in 2009 | 11 | 8 | 6 | 6 |

= Chairperson

ü = Committee Member

Audit Committee

Williams has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (Exchange Act). The Audit Committee:

appoints, evaluates, and determines the compensation of Ernst & Young LLP, our independent registered public accounting firm;

assists the Board in fulfilling its responsibilities for generally overseeing Williams financial reporting processes and the audit of Williams financial statements, including the integrity of Williams financial statements, Williams compliance with legal and regulatory requirements, and risk assessment and risk management;

reviews the qualifications and independence of the independent registered public accounting firm;

reviews the performance of Williams internal audit function and the independent registered public accounting firm;

reviews Williams earnings releases;

reviews transactions between Williams and related persons that are required to be disclosed in our filings with the SEC;

oversees investigations into complaints concerning financial matters;

annually reviews its charter and performance; and

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prepares the Audit Committee report for inclusion in the annual proxy statement.

The Board has determined that all members of the Audit Committee are financially literate as defined by the NYSE rules and that Ms. Juanita H. Hinshaw and Mr. Irl F. Engelhardt qualify as audit committee financial experts as defined by the rules of the SEC. No Audit Committee member serves on more than three public company audit committees.

Compensation Committee

The Compensation Committee oversees the design and implementation of strategic compensation programs for our executive officers that align the interests of our executive officers with those of our stockholders. The Compensation Committee's key responsibilities include:

- approving executive compensation philosophy, policies, and programs;
- recommending to the Board equity-based compensation plans;
- recommending to the Board cash-based incentive compensation plans for the NEOs and other executives;
- setting corporate goals and objectives for compensation;
- evaluating the NEOs and certain other executives' performance in light of those goals and objectives;
- approving the NEOs and certain other executives' compensation, including salary, incentive compensation, equity-based compensation, and any other remuneration;
- approving, amending, modifying, or terminating, in its settlor (non-fiduciary) capacity, the terms of any benefit plan that does not require stockholder approval;
- reviewing and revising (if necessary) annual succession and development plans for the positions of CEO and certain other executives;
- reviewing and approving the Compensation Discussion and Analysis required by the SEC for inclusion in the annual proxy statement;
- monitoring the executive officers' compliance with Williams' stock ownership policies; and
- reviewing annually its charter and performance.

The Compensation Committee has authority under its charter to retain, approve fees for, and terminate advisors, consultants, and agents as it deems necessary to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid to its outside advisors to ensure that the advisors maintain objectivity and independence when rendering advice to the Committee. The Compensation Committee has selected and retained Frederic W. Cook & Co., an independent executive compensation consulting firm, to:

- provide competitive market data and advice related to the CEO's compensation level and incentive design;

review and evaluate management-developed market data and recommendations on compensation levels, incentive mix, and incentive design for NEOs and certain other executives (excluding the CEO);

develop the criteria used to identify comparator companies for executive compensation and performance comparisons; and

provide information on executive compensation trends and their implications to Williams.

The independent compensation consultant reports to the chairman of the Compensation Committee. Frederic W. Cook & Co. also provides competitive market data and advice to the Nominating and Governance Committee on non-employee director compensation. Frederic W. Cook & Co. does not provide any additional services to Williams.

The Compensation Committee chairman works with the Senior Vice President, Strategic Services and Administration, and Chief Administrative Officer (CAO) to determine the agenda for committee meetings. The CEO and the CAO are invited to attend the Compensation Committee meetings, though they leave the room during discussions of compensation actions that could affect them personally. Williams Human Resources department

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supports the Compensation Committee in its duties and, along with the CEO, may perform certain functions regarding compensation programs. For more information on the Compensation Committee, please see the Compensation Discussion and Analysis in this proxy statement.

Finance Committee

The Finance Committee oversees Williams' finances. Among other tasks, this committee:

- reviews and recommends to the Board Williams' capital spending;
- oversees Williams' financial strategies, plans, and policies;
- reviews and approves any amendments to Williams' financing agreements; and
- reviews annually its charter and performance.

Nominating and Governance Committee

The Nominating and Governance Committee:

- develops and recommends to the Board director qualifications;
- identifies and recommends to the Board director candidates;
- reviews candidates recommended by stockholders;
- recommends to the Board the individual, or individuals, to be the chairman of the Board and the CEO;
- reviews the CEO's recommendations for individuals to be officers;
- monitors significant developments in the regulation and practice of corporate governance;
- reviews the size and composition of the Board and its committees and recommends to the Board any changes;
- conducts a preliminary review of director independence and the financial literacy and expertise of the Audit Committee members;
- recommends assignments to the Board committees;
- oversees and assists the Board in the review of the Board's performance and reviews its own performance;
- annually reviews each committee charter, the Corporate Governance Guidelines, the Code of Ethics for Senior Officers, and the Williams Code of Business Conduct;
- oversees Williams' compliance programs;
- reviews stockholder proposals and recommends responses to the Board;
- develops and monitors stock ownership guidelines for directors; and

reviews and recommends to the Board compensation of non-employee directors.

Consideration of nominees. The process for selecting a director nominee starts with a preliminary assessment of each candidate based upon his/her resume and other biographical and background information, and his/her willingness to serve. The Committee considers prior Williams Board performance and contributions for any director nominee who is a current or former Board member. A candidate's qualifications are then evaluated against the criteria set forth in Proposal 1 Election of Directors, as well as the specific needs of Williams at the time. Qualified candidates are interviewed by the chairman of the Board and at least one member of the Nominating and Governance Committee. Candidates may then meet with other members of the Board and senior management. At the conclusion of this process, if the Board and senior management determine that the candidate will be a good fit, the Nominating and Governance Committee recommends the candidate to the Board for election at the next annual meeting.

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The Nominating and Governance Committee uses the same process to evaluate all candidates regardless of the source of the nomination. The Committee has in the past and may in the future engage third party consultants to identify and evaluate potential director nominees, as it deems appropriate.

Stockholder nominations. The Nominating and Governance Committee will consider written recommendations from stockholders for director nominations. If you wish to nominate a candidate, please forward the candidate's name and a detailed description of the candidate's qualifications, a document indicating the candidate's willingness to serve, and evidence that you own Williams' stock to: Corporate Secretary, One Williams Center, MD 47, Tulsa, Oklahoma 74172. A stockholder wishing to nominate a candidate must also comply with the notice and other requirements described above under the question *May I propose actions for consideration at the 2011 meeting of stockholders?*

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PROPOSAL 1 ELECTION OF DIRECTORS

Our current restated certificate of incorporation provides for three classes of directors with each class of as nearly equal size as possible. The restated certificate of incorporation also provides that the Board must consist of between five and 17 members, with the actual number of directors at any time to be determined by the Board. The term of each class of directors is ordinarily three years, and the term of one class expires each year in rotation.

The 2010 nominees for the office of director Dr. Cooper, Mr. Granberry, and Mr. Lowrie were elected by Williams stockholders to a three-year term that expires this year. Unless otherwise instructed, the individuals designated by the Board as proxies intend to vote to elect Dr. Cooper, Mr. Granberry, and Mr. Lowrie. Should any of these nominees become unable for any reason to stand for election as a director, the designated proxies will vote to elect another nominee recommended by the Nominating and Governance Committee. Alternatively, the Board may choose to reduce its size.

Director and Nominee Experience and Qualifications. At each of its regularly scheduled meetings, in satisfaction of our Corporate Governance Guidelines, the Nominating and Governance Committee evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future, given the Company's current situation and strategic plans. The Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board in such areas as geography, race, gender, ethnicity, and age. This assessment enables the Board to update (if necessary) the skills and experience it seeks in the Board as a whole, and in individual directors, as the Company's needs evolve and change over time. For Board membership, the Nominating and Governance Committee considers the appropriate balance of experience, skills, and characteristics that best suits the needs of the Company and our stockholders. The Committee develops long-term Board succession plans to ensure that the appropriate balance is maintained.

The minimum qualifications and attributes that the Nominating and Governance Committee believes a director nominee must possess include:

- an understanding of business and financial affairs and the complexities of a business organization.
- genuine interest in Williams and in representing all of its stockholders.
- a willingness and ability to spend the time required to function effectively as a director.
- an open-minded approach and the resolve to make independent decisions on matters presented for consideration.
- a reputation for honesty and integrity beyond question.

In evaluating the director nominees and in reviewing the qualifications and experience of the directors continuing in office, the Nominating and Governance Committee considered a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments, and experience in light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board. Among other things, the Board has determined that it is important to have individuals with the following skills and experiences on the Board:

- Industry Experience* in the natural gas business.

Financial Experience with which to evaluate our financial statements and capital investments.

Corporate Governance Experience to support our goals of greater transparency, accountability for management and the Board, and protection of stockholders interests.

Legal Experience is valuable to the Board oversight of the Company's legal and regulatory compliance.

Public Policy and Government Experience is relevant to the Company as it operates in a highly regulated industry.

Operating Experience which is relevant to the understanding of the Company's operating plan and strategy.

Compensation Experience to help us attract, motivate and retain world class talent.

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Technology Experience which is relevant to understand the operations of the Company's networking technology, data requirements, and security.

We have included below certain information about the nominees for election as directors as well as the directors who will continue in office after the annual meeting.

Nominees for Director Whose Terms Will Expire at the Annual Meeting in 2013

Kathleen B. Cooper, Age 65, Class III

Member Compensation Committee

Member Finance Committee

Director since 2006. Dr. Cooper has served as Senior Fellow of the Tower Center for Political Studies at Southern Methodist University since August 2007. From 2005 to 2007, she was the Dean of the College of Business Administration at the University of North Texas. From 2001 to 2005, she was the Under Secretary for Economic Affairs at the U.S. Department of Commerce. Dr. Cooper was at Exxon Mobil Corporation (an international oil and gas company) from 1990 to 2001, serving as Chief Economist the entire time and adding the position of Manager, Economics & Energy Division, Corporate Planning in 1999. Dr. Cooper also acted as Chief Economist for Security Pacific Bank (1981 to 1990) and United Banks of Colorado (1971 to 1981). Dr. Cooper served as a founding director of Texas Security Bank from 2008 through January 2010. She has participated in numerous professional and community service organizations, including Harvard University's Higher Education Leadership Forum, the Oxford Energy Forum, and the International Women's Forum.

As Senior Fellow of the Tower Center for Political Studies at Southern Methodist University, former Under Secretary for Economic Affairs at the U.S. Department of Commerce, and former executive of a Fortune 500 energy company, Dr. Cooper's qualifications include industry, financial, and public policy and government experience.

William R. Granberry, Age 67, Class III

Member Compensation Committee

Member Finance Committee

Director since 2005. Mr. Granberry has been a member of Compass Operating Company LLC (a small, private oil and gas exploration, development, and producing company) since October 2004. From 1999 to 2004, as an independent consultant, he managed investments and consulted with oil and gas companies. From 1996 to 1999, Mr. Granberry was President and Chief Operating Officer of Tom Brown, Inc. (a public oil and gas company with exploration, development, acquisition, and production activities throughout the central United States). He has worked in the oil and gas industry in various capacities for 44 years, including as a manager of engineering at Amoco (a global energy company) and in executive positions for smaller independent energy companies. Mr. Granberry has served on committees and boards of industry organizations, including the Society of Petroleum Engineers, the American Petroleum Institute, and the Independent Producers Association of America. A start up Internet company, Just4Biz.com, where he served on the

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board of directors and as interim chief executive officer for periods in 2000 and 2001, filed for bankruptcy in May 2001. He is a director of Legacy Reserves GP, LLC (an independent acquirer and developer of oil and natural gas properties) and Manor Park, Inc. (a Midland, Texas not-for-profit organization).

As a member of Compass Operating Company LLC, former President and Chief Operating Officer of Tom Brown, Inc., and with his varied experiences as an executive in the oil and gas industry, Mr. Granberry's qualifications include industry, public policy and government, and operating experience.

William G. Lowrie, Age 66, Class III

Chairman Audit Committee

Member Nominating and Governance Committee

Director since 2003. In 1999 Mr. Lowrie retired as Deputy Chief Executive Officer and director of BP Amoco PLC (a global energy company), where he spent his entire 33-year career. At Amoco, Mr. Lowrie held various positions of increasing responsibility, developing expertise in drilling, reservoir engineering, financial analysis of projects, and other skills related to the oil and natural gas exploration, production, and processing businesses. At various times in his Amoco tenure, Mr. Lowrie managed natural gas and natural gas liquids pipeline operations, hedging and other hydrocarbon price risk mitigation functions, international contract negotiations, petroleum product refining and marketing operations, environmental health and safety program design, and the development and execution of a process for managing capital investment projects. Mr. Lowrie also worked closely with all financial functions, internal and external auditors, and industry organizations such as the American Petroleum Institute. From 1995 to 1999, Mr. Lowrie served on the board of Bank One Corporation (now JP Morgan Chase), including on such board's audit committee. He has attended the Executive Program at the University of Virginia. Mr. Lowrie is a director of The Ohio State University Foundation and a trustee of the South Carolina chapter of The Nature Conservancy.

As the former Deputy Chief Executive Officer of BP Amoco PLC, Mr. Lowrie's qualifications include industry, financial, corporate governance, operating, and compensation experience.

Board of Directors Recommendation: THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE DIRECTORS NAMED IN PROPOSAL 1.

Directors Continuing in Office

Directors Whose Terms Expire at the Annual Meeting in 2011

Joseph R. Cleveland, Age 65, Class I

Member Audit Committee

Member Finance Committee

Director since 2008. Mr. Cleveland was the Chief Information Officer of Lockheed Martin Corporation (an advanced technology company) from 2001 to 2008. Mr. Cleveland was responsible for Lockheed Martin's information technology vision, consolidating its resources, implementing e-commerce initiatives, leveraging

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economies of scale, and supporting its businesses. He was also President of Lockheed Martin Enterprise Information Systems from 1995 to 2008. From 2001 to 2008, Mr. Cleveland served as a director of Exostar (a joint venture formed to support the supply chain and security requirements of the aerospace and defense industry). Prior to the merger of Lockheed and Martin Marietta in 1995, Mr. Cleveland was Vice President and General Manager of Martin Marietta Internal Information Systems. From 1982 to 1986, Mr. Cleveland held an international assignment as Managing Director of GE Medical Systems Operations in Radlett, England. Mr. Cleveland began his career in 1970 as a member of General Electric Medical Systems engineering department. Mr. Cleveland is a member of the board of Aerospace Industries Association, the Florida High Tech Corridor Committee, and the Metro Orlando Economic Development Commission, among other civic and charitable organizations.

As the former Chief Information Officer of Lockheed Martin Corporation, a former Vice President of Martin Marietta, and multiple Executive operating positions with G.E., Mr. Cleveland's qualifications include business operations and technology experience.

Juanita H. Hinshaw, Age 65, Class I

Member Audit Committee

Chairman Finance Committee

Director since 2004. Ms. Hinshaw is President and Chief Executive Officer of H&H Advisors (a financial consulting firm she founded in 2005). From 2000 to 2005 she was Senior Vice President and Chief Financial Officer of Graybar Electric Company (a distributor of electrical and communications products and provider of related supply chain management and logistics services), where she was responsible for the treasury, tax, auditing, and accounting areas. Ms. Hinshaw was a director of Graybar from 2000 to 2005. Prior to joining Graybar, she was with Monsanto Company (an agricultural company) for fifteen years, retiring as Monsanto's Vice President and Treasurer in 1999. Ms. Hinshaw was a director of IPSCO (a supplier of steel products, tubular products, and coil processing services and products) from 2001 until the company was sold in 2007. Ms. Hinshaw is a director of Insituform Technologies Inc. (a provider of technologies and services for the rehabilitation of pipeline systems) and Synergetics USA, Inc. (which designs, manufactures, and markets instruments used for eye and neurosurgery).

As the President and Chief Executive Officer of a consulting firm, the former Senior Vice President and Chief Financial Officer of Graybar Electric Company, and the former Vice President and Treasurer of Monsanto Company, Ms. Hinshaw's qualifications include financial and operating experience.

Frank T. MacInnis, Age 63, Class I

Member Compensation Committee

Chairman Nominating and Governance Committee

Director since 1998. Mr. MacInnis has been Chairman of the Board and Chief Executive Officer of EMCOR Group Inc. (an electrical and mechanical construction company and energy infrastructure service provider) since 1994, after he managed the reorganization and emergence from bankruptcy of its predecessor. Mr. MacInnis also is

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Chairman of the Board and Chief Executive Officer of ComNet Communications, LLC (a provider of turnkey voice, data, and video infrastructure support). From 1981 to 1984, Mr. MacInnis served as Chairman and Chief Executive Officer of H.C. Price Construction (a builder of large diameter oil and gas pipelines). He has managed construction and operations all over the world, including in Tehran, Baghdad, Bangkok, the United Arab Emirates, London, the United States, and Canada. Mr. MacInnis has a law degree, having graduated from the University of Alberta Law School in 1971. He is a director of ITT Corporation (a high-technology engineering and manufacturing company) and the Greater New York Chapter of the March of Dimes.

As the Chairman and Chief Executive Officer of EMCOR Group Inc. and ComNet Communications, LLC, Mr. MacInnis qualifications include industry, financial, corporate governance, legal, operating, and compensation experience.

Steven J. Malcolm, Age 61, Class I

Chairman of the Board
Chief Executive Officer

Director since 2001. Mr. Malcolm has served Williams in many capacities. He became Chairman of the Board in May 2002, Chief Executive Officer in January 2002, and President in September 2001. He was Chief Operating Officer from September 2001 to January 2002 and an Executive Vice President from May 2001 to September 2001. Mr. Malcolm was President and Chief Executive Officer of Williams Energy Services, LLC, a subsidiary of Williams, from 1998 to 2001, and Senior Vice President and General Manager of Williams Field Services Company, a subsidiary of Williams, from 1994 to 1998. Since joining Williams in 1984, he has performed roles of increasing responsibility related to business development, gas management and supply, and gathering and processing, before ultimately assuming the Chief Executive Officer position. Mr. Malcolm began his career at Cities Service Company in refining, marketing, and transportation services in 1970. Mr. Malcolm is also a director of several entities: Williams Partners GP LLC, the general partner of Williams Partners L.P.; Williams Pipeline GP LLC, the general partner of Williams Pipeline Partners L.P.; BOK Financial Corporation; and Bank of Oklahoma N.A. Mr. Malcolm serves on the boards of the YMCA of Greater Tulsa, St. John Medical Center, University of Tulsa Board of Trustees, Tulsa Metro Chamber of Commerce, and Tulsa Educare, and is a member of the American Petroleum Institute (Executive Committee), The Business Roundtable, the Oklahoma Business Roundtable, the National Petroleum Council, America's Natural Gas Alliance (ANGA), the American Exploration & Production Council, and the 25 Year Club of the Petroleum Industry.

As Chairman, President and Chief Executive Officer of Williams, Mr. Malcolm's qualifications include industry, financial, corporate governance, public policy and government, operating, and compensation experience.

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Janice D. Stoney, Age 69, Class I

Member Compensation Committee

Member Nominating and Governance Committee

Director since 1999. Ms. Stoney served as Executive Vice President of US West Communications Group, Inc. from March 1991 until retiring in January 1993 after a 33-year career. Previously she served as the President, Consumer Division, of US West (the Denver-based parent company of Northwestern Bell Telephone Company, Mountain States Telephone & Telegraph Company, and Pacific Northwest Bell Telephone Company) from 1989 to 1991. Beginning in 1980, Ms. Stoney held officer positions at Northwestern Bell, including as its Chief Operating Officer and ultimately its President and Chief Executive Officer. Ms. Stoney was the 1994 Nebraska Republican nominee for the U.S. Senate. She served as a national vice-chair finance and the Nebraska chair finance for the Dole for President campaign in 1995 to 1996, and as a delegate to the 2000 and 2004 national Republican conventions. Ms. Stoney was a director of Gordmans (a chain of mid-western discount department stores) from 1998 to 2008, Bridges Investment Fund (a venture capital fund) from 1999 to 2006, and Swanson Corporation (a vending and food service corporation) from 1999 to 2006. Ms. Stoney has been a director of Whirlpool Corporation (a manufacturer of home appliances) since 1987. Through 22 years as a director in manufacturing, consumer products, retailing, and investment funds industries, Ms. Stoney has board experience with director searches, CEO and management succession, management development, executive compensation, and strategic planning. She has chaired compensation and audit committees for other entities. She has served on the Federal Reserve Bank, Tenth District, Omaha Branch and the Omaha Community Foundation.

As a former Executive Vice President of US West Communications Group, Inc., Chief Executive Officer of Northwestern Bell, and through her engagement in the political process, Ms. Stoney's qualifications include corporate governance, public policy and government, operating, and compensation experience.

Directors Whose Terms Expire at the Annual Meeting in 2012

Irl F. Engelhardt, Age 63, Class II

Member Audit Committee

Member Finance Committee

Director since 2005. Mr. Engelhardt has served as chairman of Patriot Coal Corporation (a producer and marketer of coal in the eastern United States) since November 2007. He was chairman of Peabody Energy Corporation (a private-sector coal company) or its predecessor companies from 1993 to 2007, and chief executive officer from 1990 through 2005. He was also co-CEO of The Energy Group (comprising Eastern Electricity in the United Kingdom, Peabody in the United States and Australia, and Citizens Power in the United States) from 1997 to 1998 and chairman of Citizens Power (a power marketer, formerly a subsidiary of Peabody) from 1998 to 2000. Mr. Engelhardt is a director of Patriot Coal and Valero Energy Corporation (an independent petroleum refiner and marketer) and the former chairman of The Federal Reserve Bank of St. Louis.

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As Chairman of Patriot Coal Corporation, and former Chairman and Chief Executive Officer of Peabody Energy Corporation, Mr. Engelhardt's qualifications include industry, financial, corporate governance, operating, and compensation experience.

William E. Green, Age 73, Class II

Member Audit Committee

Member Nominating and Governance Committee

Director since 1998. Mr. Green is the founder of William Green & Associates, a Palo Alto, California law firm, and has been with the firm since 1974. He is also the Vice President, General Counsel and Secretary of AIM Broadcasting, LLC. From 1971 to 1974, Mr. Green was Assistant General Counsel for Boise Cascade Corporation (which manufactures paper, corrugated containers, and wood products and distributes office products and building materials). From 1963 through 1971, Mr. Green was a member of the legal staff of Sybron Corporation (an equipment manufacturer for the brewing, chemical, food processing and dental equipment markets), serving as Associate Patent Counsel and Associate General Counsel. Mr. Green was employed by the Applied Research Laboratories of United States Steel Corporation as a chemist from 1957 to 1961 and as a patent coordinator from 1961 to 1963. He is a former trustee of Rochester Savings Bank. Mr. Green was Chairman of the City Planning Commission for Rochester, New York from 1966 to 1971 and a candidate for the New York State Assembly in 1968. Mr. Green is a director of Philanthropic Ventures, Inc. (a charitable foundation), Ramsell Holding Corporation (four healthcare companies, primarily performing pharmacy benefit management), Flowers Heritage Foundation (a nonprofit foundation), and Shiloh Energy Group Corporation (a developer of renewable energy systems).

As a member of the law firm Williams Green & Associates; Vice President, General Counsel and Secretary of AIM Broadcasting, LLC; and former Associate General Counsel for each of Boise Cascade Corporation and Sybron Corporation, Mr. Green's qualifications include corporate governance and legal experience.

W.R. Howell, Age 74, Class II

Lead Director

Chairman Compensation Committee

Member Nominating and Governance Committee

Director since 1997. Mr. Howell is Chairman Emeritus of J.C. Penney Company, Inc. (a major merchandise and services retailer). Mr. Howell started with J.C. Penney in 1958 as a management trainee, advancing through store management positions in Oklahoma, Texas and California before transferring in 1979 to J.C. Penney's headquarters in New York, where he oversaw merchandising, marketing, and catalog operations. Ultimately he was Chairman of the Board and Chief Executive Officer of J.C. Penney from 1983 to 1995, when he relinquished the position of chief executive officer but continued to serve as chairman until January 1997. J.C. Penney's sales rose from \$12 billion to \$21 billion during Mr. Howell's chairmanship. Mr. Howell also managed J.C. Penney's 1987 decision to move the company's headquarters from New York to Dallas, Texas. Mr. Howell served as a director of ExxonMobil Corporation (an international oil and gas company) from 1982 to 2008. He also served on the boards of Pfizer Inc. (a research-based pharmaceutical company) from 2000 to 2009, Halliburton Company (a provider of oilfield

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technologies and services) from 1991 to 2008, and American Electric Power (a electricity service provider, formerly Central & South West Corp.) from 1997 to 2008. Since 1986 he has served as a director of Deutsche Bank Trust Corporation (formerly known as Bankers Trust Corporation) and Deutsche Bank Trust Company Americas, non-public wholly-owned subsidiaries of Deutsche Bank AG (a financial service provider). Mr. Howell has also served on the Americas Advisory Board at Deutsche Bank AG since November 2008.

As the former Chairman and Chief Executive Officer of J.C. Penney, Mr. Howell's qualifications include financial, corporate governance, operating, and compensation experience.

George A. Lorch, Age 68, Class II

Member Compensation Committee

Member Nominating and Governance Committee

Director since 2001. Mr. Lorch is Chairman Emeritus of Armstrong Holdings, Inc., the holding company for Armstrong World Industries, Inc. (a manufacturer and marketer of floors, ceilings, and cabinets). He was the Chief Executive Officer and President of Armstrong World Industries, Inc. from 1993 to 1994 and Chairman of the Board and Chief Executive Officer from 1994 to 2000. From May 2000 to August 2000 he was Chairman of the Board and Chief Executive Officer of Armstrong Holdings, Inc. In December 2002, Armstrong World Industries, Inc. filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Mr. Lorch has 20 years of sales and marketing experience at Armstrong, including 17 years experience as a head of operations, with responsibility for profit and loss statements, balance sheets, and stockholder relations. During his 21 years as a director in varied industries, Mr. Lorch has participated in CEO searches, succession planning, strategy development, takeover defense and offense, and director recruitment, and he has served on dozens of board committees. Mr. Lorch is a director of Pfizer, Inc. (a research-based pharmaceutical company); Autoliv, Inc. (a developer, manufacturer, and supplier of automotive safety systems); HSBC Finance and HSBC North America Holding Co., non-public, wholly-owned subsidiaries of HSBC LLC (a banking and financial services provider); and Masonite (a door manufacturer). Mr. Lorch also serves as an advisor to the Carlyle Group (a private equity firm).

As the former Chief Executive Officer and President of Armstrong World Industries, Inc., Mr. Lorch's qualifications include financial, corporate governance, operating, and compensation experience.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information as of December 31, 2009, concerning beneficial ownership by holders of five percent or more of our common stock. Unless otherwise indicated, the persons named have sole voting and investment power with respect to the shares listed.

| Name and Address | Number of Share of Common Stock | Percent of Class |
|---|------------------------------------|---------------------|
| BlackRock, Inc.(1) 40 East 52 nd Street New York, NY 10022 | 44,690,166 | 7.66% |

(1) Reflects shares beneficially owned by Blackrock, Inc. according to its Schedule 13G filed with the SEC on January 29, 2010. The Schedule indicates that Blackrock, Inc., a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G) of the Exchange Act, owns 44,690,166 shares of our common stock.

The following table sets forth, as of February 28, 2010, the number of shares of our common stock beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group.

| Name of Individual or Group | Shares of Common Stock | | Shares Underlying Options Exercisable Within 60 Days(3) | Total | Percent of Class(4) |
|-----------------------------|---------------------------------------|---------------------------------------|--|-----------|---------------------------|
| | Owned Directly or Indirectly(1)(2) | Owned Directly or Indirectly(1)(2) | | | |
| Alan Armstrong | 293,705 | | 258,976 | 552,681 | * |
| Donald R. Chappel | 431,729 | | 466,051 | 897,780 | * |
| Joseph R. Cleveland | 11,957 | | | 11,957 | * |
| Kathleen B. Cooper | 17,715 | | 4,500 | 22,215 | * |
| Irl F. Engelhardt | 47,706 | | 12,000 | 59,706 | * |
| William R. Granberry | 19,975 | | 9,000 | 28,975 | * |
| William E. Green | 48,508 | | 30,714 | 79,222 | * |
| Ralph A. Hill | 273,657 | | 216,874 | 490,531 | * |
| Juanita H. Hinshaw | 23,666 | | 15,000 | 38,666 | * |
| W. R. Howell | 73,098 | | 48,714 | 121,812 | * |
| George A. Lorch | 62,785 | | 43,631 | 106,416 | * |
| William G. Lowrie | 69,050 | | | 69,050 | * |
| Frank T. MacInnis | 66,787 | | 48,714 | 115,501 | * |
| Steven J. Malcolm | 1,223,012 | | 2,204,650 | 3,427,662 | * |
| Janice D. Stoney | 54,201 | | 48,714 | 102,915 | * |

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| | | | | |
|--|-----------|-----------|-----------|------|
| Phillip D. Wright | 420,010 | 395,552 | 815,562 | * |
| All directors and executive officers as a group (19 persons) | 3,591,754 | 4,094,329 | 7,686,083 | 1.32 |

* Less than 1%.

- (1) Includes shares held under the terms of incentive and investment plans as follows: Mr. Armstrong, 212,579 restricted stock units and 15 shares in The Williams Investment Plus Plan; Mr. Chappel, 276,269 restricted stock units; Mr. Hill, 231,208 restricted stock units and 27,954 shares in The Williams Investment Plus Plan; Mr. Malcolm, 511,085 restricted stock units and 47,998 shares in The Williams Investment Plus Plan; and Mr. Wright, 212,579 restricted stock units and 15,857 shares in The Williams Investment Plus Plan. Restricted stock units include both time-based and performance-based units and do not have voting or investment power. Shares held in The Williams Investment Plus Plan have voting and investment power.
- (2) Includes restricted stock units over which directors have no voting or investment power held under the terms of compensation plans as follows: Mr. Cleveland, 11,026; Dr. Cooper, 14,026; Mr. Engelhardt, 14,026; Mr. Granberry, 14,026; Mr. Green, 14,026; Ms. Hinshaw, 14,026; Mr. Howell, 22,578; Mr. Lorch, 53,322; Mr. Lowrie, 14,026; Mr. MacInnis, 14,026; and Ms. Stoney, 36,943.
- (3) The SEC deems a person to have beneficial ownership of all shares that the person has the right to acquire within 60 days. The shares indicated represent stock options granted under our current or previous stock option

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plans that are currently exercisable or will become exercisable within 60 days of February 28, 2010. Shares subject to options cannot be voted.

- (4) Ownership percentage is reported based on 583,603,353 shares of common stock outstanding on February 28, 2010, plus, as to the holder thereof only and no other person, the number of shares (if any) that the person has the right to acquire as of February 28, 2010, or within 60 days from that date, through the exercise of all options and other rights.

The following table sets forth, as of February 28, 2010, the number of shares of common units of Williams Partners L.P. beneficially owned by each of our directors and nominees for directors, by the NEOs, and by all directors and executive officers as a group.

| Name of Individual or Group | Shares of | | Total | Percent of Class(2) |
|-----------------------------|---|---|--------|---------------------|
| | Common Units Owned Directly or Indirectly | Shares Underlying Options Exercisable Within 60 Days(1) | | |
| Alan Armstrong(3) | 20,000 | 0 | 20,000 | * |
| Donald R. Chappel | 10,000 | 0 | 10,000 | * |
| Joseph R. Cleveland | 0 | 0 | 0 | * |
| Kathleen B. Cooper | 0 | 0 | | |