

WILLIAMS COMPANIES INC

Form S-4/A

December 29, 2005

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As filed with the Securities and Exchange Commission on December 29, 2005

Registration No. 333-129779

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

**Amendment No. 1 to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

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

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

4922
*(Primary Standard Industrial
Classification Code Number)*

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

**One Williams Center
Tulsa, Oklahoma 74172
(918) 573-2000**
*(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)*

**James J. Bender, Esq.
Senior Vice President and General Counsel
One Williams Center, Suite 4900
Tulsa, Oklahoma 74172
(918) 573-2000**
*(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)*

**With copies to:
Gibson, Dunn & Crutcher LLP
1801 California Street, Suite 4100
Denver, Colorado 80202-2641
(303) 298-5700
Attention: Richard M. Russo, Esq.**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this Conversion Offer Prospectus may change. We may not complete the Offer and issue and deliver these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Conversion Offer Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer is not permitted.

CONVERSION OFFER PROSPECTUS

**Offer to Pay a Cash Premium
Upon the Conversion of \$299,987,000 Principal Amount Outstanding
5.50% Junior Subordinated Convertible Debentures due 2033 to Common Stock
CUSIP Nos. 969457845 and 969457852
ISIN Nos. US9694578454 and US9694578520**

This Offer will expire at 5:00 p.m., New York City time, on January 11, 2006, unless extended or earlier terminated (such date, as the same may be extended or earlier terminated, the Expiration Date). Holders of Debentures (as defined below) must surrender their Debentures for conversion on or prior to the Expiration Date to receive the Conversion Consideration (as defined below).

The Williams Companies, Inc. (Williams) hereby offers to pay a cash premium to holders (Holders) of any and all of its \$299,987,000 principal amount outstanding 5.50% Junior Subordinated Convertible Debentures due 2033 (the

Debentures) who elect to convert their Debentures to shares of Williams common stock, \$1.00 par value per share (Common Stock), in accordance with the terms of the Debentures and upon the terms and subject to the conditions set forth in this Conversion Offer Prospectus (this Conversion Offer Prospectus), and in the accompanying Letter of Transmittal (the Letter of Transmittal and together with this Conversion Offer Prospectus, the Offer). The Debentures are not listed on any national securities exchange but are eligible for trading on the PORTAL Market. The Common Stock is traded on the New York Stock Exchange under the symbol WMB. The last reported sale price of the Common Stock on December 28, 2005 was \$23.25 per share.

The consideration offered hereby is an amount, payable in cash, equal to \$5.85 per \$50 principal amount of Debentures validly surrendered for conversion, plus \$0.35 per \$50 principal amount of Debentures, which is equivalent to the interest accrued thereon from and after the last interest payment date prior to the Expiration Date, which interest payment date was December 1, 2005, up to, but not including, the Settlement Date (the Conversion Consideration). Williams paid interest in the amount of \$0.6875 per \$50 principal amount of Debentures on December 1, 2005. Although under the terms of the Debentures, Williams is not obligated to pay interest for a partial interest period on Debentures converted during that period, the Conversion Consideration includes \$0.35 per \$50 principal amount of Debentures, which is equivalent to the amount of interest that would have accrued and become payable on and after the last interest payment date prior to the Expiration Date, which interest payment date was December 1, 2005, up to, but not including, the Settlement Date, had the Debentures provided for payment of such amount as interest. Holders that validly surrender their Debentures for conversion will receive the Conversion Consideration in addition to the shares of Common Stock issuable upon conversion pursuant to the conversion terms of the Debentures. Each \$50 principal amount of the Debentures is convertible into 4.5907 shares of Common Stock, which is equivalent to a conversion price of \$10.8916 per share. Williams is not required to issue fractional shares of Common Stock upon conversion of the Debentures. Instead, Williams will pay a cash adjustment based upon the last reported sale price of the Common Stock on the Expiration Date in lieu of issuing any such fractional shares. The Settlement Date in respect of any Debentures that are validly surrendered for conversion is expected to be promptly following the Expiration Date. Holders surrendering their Debentures for conversion after 5:00 p.m., New York City time, on the Expiration Date will not be eligible to receive the Conversion Consideration.

Conversion of the Debentures and an investment in Williams Common Stock involves risks. See Risk Factors on page 6 for a discussion of issues that you should consider with respect to the Offer.

You must make your own decision whether to surrender any Debentures for conversion pursuant to the Offer, and, if you surrender Debentures for conversion, the principal amount of Debentures to surrender. Neither Williams nor its Board of Directors (the Board) makes any recommendation as to whether Holders should surrender their Debentures for conversion pursuant to the Offer.

Neither this transaction nor the securities to be issued upon conversion of the Debentures have been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense.

The Dealer Managers for the Offer are:

Lehman Brothers

Merrill Lynch & Co.

The Date of this Conversion Offer Prospectus is December 29, 2005

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AVAILABLE INFORMATION

Williams files annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. These reports, proxy statements and other information can be inspected and copied at the public reference room maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Potential investors may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding Williams. The reports, proxy and information statements and other information regarding Williams can be downloaded from the SEC's website and can also be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION BY REFERENCE

The following documents including all exhibits thereto are incorporated by reference into this Conversion Offer Prospectus, which means that important information is disclosed by referring to those documents. The information incorporated by reference is considered to be part of this Conversion Offer Prospectus, and later information that Williams files with the SEC will automatically update and supersede this information. Williams' Annual Report on Form 10-K for the fiscal year ended December 31, 2004, as amended, Williams' quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, as amended, Williams' current reports on Form 8-K filed November 17, 2005, November 18, 2005, December 19, 2005, and December 20, 2005 (two

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filed on this date) and any future filings made by Williams with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act (excluding those filings made under Items 2.02 or 7.01 of Form 8-K) until the offering is completed are hereby incorporated by reference.

A copy of these filings may be obtained at no cost, by writing or calling Williams at the following address: The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attn: Corporate Secretary, telephone: (918) 573-2000. You may also visit our website at <http://www.williams.com>, although the information on our website is not part of this Conversion Offer Prospectus.

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In order to ensure timely delivery, Holders must request the information from Williams no later than five business days before the Expiration Date.

Holders should rely only on the information incorporated by reference or provided in this Conversion Offer Prospectus or any supplement to this Conversion Offer Prospectus. Williams has not authorized anyone else to provide Holders with information. Holders should not assume that the information in this document is current as of any date other than the date on the front page of this Conversion Offer Prospectus.

IMPORTANT

Debentures surrendered for conversion may be validly withdrawn at any time up until 5:00 p.m., New York City time, on the Expiration Date. In the event of a termination of the Offer, the Debentures surrendered for conversion pursuant to the Offer will be promptly returned to the surrendering Holders.

Debentures surrendered for conversion, along with completed Letters of Transmittal and any other required documents should be directed to the Conversion Agent (as defined below). Any requests for assistance in connection with the Offer or for additional copies of this Conversion Offer Prospectus or related materials should be directed to the Information Agent (as defined below). Any additional questions regarding the Offer should be directed to either of the Dealer Managers (as defined below). Contact information for the Information Agent, the Conversion Agent and the Dealer Managers is set forth on the back cover of this Conversion Offer Prospectus. Neither the Company nor any of the Dealer Managers, the Trustee (as defined below), the Information Agent or the Conversion Agent makes any recommendation as to whether or not Holders should surrender their Debentures for conversion pursuant to the Offer.

The Information Agent for the Offer is D.F. King & Co., Inc. (the Information Agent). The Conversion Agent for the Offer is JPMorgan Chase Bank, National Association (the Conversion Agent). JPMorgan Chase Bank, National Association is also the trustee (the Trustee) under the indenture pursuant to which the Debentures are governed. Lehman Brothers Inc. and Merrill Lynch & Co. (the Dealer Managers) are acting as dealer managers in connection with the Offer.

Subject to the terms and conditions set forth in the Offer, the Conversion Consideration to which a converting Holder is entitled pursuant to the Offer will be paid on the Settlement Date. Under no circumstances will any interest be payable because of any delay in the transmission of funds to Holders by the Conversion Agent.

Notwithstanding any other provision of the Offer, Williams' obligation to pay the Conversion Consideration upon valid surrender of the Debentures for conversion pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or, where applicable, Williams' waiver of, the conditions described below under Terms of the Offer Conditions to the Offer.

Williams reserves the right, in its sole discretion, to waive any one or more of the conditions to the Offer at any time. See Terms of the Offer Conditions to the Offer.

Williams reserves the right to extend the Offer, if necessary, so that the Expiration Date occurs upon or shortly after the satisfaction of the conditions to the Offer.

Subject to applicable securities laws and the terms set forth in this Offer, Williams reserves the right:

to waive any and all conditions to the Offer;

to extend the Offer;

to terminate the Offer, but only if any condition to the Offer is not satisfied (see Terms of the Offer Conditions to the Offer); or

otherwise to amend the Offer in any respect.

In accordance with applicable securities laws, if a material change occurs in the information published, sent or given to Holders, Williams will promptly disclose the change in a manner reasonably calculated to inform Holders of the change.

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In the event that the Offer is withdrawn or otherwise not completed, the Conversion Consideration will not be paid or become payable to Holders of the Debentures who have validly surrendered their Debentures for conversion in connection with the Offer and the Debentures surrendered for conversion pursuant to the Offer will be promptly returned to the surrendering Holders.

Any Holder who desires to surrender Debentures pursuant to the Offer and who holds physical certificates evidencing such Debentures must complete and sign a Letter of Transmittal in accordance with the instructions therein, have the signature thereon guaranteed (if required by Instruction 4 of the Letter of Transmittal) and send or deliver such manually signed Letter of Transmittal (or a manually signed facsimile thereof), together with certificates evidencing such Debentures being surrendered and any other required documents to the Conversion Agent at its address set forth on the back cover of this Conversion Offer Prospectus. Only Holders of Debentures are entitled to surrender Debentures for conversion.

Beneficial owners of Debentures that are held of record by a broker, dealer, commercial bank, trust company or other nominee must instruct such nominee to surrender the Debentures for conversion on the beneficial owner's behalf. A Letter of Instructions is included in the materials provided along with this Conversion Offer Prospectus, which may be used by a beneficial owner in this process to effect the surrender of Debentures for conversion. See Terms of the Offer Procedure for Surrendering Debentures.

The Depository Trust Company (DTC) has authorized DTC participants that hold Debentures on behalf of beneficial owners of Debentures through DTC to surrender their Debentures for conversion as if they were Holders. To surrender their Debentures for conversion, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program (ATOP), for which the transaction will be eligible, and follow the procedure for book-entry transfer set forth in Terms of the Offer Procedure for Surrendering Debentures.

Converting Holders will not be obligated to pay brokerage fees or commissions to the Dealer Managers, the Conversion Agent, the Information Agent, the Trustee or the Company.

Any requests for assistance in connection with the Offer or for additional copies of this Conversion Offer Prospectus or related materials should be directed to the Information Agent. Any additional questions regarding the Offer should be directed to either of the Dealer Managers. Contact information for the Information Agent and the Dealer Managers is set forth on the back cover of this Conversion Offer Prospectus. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees through which they hold the Debentures with questions and requests for assistance.

This Conversion Offer Prospectus and the Letter of Transmittal contain important information that should be read before any decision is made with respect to a conversion of Debentures.

The delivery of this Offer shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or in the affairs of Williams or any of its subsidiaries or affiliates since the date hereof.

This offer does not constitute an offer to sell or exchange or a solicitation of an offer to buy or exchange securities in any jurisdiction where it is unlawful to make such an offer or solicitation.

No one has been authorized to give any information or to make any representations with respect to the matters described in this Conversion Offer Prospectus, other than those contained in this Conversion Offer Prospectus. If given or made, such information or representation may not be relied upon as having been authorized by Williams.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical facts, included in this Conversion Offer Prospectus which address activities, events or developments that Williams expects, believes or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements can be identified by words such as anticipates, believes, could, continues, estimates, expects, forecasts, might, planned, potential, projects, schedule, and other expressions. These forward-looking statements include, among others, such things as:

amounts and nature of future capital expenditures;

expansion and growth of Williams' business and operations;

business strategy;

estimates of proved gas and oil reserves;

reserve potential;

development drilling potential;

cash flow from operations; and

power and gas prices and demand.

These statements are based on certain assumptions and analysis made by Williams in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors Williams believes are appropriate in the circumstances. Although Williams believes these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks that could cause future results to be materially different from the results stated or implied in this Conversion Offer Prospectus.

These risks and uncertainties include:

general economic and market conditions;

changes in laws or regulations;

continued availability of capital and financing; and

other factors, most of which are beyond Williams' control.

All written or oral forward-looking statements attributable to any of the parties to the Transaction Documents and other documents described herein affiliated with Williams or persons acting on their behalf are expressly qualified in their entirety by the foregoing cautionary statements. Williams undertakes no obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise. However, in accordance with applicable securities laws, if a material change occurs in the information published, sent or given to Holders, Williams will promptly disclose the change in a manner reasonably calculated to inform Holders of the change. In light of these risks, uncertainties and assumptions, the forward-looking events discussed or incorporated by reference herein might not occur.

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SUMMARY

The following summary is provided solely for the convenience of the Holders of the Debentures. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Conversion Offer Prospectus, the Letter of Transmittal and any amendments or supplements hereto or thereto. Holders of the Debentures are urged to read this Offer in its entirety. Each of the capitalized terms used in this summary and not defined herein has the meaning set forth elsewhere in this Offer.

The Company

Williams is a natural gas company originally incorporated under the laws of the State of Nevada in 1949 and reincorporated under the laws of the State of Delaware in 1987. Williams was founded in 1908 when two Williams brothers began a construction company in Fort Smith, Arkansas.

Today, Williams primarily finds, produces, gathers, processes, and transports natural gas. Williams also manages a wholesale power business. Williams' operations are concentrated in the Pacific Northwest, Rocky Mountains, Gulf Coast, Southern California and Eastern Seaboard.

In February 2003, Williams announced its business strategy focused on migrating to an integrated natural gas business comprised of a smaller portfolio of natural gas businesses, reducing debt and increasing its liquidity through asset sales, strategic levels of financing and reductions in operating costs. During 2003, Williams made substantial progress in executing the announced plan. In 2004, Williams completed the plan and continued to focus on disciplined growth, cash management and cost efficiencies.

Williams' business segments include Power, Gas Pipeline, Exploration & Production, Midstream, and Other. See Part I Items 1 and 2. Business and Properties Business Segments in the Williams Annual Report on Form 10-K for the fiscal year ending December 31, 2004, as amended (the Annual Report), for a more detailed description of assets owned and services provided by each of its business segments.

Williams' principal executive offices are located at One Williams Center, Tulsa, Oklahoma 74172, and its telephone number is (918) 573-2000.

Williams is offering to pay the Conversion Consideration with respect to any and all of the Debentures surrendered for conversion upon the terms and subject to the conditions set forth in this Conversion Offer Prospectus and the related Letter of Transmittal. The Offer and the payment of the Conversion Consideration are conditioned upon, among other things, the satisfaction of certain conditions. See Terms of the Offer Conditions to the Offer.

Purpose of the Offer

The purpose of the Offer is to induce the conversion to Common Stock of any and all of the outstanding Debentures. Williams believes that the issuance of Common Stock upon conversion of the Debentures will strengthen Williams' capitalization by reducing long-term debt.

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The following financial data for the nine months ended September 30, 2004 and 2005 (the Interim Summary Data) have been derived from Williams unaudited consolidated financial statements included in Williams Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, as amended (the Third Quarter Report), and include, in Williams management s opinion, all adjustments necessary to present fairly the data for such periods. The following financial data for the three years ended December 31, 2004 and the Interim Summary Data are integral parts of, and should be read in conjunction with, the consolidated financial statements and notes thereto in the Annual Report on Form 10-K for the year ended December 31, 2004, as amended (the Annual Report) and the Third Quarter Report, as well as the related sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations all of which are incorporated herein by reference. Certain amounts below have been restated or reclassified (see Note 1 of Notes to Consolidated Financial Statements in Item 8 of the Annual Report). Information concerning significant trends in the financial condition and results of operations is contained in Management s Discussion and Analysis of Financial Condition and Results of Operations included in the Annual Report and the Third Quarter Report.

Statement of Operations

	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
	(Millions)				
Revenues:					
Power(1)	\$ 6,307.2	\$ 7,233.8	\$ 9,272.4	\$ 13,195.5	\$ 56.2
Gas Pipeline	1,038.1	1,011.0	1,362.3	1,368.3	1,301.2
Exploration & Production	848.9	563.5	777.6	779.7	860.4
Midstream Gas & Liquids(1)	2,341.8	2,015.5	2,882.6	2,784.8	1,183.7
Other	19.4	26.3	32.8	72.0	124.1
Intercompany eliminations	(1,647.9)	(1,353.0)	(1,866.4)	(1,549.3)	(91.1)
Total revenues	8,907.5	9,497.1	12,461.3	16,651.0	3,434.5
Segment costs and expenses:					
Costs and operating expenses(1)	7,708.1	8,208.2	10,751.7	15,004.3	1,987.7
Selling, general and administrative expenses	226.8	257.7	355.5	421.3	575.6
Other (income) expense net	(1.3)	25.8	(51.6)	(21.3)	240.4
Total segment costs and expenses	7,933.6	8,491.7	11,055.6	15,404.3	2,803.7
General corporate expenses	106.3	84.5	119.8	87.0	142.8
Operating income (loss):					
Power	(190.3)	137.3	86.5	145.3	(471.7)
Gas Pipeline	456.7	409.6	557.6	539.6	461.3
Exploration & Production	367.9	156.2	223.9	392.5	504.9
Midstream Gas & Liquids	343.7	305.2	552.2	178.0	153.2

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Other	(4.1)	(2.9)	(14.5)	(8.7)	(16.9)
General corporate expenses	(106.3)	(84.5)	(119.8)	(87.0)	(142.8)
Total operating income	867.6	920.9	1,285.9	1,159.7	488.0

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	Nine Months Ended September 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
	(Millions)				
Interest accrued	\$ (495.3)	\$ (662.9)	\$ (834.4)	\$ (1,293.5)	\$ (1,169.2)
Interest capitalized	4.3	5.7	6.7	45.5	27.3
Interest rate swap loss		(5.3)	(5.0)	(2.2)	(124.2)
Investing income (loss)	44.9	31.2	48.0	73.2	(113.1)
Early debt retirement costs		(252.4)	(282.1)	(66.8)	
Minority interest in income and preferred returns of consolidated subsidiaries	(16.8)	(16.0)	(21.4)	(19.4)	(41.8)
Other income net	12.5	19.6	26.8	40.7	24.3
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principles	417.2	40.8	224.5	(62.8)	(908.7)
Provision (benefit) for income taxes	168.6	43.1	131.3	(5.3)	(290.3)
Income (loss) from continuing operations	248.6	(2.3)	93.2	(57.5)	(618.4)

- (1) As discussed in Note 1 of Notes to Consolidated Financial Statements of the Annual Report, the January 1, 2003, adoption of Emerging Issues Task Force Issue No. 02-3 (EITF 02-3) required that revenues and costs of sale from non-derivative contracts and certain physically settled derivative contracts be reported on a gross basis. Prior to the adoption, these revenues were presented net of costs. As permitted by EITF 02-3, 2002 amounts have not been restated.

Ratio of Earnings to Fixed Charges

The following table sets forth the Company's consolidated ratio of earnings to fixed charges for the five years ended December 31, 2004 and the nine months ended September 30, 2005.

	Nine Months Ended September 30, 2005	Year Ended December 31,				
		2004	2003	2002	2001	2000
Ratio of earnings to fixed charges(a)	1.86	1.29	(b)	(b)	2.36	2.48

- (a) The ratio has been computed by dividing earnings by fixed charges. For purposes of computing these ratios, earnings means the following: income (loss) from continuing operations before income taxes, minority interest in income (loss) and preferred returns of consolidated subsidiaries, less equity earnings; plus fixed charges (discussed below) and an adjustment to reflect actual distributions from equity investments; less capitalized interest and preferred distributions. Fixed charges means the sum of the following: interest accrued, including a proportionate share from equity-method investees; that portion of rental expense that we believe to represent an interest factor; and the pretax effect of preferred distributions.
- (b) Earnings were inadequate to cover fixed charges by \$135.5 million and \$944.0 million for the years ended December 31, 2003 and 2002, respectively.

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The Offer

The Company	The Williams Companies, Inc.
The Debentures	5.50% Junior Subordinated Convertible Debentures due 2033 (CUSIP Nos. 969457845 and 969457852). The Debentures are governed by an Indenture, dated as of May 28, 2003, as amended or supplemented (the Indenture), among the Company and the Trustee.
The Offer	Williams is offering to pay a cash premium upon the conversion to Common Stock of any and all of the outstanding Debentures equal to the amount per \$50 principal amount of Debentures converted set forth below as the Conversion Consideration on terms and subject to the conditions set forth herein.
Expiration Date	January 11, 2006, unless extended or earlier terminated by the Company. Williams reserves the right to extend the Offer, if necessary, so that the Expiration Date occurs upon or shortly after the satisfaction of the conditions to the Offer.
Conversion Consideration	\$5.85 per \$50 principal amount of Debentures converted pursuant to the Offer, plus \$0.35 per \$50 principal amount of Debentures, which is equivalent to the interest accrued thereon from and after the last interest payment date prior to the Expiration Date, which interest payment date was December 1, 2005, up to, but not including, the Settlement Date. Williams paid interest in the amount of \$0.6875 per \$50 principal amount of Debentures on December 1, 2005.
Settlement Date	The Settlement Date in respect of any Debentures that are validly surrendered for conversion prior to 5:00 p.m., New York City time, on the Expiration Date is expected to be promptly following the Expiration Date.
How to Surrender Debentures	See Terms of the Offer Procedure for Surrendering Debentures. For further information, call the Information Agent or the Conversion Agent at the respective telephone numbers set forth on the back cover of this Offer or consult your broker, dealer, commercial bank, trust company or other nominee for assistance.
Withdrawal and Revocation Rights	Debentures may be validly withdrawn at any time up until 5:00 p.m., New York City time, on the Expiration Date. In the event of a termination of the Offer, which can only occur if a condition to the Offer is not satisfied, the Debentures surrendered pursuant to the Offer will be promptly returned to the surrendering Holders.
Purpose of the Offer	The purpose of the Offer is to induce the conversion of any and all of the outstanding Debentures to Common Stock. Williams believes that the issuance of Common Stock upon conversion of the Debentures will strengthen Williams capitalization by reducing long-term debt.
Certain Conditions Precedent to the Offer	Williams obligation to pay the Conversion Consideration in respect of Debentures validly surrendered for conversion pursuant to the Offer is conditioned upon the satisfaction of the General Conditions. See Terms of the Offer Conditions to the Offer.

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Material United States Federal Income Tax Consequences	For a summary of the material U.S. federal income tax consequences of the Offer, see Material United States Federal Income Tax Consequences.
Use of Proceeds	Williams will not receive any proceeds from the Offer.
Brokerage Commissions	No brokerage commissions are payable by Holders of the Debentures to the Dealer Managers, the Information Agent, the Company, the Trustee or the Conversion Agent.
Dealer Managers	Lehman Brothers Inc. and Merrill & Co. are the Dealer Managers for the Offer. Their respective addresses and telephone numbers are set forth on the back cover of this Conversion Offer Prospectus.
Information Agent	D.F. King & Co., Inc. is the Information Agent for the Offer. Its address and telephone number are set forth on the back cover of this Conversion Offer Prospectus.
Conversion Agent	JPMorgan Chase Bank, National Association is the Conversion Agent for the Offer. Its address and telephone number are set forth on the back cover of this Conversion Offer Prospectus.
Regulatory Approvals	Williams is not aware of any other material regulatory approvals necessary to complete the Offer, other than the obligation to file a Schedule TO with the Securities and Exchange Commission and otherwise comply with applicable securities laws.
No Appraisal Rights	No appraisal rights are available to the Holders in connection with the Offer.
Further Information	Any requests for assistance in connection with the Offer or for additional copies of this Conversion Offer Prospectus or related materials should be directed to the Information Agent. Any questions regarding the Offer should be directed to any of the Dealer Managers. Contact information for the Information Agent and the Dealer Managers is set forth on the back cover of this Conversion Offer Prospectus. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees through which they hold the Debentures with questions and requests for assistance.

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RISK FACTORS

You should consider carefully all of the information included and incorporated by reference in this Conversion Offer Prospectus before deciding to surrender Debentures for conversion. See Where You Can Find More Information. The risks and uncertainties described below are not the only ones Williams faces. Additional risks and uncertainties not presently known or that Williams currently believes to be less significant may also adversely affect Williams.