

REGISTRATION NO. 333-73326

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3
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)

73-0569878
(I.R.S. Employer Identification No.)

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)

WILLIAM G. VON GLAHN, ESQ.
SENIOR VICE PRESIDENT AND GENERAL COUNSEL
THE WILLIAMS COMPANIES, INC.
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
(918) 573-2000
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

COPY TO:

MARLENE ALVA, ESQ.
DAVIS POLK & WARDWELL
450 LEXINGTON AVENUE
NEW YORK, NEW YORK 10017
(212) 450-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time
to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please 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(c)
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 delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE(3)
Debt Securities; Preferred Stock, \$1 par value; Common Stock, \$1 par value; Preferred Stock Purchase Rights; Purchase Contracts(4), Warrants(5) and Units(6).....	(1)(7)	(5)	\$2,075,943,750	\$512,650.56

- (1) This Registration Statement also covers such indeterminate number of shares of Common Stock of the Registrant and accompanying Preferred Stock Purchase Rights, if any, (i) as shall be issuable or deliverable upon conversion of any Debt Securities or Preferred Stock registered hereby, which are convertible into such Common Stock, (ii) as may be issuable or deliverable in connection with the exercise of any Warrants or the settlement of any Purchase Contracts and (iii) as may be required for delivery upon conversion, exercise or settlement of any such convertible securities, warrants or purchase contracts as a result of anti-dilution provisions thereof.
- (2) Estimated solely for the purpose of determining the registration fee. Excludes an aggregate of \$424,056,250 of unsold securities included in Registration No. 333-63724 for which a registration fee of \$106,015 was paid on June 22, 2001, which are covered by the Prospectus included in this Registration Statement pursuant to Rule 429. If any debt securities are issued at original issue discount, such greater amount as shall result in net proceeds of \$2,075,943,750 to the registrant.
- (3) A filing fee of \$375,000 was paid on November 14, 2001 in connection with the initial filing of the registration statement and \$137,650.56 is being paid herewith. The initial filing fee was calculated at the rate of \$250 per \$1 million, the fee rate in effect on November 14, 2001, and the filing fee being paid herewith has been calculated at the rate of \$239 per \$1 million, the fee rate currently in effect.
- (4) There are being registered hereby such indeterminate number of Purchase Contracts as may be issued at indeterminate prices. Such Purchase Contracts may be issued together with any of the other securities being registered hereby. Purchase Contracts may require the holder thereof to purchase or sell any of the other securities registered hereby or to purchase or sell (i) securities of an entity unaffiliated with the Registrant, a basket of such securities, an index or indices of such securities or any combination of the above, (ii) currencies or (iii) commodities.
- (5) There are being registered hereby such indeterminate number of Warrants as may be issued at indeterminate prices. Such Warrants may be issued together with any of the securities registered hereby. Warrants may be exercised to purchase any of the other securities registered hereby or to purchase or sell (i) securities of an entity unaffiliated with the Registrant, a basket of such securities, an index or indices of such securities or any combination of the above, (ii) currencies or (iii) commodities.
- (6) There are being registered hereby such indeterminate number of Units as may be issued at indeterminate prices. Units may consist of any combination of the securities being registered hereby.
- (7) Not applicable pursuant to Form S-3 General Instruction II(D) under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATES AS NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT FILES A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT WILL BE EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT BECOMES EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

Pursuant to Rule 429 under the Securities Act of 1933, the Prospectus included in this Registration Statement also relates to an aggregate of \$424,056,250 of unsold securities registered under Registration Statement No. 333-63724 for which a registration fee of \$106,015 was paid on June 22, 2001.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION. DATED DECEMBER , 2001

PROSPECTUS

THE WILLIAMS COMPANIES, INC.

\$2,500,000,000

DEBT SECURITIES,

PREFERRED STOCK,

COMMON STOCK,

WARRANTS,

PURCHASE CONTRACTS AND

UNITS

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the supplements carefully before you invest.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is

WHERE YOU CAN FIND MORE INFORMATION

Williams has filed with the Securities and Exchange Commission in Washington, D.C., a registration statement on Form S-3 under the Securities Act of 1933 for the securities offered in this prospectus. Williams has not included certain portions of the registration statement in this prospectus, as permitted by the Commission's rules and regulations. For further information, you should refer to the registration statement and its exhibits. Williams is subject to the informational requirements of the Securities Exchange Act of 1934, and therefore files reports and other information with the Commission. Williams' file number with the Commission is 1-4174.

You may inspect and copy the registration statement and its exhibits, as well as such reports and other information which Williams files with the Commission, at the public reference facilities of the Commission at its principal offices at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and its regional offices at Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 233 Broadway, New York, New York 10005. You can obtain information on the operation of the Commission's public reference facilities by calling 1-800-SEC-0330. Information filed by Williams is also available at the Commission's worldwide web site at <http://www.sec.gov>. You can also obtain these materials at set rates from the Public Reference Section of the Commission at its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549.

YOU SHOULD RELY ONLY ON THE INFORMATION INCORPORATED BY REFERENCE OR PROVIDED IN THIS PROSPECTUS AND ITS SUPPLEMENT(S). WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS OR ANY SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THOSE DOCUMENTS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Williams is incorporating by reference its annual report on Form 10-K for the fiscal year ended December 31, 2000, its quarterly reports on Form 10-Q for the quarters ended March 31, 2001, June 30, 2001 and September 30, 2001 and its current reports on Form 8-K filed January 5, 2001, January 31, 2001, February 8, 2001, March 16, 2001, March 19, 2001, April 2, 2001, April 12, 2001, April 27, 2001, May 1, 2001, May 3, 2001, May 7, 2001, May 22, 2001 (restatement of financial statements for the year ended December 31, 2000 to reflect Williams Communications Group, Inc. as discontinued operations due to a tax-free spinoff), June 13, 2001, July 30, 2001, August 2, 2001, September 17, 2001, September 25, 2001, October 26, 2001, November 29, 2001, December 19, 2001, and December 21, 2001.

All documents which Williams files pursuant to Sections 13, 14, or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference in this prospectus and to be a part of this prospectus from the date of filing of such documents. Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement in this prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference modifies or replaces such statement.

Williams will provide without charge to each person to whom a copy of this prospectus has been delivered, upon the written or oral request of any such person, a copy of any or all of the documents incorporated by reference herein, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that this prospectus incorporates. You should direct written or oral requests for such copies to: The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: Corporate Secretary, telephone (918) 573-2000.

THE WILLIAMS COMPANIES, INC.

Williams, together with its subsidiaries, is a leading company in the energy sector. Through Williams Gas Pipeline Company, LLC, Williams Energy Services, LLC, and Williams Energy Marketing & Trading Company and their subsidiaries, Williams engages in the following types of energy-related activities:

- transportation and storage of natural gas and related activities through operation and ownership of five wholly owned interstate natural gas pipelines and several pipeline joint ventures;
- exploration and production of oil and gas through ownership of 3.1 trillion cubic feet of proved natural gas reserves primarily located in Colorado, New Mexico, Wyoming and Kansas;
- natural gas gathering, processing, and treating activities through ownership and operation of approximately 11,450 miles of gathering lines, 12 natural gas treating plants, and 17 natural gas processing plants (three of which are partially owned) located in the United States and Canada;
- natural gas liquids transportation through ownership and operation of approximately 14,300 miles of natural gas liquids pipeline (4,568 miles of which are partially owned);
- transportation of petroleum products and related terminal services through ownership or operation of approximately 9,170 miles of petroleum products pipeline and 80 petroleum products terminals (some of which are partially owned);
- light hydrocarbon/olefin transportation through 300 miles of pipeline in Southern Louisiana;
- ethylene production through a 5/12 interest in a 1.2 billion pound/year facility in Geismar, Louisiana;
- production and marketing of ethanol and bio-products through operation and ownership of two ethanol plants (one of which is partially owned) and ownership of minority interests or investments in four other plants;
- refining of petroleum products through operation and ownership of two refineries;
- retail marketing primarily through 50 travel centers; and
- energy commodity marketing and trading.

Williams, through subsidiaries, also directly invests in energy projects primarily in Canada, South America and Lithuania and continues to explore and develop additional projects for international investments. In addition, Williams invests in energy and infrastructure development funds in Asia and Latin America.

Williams is a holding company headquartered in Tulsa, Oklahoma. Williams was originally incorporated under the laws of the State of Nevada in 1949 and was reincorporated under the laws of the State of Delaware in 1987. Williams maintains its principal executive offices at One Williams Center, Tulsa, Oklahoma 74172, telephone (918) 573-2000.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, Williams will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt. Williams anticipates that it will raise additional funds from time to time through debt financings, including borrowings under its bank credit agreements.

RATIOS OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS

The following table presents Williams' consolidated ratio of earnings to combined fixed charges and preferred stock dividend requirements for the periods shown.

NINE MONTHS ENDED SEPTEMBER 30, 2001	YEAR ENDED DECEMBER 31, -----				
	2000	1999	1998	1997	1996
3.52	2.98	1.86	1.70	2.36	2.63

For purposes of computing these ratios, earnings means income (loss) from continuing operations before:

- income taxes;
- extraordinary gain (loss);
- minority interest in income (loss) and preferred returns of consolidated subsidiaries;
- interest expense, net of interest capitalized;
- interest expense of 50 percent-owned companies;
- that portion of rental expense that we believe to represent an interest factor;
- adjustment to equity earnings to exclude equity investments with losses; and
- adjustment to equity earnings to reflect actual distributions from equity investments.

Fixed charges means the sum of the following:

- interest expense;
- that portion of rental expense that we believe to represent an interest factor;
- pretax effect of dividends on preferred stock of Williams (1999 and prior);
- pretax effect of dividends or preferred stock and other preferred returns of consolidated subsidiaries; and
- interest expense of 50 percent-owned companies.

DESCRIPTION OF DEBT SECURITIES

The debt securities will constitute either senior or subordinated debt of Williams. Williams will issue debt securities that will be senior debt under the senior debt indenture between Williams and Bank One Trust Company, National Association, as Trustee. Williams will issue debt securities that will be subordinated debt under the subordinated debt indenture between Williams and Bank One Trust Company, National Association, as trustee. This prospectus refers to the senior debt indenture and the subordinated debt indenture individually as the indenture and collectively as the indentures. This prospectus refers to Bank One Trust Company, National Association, as the trustee. Williams has filed the forms of the indentures as exhibits to the registration statement.

THE FOLLOWING SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURES AND THE DEBT SECURITIES ARE NOT COMPLETE AND THESE SUMMARIES ARE SUBJECT TO THE DETAILED PROVISIONS OF THE APPLICABLE INDENTURE. FOR A FULL DESCRIPTION OF THESE PROVISIONS, INCLUDING THE DEFINITIONS OF CERTAIN TERMS USED IN THIS PROSPECTUS, AND FOR OTHER INFORMATION REGARDING THE DEBT SECURITIES, SEE THE INDENTURES. Wherever this prospectus refers to particular sections or defined terms of the applicable indenture, these sections or defined terms are incorporated by reference in this prospectus as part of the statement made, and the statement is qualified in its entirety by such reference. The indentures are substantially identical, except for the provisions relating to subordination and Williams' limitation on liens. See "-- Subordinated Debt" and "-- Certain Covenants of Williams." Neither

indenture contains any covenant or provision which affords debt holders protection in the event of a highly leveraged transaction.

CERTAIN DEFINITIONS

Certain terms in Article One of the senior debt indenture are summarized as follows:

"Consolidated Funded Indebtedness" means the aggregate of all outstanding Funded Indebtedness of Williams and its consolidated Subsidiaries determined on a consolidated basis in accordance with accounting principles generally accepted in the United States.

"Consolidated Net Tangible Assets" means the total assets appearing on a consolidated balance sheet of Williams and its consolidated subsidiaries less, in general:

- intangible assets;
- current and accrued liabilities (other than Consolidated Funded Indebtedness and capitalized rentals or leases), deferred credits, deferred gains, and deferred income;
- reserves;
- advances to finance oil or natural gas exploration and development to the extent that the indebtedness related thereto is excluded from Funded Indebtedness;
- an amount equal to the amount excluded from Funded Indebtedness representing "production payment" financing of oil or natural gas exploration and development; and
- minority stockholder interests.

"Funded Indebtedness" means any indebtedness which matures more than one year after the date the amount of Funded Indebtedness is being determined, less any such indebtedness as will be retired by any deposit or payment required to be made within one year from such date under any prepayment provision, sinking fund, purchase fund, or otherwise. Funded Indebtedness does not, however, include indebtedness of Williams or any of its subsidiaries incurred to finance outstanding advances to others to finance oil or natural gas exploration and development, to the extent that the latter are not in default in their obligations to Williams or such subsidiary. Funded Indebtedness also does not include indebtedness of Williams or any of its subsidiaries incurred to finance oil or natural gas exploration and development through what is commonly referred to as a "production payment" to the extent that Williams or any of its subsidiaries have not guaranteed the repayment of the production payment.

You should note that the term "subsidiary," as used in this section describing the debt securities, refers only to a corporation in which Williams, or another subsidiary or subsidiaries of Williams, owns at least a majority of the outstanding securities which have voting power.

GENERAL TERMS OF THE DEBT SECURITIES

Neither of the indentures limits the amount of debt securities, debentures, notes, or other evidences of indebtedness that Williams or any of its subsidiaries may issue. The debt securities will be unsecured senior or subordinated obligations of Williams. Williams' subsidiaries own all of the operating assets of Williams and its subsidiaries. Therefore, Williams' rights and the rights of Williams' creditors, including holders of debt securities, to participate in the assets of any subsidiary upon the subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors, except to the extent that Williams may itself be a creditor with recognized claims against the subsidiary. The ability of Williams to pay principal of and interest on the debt securities is, to a large extent, dependent upon dividends or other payments from its subsidiaries.

The indentures provide that Williams may issue debt securities from time to time in one or more series and that Williams may denominate the debt securities and make them payable in foreign currencies. The relevant prospectus supplement will describe special United States federal income tax considerations applicable to any debt securities denominated and payable in a foreign currency.

TERMS YOU WILL FIND IN THE PROSPECTUS SUPPLEMENT

The prospectus supplement will provide information relating to the debt securities and the following terms of the debt securities, to the extent such terms are applicable to the debt securities described in a particular prospectus supplement:

- classification as senior or subordinated debt securities;
- ranking of the specific series of debt securities relative to other outstanding indebtedness, including subsidiaries' debt;
- if the debt securities are subordinated, the aggregate amount of outstanding indebtedness, as of a recent date, that is senior to the subordinated securities, and any limitation on the issuance of additional senior indebtedness;
- the specific designation, aggregate principal amount, purchase price, and denomination of such debt securities;
- currency or units based on or relating to currencies in which such debt securities are denominated and/or in which principal, premium, if any, and/or any interest will or may be payable;
- maturity date;
- interest rate or rates, if any, or the method by which the rate will be determined;
- the dates on which any interest will be payable;
- the place or places where the principal of and interest, if any, on the debt securities will be payable;
- any redemption or sinking fund provisions;
- whether the debt securities will be issuable in registered or bearer form or both and, if debt securities in bearer form are issuable, restrictions applicable to the exchange of one form for another and to the offer, sale, and delivery of debt securities in bearer form;
- whether Williams will issue the debt securities by themselves or as part of a unit together with other securities;
- any applicable United States federal income tax consequences, including whether and under what circumstances Williams will pay additional amounts on debt securities held by a person who is not a U.S. person, as defined in the prospectus supplement, in respect of any tax, assessment, or governmental charge withheld or deducted, and if so, whether Williams will have the option to redeem such debt securities rather than pay such additional amounts; and
- any other specific terms of the debt securities, including any additional events of default or covenants with respect to such debt securities.

Holders of debt securities may present debt securities for exchange in the manner, at the places, and subject to the restrictions set forth in the debt securities and the prospectus supplement. Holders of registered debt securities may present debt securities for transfer in the manner, at the places, and subject to the restrictions set forth in the debt securities and the prospectus supplement. Williams will provide these services without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the applicable indenture. Debt securities in bearer form and the coupons, if any, appertaining thereto will be transferable by delivery.

INTEREST RATE

Debt securities that bear interest will do so at a fixed rate or a floating rate. Williams will sell, at a discount below the stated principal amount, any debt securities which bear no interest or which bear interest at a rate that at the time of issuance is below the prevailing market rate.

The relevant prospectus supplement will describe the special United States federal income tax considerations applicable to:

- any discounted debt securities; or
- certain debt securities issued at par which are treated as having been issued at a discount for United States federal income tax purposes.

REGISTERED GLOBAL SECURITIES

Williams may issue registered debt securities of a series in the form of one or more fully registered global securities. Williams will deposit the registered global security with a depository or with a nominee for a depository identified in the prospectus supplement relating to such series. Williams will then issue one or more registered global securities in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding registered debt securities of the series to be represented by the registered global security or securities. Unless and until it is exchanged in whole or in part for debt securities in definitive registered form, a registered global security may not be transferred, except as a whole in three cases:

- by the depository for the registered global security to a nominee of the depository;
- by a nominee of the depository to the depository or another nominee of the depository; or
- by the depository or any nominee to a successor of the depository or a nominee of the successor.

The prospectus supplement relating to a series of debt securities will describe the specific terms of the depository arrangement concerning any portion of the debt securities to be represented by a registered global security. Williams anticipates that the following provisions will apply to all depository arrangements.

Upon the issuance of a registered global security, the depository for the registered global security will credit, on its book-entry registration and transfer system, the principal amounts of the debt securities represented by the registered global security to the accounts of persons that have accounts with the depository. These persons are referred to as "participants." Any underwriters or agents participating in the distribution of debt securities represented by the registered global security will designate the accounts to be credited. Only participants or persons that hold interests through participants will be able to beneficially own interests in a registered global security. The depository for a global security will maintain records of beneficial ownership interests in a registered global security for participants. Participants or persons that hold through participants will maintain records of beneficial ownership interests in a global security for persons other than participants. These records will be the only means to transfer beneficial ownership in a registered global security.

So long as the depository for a registered global security, or its nominee, is the registered owner of a registered global security, the depository or its nominee will be considered the sole owner or holder of the debt securities represented by the registered global security for all purposes under the applicable indenture. Except as set forth below, owners of beneficial interests in a registered global security:

- may not have the debt securities represented by a registered global security registered in their names;
- will not receive or be entitled to receive physical delivery of debt securities represented by a registered global security in definitive form; and
- will not be considered the owners or holders of debt securities represented by a registered global security under the applicable indenture.

PAYMENT OF INTEREST ON AND PRINCIPAL OF REGISTERED GLOBAL SECURITIES

Williams will make principal, premium, if any, and interest payments on debt securities represented by a registered global security registered in the name of a depository or its nominee to the depository or its nominee

as the registered owner of the registered global security. None of Williams, the trustee, or any paying agent for debt securities represented by a registered global security will have any responsibility or liability for:

- any aspect of the records relating to, or payments made on account of, beneficial ownership interests in such registered global security; or
- maintaining, supervising, or reviewing any records relating to beneficial ownership interests.

Williams expects that the depository, upon receipt of any payment of principal, premium or interest, will immediately credit participants' accounts with payments in amounts proportionate to their beneficial interests in the principal amount of a registered global security as shown on the depository's records. Williams also expects that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing instructions and customary practices. This is currently the case with the securities held for the accounts of customers registered in "street name." Williams also expects that this payout will be the responsibility of participants.

EXCHANGE OF REGISTERED GLOBAL SECURITIES

Williams will issue debt securities in definitive form in exchange for the registered global security if:

- the depository for any debt securities represented by a registered global security is at any time unwilling or unable to continue as depository; and
- Williams does not appoint a successor depository within ninety days.

In addition, Williams may, at any time, determine not to have any of the debt securities of a series represented by one or more registered global securities. In this event, Williams will issue debt securities of a series in definitive form in exchange for all of the registered global security or securities representing these debt securities.

SENIOR DEBT

Williams will issue under the senior debt indenture the debt securities and any coupons that will constitute part of the senior debt of Williams. These senior debt securities will rank equally and ratably with all other unsecured and unsubordinated debt of Williams.

SUBORDINATED DEBT

Williams will issue under the subordinated debt indenture the debt securities and any coupons that will constitute part of the subordinated debt of Williams. These subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner set forth in the subordinated debt indenture, to all "senior indebtedness" of Williams. The subordinated debt indenture defines "senior indebtedness" as obligations of, or guaranteed or assumed by, Williams for borrowed money or evidenced by bonds, debentures, notes, or other similar instruments, and amendments, renewals, extensions, modifications, and refundings of any such indebtedness or obligation. "Senior indebtedness" does not include nonrecourse obligations, the subordinated debt securities, or any other obligations specifically designated as being subordinate in right of payment to senior indebtedness. See subordinated debt indenture, section 1.1.

In general, the holders of all senior indebtedness are entitled to receive payment of the full amount unpaid on senior indebtedness before the holders of any of the subordinated debt securities or coupons are entitled to receive a payment on account of the principal or interest on the indebtedness evidenced by the subordinated debt securities in certain events. These events include:

- any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, or other similar proceedings which concern Williams or a substantial part of its property;
- a default having occurred for the payment of principal, premium, if any, or interest on or other monetary amounts due and payable on any senior indebtedness or any other default having occurred concerning any senior indebtedness, which permits the holder or holders of any senior indebtedness to

accelerate the maturity of any senior indebtedness with notice or lapse of time, or both. This type of an event of default must have continued beyond the period of grace, if any, provided for this type of an event of default under the senior indebtedness, and this type of an event of default shall not have been cured or waived or shall not have ceased to exist; or

- the principal of, and accrued interest on, any series of the subordinated debt securities having been declared due and payable upon an event of default contained in the subordinated debt indenture. This declaration must not have been rescinded and annulled as provided in the subordinated debt indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated in this prospectus by reference will set forth the approximate amount of senior indebtedness outstanding as of the end of the most recent fiscal quarter.

CERTAIN COVENANTS OF WILLIAMS

Liens. The senior debt indenture refers to any instrument securing indebtedness, such as a mortgage, pledge, lien, security interest, or encumbrance on any property of Williams, as a "mortgage." The senior debt indenture further provides that, subject to certain exceptions, Williams will not, nor will it permit any subsidiary to, issue, assume, or guarantee any indebtedness secured by a mortgage unless Williams provides equal and proportionate security for the senior debt securities Williams issues under the senior debt indenture. Among these exceptions are:

- certain purchase money mortgages;
- certain preexisting mortgages on any property acquired or constructed by Williams or a subsidiary;
- certain mortgages created within one year after completion of such acquisition or construction;
- certain mortgages created on any contract for the sale of products or services related to the operation or use of any property acquired or constructed within one year after completion of such acquisition or construction;
- mortgages on property of a subsidiary existing at the time it became a subsidiary of Williams; and
- mortgages, other than as specifically excepted, in an aggregate amount which, at the time of, and after giving effect to, the incurrence does not exceed five percent of Consolidated Net Tangible Assets. See the senior debt indenture, section 3.6.

Consolidation, Merger, Conveyance of Assets. Each indenture provides, in general, that Williams will not consolidate with or merge into any other entity or convey, transfer, or lease its properties and assets substantially as an entirety to any person unless:

- the corporation, limited liability company, limited partnership, joint stock company, or trust formed by such consolidation or into which Williams is merged or the person which acquires such assets expressly assumes Williams' obligations under the applicable indenture and the debt securities issued under this indenture; and
- immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing. See section 9.1 of the indentures.

Event Risk. Except for the limitations on liens described above, neither indenture nor the debt securities contains any covenants or other provisions designed to afford holders of the debt securities protection in the event of a highly leveraged transaction involving Williams.

EVENT OF DEFAULT

In general, each indenture defines an event of default with respect to debt securities of any series issued under the indenture as being:

(a) default in payment of any principal of the debt securities of such series, either at maturity, upon any redemption, by declaration, or otherwise;

(b) default for 30 days in payment of any interest on any debt securities of such series unless otherwise provided;

(c) default for 90 days after written notice in the observance or performance of any covenant or warranty in the debt securities of that series or that Indenture other than:

- default in or breach of a covenant which is dealt with otherwise below, or
- if certain conditions are met, if the events of default described in this clause (c) are the result of changes in generally accepted accounting principles; or

(d) certain events of bankruptcy, insolvency, or reorganization of Williams. See section 5.1 of the indentures.

In general, each indenture provides that if an event of default described in clauses (a), (b), or (c) above occurs and does not affect all series of debt securities then outstanding, the trustee or the holders of debt securities of the relevant series may then declare the following amounts to be due and payable immediately:

- the entire principal of all debt securities of each series affected by the event of default; and
- the interest accrued on such principal.

Such a declaration by the holders requires the approval of at least 25 percent in principal amount of the debt securities of each series issued under the applicable indenture and then outstanding, treated as one class, which are affected by the event of default.

Each indenture also generally provides that if a default described in clause (c) above which is applicable to all series of debt securities then outstanding or certain events of bankruptcy, insolvency, and reorganization of Williams occur and are continuing, the trustee or the holders of debt securities may declare the entire principal of all such debt securities and interest accrued thereon to be due and payable immediately. This declaration by the holders requires the approval of at least 25 percent in principal amount of all debt securities issued under the applicable indenture and then outstanding, treated as one class. Upon certain conditions, the holders of a majority in aggregate principal amount of the debt securities of all such affected series then outstanding may annul such declarations and waive the past defaults. However, the majority holders may not annul or waive a continuing default in payment of principal of, premium, if any, or interest on such debt securities. See sections 5.1 and 5.10 of the indentures.

Each indenture provides that the holders of debt securities issued under that indenture, treated as one class, will indemnify the trustee before the trustee exercises any of its rights or powers under the indenture. This indemnification is subject to the trustee's duty to act with the required standard of care during a default. See section 6.2 of the indentures. The holders of a majority in aggregate principal amount of the outstanding debt securities of each series affected, treated as one class, issued under the applicable indenture may direct the time, method, and place of:

- conducting any proceeding for any remedy available to the trustee; or
- exercising any trust or power conferred on the trustee.

This right of the holders of debt securities is, however, subject to the provisions in each indenture providing for the indemnification of the trustee and other specified limitations. See section 5.9 of the indentures.

In general, each indenture provides that holders of debt securities issued under that indenture may only institute an action against Williams under the indenture if the following four conditions are fulfilled:

- the holder previously has given to the trustee written notice of default and the default continues;
- the holders of at least 25 percent in principal amount of the debt securities of each affected series (treated as one class) issued under the applicable indenture and then outstanding have requested the trustee to institute such action and have offered the trustee reasonable indemnity;
- the trustee has not instituted such action within 60 days of receipt of such request; and
- the trustee has not received direction inconsistent with such written request by the holders of a majority in principal amount of the debt securities of each affected series (treated as one class) issued under the applicable indenture and then outstanding. See sections 5.6, 5.7, and 5.9 of the indentures.

The above four conditions do not apply to actions by holders of the debt securities under the applicable indenture against Williams for payment of principal or interest on or after the due date provided. Each indenture contains a covenant that Williams will file annually with the trustee a certificate of no default or a certificate specifying any default that exists. See section 3.5 of the indentures.

DISCHARGE, DEFEASANCE, AND COVENANT DEFEASANCE

Williams can discharge or defease its obligations under each indenture as set forth below. See section 10.1 of the indentures.

Under terms satisfactory to the trustee, Williams may discharge certain obligations to holders of any series of debt securities issued under the applicable indenture which have not already been delivered to the trustee for cancellation. These debt securities must also:

- have become due and payable;
- be due and payable by their terms within one year; or
- be scheduled for redemption by their terms within one year.

Williams may redeem any series of debt securities by irrevocably depositing an amount certified to be sufficient to pay, at maturity or upon redemption, the principal of and interest on such debt securities. Williams may make such deposit in cash or, in the case of debt securities payable only in U.S. dollars, U.S. Government Obligations, as defined in the applicable indenture.

Williams may also, upon satisfaction of the conditions listed below, discharge certain obligations to holders of any series of debt securities issued under such indenture at any time ("Defeasance"). Under terms satisfactory to the trustee, Williams may be released with respect to any outstanding series of debt securities issued under the relevant indenture from the obligations imposed by sections 3.6 and 9.1, in the case of the senior debt indenture, and section 9.1, in the case of the subordinated debt indenture. These sections contain the covenants described above limiting liens and consolidations, mergers and conveyances of assets. Also under terms satisfactory to the trustee, Williams may omit to comply with these sections without creating an event of default ("Covenant Defeasance"). Defeasance or Covenant Defeasance may be effected only if, among other things:

- Williams irrevocably deposits with the trustee cash or, in the case of debt securities payable only in U.S. dollars, U.S. Government obligations as trust funds in an amount certified to be sufficient to pay at maturity or upon redemption the principal of and interest on all outstanding debt securities of the series issued under the applicable indenture;
- Williams delivers to the trustee an opinion of counsel to the effect that the holders of the series of debt securities will not recognize income, gain, or loss for United States federal income tax purposes as a result of such Defeasance or Covenant Defeasance. Such opinion must further state that these holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if Defeasance or Covenant Defeasance had not occurred.

In the case of a Defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law occurring after the date of the applicable indenture, since this result would not occur under current tax law;

- in the case of the subordinated debt indenture, no event or condition shall exist that, pursuant to certain provisions described under "-- Subordinated Debt" above, would prevent Williams from making payments of principal of or interest on the subordinated debt securities at the date of the irrevocable deposit referred to above or at any time during the period ending on the 91st day after the deposit date; and
- in the case of the subordinated indenture, Williams delivers to the trustee for the subordinated debt indenture an opinion of counsel to the effect that:

(1) the trust funds will not be subject to any rights of holders of senior indebtedness; and

(2) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization, or similar laws affecting creditors' rights generally.

If a court were to rule under any such law in any case or proceeding that the trust funds remained property of Williams, counsel must give its opinion only with respect to:

(1) the trustee's valid and perfected security interest in these trust funds;

(2) adequate protection of holders of the subordinated debt securities interests in these funds; and

(3) no prior rights of holders of senior debt securities in property or interests granted to the trustee or holders of the subordinated debt securities in exchange for or with respect to these trust funds.

MODIFICATION OF THE INDENTURES

Each indenture provides that Williams and the trustee may enter into supplemental indentures, which conform to the provisions of the Trust Indenture Act of 1939, without the consent of the holders to, in general:

- secure any debt securities;
- evidence the assumption by a successor person of the obligations of Williams;
- add further covenants for the protection of the holders;
- cure any ambiguity or correct any inconsistency in that indenture, so long as the action will not adversely effect the interests of the holders;
- establish the form or terms of debt securities of any series; and
- evidence the acceptance of appointment by a successor trustee. See section 8.1 of the indentures.

Each indenture also permits Williams and the trustee to:

- add any provisions to that indenture;
- change in any manner that indenture;
- eliminate any of the provisions of that indenture; and
- modify in any way the rights of the holders of debt securities of each series affected.

All of the above actions require the consent of the holders of at least a majority in principal amount of debt securities of each series issued under that indenture then outstanding and affected. These holders will vote as one class to approve such changes.

Such changes must, however, conform to the Trust Indenture Act of 1939 and Williams and the trustee may not, without the consent of each holder of outstanding debt securities affected thereby:

- extend the final maturity of the principal of any debt securities;
- reduce the principal amount of any debt securities;
- reduce the rate or extend the time of payment of interest on any debt securities;
- reduce any amount payable on redemption of any debt securities;
- change the currency in which the principal, including any amount in respect of original issue discount, or interest on any debt securities is payable;
- reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy;
- alter certain provisions of the indenture relating to debt securities not denominated in U.S. dollars or for which conversion to another currency is required to satisfy the judgment of any court;
- impair the right to institute suit for the enforcement of any payment on any debt securities when due; or
- reduce the percentage in principal amount of debt securities of any series issued under the applicable indenture, the consent of the holders of which is required for any such modification. See section 8.2 of the indentures.

The subordinated debt indenture may not be amended to alter the subordination of any outstanding subordinated debt securities without the consent of each holder of senior indebtedness then outstanding that would be adversely affected by such an amendment. See the subordinated debt indenture, section 8.6.

CONVERSION RIGHTS

The prospectus supplement will provide if a series of securities is convertible into our common stock and the initial conversion price per share at which the securities may be converted. Unless we specify other conversion provisions in the prospectus supplement, the following provisions will be applicable to our convertible securities.

If we have not redeemed a convertible security, the holder of the convertible security may convert the security, or any portion of the principal amount in integral multiples of \$1,000, at the conversion price in effect at the time of conversion, into shares of Williams' common stock. Conversion rights expire at the close of business on the date specified in the prospectus supplement for a series of convertible securities. Conversion rights expire at the close of business on the redemption date in the case of any convertible securities that we call for redemption.

In order to exercise the conversion privilege, the holder of the convertible security must surrender to us, at any office or agency maintained for that purpose, the security with a written notice of the election to convert the security, and, if the holder is converting less than the entire principal amount of the security, the amount of security to be converted. In addition, if the convertible security is converted during the period between a record date for the payment of interest and the related interest payment date, the person entitled to convert the security must pay us an amount equal to the interest payable on the principal amount being converted.

We will not pay any interest on converted securities on any interest payment date after the date of conversion except for those securities surrendered during the period between a record date for the payment of interest and the related interest payment date.

Convertible securities shall be deemed to have been converted immediately prior to the close of business on the day of surrender of the security. We will not issue any fractional shares of stock upon conversion, but we will make an adjustment in cash based on the market price at the close of business on the date of conversion.

The conversion price will be subject to adjustment in the event of:

- payment of stock dividends or other distributions of our common stock;
- issuance of rights or warrants to all our stockholders entitling them to subscribe for or purchase our stock at a price less than the market price of our common stock;
- the subdivision of our common stock into a greater or lesser number of shares of stock;
- the distribution to all stockholders of evidences of our indebtedness or assets, excluding stock dividends or other distributions and rights or warrants; or
- the reclassification of our common stock into other securities.

We may also decrease the conversion price as we consider necessary so that any event treated for Federal income tax purposes as a dividend of stock or stock rights will not be taxable to the holders of our common stock.

We will pay any and all transfer taxes that may be payable in respect of the issue or delivery of shares of common stock on conversion of the securities. We are not required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares in a name other than that of the holder of the security to be converted and no issue and delivery shall be made unless and until the person requesting the issue has paid the amount of any such tax or established to our satisfaction that such tax has been paid.

After the occurrence of:

- consolidation with or merger of Williams into any other corporation,
- any merger of another corporation into Williams, or
- any sale or transfer of substantially all of the assets of Williams,

which results in any reclassification, change or conversion of our common stock, the holders of any convertible securities will be entitled to receive on conversion the kind and amount of shares of common stock or other securities, cash or other property receivable upon such event by a holder of our common stock immediately prior to the occurrence of the event.

CONCERNING THE TRUSTEE

The trustee is one of a number of banks with which Williams and its subsidiaries maintain ordinary banking relationships and with which Williams and its subsidiaries maintain credit facilities.

LIMITATIONS ON ISSUANCE OF BEARER DEBT SECURITIES

Debt securities in bearer form are subject to special U.S. tax requirements and may not be offered, sold, or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Investors should consult the prospectus supplement in the event that bearer debt securities are issued for special procedures and restrictions that will apply to such an offering.

DESCRIPTION OF PREFERRED STOCK

Under the Williams' certificate of incorporation, as amended, Williams is authorized to issue up to 30,000,000 shares of preferred stock, par value \$1.00 per share, in one or more series. At September 30, 2001, no shares of preferred stock were outstanding outside of our consolidated group. See "Outstanding Preferred Stock Within the Consolidated Group" below. The following description of preferred stock sets forth certain general terms and provisions of the series of preferred stock to which any prospectus supplement may relate. The prospectus supplement relating to a particular series of preferred stock will describe certain other terms of such series of preferred stock. If so indicated in the prospectus supplement relating to a particular series of preferred stock, the terms of any such series of preferred stock may differ from the terms set forth below. The description of preferred stock set forth below and the description of the terms of a particular series of preferred

stock set forth in the related prospectus supplement are not complete and are qualified in their entirety by reference to the certificate of incorporation and to the certificate of designation relating to that series of preferred stock.

The rights of the holders of each series of preferred stock will be subordinate to those of Williams' general creditors.

GENERAL TERMS OF THE PREFERRED STOCK

The certificate of incorporation will set forth the designations, preferences, and relative, participating, optional and other special rights, and the qualifications, limitations, and restrictions of the preferred stock of each series. To the extent the certificate of incorporation does not set forth the rights and limitations, they shall be fixed by the certificate of designation relating to the series. A prospectus supplement, relating to each series, shall specify the terms of the preferred stock as follows:

- the distinctive designation of the series and the number of shares which shall constitute the series;
- the rate of dividends, if any, payable on shares of the series, the date, if any, from which the dividends shall accrue, the conditions upon which and the date when the dividends shall be payable, and whether the dividends shall be cumulative or noncumulative;
- the amounts which the holders of the preferred stock of the series shall be entitled to be paid in the event of a voluntary or involuntary liquidation, dissolution, or winding up of Williams; and
- whether or not the preferred stock of the series shall be redeemable and at what times and under what conditions and the amount or amounts payable thereon in the event of redemption.

The prospectus supplement may, in a manner not inconsistent with the provisions of the certificate of incorporation:

- limit the number of shares of the series that may be issued;
- provide for a sinking fund for the purchase or redemption or a purchase fund for the purchase of shares of the series, set forth the terms and provisions governing the operation of any fund, and establish the status as to reissue of shares of preferred stock purchased or otherwise reacquired or redeemed or retired through the operation of the sinking or purchase fund;
- grant voting rights to the holder of shares of the series, in addition to and not inconsistent with those granted by the certificate of incorporation to the holders of preferred stock;
- impose conditions or restrictions upon the creation of indebtedness of Williams or upon the issue of additional preferred stock or other capital stock ranking equally with or prior to the preferred stock or capital stock as to dividends or distribution of assets on liquidation;
- impose conditions or restrictions upon the payment of dividends upon, the making of other distributions to, or the acquisition of junior stock;
- grant to the holders of the preferred stock of the series the right to convert the preferred stock into shares of another series or class of capital stock; and
- grant other special rights to the holders of shares of the series as the board of directors may determine and as shall not be inconsistent with the provisions of the certificate of incorporation.

DIVIDENDS

Holders of the preferred stock of any series shall be entitled to receive, when and as declared by the board of directors, preferential dividends in cash at the rate per annum, if any, fixed for the series. Their entitlement will be subject to any limitations specified in the certificate of designation providing for the issuance of a particular series of preferred stock. The certificate of designation providing for the issuance of preferred stock of the series may specify the date on which the preferential dividends are payable. The preferential dividends

shall further be payable to stockholders of record on a date which precedes each dividend payment date which the board of directors has fixed in advance of each particular dividend.

Each share of preferred stock shall rank on a parity with each other share of preferred stock, irrespective of series, with respect to preferential dividends accrued on the shares of the series. Williams will not declare or pay any dividend nor will it set apart a dividend for payment for the preferred stock of any series unless at the same time Williams declares, pays, or sets apart a dividend in like proportion to the dividends accrued upon the preferred stock of each other series. This does not, however, prevent Williams from authorizing or issuing one or more series of preferred stock bearing dividends subject to contingencies as to the existence or amount of earnings of Williams during one or more fiscal periods, or as to other events, to which dividends on other series of preferred stock are not subject.

So long as any shares of preferred stock remain outstanding, Williams will not, unless all dividends accrued on outstanding shares of preferred stock for all past dividend periods shall have been paid, or declared and a sum sufficient for the payment of the dividends set apart:

- pay or declare any dividends whatsoever, whether in cash, stock, or otherwise;
- make any distribution on any class of junior stock;
- purchase, retire, or otherwise acquire for valuable consideration any shares of preferred stock (subject to certain limitations) or junior stock.

The ability of Williams, as a holding company, to pay dividends on the preferred stock will depend upon the payment of dividends, interest, or other charges by subsidiaries to it. Debt instruments of certain subsidiaries of Williams limit the amount of payments to Williams, which could affect the amount of funds available to Williams to pay dividends on the preferred stock.

Bank One Trust Company, National Association, is the registrar, transfer agent, and dividend disbursing agent for the shares of the preferred stock.

REDEMPTION

With the approval of its board of directors, Williams may redeem all or any part of the preferred stock of any series that by its terms is redeemable. Redemption will take place at the time or times and on the terms and conditions fixed for the series. Williams must duly give notice in the manner provided in the certificate of designation providing for this series. Williams must pay for preferred stock in cash the sum fixed for this series, together, in each case, with an amount equal to accrued and unpaid dividends on the series of preferred stock. The certificate of designation providing for a series of preferred stock which is subject to redemption may provide, upon the two conditions discussed below, that the shares will no longer be deemed outstanding, and all rights with respect to the shares will cease, including the accrual of further dividends, other than the right to receive the redemption price of the shares without interest, when:

- Williams has given notice of redemption of all or part of the shares of the series; and
- Williams has set aside or deposited with a suitable depository for the proportionate benefit of the shares called for redemption the redemption price of these shares, together with accrued dividends to the date fixed as the redemption date.

Redemption will terminate the right of holders of the preferred stock to accrual of further dividends. Redemption will not, however, terminate the right of holders of the shares redeemed to receive the redemption price for these shares without interest.

VOTING RIGHTS

The preferred stock will have no right or power to vote on any question or in any proceeding or to be represented at or to receive notice of any meeting of stockholders, except as:

- stated in this prospectus;
- expressly provided by law; or
- provided in the certificate of designation of the series of preferred stock.

On any matters on which the holders of the preferred stock or any series thereof shall be entitled to vote separately as a class or series, they shall be entitled to one vote for each share held.

So long as any shares of preferred stock are outstanding, Williams must not, during the continuance of any default in the payment of dividends on the preferred stock, redeem or otherwise acquire for value any shares of the preferred stock or of any other stock ranking on a parity with the preferred stock concerning dividends or distribution of assets on liquidation. Holders of a majority of the number of shares of preferred stock outstanding at the time may, however, permit such a redemption by giving their consent in person or by proxy, either in writing or by vote at any annual meeting or any special meeting called for the purpose.

LIQUIDATION RIGHTS

In the event of any liquidation, dissolution, or winding up of the affairs of Williams, voluntary or involuntary, the holders of the preferred stock of the respective series are entitled to be paid in full the following amounts:

- the amount fixed in the certificate of designation providing for the issue of shares of the series; plus
- a sum equal to all accrued and unpaid dividends on the shares of preferred stock to the date of payment of the dividends.

Williams must have made this payment in full to the holders of the preferred stock before it may make any distribution or payment to the holders of any class of stock of Williams ranking junior to the preferred stock as to dividends or distribution of assets on liquidation. After Williams has made this payment in full to the holders of the preferred stock, the remaining assets and funds of Williams will be distributed among the holders of the stock of Williams ranking junior to the preferred stock according to their rights. If the assets of Williams available for distribution to holders of preferred stock are sufficient to make the payment required to be made in full, these assets will be distributed to the holders of shares of preferred stock proportionately to the amounts payable upon each share of preferred stock.

PREFERRED STOCK PURCHASE RIGHTS

On February 6, 1996, Williams entered into a rights agreement with The First Chicago Trust Company of New York, as rights agent, which currently provides for a dividend of one-third preferred stock purchase right for each outstanding share of Williams' common stock. The rights trade automatically with shares of common stock and become exercisable only under the circumstances described below. The rights are designed to protect the interests of Williams and its stockholders against coercive takeover tactics. The purpose of the rights is to encourage potential acquirers to negotiate with the board of directors of Williams prior to attempting a takeover and to provide the board with leverage in negotiating on behalf of all stockholders the terms of any proposed takeover. The rights may have anti-takeover effects. The rights should not, however, interfere with any merger or other business combination approved by the board of directors of Williams.

Until a right is exercised, the right does not entitle the holder to additional rights as a Williams' stockholder, including, without limitation, the right to vote or to receive dividends. Upon becoming exercisable, each right entitles its holder to purchase from Williams one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise or purchase price of \$140.00 per right, subject to

adjustment. Each one two-hundredth of a share of Series A Junior Participating Preferred Stock entitles the holder to receive quarterly dividends payable in cash of an amount per share equal to:

- the greater of (a) \$120, or (b) 1200 times the aggregate per share amount of all cash dividends; plus
- 1200 times the aggregate per share amount payable in kind of all non-cash dividends or other distributions other than dividends payable in common stock, since the immediately preceding quarterly dividend payment date.

The dividends on the Junior Participating Preferred Stock are cumulative. Holders of Junior Participating Preferred Stock have voting rights entitling them to 1200 votes per share on all matters submitted to a vote of the stockholders of Williams.

In general, the rights will not be exercisable until the distribution date, which is the earlier of (a) the close of business on the 10th business day after Williams learns that a person or group has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our outstanding common stock, (b) the close of business on the 10th business day after the commencement of a tender or exchange offer for 15% or more of Williams' outstanding common stock, or (c) the close of business on the 10th business day after the board of directors of Williams determines that any adverse person or group has become the beneficial owner of an amount of common stock which the board of directors determines to be substantial. Below we refer to the person or group acquiring at least 15% of our common stock as an acquiring person.

In the event that a person or group acquires beneficial ownership of 15% or more of Williams' outstanding common stock or the board of directors of Williams determines that any adverse person or group has become the beneficial owner of a substantial amount of common stock, each holder of a right will have the right to exercise and receive common stock having a value equal to two times the exercise price of the right. The exercise price is the purchase price times the number of shares of common stock associated with each right. Any rights that are at any time beneficially owned by an acquiring person will be null and void and any holder of such right will be unable to exercise or transfer the right.

In the event that someone becomes an acquiring person and either (a) Williams is involved in a merger or other business combination in which Williams is not the surviving corporation, (b) Williams is involved in a merger or other business combination in which Williams is the surviving corporation but all or a part of its common stock is changed or exchanged, or (c) 50% or more of Williams' assets, cash flow or earning power is sold or transferred, each right becomes exercisable and each right will entitle its holder to receive common stock of the acquiring person having a value equal to two times the exercise price of the right.

The rights will expire at the close of business on February 6, 2006, unless redeemed before that time. At any time prior to the earlier of (a) 10 days following the stock acquisition date, as defined in the rights agreement, and (b) the expiration date, the board of directors of Williams may redeem the rights in whole, but not in part, at a price of \$.01 per right. Prior to the distribution date, Williams may amend the rights agreement in any respect without the approval of the rights holders. However, after the distribution date, the rights agreement may not be amended in any way that would adversely affect the holders of rights (other than any acquiring person or group) or cause the rights to again become redeemable. The Junior Participating Preferred Stock ranks junior to all other series of Williams' preferred stock as to the payment of dividends and the distribution of assets unless the terms of the series specify otherwise.

You should refer to the applicable provisions of the rights agreement, which is incorporated by reference as Exhibit 4 to Form 8-K filed January 24, 1996.

OUTSTANDING PREFERRED STOCK WITHIN THE CONSOLIDATED GROUP

On March 28, 2001, Williams issued 14,000 shares of its March 2001 Mandatorily Convertible Single Reset Preferred Stock (the "March 2001 Preferred Stock") to a wholly owned subsidiary as part of a transaction to provide indirect credit support for \$1.4 billion of Williams Communications Group, Inc. structured notes through a commitment to issue Williams' equity in the event of a Williams Communications default, the downgrading of Williams' senior unsecured debt to Ba1 or below by Moody's, BB or below by

S&P, or BB+ or below by Fitch if Williams' common stock closing price is below \$30.22 for ten consecutive trading days while such downgrade is in effect or to the extent proceeds from Williams Communications' refinancing or remarketing of other structured notes prior to March 2004 produces proceeds of less than \$1.4 billion. For a full description of the March 2001 Preferred Stock, please refer to Williams' certificate of incorporation and the certificate of designation of the March 2001 Preferred Stock, which has been filed as part of Exhibit 3(I)(a) to Form 10-Q filed by Williams on May 15, 2001 and incorporated by reference herein.

On December 28, 2000, in connection with the purchase of various energy-related assets in Canada and formation of Snow Goose Associates, L.L.C. and Arctic Fox Assets, L.L.C., Williams issued 342,000 shares of Williams' December 2000 cumulative convertible preferred stock ("December 2000 Preferred Stock") to Arctic Fox Assets, L.L.C., a wholly owned subsidiary of Williams. For a full description of the December 2000 Preferred Stock, please refer to Williams' certificate of incorporation and the certificate of designation of the December 2000 Preferred Stock, which has been filed as part of Exhibit 3(I)(a) to Form 10-Q filed by Williams on May 15, 2001 and incorporated by reference herein.

DESCRIPTION OF COMMON STOCK

As of the date of this prospectus, Williams is authorized to issue up to 960,000,000 shares of common stock. As of September 30, 2001, Williams had 515,078,748 issued and outstanding shares of common stock. In addition, at September 30, 2001 options to purchase 26,479,917 shares of common stock were outstanding under various stock and compensation incentive plans. The outstanding shares of Williams' common stock are fully paid and nonassessable. The holders of Williams' common stock are not entitled to preemptive or redemption rights. Shares of Williams' common stock are not convertible into shares of any other class of capital stock. First Chicago Trust Company of New York, a division of EquiServe, is the transfer agent and registrar for our common stock.

Williams currently has the following provisions in its charter or bylaws which could be considered to be "anti-takeover" provisions: (i) an article in its charter providing for a classified board of directors divided into three classes, one of which is elected for a three-year term at each annual meeting of stockholders, (ii) an article in its charter providing that directors cannot be removed except for cause and by the affirmative vote of three-fourths of the outstanding shares of common stock, (iii) an article in its charter requiring the affirmative vote of three-fourths of the outstanding shares of common stock for certain merger and asset sale transactions with holders of more than five percent of the voting power of Williams, and (iv) a bylaw requiring stockholders to provide prior notice for nominations for election to the board of directors or for proposing matters which can be acted upon at stockholders meetings.

Williams is a Delaware corporation and is subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents an interested stockholder (defined generally as a person owning 15% or more of Williams' outstanding voting stock) from engaging in a business combination with Williams for three years following the date that person became an interested stockholder unless: (i) before that person became an interested stockholder, the board of directors of Williams approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination; (ii) upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of Williams outstanding at the time the transaction commenced (excluding stock held by persons who are both directors and officers of Williams or by certain employee stock plans); or (iii) on or following the date on which that person became an interested stockholder, the business combination is approved by Williams' board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of a least 66 2/3% of the outstanding voting stock of Williams (excluding shares held by the interested stockholder). A business combination includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

DIVIDENDS

The holders of Williams' common stock are entitled to receive dividends when, as, and if declared by the board of directors of Williams, out of funds legally available for their payment subject to the rights of holders of any outstanding preferred stock.

VOTING RIGHTS

The holders of Williams' common stock are entitled to one vote per share on all matters submitted to a vote of stockholders.

RIGHTS UPON LIQUIDATION

In the event of Williams' voluntary or involuntary liquidation, dissolution, or winding up, the holders of Williams' common stock will be entitled to share equally in any assets available for distribution after the payment in full of all debts and distributions and after the holders of all series of outstanding preferred stock have received their liquidation preferences in full.

DESCRIPTION OF WARRANTS

Williams may issue warrants to purchase its debt or equity securities or securities of third parties or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing. Warrants may be issued independently or together with any other securities and may be attached to, or separate from, such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between Williams and a warrant agent. The terms of any warrants to be issued and a description of the material provisions of the applicable warrant agreement will be set forth in the applicable prospectus supplement.

The applicable prospectus supplement will describe the following terms of any warrants in respect of which this prospectus is being delivered:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;
- the currency or currencies, in which the price of such warrants will be payable;
- the securities or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing, purchasable upon exercise of such warrants;
- the price at which and the currency or currencies, in which the securities or other rights purchasable upon exercise of such warrants may be purchased;
- the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the designation and terms of the securities with which such warrants are issued and the number of such warrants issued with each such security;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;

- information with respect to book-entry procedures, if any;

- if applicable, a discussion of any material United States Federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

DESCRIPTION OF PURCHASE CONTRACTS

Williams may issue purchase contracts for the purchase or sale of:

- debt or equity securities issued by Williams or securities of third parties, a basket of such securities, an index or indices of such securities or any combination of the above as specified in the applicable prospectus supplement;
- currencies; or
- commodities.

Each purchase contract will entitle the holder thereof to purchase or sell, and obligate us to sell or purchase, on specified dates, such securities, currencies or commodities at a specified purchase price, which may be based on a formula, all as set forth in the applicable prospectus supplement. Williams may, however, satisfy its obligations, if any, with respect to any purchase contract by delivering the cash value of such purchase contract or the cash value of the property otherwise deliverable or, in the case of purchase contracts on underlying currencies, by delivering the underlying currencies, as set forth in the applicable prospectus supplement. The applicable prospectus supplement will also specify the methods by which the holders may purchase or sell such securities, currencies or commodities and any acceleration, cancellation or termination provisions or other provisions relating to the settlement of a purchase contract.

The purchase contracts may require Williams to make periodic payments to the holders thereof or vice versa, which payments may be deferred to the extent set forth in the applicable prospectus supplement, and those payments may be unsecured or prefunded on some basis. The purchase contracts may require the holders thereof to secure their obligations in a specified manner to be described in the applicable prospectus supplement. Alternatively, purchase contracts may require holders to satisfy their obligations thereunder when the purchase contracts are issued. Williams' obligation to settle such pre-paid purchase contracts on the relevant settlement date may constitute indebtedness. Accordingly, pre-paid purchase contracts will be issued under either the senior indenture or the subordinated indenture.

DESCRIPTION OF UNITS

As specified in the applicable prospectus supplement, Williams may issue units consisting of one or more purchase contracts, warrants, debt securities, shares of preferred stock, shares of common stock or any combination of such securities. The applicable prospectus supplement will describe:

- the terms of the units and of the purchase contracts, warrants, debt securities, preferred stock and common stock comprising the units, including whether and under what circumstances the securities comprising the units may be traded separately;
- a description of the terms of any unit agreement governing the units; and
- a description of the provisions for the payment, settlement, transfer or exchange of the units.

PLAN OF DISTRIBUTION

Williams may sell the securities through agents, through underwriters, through dealers, and directly to purchasers.

Agents designated by Williams from time to time may solicit offers to purchase the securities. The prospectus supplement will name any such agent who may be deemed to be an underwriter, as that term is defined in the Securities Act, involved in the offer or sale of the securities in respect of which this prospectus is

delivered. The prospectus supplement will also set forth any commissions payable by Williams to such agent. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If Williams uses any underwriters in the sale, Williams will enter into an underwriting agreement with the underwriters at the time of sale to them. The prospectus supplement which the underwriter will use to make resales to the public of the securities in respect of which this prospectus is delivered will set forth the names of the underwriters and the terms of the transaction.

If a dealer is utilized in the sale of the securities in respect of which this prospectus is delivered, Williams will sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale.

Agents, dealers, and underwriters may be entitled under agreements entered into with Williams to indemnification by Williams against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such agents, dealers, or underwriters may be required to make in respect of such civil liabilities. Agents, dealers, and underwriters may be customers of, engage in transactions with, or perform services for Williams in the ordinary course of business.

One or more firms, referred to as "remarketing firms," may also offer or sell the securities, if the prospectus supplement so indicates, in connection with a remarketing arrangement upon their purchase. Remarketing firms will act as principals for their own accounts or as agents for Williams. These remarketing firms will offer or sell the securities in accordance with a redemption or repayment pursuant to the terms of the securities. The prospectus supplement will identify any remarketing firm and the terms of its agreement, if any, with Williams and will describe the remarketing firm's compensation. Remarketing firms may be deemed to be underwriters in connection with the securities they remarket. Remarketing firms may be entitled under agreements that may be entered into with Williams to indemnification by Williams against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for Williams in the ordinary course of business.

If the prospectus supplement so indicates, Williams will authorize agents and underwriters or dealers to solicit offers by certain purchasers to purchase the securities from Williams at the public offering price set forth in the prospectus supplement. The solicitation will occur pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. These contracts will be subject to only those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such offers.

Each series of debt securities offered will be a new issue of securities and will have no established trading market. The debt securities offered may or may not be listed on a national securities exchange. Williams cannot be sure as to the liquidity of or the existence of trading markets for any debt securities offered.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, the underwriters, if any, may overallocate in connection with the offering, and may bid for, and purchase, the securities in the open market.

EXPERTS

The consolidated financial statements and schedules of Williams at December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000 appearing in Williams' Form 8-K filed with the Securities and Exchange Commission on May 22, 2001, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedules are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

William G. von Glahn, Senior Vice President and General Counsel of Williams will pass upon certain legal matters for Williams in connection with the securities offered by this prospectus. Davis Polk & Wardwell, New York, New York will pass upon certain legal matters for the underwriters in connection with the securities offered by this prospectus. As of September 30, 2001, Mr. von Glahn beneficially owned, directly or indirectly approximately 236,340 shares of Williams' common stock and also has exercisable options to purchase an additional 147,600 shares of Williams' common stock.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Set forth below is an estimate of the approximate amount of the fees and expenses payable by Williams in connection with the offering described in this Registration Statement:

	APPROXIMATE AMOUNT

Securities and Exchange Commission registration fee.....	\$512,650
Printing and engraving expenses.....	50,000
Accounting fees and expenses.....	50,000
Legal fees and expenses.....	85,000
Trustees' fees.....	12,000
Fees of rating agencies.....	50,000
Miscellaneous expenses.....	28,000

TOTAL.....	\$787,650 =====

ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

Williams, a Delaware corporation, is empowered by Section 145 of the General Corporation Law of the State of Delaware, subject to the procedures and limitations stated therein, to indemnify any person against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by them in connection with any threatened, pending, or completed action, suit, or proceeding in which such person is made party by reason of their being or having been a director, officer, employee, or agent of Williams. The statute provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. The By-laws of Williams provide for indemnification by Williams of its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware. In addition, Williams has entered into indemnity agreements with its directors and certain officers providing for, among other things, the indemnification of and the advancing of expenses to such individuals to the fullest extent permitted by law, and to the extent insurance is maintained, for the continued coverage of such individuals.

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

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
-----	-----
*1.1 --	Form of Underwriting Agreement Standard Provisions (Debt) (filed as Exhibit 1.1 to the Registration Statement on Form S-3 filed June 22, 2001).
*1.2 --	Form of Distribution Agreement (filed as Exhibit 1.2 to the Registration Statement on Form S-3 filed September 8, 1997).
*1.3 --	Form of equity Underwriting Agreement (filed as Exhibit 1.3 to the Registration Statement on Form S-3 filed June 22, 2001).

EXHIBIT NUMBER	DESCRIPTION
*3.1	-- Restated Certificate of Incorporation, as supplemented (filed as Exhibit 3(I)(a) to Form 10-Q filed May 15, 2001).
*3.2	-- Restated By-laws (filed as Exhibit 99.1 to Form 8-K filed January 19, 2000).
*4.1	-- Form of Senior Debt Indenture (filed as Exhibit 4.1 to the Registration Statement on Form S-3 filed September 8, 1997).
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4.7	-- Rights Agreement dated as of February 6, 1996, between Williams and First Chicago Trust Company of New York (filed as Exhibit 4 to Form 8-K filed January 24, 1996).
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23.1	-- Consent of Ernst & Young LLP.
23.2	-- Consent of counsel (contained in Exhibit 5).
24.1	-- Powers of Attorney.
24.2	-- Certified copy of resolutions authorizing signatures pursuant to power of attorney.
**25.1	-- Statement of Eligibility and Qualification of Bank One Trust Company, National Association, on Form T-1 for Indentures.

* Such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

**Previously filed.

ITEM 17. UNDERTAKINGS.

Williams hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of Williams' annual report pursuant to Section 13(a) of 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes:

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

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

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

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement amendment to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Tulsa and State of Oklahoma on the 21st day of December, 2001.

THE WILLIAMS COMPANIES, INC.
(REGISTRANT)

BY: /s/ SUZANNE H. COSTIN

Suzanne H. Costin
Attorney-in-Fact

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement amendment has been signed by the following persons in the capacities and on the date indicated:

SIGNATURE -----	TITLE -----	DATE -----
/s/ KEITH E. BAILEY ----- Keith E. Bailey*	Chairman of the Board & Chief Executive Officer (principal executive officer)	December 21, 2001
/s/ JACK D. MCCARTHY ----- Jack D. McCarthy*	Senior Vice President (principal financial officer)	December 21, 2001
/s/ GARY R. BELITZ ----- Gary R. Belitz*	Controller (principal accounting officer)	December 21, 2001
/s/ HUGH M. CHAPMAN ----- Hugh M. Chapman*	Director	December 21, 2001
/s/ GLENN A. COX ----- Glenn A. Cox*	Director	December 21, 2001
/s/ THOMAS H. CRUIKSHANK ----- Thomas H. Cruikshank*	Director	December 21, 2001
/s/ WILLIAM E. GREEN ----- William E. Green*	Director	December 21, 2001
/s/ IRA D. HALL ----- Ira D. Hall*	Director	December 21, 2001
/s/ W. R. HOWELL ----- W. R. Howell*	Director	December 21, 2001
/s/ JAMES C. LEWIS ----- James C. Lewis*	Director	December 21, 2001

SIGNATURE

TITLE

DATE

/s/ CHARLES M. LILLIS

Director

December 21, 2001

Charles M. Lillis*

/s/ GEORGE A. LORCH

Director

December 21, 2001

George A. Lorch*

/s/ FRANK T. MACINNIS

Director

December 21, 2001

Frank T. MacInnis

/s/ STEVEN J. MALCOLM

Director

December 21, 2001

Steven J. Malcolm

/s/ GORDON R. PARKER

Director

December 21, 2001

Gordon R. Parker*

/s/ JANICE D. STONEY

Director

December 21, 2001

Janice D. Stoney*

/s/ JOSEPH H. WILLIAMS

Director

December 21, 2001

Joseph H. Williams*

*By:

/s/ SUZANNE H. COSTIN

Suzanne H. Costin
Attorney-in-Fact

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23.1	-- Consent of Ernst & Young LLP.
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24.1	-- Powers of Attorney.
24.2	-- Certified copy of resolutions authorizing signatures pursuant to power of attorney.
**25.1	-- Statement of Eligibility and Qualification of Bank One Trust Company, National Association, on Form T-1 for Indentures.

* Such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

**Previously filed.

=====

THE WILLIAMS COMPANIES, INC.

and

[_____],

as Purchase Contract Agent

PURCHASE CONTRACT AGREEMENT

Dated as of _____, 2002

=====

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PURCHASE CONTRACT AGREEMENT, dated as of _____, 2002, between THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "COMPANY"), and [_____], an _____ banking corporation, acting as purchase contract agent for the Holders of Securities (as defined herein) from time to time (the "PURCHASE CONTRACT AGENT").

RECITALS

The Company has duly authorized the execution and delivery of this Agreement and the Certificates evidencing the Securities.

All things necessary to make the Purchase Contracts, when the Certificates are executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent, as provided in this Agreement, the valid obligations of the Company, and to constitute these presents a valid agreement of the Company, in accordance with its terms, have been done. For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATIONS

SECTION 1.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and nouns and pronouns of the masculine gender include the feminine and neuter genders;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States;

(c) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision; and

(d) the following terms have the meanings given to them in this Section 1.01(e):

"ACT" has the meaning, with respect to any Holder, set forth in Section 1.04.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGREEMENT" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

"APPLICABLE MARKET VALUE" has the meaning set forth in Section 5.01.

"APPLICABLE OWNERSHIP INTEREST" shall mean, with respect to a Stock Purchase Unit that includes the Treasury Portfolio, (A) a 5% undivided beneficial ownership interest in a \$1,000 face amount of a principal or interest strip in a U.S. treasury security included in such Treasury Portfolio that matures on or prior to _____, 200_ and (B) for each scheduled interest payment date on the Senior Deferrable Notes after the Tax Event Redemption Date, a .0863%, undivided beneficial ownership interest in a \$1,000 face amount of a principal or interest strip in a U.S. treasury security included in such Treasury Portfolio that matures on or prior to such date.

"APPLICANTS" has the meaning set forth in Section 7.12(b).

"BANKRUPTCY CODE" means title 11 of the United States Code, or any other law of the United States that from time to time provides a uniform system of bankruptcy laws.

"BENEFICIAL OWNER" means, with respect to a Book-Entry Interest, a Person who is the beneficial owner of such Book-Entry Interest as reflected on the books of the Depository or on the books of a Person maintaining an account with such Depository (directly as a Depository Participant or as an indirect participant, in each case in accordance with the rules of such Depository).

"BOARD OF DIRECTORS" means the board of directors of the Company or a duly authorized committee of that board.

"BOARD RESOLUTION" means one or more resolutions of the Board of Directors, a copy of which has been certified by the Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification and delivered to the Purchase Contract Agent.

"BOOK-ENTRY INTEREST" means a beneficial interest in a Global Certificate, registered in the name of a Depository or a nominee thereof, ownership and transfers of which shall be maintained and made through book entries by such Depository as described in Section 3.06.

"BUSINESS DAY" means any day other than a Saturday or Sunday or a day on which banking institutions in New York City, New York, or Chicago, Illinois are authorized or required by law or executive order to remain closed or a day on which the Indenture Trustee or the Property Trustee is closed for business; provided that for purposes of the second paragraph of Section 1.12 only, the term "Business Day" shall also be deemed to exclude any day on which trading on the New York Stock Exchange, Inc. is closed or suspended.

"CASH SETTLEMENT" has the meaning set forth in Section 5.02(a)(i).

"CERTIFICATE" means a Stock Purchase Units Certificate or a Treasury Stock Purchase Units Certificate.

"CLEARING AGENCY" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Exchange Act that is acting as a depository for the Securities and in whose name, or in the name of a nominee of that organization, shall be registered a Global Certificate and which shall undertake to effect book-entry transfers and pledges of the Securities.

"CLOSING PRICE" has the meaning set forth in Section 5.01.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COLLATERAL" has the meaning set forth in Section 1.01(f) of the Pledge Agreement.

"COLLATERAL ACCOUNT" has the meaning set forth in Section 1.01(f) of the Pledge Agreement.

"COLLATERAL AGENT" means [], as Collateral Agent under the Pledge Agreement until a successor Collateral Agent shall have become such pursuant to the applicable provisions of the Pledge Agreement, and thereafter "Collateral Agent" shall mean the Person who is then the Collateral Agent thereunder.

"COLLATERAL SUBSTITUTION" has the meaning set forth in Section 3.13.

"COMMON STOCK" means The Williams Companies, Inc., common stock, par value \$1.00.

"COMPANY" means the Person named as the "COMPANY" in the first paragraph of this instrument until a successor shall have become such pursuant to the applicable provision of this Agreement, and thereafter "Company" shall mean such successor.

"CONSTITUENT PERSON" has the meaning set forth in Section 5.04(b).

"CORPORATE TRUST OFFICE" means the principal corporate trust office of the Purchase

Contract Agent at which, at any particular time, its corporate trust business shall be administered, which office at the date hereof is located at [], Attention: Corporate Trust Department.

"COUPON RATE" means the percentage rate per annum at which each [Subordinated] Note will bear interest initially and, on and after _____, the Reset Rate.

"CURRENT MARKET PRICE" has the meaning set forth in Section 5.04(a)(8).

"DEPOSITARY" means a clearing agency registered under the Exchange Act that is designated to act as Depositary for the Securities as contemplated by Sections 3.06, 3.07, 3.08 and 3.09.

"DEPOSITARY PARTICIPANT" means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Depositary effects book entry transfers and pledges of securities deposited with the Depositary.

"DTC" means The Depository Trust Company.

"EARLY SETTLEMENT" has the meaning set forth in Section 5.04(b)(2).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

"EXPIRATION DATE" has the meaning set forth in Section 1.04(e).

"EXPIRATION TIME" has the meaning set forth in Section 5.04(a)(6).

"FAILED REMARKETING" has the meaning set forth in Section 5.02(b).

"GLOBAL CERTIFICATE" means a Certificate that evidences all or part of the Securities and is registered in the name of a Clearing Agency or a nominee thereof.

"HOLDER" means, with respect to a Security, the Person in whose name the Security evidenced by a Certificate is registered in the Security Register; provided, however, that in determining whether the Holders of the requisite number of Securities have voted on any matter, then for the purpose of such determination only (and not for any other purpose hereunder), if the Security remains in the form of one or more Global Certificates and if the Depositary which is the registered holder of such Global Certificate has sent an omnibus proxy assigning voting rights to the Depositary Participants to whose accounts the Securities are credited on the record date,

the term "HOLDER" shall mean such Depository Participant acting at the direction of the Beneficial Owners.

"INDENTURE" means the Indenture, dated as of _____, _____, between the Company and the Indenture Trustee (including any provisions of the TIA that are deemed incorporated therein), as amended and supplemented as of the date hereof, pursuant to which the [Subordinated] Notes will be issued.

"INDENTURE TRUSTEE" means Bank One Trust Company, N.A., as trustee under the Indenture, or any successor thereto.

"ISSUER ORDER" or "ISSUER REQUEST" means a written order or request signed in the name of the Company by its Chairman of the Board, its President or one of its Vice Presidents, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Purchase Contract Agent.

"NON-ELECTING SHARE" has the meaning set forth in Section 5.04(b).

"NYSE" has the meaning set forth in Section 5.01.

"OFFICERS' CERTIFICATE" means a certificate signed by the Chairman of the Board, its President or one of its Vice Presidents, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, and delivered to the Purchase Contract Agent. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Agreement shall include:

(i) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definitions relating thereto;

(ii) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Officers' Certificate;

(iii) a statement that, in the opinion of each such officer, each such officer has made such examination or investigation as is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"OPINION OF COUNSEL" means a written opinion of counsel, who may be counsel to the Company (and who may be an employee of the Company), and who shall be reasonably acceptable to the Purchase Contract Agent. An opinion of counsel may rely on certificates as to matters of fact.

"OUTSTANDING SECURITIES" means, with respect to any Security and as of the date of determination, all Securities evidenced by Certificates theretofore authenticated, executed and delivered under this Agreement, except:

(i) If a Termination Event has occurred, (i) Treasury Stock Purchase Units and (ii) Stock Purchase Units for which the underlying [Subordinated] Notes have been theretofore deposited with the Purchase Contract Agent in trust for the Holders of such Stock Purchase Units;

(ii) Securities evidenced by Certificates theretofore cancelled by the Purchase Contract Agent or delivered to the Purchase Contract Agent for cancellation or deemed cancelled pursuant to the provisions of this Agreement; and

(iii) Securities evidenced by Certificates in exchange for or in lieu of which other Certificates have been authenticated, executed on behalf of the Holder and delivered pursuant to this Agreement, other than any such Certificate in respect of which there shall have been presented to the Purchase Contract Agent proof satisfactory to it that such Certificate is held by a protected purchaser in whose hands the Securities evidenced by such Certificate are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite number of the Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding Securities, except that, in determining whether the Purchase Contract Agent shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities that a Responsible Officer of the Purchase Contract Agent actually knows to be so owned shall be so disregarded. Securities so owned that have been pledged in good faith may be regarded as Outstanding Securities if the pledgee establishes to the satisfaction of the Purchase Contract Agent the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any Affiliate of the Company.

"PAYMENT DATE" means each _____, _____, _____ and _____, commencing _____, 2002.

"PERMITTED INVESTMENTS" has the meaning set forth in Section 1.01(f) of the Pledge Agreement.

"PERSON" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"PLAN" means an employee benefit plan that is subject to ERISA, a plan or individual retirement account that is subject to Section 4975 of the Code or any entity whose assets are considered assets of any such plan.

"PLEDGE" means the pledge under the Pledge Agreement of the [Subordinated] Notes, the Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, in each case constituting a part of the Securities.

"PLEDGE AGREEMENT" means the Pledge Agreement, dated as of _____, 2002, among the Company, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent, on its own behalf and as attorney-in-fact for the Holders from time to time of the Securities.

"PLEDGED [SUBORDINATED] NOTES" has the meaning set forth in Section 1.01(f) of the Pledge Agreement.

"PREDECESSOR CERTIFICATE" means a Predecessor Stock Purchase Units Certificate or a Predecessor Treasury Stock Purchase Units Certificate.

"PREDECESSOR STOCK PURCHASE UNITS CERTIFICATE" of any particular Stock Purchase Units Certificate means every previous Stock Purchase Units Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Stock Purchase Units evidenced thereby; and, for the purposes of this definition, any Stock Purchase Units Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Stock Purchase Units Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Stock Purchase Units Certificate.

"PREDECESSOR TREASURY STOCK PURCHASE UNITS CERTIFICATE" of any particular Treasury Stock Purchase Units Certificate means every previous Treasury Stock Purchase Units Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Treasury Stock Purchase Units evidenced thereby; and, for the purposes of this definition, any Treasury Stock Purchase Units Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Treasury Stock Purchase Units Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Treasury Stock Purchase Units Certificate.

"PRIMARY TREASURY DEALER" shall mean a primary U.S. government securities dealer in New York City.

"PROCEEDS" has the meaning set forth in Section 1.01(f) of the Pledge Agreement.

"PRO RATA" shall mean pro rata to each Holder according to the aggregate principal amount of the Securities held by such Holder in relation to the aggregate principal amount of all Securities outstanding.

"PROSPECTUS" means the prospectus relating to the delivery of shares of Common Stock in connection with an Early Settlement under Section 5.07 or an early settlement of Purchase Contracts during the Early Settlement Week under Section 5.04(b)(2), in the form in which first filed, or transmitted for filing, with the Commission after the effective date of the Registration Statement pursuant to Rule 424(b) under the Securities Act, including the documents incorporated by reference therein as of the date of such Prospectus.

"PURCHASE CONTRACT" means, with respect to any Security, the contract forming a part of such Security and obligating the Company to (i) sell, and the Holder of such Security to purchase, shares of Common Stock and (ii) pay the Holder thereof Purchase Contract Payments, in each case on the terms and subject to the conditions set forth in Article Five hereof.

"PURCHASE CONTRACT AGENT" means the Person named as the "PURCHASE CONTRACT AGENT" in the first paragraph of this Agreement until a successor Purchase Contract Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter "PURCHASE CONTRACT AGENT" shall mean such Person.

"PURCHASE CONTRACT PAYMENTS" means the payments payable by the Company on the Payment Dates in respect of each Purchase Contract, at a rate per year of ____% of the Stated Amount per Purchase Contract.

"PURCHASE CONTRACT SETTLEMENT DATE" means _____.

"PURCHASE CONTRACT SETTLEMENT FUND" has the meaning set forth in Section 5.03.

"PURCHASE PRICE" has the meaning set forth in Section 5.01.

"PURCHASED SHARES" has the meaning set forth in Section 5.04(a)(6).

"RECORD DATE" for any distribution and Purchase Contract Payment payable on any Payment Date means, as to any Global Certificate, the Business Day next preceding such Payment Date, and as to any other Certificate, the fifteenth Business Day prior to such Payment Date.

"REDEMPTION AMOUNT" shall mean, for each Note, the product of the principal amount of such Note and a fraction, the numerator of which shall be the Treasury Portfolio Purchase Price and the denominator of which shall be the principal amount of such Note.

"REFERENCE DEALER" means a dealer engaged in trading of convertible securities.

"REFERENCE PRICE" has the meaning set forth in Section 5.01.

"REGISTRATION STATEMENT" means a registration statement under the Securities Act prepared by the Company covering, inter alia, the delivery by the Company of the shares of Common Stock in connection with an Early Settlement under Section 5.07 or an early settlement of Purchase Contracts during the Early Settlement Week under Section 5.04(b)(2), including all exhibits thereto and the documents incorporated by reference in the prospectus contained in such registration statement, and any post-effective amendments thereto.

"REMARKETING AGENT" has the meaning set forth in Section 5.02(b).

"REMARKETING AGREEMENT" means the Remarketing Agreement, dated as of _____, 2002, between the Company and the Remarketing Agent.

"REORGANIZATION EVENT" has the meaning set forth in Section 5.04(b).

"RESET RATE" means the interest rate per year determined by the Remarketing Agent as necessary for a successful completion of the Remarketing.

"RESPONSIBLE OFFICER" means, with respect to the Purchase Contract Agent, any officer of the Purchase Contract Agent assigned by the Purchase Contract Agent to administer this Purchase Contract Agreement.

"SECURITIES ACT" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

"SECURITIES INTERMEDIARY" means [], as Securities Intermediary under the Pledge Agreement until a successor Securities Intermediary shall have become such pursuant to the applicable provisions of the Pledge Agreement, and thereafter "Securities Intermediary" shall mean such successor.

"SECURITY" means a Stock Purchase Unit or a Treasury Stock Purchase Unit, as the case may be.

"SECURITY REGISTER" and "SECURITIES REGISTRAR" have the respective meanings set forth in Section 3.05.

"SETTLEMENT RATE" has the meaning set forth in Section 5.01.

"STATED AMOUNT" means \$[].

"STOCK PURCHASE UNIT" means the collective rights and obligations of a Holder of a Stock Purchase Units Certificate in respect of the [Subordinated] Notes or an appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, subject in each case to the Pledge thereof, and the related Purchase Contract; provided that the appropriate Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio shall not be subject to the Pledge.

"STOCK PURCHASE UNITS CERTIFICATE" means a certificate evidencing the rights and obligations of a Holder in respect of the number of Stock Purchase Units specified on such certificate.

"[SUBORDINATED] NOTES" means the series of [Subordinated] Notes issued by the Company under the Indenture and held by the Property Trustee.

"TAX EVENT" shall mean the receipt by the Company of an opinion of independent counsel, rendered by a law firm having a recognized national tax practice, to the effect that, as a result of any amendment to, or change, including any announced prospective change in, the laws or any regulations of the United States or any political subdivision or taxing authority or which affects taxation, any amendment to or change in an interpretation or application of these laws or regulations by any legislative body, court, governmental agency or regulatory authority or any interpretation or pronouncement that provides for a position with respect to these laws or regulations that differs from the generally accepted position on the Closing Date, which amendment or change is effective or which interpretation or pronouncement is announced on or after the Closing Date, there is more than an insubstantial increase in the risk that interest payable by the Company on the Notes is not, or within 90 days of the date of such opinion will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

"TAX EVENT REDEMPTION" shall mean that a Tax Event has occurred and is continuing and the Notes have been called for redemption pursuant to the Indenture.

"TERMINATION DATE" means the date, if any, on which a Termination Event occurs.

"TERMINATION EVENT" means the occurrence of any of the following events:

(i) at any time on or prior to the Purchase Contract Settlement Date, a judgment, decree or court order shall have been entered granting relief under the Bankruptcy Code, adjudicating the Company to be insolvent, or approving as properly filed a petition seeking reorganization or liquidation of the Company or any other similar applicable Federal or State law, and, unless such judgment, decree or order shall have been entered within 60 days prior to the Purchase Contract Settlement Date, such decree or order shall have continued undischarged and unstayed for a period of 60 days;

(ii) a judgment, decree or court order for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of its property, or for the termination or liquidation of its affairs, shall have been entered, and, unless such judgment, decree or order shall have been entered within 60 days prior to the Purchase Contract Settlement Date, such judgment, decree or order shall have continued undischarged and unstayed for a period of 60 days; or

(iii) at any time on or prior to the Purchase Contract Settlement Date, the Company shall file a petition for relief under the Bankruptcy Code, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or liquidation under the Bankruptcy Code or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

"THRESHOLD APPRECIATION PRICE" has the meaning set forth in Section 5.01.

"TIA" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"TRADING DAY" has the meaning set forth in Section 5.01.

"TREASURY STOCK PURCHASE UNIT" means, following the substitution of Treasury Securities for [Subordinated] Notes as collateral to secure a Holder's obligations under the Purchase Contract, the collective rights and obligations of a Holder of a Treasury Stock Purchase Units Certificate in respect of such Treasury Securities, subject to the Pledge thereof, and the related Purchase Contract.

"TREASURY STOCK PURCHASE UNITS CERTIFICATE" means a certificate evidencing the rights and obligations of a Holder in respect of the number of Treasury Stock Purchase Units specified on such certificate.

"TREASURY SECURITIES" means zero-coupon U.S. Treasury Securities (CUSIP No. _____) which mature on _____.

"UNDERWRITING AGREEMENT" means the Underwriting Agreement, dated as of _____, 2002, between the Company and the Underwriters identified in Schedule A thereto.

"VICE PRESIDENT" means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

SECTION 1.02. Compliance Certificates and Opinions.

Except as otherwise expressly provided by this Agreement, upon any application or request by the Company to the Purchase Contract Agent to take any action in accordance with any provision of this Agreement, the Company shall furnish to the Purchase Contract Agent an Officers' Certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and, if requested by the Purchase Contract Agent, an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement shall include:

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.03. Form of Documents Delivered to Purchase Contract Agent.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect

to such factual matters is in the possession of the Company unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

SECTION 1.04. Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Purchase Contract Agent and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "ACT" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and (subject to Section 7.01) conclusive in favor of the Purchase Contract Agent and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Purchase Contract Agent deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Certificate evidencing such Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Purchase Contract Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Certificate.

(e) The Company may set any date as a record date for the purpose of determining the Holders of Outstanding Securities entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Agreement to be given, made or taken by Holders of Securities. If any record date is set pursuant to this paragraph, the Holders of the Outstanding Stock Purchase Units and the Outstanding Treasury Stock Purchase Units, as the case may be, on such record date, and no other Holders, shall be entitled to take the relevant action with respect to the Stock Purchase Units or the Treasury Stock Purchase Units, as the case may be, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken

If to the Company:
The Williams Companies, Inc.

Telecopier No.:
Attention:

with a copy to:

[]
[]

If to the Collateral Agent:

[]
[]
[]
[]

Telecopier No.:
Attention:

If to the Property Trustee:

[]
[]
[]

Telecopier No.:
Attention:

If to the Indenture Trustee:

[]
[]
[]
[]

Telecopier No.:
Attention:

SECTION 1.06. Notice to Holders; Waiver.

Where this Agreement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date,

prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Purchase Contract Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Purchase Contract Agent shall constitute a sufficient notification for every purpose hereunder.

SECTION 1.07. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.08. Successors and Assigns.

All covenants and agreements in this Agreement by the Company and the Purchase Contract Agent shall bind their respective successors and assigns, whether so expressed or not.

SECTION 1.09. Separability Clause.

In case any provision in this Agreement or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby.

SECTION 1.10. Benefits of Agreement.

Nothing contained in this Agreement or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and, to the extent provided hereby, the Holders, any benefits or any legal or equitable right, remedy or claim under this Agreement. The Holders from time to time shall be beneficiaries of this Agreement and shall be bound by all of the terms and conditions hereof and of the Securities evidenced by their Certificates by their acceptance of delivery of such Certificates.

SECTION 1.11. Governing Law.

This Agreement and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 1.12. Legal Holidays.

In any case where any Payment Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Securities), Purchase Contract Payments or other distributions shall not be paid on such date, but Purchase Contract Payments or such other distributions shall be paid on the next succeeding Business Day with the same force and effect as if made on such Payment Date, provided that no interest shall accrue or be payable by the Company or to any Holder for the period from and after any such Payment Date, except that, if such next succeeding Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day with the same force and effect as if made on such Payment Date.

In any case where any Purchase Contract Settlement Date or Early Settlement Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Securities) Purchase Contracts shall not be performed and Early Settlement shall not be effected on such date, but Purchase Contracts shall be performed or Early Settlement effected, as applicable, on the next succeeding Business Day with the same force and effect as if made on such Purchase Contract Settlement Date or Early Settlement Date, as applicable.

SECTION 1.13. Counterparts.

This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

SECTION 1.14. Inspection of Agreement.

A copy of this Agreement shall be available at all reasonable times during normal business hours at the Corporate Trust Office for inspection by any Holder or Beneficial Owner.

SECTION 1.15. Appointment of Financial Institution as Agent for the Company.

The Company may appoint a financial institution (which may be the Collateral Agent) to act as its agent in performing its obligations and in accepting and enforcing performance of the obligations of the Purchase Contract Agent and the Holders, under this Agreement and the Purchase Contracts, by giving notice of such appointment in the manner provided in Section 1.05 hereof. Any such appointment shall not relieve the Company in any way from its obligations hereunder.

ARTICLE 2
CERTIFICATE FORMS

SECTION 2.01. Forms of Certificates Generally.

The Certificates (including the form of Purchase Contract forming part of each Security evidenced thereby) shall be in substantially the form set forth in Exhibit A hereto (in the case of Certificates evidencing Stock Purchase Units) or Exhibit B hereto (in the case of Certificates evidencing Treasury Stock Purchase Units), with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Securities are listed or any depository therefor, or as may, consistently herewith, be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

The definitive Certificates shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing the Securities evidenced by such Certificates, consistent with the provisions of this Agreement, as evidenced by their execution thereof.

Every Global Certificate authenticated, executed on behalf of the Holders and delivered hereunder shall bear a legend in substantially the following form:

"THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (THE "DEPOSITARY"), OR A NOMINEE OF THE DEPOSITARY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REQUESTED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REGISTERED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE

DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

SECTION 2.02. Form of Purchase Contract Agent's Certificate of Authentication.

The form of the Purchase Contract Agent's certificate of authentication of the Securities shall be in substantially the form set forth on the form of the applicable Certificates.

ARTICLE 3 THE SECURITIES

SECTION 3.01. Amount; Form and Denominations.

The aggregate number of Securities evidenced by Certificates authenticated, executed on behalf of the Holders and delivered hereunder is limited to _____ [(_____ if the over-allotment option granted in the Underwriting Agreement is exercised in full)], except for Certificates authenticated, executed and delivered upon registration of transfer of, in exchange for, or in lieu of, other Certificates pursuant to Sections 3.04, 3.05, 3.10, 3.13, 3.14, or 8.05.

The Certificates shall be issuable only in registered form and only in denominations of a single Stock Purchase Unit or Treasury Stock Purchase Unit and any integral multiple thereof.

SECTION 3.02. Rights and Obligations Evidenced by the Certificates.

Each Stock Purchase Units Certificate shall evidence the number of Stock Purchase Units specified therein, with each such Stock Purchase Unit representing (1) the ownership by the Holder thereof of a beneficial interest in a [Subordinated] Note or the Applicable Ownership Interest of the Treasury Portfolio, as the case may be, subject to the Pledge of such [Subordinated] Note or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, by such Holder pursuant to the Pledge Agreement, and (2) the rights and obligations of the Holder thereof and the Company under one Purchase Contract. The Purchase Contract Agent, as attorney-in-fact for, and on behalf of, the Holder of each Stock Purchase Unit shall pledge, pursuant to the Pledge Agreement, the [Subordinated] Note or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, forming a part of such Stock Purchase Unit, to the Collateral Agent and grant to the Collateral Agent a security interest in the right, title and interest of such Holder in such [Subordinated] Note or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, for the benefit of the Company, to secure the obligation of the Holder under each Purchase Contract to purchase shares of Common Stock.

Upon the formation of a Treasury Stock Purchase Unit pursuant to Section 3.13, each Treasury Stock Purchase Units Certificate shall evidence the number of Treasury Stock Purchase Units specified therein, with each such Treasury Stock Purchase Unit representing (1) the ownership by the Holder thereof of a 1/40 undivided beneficial interest in a Treasury Security with a principal amount equal to \$1,000, subject to the Pledge of such Treasury Security by such Holder pursuant to the Pledge Agreement, and (2) the rights and obligations of the Holder thereof and the Company under one Purchase Contract.

Prior to the purchase of shares of Common Stock under each Purchase Contract, such Purchase Contracts shall not entitle the Holder of a Security to any of the rights of a holder of shares of Common Stock, including, without limitation, the right to vote or receive any dividends or other payments or to consent or to receive notice as a shareholder in respect of the meetings of shareholders or for the election of directors of the Company or for any other matter, or any other rights whatsoever as a shareholder of the Company.

SECTION 3.03. Execution, Authentication, Delivery and Dating.

Subject to the provisions of Sections 3.13 and 3.14 hereof, upon the execution and delivery of this Agreement, and at any time and from time to time thereafter, the Company may deliver Certificates executed by the Company to the Purchase Contract Agent for authentication, execution on behalf of the Holders and delivery, together with its Issuer Order for authentication of such Certificates, and the Purchase Contract Agent in accordance with such Issuer Order shall authenticate, execute on behalf of the Holders and deliver such Certificates.

The Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents. The signature of any of these officers on the Certificates may be manual or facsimile.

Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such Certificates.

No Purchase Contract evidenced by a Certificate shall be valid until such Certificate has been executed on behalf of the Holder by the manual signature of an authorized signatory of the Purchase Contract Agent, as such Holder's attorney-in-fact. Such signature by an authorized signatory of the Purchase Contract Agent shall be conclusive evidence that the Holder of such Certificate has entered into the Purchase Contracts evidenced by such Certificate.

Each Certificate shall be dated the date of its authentication.

No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Certificate a certificate of authentication

substantially in the form provided for herein executed by an authorized signatory of the Purchase Contract Agent by manual signature, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

SECTION 3.04. Temporary Certificates.

Pending the preparation of definitive Certificates, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holders, and deliver, in lieu of such definitive Certificates, temporary Certificates which are in substantially the form set forth in Exhibit A or Exhibit B hereto, as the case may be, with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, are listed, or as may, consistently herewith, be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

If temporary Certificates are issued, the Company will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the Corporate Trust Office, at the expense of the Company and without charge to the Holder. Upon surrender for cancellation of any one or more temporary Certificates, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, one or more definitive Certificates of like tenor and denominations and evidencing a like number of Securities as the temporary Certificate or Certificates so surrendered. Until so exchanged, the temporary Certificates shall in all respects evidence the same benefits and the same obligations with respect to the Securities, evidenced thereby as definitive Certificates.

SECTION 3.05. Registration; Registration of Transfer and Exchange.

The Purchase Contract Agent shall keep at the Corporate Trust Office a register (the "SECURITY REGISTER") in which, subject to such reasonable regulations as it may prescribe, the Purchase Contract Agent shall provide for the registration of Certificates and of transfers of Certificates (the Purchase Contract Agent, in such capacity, the "SECURITY REGISTRAR"). The Security Registrar shall record separately the registration and transfer of the Certificates evidencing Stock Purchase Units and Treasury Stock Purchase Units.

Upon surrender for registration of transfer of any Certificate at the Corporate Trust Office, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the designated transferee or transferees, and deliver, in the name of the designated transferee or transferees, one or more new Certificates of any authorized denominations, like tenor, and evidencing a like number of Stock Purchase Units or Treasury Stock Purchase Units, as the case may be.

At the option of the Holder, Certificates may be exchanged for other Certificates, of any authorized denominations and evidencing a like number of Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, upon surrender of the Certificates to be exchanged at the Corporate Trust Office. Whenever any Certificates are so surrendered for exchange, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver the Certificates which the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of a Certificate shall evidence the ownership of the same number of Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, and be entitled to the same benefits and subject to the same obligations, under this Agreement as the Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, evidenced by the Certificate surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Purchase Contract Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Purchase Contract Agent duly executed, by the Holder thereof or its attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of a Certificate, but the Company and the Purchase Contract Agent may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates, other than any exchanges pursuant to Sections 3.06 and 8.05 not involving any transfer.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder and deliver any Certificate in exchange for any other Certificate presented or surrendered for registration of transfer or for exchange on or after the Business Day immediately preceding the earliest of any Early Settlement Date for such Certificate, the Purchase Contract Settlement Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Purchase Contract Settlement Date or an Early Settlement Date with respect to such other Certificate has occurred, deliver the shares of Common Stock issuable in respect of the Purchase Contracts forming a part of the Securities evidenced by such other Certificate; or

(ii) if a Cash Settlement or an Early Settlement Date with respect to such other Certificate shall have occurred, or if a Termination Event shall have occurred prior to the Purchase Contract Settlement Date, transfer the [Subordinated] Notes, the Treasury Securities, or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, evidenced thereby, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article Five hereof.

SECTION 3.06. Book-Entry Interests.

The Certificates, on original issuance, will be issued in the form of one or more fully registered Global Certificates, to be delivered to the Depository or its custodian by, or on behalf of, the Company. The Company hereby designates DTC as the initial Depository. Such Global Certificates shall initially be registered on the books and records of the Company in the name of Cede & Co., the nominee of the Depository, and no Beneficial Owner will receive a definitive Certificate representing such Beneficial Owner's interest in such Global Certificate, except as provided in Section 3.09. The Purchase Contract Agent shall enter into an agreement with the Depository if so requested by the Company. Unless and until definitive, fully registered Certificates have been issued to Beneficial Owners pursuant to Section 3.09:

(i) the provisions of this Section 3.06 shall be in full force and effect;

(ii) the Company shall be entitled to deal with the Depository for all purposes of this Agreement (including making Purchase Contract Payments and receiving approvals, votes or consents hereunder) as the Holder of the Securities and the sole holder of the Global Certificates and shall have no obligation to the Beneficial Owners;

(iii) to the extent that the provisions of this Section 3.06 conflict with any other provisions of this Agreement, the provisions of this Section 3.06 shall control; and

(iv) the rights of the Beneficial Owners shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Owners and the Depository or the Depository Participants.

SECTION 3.07. Notices to Holders.

Whenever a notice or other communication to the Holders is required to be given under this Agreement, the Company or the Company's agent shall give such notices and communications to the Holders and, with respect to any Securities registered in the name of the Depository or the nominee of the Depository, the Company or the Company's agent shall, except as set forth herein, have no obligations to the Beneficial Owners.

SECTION 3.08. Appointment of Successor Depositary.

If the Depositary elects to discontinue its services as securities depositary with respect to the Securities, the Company may, in its sole discretion, appoint a successor Depositary with respect to the Securities.

SECTION 3.09. Definitive Certificates.

If:

(i) the Depositary elects to discontinue its services as securities depositary with respect to the Securities and a successor Depositary is not appointed within 90 days after such discontinuance pursuant to Section 3.08; or

(ii) the Company elects, after consultation with the Purchase Contract Agent, to terminate the book-entry system for the Securities,

then (x) definitive Certificates shall be prepared by the Company with respect to such Securities and delivered to the Purchase Contract Agent and (y) upon surrender of the Global Certificates representing the Securities by the Depositary, accompanied by registration instructions, the Company shall cause definitive Certificates to be delivered to Beneficial Owners in accordance with the instructions of the Depositary. The Company shall not be liable for any delay in delivery of such instructions and may conclusively rely on and shall be protected in relying on, such instructions. Each definitive Certificate so delivered shall evidence Securities of the same kind and tenor as the Global Certificate so surrendered in respect thereof.

SECTION 3.10. Mutilated, Destroyed, Lost and Stolen Certificates.

If any mutilated Certificate is surrendered to the Purchase Contract Agent, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, a new Certificate, evidencing the same number of Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

If there shall be delivered to the Company and the Purchase Contract Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Certificate, and (ii) such security or indemnity as may be required by them to hold each of them and any agent of any of them harmless, then, in the absence of notice to the Company or the Purchase Contract Agent that such Certificate has been acquired by a protected purchaser, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver to the Holder, in lieu of any such destroyed, lost or stolen Certificate, a new Certificate, evidencing the same number of Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder, and deliver to the Holder, a Certificate on or after the Business Day immediately preceding the earliest of any Early Settlement Date for such lost or mutilated Certificate, the Purchase Contract Settlement Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Purchase Contract Settlement Date or an Early Settlement Date with respect to such lost or mutilated Certificate has occurred, deliver the shares of Common Stock issuable in respect of the Purchase Contracts forming a part of the Securities evidenced by such Certificate; or

(ii) if a Cash Settlement with respect to such lost or mutilated Certificate shall have occurred or if a Termination Event shall have occurred prior to the Purchase Contract Settlement Date, transfer the [Subordinated] Notes, the Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, evidenced thereby, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article Five hereof.

Upon the issuance of any new Certificate under this Section, the Company and the Purchase Contract Agent may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Purchase Contract Agent) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any destroyed, lost or stolen Certificate shall constitute an original additional contractual obligation of the Company and of the Holder in respect of the Security evidenced thereby, whether or not the destroyed, lost or stolen Certificate (and the Securities evidenced thereby) shall be at any time enforceable by anyone, and shall be entitled to all the benefits and be subject to all the obligations of this Agreement equally and proportionately with any and all other Certificates delivered hereunder.

The provisions of this Section are exclusive and shall preclude, to the extent lawful, all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 3.11. Persons Deemed Owners.

Prior to due presentment of a Certificate for registration of transfer, the Company and the Purchase Contract Agent, and any agent of the Company or the Purchase Contract Agent, may treat the Person in whose name such Certificate is registered as the owner of the Security

evidenced thereby, for the purpose of receiving distributions on the the Treasury Securities, the [Subordinated] Notes, or on the maturing quarterly interest strips of the Treasury Portfolio, as applicable, receiving Purchase Contract Payments, performance of the Purchase Contracts and for all other purposes whatsoever, whether or not any distributions on the Treasury Securities, the [Subordinated] Notes, or Treasury Portfolio, as applicable, or Purchase Contract Payments payable on the Purchase Contracts, each constituting a part of the Security evidenced thereby shall be overdue and notwithstanding any notice to the contrary, and neither the Company nor the Purchase Contract Agent, nor any agent of the Company or the Purchase Contract Agent, shall be affected by notice to the contrary.

Notwithstanding the foregoing, with respect to any Global Certificate, nothing contained herein shall prevent the Company, the Purchase Contract Agent or any agent of the Company or the Purchase Contract Agent, from giving effect to any written certification, proxy or other authorization furnished by the Depository (or its nominee), as a Holder, with respect to such Global Certificate or impair, as between such Depository and the related Beneficial Owner, the operation of customary practices governing the exercise of rights of the Depository (or its nominee) as Holder of such Global Certificate.

SECTION 3.12. Cancellation.

All Certificates surrendered for delivery of shares of Common Stock on or after the Purchase Contract Settlement Date, upon the transfer of [Subordinated] Notes, the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of that term) of the Treasury Portfolio or Treasury Securities, as the case may be, after the occurrence of a Termination Event or pursuant to an Early Settlement, or upon the registration of transfer or exchange of a Security, or a Collateral Substitution or the reestablishment of Stock Purchase Units shall, if surrendered to any Person other than the Purchase Contract Agent, be delivered to the Purchase Contract Agent and, if not already cancelled, shall be promptly cancelled by it. The Company may at any time deliver to the Purchase Contract Agent for cancellation any Certificates previously authenticated, executed and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Certificates so delivered shall, upon Issuer Order, be promptly cancelled by the Purchase Contract Agent. No Certificates shall be authenticated, executed on behalf of the Holder and delivered in lieu of or in exchange for any Certificates cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Certificates held by the Purchase Contract Agent shall be disposed of in accordance with its customary practices.

If the Company or any Affiliate of the Company shall acquire any Certificate, such acquisition shall not operate as a cancellation of such Certificate unless and until such Certificate is delivered to the Purchase Contract Agent cancelled or for cancellation.

SECTION 3.13. Creation of Treasury Stock Purchase Units by Substitution of Treasury Securities.

Subject to the conditions set forth in this Agreement, a Holder may separate the [Subordinated] Notes, as applicable, from the related Purchase Contracts in respect of such Holder's Stock Purchase Units by substituting for such [Subordinated] Notes, as applicable, Treasury Securities in an aggregate principal amount equal to the aggregate principal amount of such [Subordinated] Notes, as applicable (a "COLLATERAL SUBSTITUTION"), at any time from and after the date of this Agreement and prior to or on the seventh Business Day immediately preceding the Purchase Contract Settlement Date. To effect such substitution, the Holder must:

- (1) deposit with the Securities Intermediary Treasury Securities having an aggregate principal amount equal to the aggregate principal amount of the [Subordinated] Notes comprising part of such Stock Purchase Units, as the case may be; and
- (2) transfer the related Stock Purchase Units to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C hereto, (i) stating that the Holder has transferred the relevant amount of Treasury Securities to the Securities Intermediary and (ii) requesting that the Purchase Contract Agent instruct the Collateral Agent to release the [Subordinated] Notes, as the case may be, underlying such Stock Purchase Units, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit A to the Pledge Agreement.

Upon receipt of the Treasury Securities described in clause (1) above and the instruction described in clause (2) above, in accordance with the terms of the Pledge Agreement, the Collateral Agent will cause the Securities Intermediary to effect the release of such [Subordinated] Notes, as the case may be, from the Pledge, free and clear of the Company's security interest therein, and the transfer of such [Subordinated] Notes, as the case may be, to the Purchase Contract Agent on behalf of the Holder. Upon receipt thereof, the Purchase Contract Agent shall promptly:

- (i) cancel the related Stock Purchase Units;
- (ii) transfer the [Subordinated] Notes, as the case may be, to the Holder; and
- (iii) authenticate, execute on behalf of such Holder and deliver a Treasury Stock Purchase Units Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Purchase Contracts as were evidenced by the cancelled Stock Purchase Units.

Holders who elect to separate the [Subordinated] Notes, as the case may be, from the related Purchase Contracts and to substitute Treasury Securities for such [Subordinated] Notes, as the case may be, shall be responsible for any fees or expenses payable to the Collateral Agent for its services as Collateral Agent in respect of the substitution, and the Company shall not be responsible for any such fees or expenses.

Holders may make Collateral Substitutions only in integral multiples of 40 Stock Purchase Units. If a Tax Event Redemption has occurred, Holders may no longer convert their Stock Purchase Units into Treasury Stock Purchase Units.

In the event a Holder making a Collateral Substitution pursuant to this Section 3.13 fails to effect a book-entry transfer of the Stock Purchase Units or fails to deliver Stock Purchase Units Certificates to the Purchase Contract Agent after depositing Treasury Securities with the Collateral Agent, any distributions on the [Subordinated] Notes constituting a part of such Stock Purchase Units, as the case may be, shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until such Stock Purchase Units are so transferred or the Stock Purchase Units Certificate is so delivered, as the case may be, or, such Holder provides evidence satisfactory to the Company and the Purchase Contract Agent that such Stock Purchase Units Certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the Purchase Contract Agent and the Company.

Except as described in this Section 3.13 or in connection with a Cash Settlement, for so long as the Purchase Contract underlying a Stock Purchase Unit remains in effect, such Stock Purchase Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder in respect of the [Subordinated] Notes, as the case may be, and the Purchase Contract comprising such Stock Purchase Unit may be acquired, and may be transferred and exchanged, only as a Stock Purchase Unit.

SECTION 3.14. Reestablishment of Stock Purchase Units.

Subject to the conditions set forth in this Agreement, a Holder of Treasury Stock Purchase Units may reestablish Stock Purchase Units at any time (i) prior to or on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, by:

- (1) depositing with the Securities Intermediary [Subordinated] Notes, as the case may be, having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury Securities comprising part of the Treasury Stock Purchase Units; and
- (2) transferring the related Treasury Stock Purchase Units to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C hereto, (i) stating that the Holder has transferred the relevant amount of [Subordinated] Notes, as the case may be,

to the Securities Intermediary and (ii) requesting that the Purchase Contract Agent instruct the Collateral Agent to release the Treasury Securities underlying such Treasury Stock Purchase Units, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit C to the Pledge Agreement.

Upon receipt of the [Subordinated] Notes, as the case may be, described in clause (1) above and the instruction described in clause (2) above, in accordance with the terms of the Pledge Agreement, the Collateral Agent will cause the Securities Intermediary to effect the release of the Treasury Securities having a corresponding aggregate principal amount at maturity from the Pledge, free and clear of the Company's security interest therein, and the transfer to the Purchase Contract Agent on behalf of the Holder. Upon receipt thereof, the Purchase Contract Agent shall promptly:

(i) cancel the related Treasury Stock Purchase Units;

(ii) transfer the Treasury Securities to the Holder; and

(iii) authenticate, execute on behalf of such Holder and deliver a Stock Purchase Units Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Purchase Contracts as were evidenced by the cancelled Treasury Stock Purchase Units.

Holders who elect to reestablish Stock Purchase Units shall be responsible for any fees or expenses payable to the Collateral Agent for its services as Collateral Agent in respect of the reestablishment, and the Company shall not be responsible for any such fees or expenses.

Holders of Treasury Stock Purchase Units may only reestablish Stock Purchase Units in integral multiples of 40 Treasury Stock Purchase Units. If a Tax Event Redemption has occurred, Holders may no longer convert their Treasury Stock Purchase Units into Stock Purchase Units.

Except as provided in this Section 3.14 or in connection with a Cash Settlement, for so long as the Purchase Contract underlying a Treasury Stock Purchase Unit remains in effect, such Treasury Stock Purchase Unit shall not be separable into its constituent parts and the rights and obligations of the Holder of such Treasury Stock Purchase Unit in respect of the 1/40 of a Treasury Security and the Purchase Contract comprising such Treasury Stock Purchase Unit may be acquired, and may be transferred and exchanged, only as a Treasury Stock Purchase Unit.

SECTION 3.15. Transfer of Collateral upon Occurrence of Termination Event.

Upon the occurrence of a Termination Event and the transfer to the Purchase Contract Agent of the [Subordinated] Notes, the appropriate Applicable Ownership Interest of the Treasury Portfolio or the Treasury Securities, as the case may be, underlying the Stock Purchase Units and the Treasury Stock Purchase Units, as the case may be, pursuant to the terms of the Pledge Agreement, the Purchase Contract Agent shall request transfer instructions with respect to such [Subordinated] Notes, the appropriate Applicable Ownership Interest of the Treasury Portfolio or Treasury Securities, as the case may be, from each Holder by written request, substantially in the form of Exhibit D hereto, mailed to such Holder at its address as it appears in the Security Register.

Upon book-entry transfer of the Stock Purchase Units or the Treasury Stock Purchase Units or delivery of a Stock Purchase Units Certificate or Treasury Stock Purchase Units Certificate to the Purchase Contract Agent with such transfer instructions, the Purchase Contract Agent shall transfer the [Subordinated] Notes, the appropriate Applicable Ownership Interest of the Treasury Portfolio or Treasury Securities, as the case may be, underlying such Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, to such Holder by book-entry transfer, or other appropriate procedures, in accordance with such instructions. In the event a Holder of Stock Purchase Units or Treasury Stock Purchase Units fails to effect such transfer or delivery, the [Subordinated] Notes, the appropriate Applicable Ownership Interest of the Treasury Portfolio or Treasury Securities, as the case may be, underlying such Stock Purchase Units or Treasury Stock Purchase Units, as the case may be, and any distributions thereon, shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until the earlier to occur of:

(i) the transfer of such Stock Purchase Units or Treasury Stock Purchase Units or surrender of the Stock Purchase Units Certificate or Treasury Stock Purchase Units Certificate or receipt by the Company and the Purchase Contract Agent from such Holder of satisfactory evidence that such Stock Purchase Units Certificate or Treasury Stock Purchase Units Certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the Purchase Contract Agent and the Company; and

(ii) the expiration of the time period specified in the abandoned property laws of the relevant State.

SECTION 3.16. No Consent to Assumption.

Each Holder of a Security, by acceptance thereof, shall be deemed expressly to have withheld any consent to the assumption under Section 365 of the Bankruptcy Code or otherwise, of the Purchase Contract by the Company or its trustee, receiver, liquidator or a person or entity performing similar functions in the event that the Company becomes the debtor under the Bankruptcy Code or subject to other similar state or Federal law providing for reorganization or liquidation.

ARTICLE 4
THE [SUBORDINATED] NOTES AND APPLICABLE OWNERSHIP INTEREST OF THE TREASURY
PORTFOLIO

SECTION 4.01. Interest Payments; Rights to Interest Payments Preserved.

Any distribution on any [Subordinated] Note or on the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, which is paid on any Payment Date shall, subject to receipt thereof by the Purchase Contract Agent from the Collateral Agent as provided by the terms of the Pledge Agreement, be paid to the Person in whose name the Stock Purchase Units Certificate (or one or more Predecessor Stock Purchase Units Certificates) of which such such [Subordinated] Note or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, is registered at the close of business on the Record Date for such Payment Date. Any such distribution shall be subject to deferral at the option of the Company in accordance with the Indenture and the Declaration.

Each Stock Purchase Units Certificate evidencing [Subordinated] Notes or the appropriate Applicable Ownership Interest of the Treasury Portfolio delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of any other Stock Purchase Units Certificate shall carry the right to distributions accrued and unpaid, and to accrue distributions interest, which were carried by the [Subordinated] Notes or the appropriate Applicable Ownership Interest of the Treasury Portfolio underlying such other Stock Purchase Units Certificate.

In the case of any Stock Purchase Units with respect to which Cash Settlement of the underlying Purchase Contract is properly effected pursuant to Section 5.02 hereof, or with respect to which Early Settlement of the underlying Purchase Contract is properly effected pursuant to Section 5.04 hereof, or with respect to which a Collateral Substitution is effected, in each case on a date that is after any Record Date and prior to or on the next succeeding Payment Date, distributions on the [Subordinated] Notes or on the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, underlying such Stock Purchase Unit otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Cash Settlement or Early Settlement or Collateral Substitution, and such distributions shall, subject to receipt thereof by the Purchase Contract Agent, be payable to the Person in whose name the Stock Purchase Units Certificate (or one or more Predecessor Stock Purchase Units Certificates) was registered at the close of business on the Record Date. Except as otherwise expressly provided in the immediately preceding sentence, in the case of any Stock Purchase Unit with respect to which Cash Settlement or Early Settlement of the underlying Purchase Contract is properly effected, or with respect to which a Collateral Substitution has been effected, distributions on the related [Subordinated] Notes or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, that would otherwise be payable after the Purchase Contract Settlement Date, Early Settlement Date or the date of the Collateral Substitution, as the case may be, shall not be payable hereunder to the Holder of such Stock

Purchase Units; provided, however, that to the extent that such Holder continues to hold separated or [Subordinated] Notes that formerly comprised a part of such Holder's Stock Purchase Unit, such Holder shall be entitled to receive distributions on such separated [Subordinated] Notes.

Not later than 15 calendar days nor more than 30 calendar days prior to the Remarketing Date, the Company shall request the Depository to notify the Beneficial Owners or Depository Participants holding Securities of the procedures to be followed by Holders of Securities who intend to effect a Cash Settlement.

SECTION 4.02. Notice and Voting.

Under the terms of the Pledge Agreement, the Purchase Contract Agent will be entitled to exercise the voting and any other consensual rights pertaining to the Pledged [Subordinated] Notes, but only to the extent instructed in writing by the Holders as described below. Upon receipt of notice of any meeting at which holders of [Subordinated] Notes are entitled to vote or upon any solicitation of consents, waivers or proxies of holders of [Subordinated] Notes, the Purchase Contract Agent shall, as soon as practicable thereafter, mail, first class, postage pre- paid, to the Holders of Stock Purchase Units a notice:

(i) containing such information as is contained in the notice or solicitation;

(ii) stating that each Holder on the record date set by the Purchase Contract Agent therefor (which, to the extent possible, shall be the same date as the record date for determining the holders of [Subordinated] Notes, as the case may be, entitled to vote) shall be entitled to instruct the Purchase Contract Agent as to the exercise of the voting rights pertaining to such [Subordinated] Notes underlying their Stock Purchase Units; and

(iii) stating the manner in which such instructions may be given.

Upon the written request of the Holders of Stock Purchase Units on such record date received by the Purchase Contract Agent at least six days prior to such meeting, the Purchase Contract Agent shall endeavor insofar as practicable to vote or cause to be voted, in accordance with the instructions set forth in such requests, the maximum number of [Subordinated] Notes, as the case may be, as to which any particular voting instructions are received. In the absence of specific instructions from the Holder of a Stock Purchase Unit, the Purchase Contract Agent shall abstain from voting the [Subordinated] Notes underlying such Stock Purchase Unit. The Company hereby agrees, if applicable, to solicit Holders of Stock Purchase Units to timely instruct the Purchase Contract Agent in order to enable the Purchase Contract Agent to vote such [Subordinated] Notes.

SECTION 4.03. Tax Event Redemption.

Upon the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, an amount equal to the Redemption Amount, plus any accumulated and unpaid distributions or accrued and unpaid interest, as the case may be, payable on the Tax Event Redemption Date with respect to the principal amount of the Notes shall be deposited in the Collateral Account in exchange for the Pledged [Subordinated] Notes. Thereafter, pursuant to the terms of the Pledge Agreement, the Collateral Agent shall cause the Securities Intermediary to apply an amount equal to the Redemption Amount of such funds to purchase on behalf of the Holders of Stock Purchase Units the Treasury Portfolio and promptly remit the remaining portion of such funds to the Purchase Contract Agent for payment to the Holders of such Stock Purchase Units. The Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio will be substituted as Collateral for the Pledged [Subordinated] Notes, as the case may be, and will be held by the Collateral Agent in accordance with the terms of the Pledge Agreement to secure the obligation of each Holder of a Stock Purchase Unit to purchase the Common Stock of the Company under the Purchase Contract constituting a part of such Stock Purchase Unit. Following the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, the Holders of Stock Purchase Units and the Collateral Agent shall have such security interest rights and obligations with respect to the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio as the Holders of Stock Purchase Units and the Collateral Agent had in respect of the [Subordinated] Notes, as the case may be, subject to the Pledge thereof as provided in the Pledge Agreement, and any reference herein to the [Subordinated] Notes shall be deemed to be reference to such Treasury Portfolio. The Company may cause to be made in any Stock Purchase Unit Certificates thereafter to be issued such change in phraseology and form (but not in substance) as may be appropriate to reflect the substitution of the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio for [Subordinated] Notes as Collateral.

ARTICLE 5 THE PURCHASE CONTRACTS

SECTION 5.01. Purchase of Shares of Common Stock.

Each Purchase Contract shall obligate the Holder of the related Security to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount (the "PURCHASE PRICE"), a number of shares of Common Stock (subject to Section 5.09) equal to the Settlement Rate unless an Early Settlement has occurred in accordance with Section 5.04 hereof or, prior to or on the Purchase Contract Settlement Date, there shall have occurred a Termination Event with respect to the Security of which such Purchase Contract is a part. The "SETTLEMENT RATE" is equal to:

(i) if the Applicable Market Value (as defined below) is greater than or equal to \$_____ (the "THRESHOLD APPRECIATION PRICE"), _____ share of Common Stock per Purchase Contract;

(ii) if the Applicable Market Value is less than the Threshold Appreciation Price but greater than \$_____ (the "REFERENCE PRICE"), the number of shares of Common Stock per Purchase Contract having a value, based on the Applicable Market Value, equal to the Stated Amount; and

(iii) if the Applicable Market Value is less than or equal to the Reference Price, _____ share of Common Stock per Purchase Contract,

in each case subject to adjustment as provided in Section 5.04 (and in each case rounded upward or downward to the nearest 1/10,000th of a share).

The "APPLICABLE MARKET VALUE" means the average of the Closing Price per share of Common Stock on each of the 20 consecutive Trading Days ending on the third Trading Day immediately preceding the Purchase Contract Settlement Date.

The "CLOSING PRICE" per share of Common Stock on any date of determination means:

(i) the closing sale price as of the 4:15 p.m. close of the principal trading session (or, if no closing price is reported, the last reported sale price) per share on the New York Stock Exchange, Inc. (the "NYSE") on such date;

(ii) if the Common Stock is not listed for trading on the NYSE on any such date, the closing sale price per share as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is so listed;

(iii) if the Common Stock is not so listed on a United States national or regional securities exchange, the closing sale price per share as reported by The Nasdaq National Market;

(iv) if the Common Stock is not so reported, the last quoted bid price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization; or

(v) if such bid price is not available, the average of the mid-point of the last bid and ask prices of the Common Stock on such date from at least three nationally recognized independent investment banking firms retained for this purpose by the Company.

A "TRADING DAY" means a day on which the Common Stock (1) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (2) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

Each Holder of a Stock Purchase Unit or a Treasury Stock Purchase Unit, by its acceptance thereof:

- (i) irrevocably authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contract on its behalf as its attorney-in-fact (including the execution of Certificates on behalf of such Holder);
- (ii) agrees to be bound by the terms and provisions thereof;
- (iii) covenants and agrees to perform its obligations under such Purchase Contracts;
- (iv) consents to the provisions hereof;
- (v) irrevocably authorizes the Purchase Contract Agent to enter into and perform this Agreement and the Pledge Agreement on its behalf as its attorney-in-fact; and
- (vi) consents to, and agrees to be bound by, the Pledge of such Holder's right, title and interest in and to the Collateral Account, including the [Subordinated] Notes, the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or the Treasury Securities pursuant to the Pledge Agreement,

provided that upon a Termination Event, the rights of the Holder of such Security under the Purchase Contract may be enforced without regard to any other rights or obligations. Each Holder of a Stock Purchase Unit or a Treasury Stock Purchase Unit, by its acceptance thereof, further covenants and agrees, that to the extent and in the manner provided in Section 5.02 and the Pledge Agreement, but subject to the terms thereof, payments in respect of the [Subordinated] Notes or the proceeds from the Treasury Securities or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio at maturity on the Purchase Contract Settlement Date, as the case may be, shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Purchase Contract and such Holder shall acquire no right, title or interest in such payments.

Upon registration of transfer of a Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee) by the terms of this Agreement, the Purchase Contracts underlying such Certificate, the Declaration and the Pledge Agreement and the transferor shall be released from the obligations under this Agreement, the Purchase

Contracts underlying the Certificate so transferred and the Pledge Agreement. The Company covenants and agrees, and each Holder of a Certificate, by its acceptance thereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

SECTION 5.02. Payment of Purchase Price.

(a) (i) Unless a Tax Event Redemption has occurred or a Holder of a Stock Purchase Unit effects an Early Settlement of the underlying Purchase Contract in the manner described in Section 5.04, each Holder who intends to pay in cash to satisfy such Holder's obligations under the Purchase Contract on the Purchase Contract Settlement Date shall notify the Purchase Contract Agent by use of a notice in substantially the form of Exhibit E hereto of his intention to pay in cash ("CASH SETTLEMENT") the Purchase Price for the shares of Common Stock to be purchased pursuant to the related Purchase Contract. Such notice shall be given prior to 5:00 p.m. (New York City time) on the seventh Business Day immediately preceding the Purchase Contract Settlement Date. Prior to 11:00 a.m. (New York City time) on the next succeeding Business Day, the Purchase Contract Agent shall notify the Collateral Agent and the Property Trustee or the Indenture Trustee, as the case may be, of the receipt of such notices from Holders intending to make a Cash Settlement.

(ii) A Holder of a Stock Purchase Unit who has so notified the Purchase Contract Agent of his intention to effect a Cash Settlement in accordance with paragraph 5.02(a)(i) above shall pay the Purchase Price to the Securities Intermediary for deposit in the Collateral Account prior to 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, in lawful money of the United States by certified or cashiers' check or wire transfer, in each case in immediately available funds payable to or upon the order of the Securities Intermediary. Any cash received by the Collateral Agent shall be invested promptly by the Securities Intermediary in Permitted Investments and paid to the Company on the Purchase Contract Settlement Date in settlement of the Purchase Contracts in accordance with the terms of this Agreement and the Pledge Agreement. Any funds received by the Securities Intermediary in respect of the investment earnings from such Permitted Investments in excess of the Purchase Price for the shares of Common Stock to be purchased by such Holder shall be distributed to the Purchase Contract Agent when received for payment to the Holder.

(iii) If a Holder of a Stock Purchase Unit fails to notify the Purchase Contract Agent of his intention to make a Cash Settlement in accordance with paragraph 5.02(a)(i) above, or does notify the Purchase Contract Agent as provided in paragraph 5.02(a)(i) above of his intention to pay the Purchase Price in cash, but fails to make such payment as required by paragraph 5.02(a)(ii) above, such Holder shall be deemed to have consented to the disposition of the Pledged [Subordinated] Notes pursuant to the Remarketing as described in paragraph 5.02(b) below.

(iv) Promptly after 11:00 a.m. (New York City time) on the fifth Business Day preceding the Purchase Contract Settlement Date, the Purchase Contract Agent, based on notices received by the Purchase Contract Agent pursuant to Section 5.02(a) hereof and notice from the Securities Intermediary regarding cash received by it prior to such time, shall notify the Collateral Agent and the Property Trustee or the Indenture Trustee, as applicable of the aggregate number of [Subordinated] Notes to be tendered for purchase in the Remarketing in a notice substantially in the form of Exhibit F hereto.

(b) In order to dispose of the [Subordinated] Notes, Stock Purchase Units Holders who have not notified the Purchase Contract Agent of their intention to effect a Cash Settlement as provided in paragraph 5.02(a)(i) above, or who have so notified the Purchase Contract Agent but failed to make such payment as required by paragraph 5.02(a)(ii) above, the Company shall engage _____, as Remarketing Agent (the "REMARKETING AGENT"), pursuant to the Remarketing Agreement (and subject to removal as provided in the Remarketing Agreement) to sell such [Subordinated] Notes. In order to facilitate the Remarketing, the Purchase Contract Agent, based on the notices specified in Section 5.02(a)(iv), shall notify the Remarketing Agent, promptly after 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, of the aggregate number of [Subordinated] Notes that are part of Stock Purchase Units to be remarketed. Concurrently, the Collateral Agent, pursuant to the terms of the Pledge Agreement, shall cause such [Subordinated] Notes to be presented to the Remarketing Agent for Remarketing.

Upon receipt of such notice from the Purchase Contract Agent and such [Subordinated] Notes, the Remarketing Agent shall, on the third Business Day immediately preceding the Purchase Contract Settlement Date, use reasonable efforts to remarket such [Subordinated] Notes on such date at a price equal to []% of the Stated Amount (\$[]) per [Subordinated] Note, as provided in the Remarketing Agreement. The proceeds from the Remarketing shall be invested by the Collateral Agent in Permitted Investments, in accordance with the Pledge Agreement, and then applied to satisfy in full such Stock Purchase Units Holders' obligations to pay the Purchase Price for the shares of Common Stock under the related Purchase Contracts on the Purchase Contract Settlement Date. In addition, [\$] per [Subordinated] Note of the proceeds shall automatically be remitted to the Remarketing Agent for services rendered in connection with the Remarketing (the "REMARKETING FEE").

If, in spite of using its reasonable efforts, the Remarketing Agent cannot remarket the related [Subordinated] Notes of such Holders of Stock Purchase Units at a price equal to []% of the Stated Amount (\$[]), then the Remarketing Agent shall increase the interest rate on the [Subordinated] Notes so that the market value of such [Subordinated] Notes will equal (\$[]). If the Remarketing Agent determines that it will be able to remarket the related [Subordinated] Notes of such Holders of Stock Purchase Units at a price in excess of []% of the Stated Amount (\$[]), then the Remarketing Agent shall decrease the interest rate on the [Subordinated] Notes so that the market value of such [Subordinated] Notes will be equal to [\$]. If the Remarketing Agent cannot Remarket the [Subordinated] Notes, as the case may be,

after such increase or decrease, the Remarketing shall be deemed to have failed (a "FAILED REMARKETING"), an event of default shall be deemed to have occurred under this Agreement and the Pledge Agreement and in accordance with the terms of the Pledge Agreement, the Collateral Agent, for the benefit of the Company, shall exercise its rights as a secured party with respect to such [Subordinated] Notes, including those actions specified in paragraph 5.02(c) below; provided, that if upon a Failed Remarketing the Collateral Agent exercises such rights for the benefit of the Company with respect to such [Subordinated] Notes, any accrued and unpaid distributions on such [Subordinated] Notes and any accrued and unpaid Purchase Contract Payments (including any deferred Purchase Contract Payments) shall become payable by the Company to the Purchase Contract Agent for payment to the Beneficial Owner of the Stock Purchase Units to which such [Subordinated] Notes relate. The Company shall cause a notice of such Failed Remarketing to be published on the second Business Day immediately preceding the Purchase Contract Settlement Date in a daily newspaper in the English language of general circulation in the City of New York, which is expected to be The Wall Street Journal, and on Bloomberg News.

(c) With respect to any [Subordinated] Notes which are subject to a Failed Remarketing, the Collateral Agent for the benefit of the Company reserves all of its rights as a secured party with respect thereto and, subject to applicable law and paragraph 5.02(g) below, shall, in full satisfaction of the Holders' obligations under the Purchase Contracts among other things, (i) retain the [Subordinated] Notes, (ii) sell the [Subordinated] Notes in one or more public or private sales or (iii) take, or choose not to take, any other action with respect to the [Subordinated] Notes, which in every case specified in (i), (ii) and (iii) shall constitute payment in full for the aggregate Purchase Price for the shares of Common Stock to be purchased under the Purchase Contracts.

(d) (i) Unless a Holder of a Treasury Stock Purchase Unit or Stock Purchase Unit (if a Tax Event Redemption has occurred) effects an Early Settlement of the underlying Purchase Contract through the early delivery of cash to the Purchase Contract Agent in the manner described in Section 5.04, each Holder of a Treasury Stock Purchase Unit or Stock Purchase Unit (if a Tax Event Redemption has occurred) who intends to pay in cash shall notify the Purchase Contract Agent by use of a notice in substantially the form of Exhibit E hereto of his intention to pay in cash the Purchase Price for the shares of Common Stock to be purchased pursuant to the related Purchase Contract. Such notice shall be given prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding the Purchase Contract Settlement Date. Prior to 11:00 a.m. (New York City time) on the next succeeding Business Day, the Purchase Contract Agent shall notify the Collateral Agent of the receipt of such notices from such Holders intending to make a Cash Settlement. Treasury Stock Purchase Unit holders may make Cash Settlements only in integral multiples of 40 Treasury Stock Purchase Units.

(ii) A Holder of a Treasury Stock Purchase Unit or Stock Purchase Units (if a Tax Event Redemption has occurred) who has so notified the Purchase Contract Agent of his intention to make a Cash Settlement in accordance with paragraph 5.02(d)(i) above

shall pay the Purchase Price to the Securities Intermediary for deposit in the Collateral Account prior to 11:00 a.m. (New York City time) on the Business Day immediately preceding the Purchase Contract Settlement Date, in lawful money of the United States by certified or cashiers' check or wire transfer, in each case in immediately available funds payable to or upon the order of the Securities Intermediary. Any cash received by the Collateral Agent shall be invested promptly by the Securities Intermediary in Permitted Investments and paid to the Company on the Purchase Contract Settlement Date in settlement of the Purchase Contract in accordance with the terms of this Agreement and the Pledge Agreement. Any funds received by the Securities Intermediary in respect of the investment earnings from the investment in such Permitted Investments in excess of the Purchase Price for the shares of Common Stock to be purchased by such Holder shall be distributed to the Purchase Contract Agent when received for payment to the Holder.

(iii) If a Holder of a Treasury Stock Purchase Unit or Holder of a Stock Purchase Unit (if a Tax Event Redemption has occurred) fails to notify the Purchase Contract Agent of his intention to make a Cash Settlement in accordance with paragraph 5.02(d)(i) above, or does not notify the Purchase Contract Agent as provided in paragraph 5.02(d)(i) above of his intention to pay the Purchase Price in cash, but fails to make such payment as required by paragraph 5.02(d)(ii) above, then upon the maturity of the Pledged Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio held by the Securities Intermediary on the Business Day immediately preceding the Purchase Contract Settlement Date, the principal amount of the Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio received by the Securities Intermediary shall be invested promptly in Permitted Investments. On the Purchase Contract Settlement Date, an amount equal to the Purchase Price shall be remitted to the Company as payment thereof without receiving any instructions from the Holder. In the event the sum of the proceeds from the related Pledged Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio and the investment earnings earned from such investments is in excess of the aggregate Purchase Price of the Purchase Contracts being settled thereby, the Collateral Agent shall cause the Securities Intermediary to distribute such excess to the Purchase Contract Agent for the benefit of the Holder of the related Treasury Stock Purchase Unit or Stock Purchase Unit when received.

(iv) A holder of a [Subordinated] Note that is no longer part of a Stock Purchase Unit may elect to have such [Subordinated] Note, as the case may be, remarketed. A holder making such an election must notify the Indenture Trustee prior to 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, of the aggregate number of [Subordinated] Notes, as the case may be, that are not part of Stock Purchase Units to be remarketed. Any such notice will be irrevocable and may not be conditioned upon the level at which the Reset Rate is

established in the Remarketing. Concurrently, the Property Trustee or the Indenture Trustee, as the case may be, shall cause such [Subordinated] Notes, as the case may be, to be presented to the Remarketing Agent for Remarketing.

(e) Any distribution to Holders of any payments described above shall be payable at the office of the Purchase Contract Agent in New York City maintained for that purpose or, at the option of the Holder, by check mailed to the address of the Person entitled thereto at such address as it appears on the Security Register.

(f) Upon Cash Settlement of any Purchase Contract:

(i) the Collateral Agent will in accordance with the terms of the Pledge Agreement cause the Pledged [Subordinated] Notes, the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or the Pledged Treasury Securities, as the case may be, underlying the relevant Security to be released from the Pledge, free and clear of any security interest of the Company, and transferred to the Purchase Contract Agent for delivery to the Holder thereof or its designee as soon as practicable; and

(ii) subject to the receipt thereof, the Purchase Contract Agent shall, by book-entry transfer or other appropriate procedures, in accordance with written instructions provided by the Holder thereof, transfer such [Subordinated] Notes, or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or such Treasury Securities, as the case may be (or, if no such instructions are given to the Purchase Contract Agent by the Holder, the Purchase Contract Agent shall hold such [Subordinated] Notes, or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or such Treasury Securities, as the case may be, and any interest payment thereon, in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder until the expiration of the time period specified in the abandoned property laws of the relevant state).

(g) The obligations of the Holders to pay the Purchase Price are non-recourse obligations and, except to the extent satisfied by Early Settlement or Cash Settlement, are payable solely out of the proceeds of any Collateral pledged to secure the obligations of the Holders and in no event will Holders be liable for any deficiency between the proceeds of the disposition of Collateral and the Purchase Price.

(h) The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates thereof to the Holder of the related Security unless the Company shall have received payment in full for the aggregate Purchase Price for the Common Stock to be purchased thereunder in the manner herein set forth.

SECTION 5.03. Issuance of Shares of Common Stock.

Unless a Termination Event or an Early Settlement shall have occurred, subject to Section 5.04(b), on the Purchase Contract Settlement Date upon receipt of the aggregate Purchase Price payable on all Outstanding Securities, the Company shall issue and deposit with the Purchase Contract Agent, for the benefit of the Holders of the Outstanding Securities, one or more certificates representing newly issued shares of Common Stock registered in the name of the Purchase Contract Agent (or its nominee) as custodian for the Holders (such certificates for shares of Common Stock, together with any dividends or distributions for which a record date and payment date for such dividend or distribution has occurred after the Purchase Contract Settlement Date, being hereinafter referred to as the "PURCHASE CONTRACT SETTLEMENT FUND") to which the Holders are entitled hereunder.

Subject to the foregoing, upon surrender of a Certificate to the Purchase Contract Agent on or after the Purchase Contract Settlement Date or Early Settlement Date, as the case may be, together with settlement instructions thereon duly completed and executed, the Holder of such Certificate shall be entitled to receive forthwith in exchange therefor a certificate representing that number of newly issued whole shares of Common Stock which such Holder is entitled to receive pursuant to the provisions of this Article Five (after taking into account all Securities then held by such Holder), together with cash in lieu of fractional shares as provided in Section 5.09 and any dividends or distributions with respect to such shares constituting part of the Purchase Contract Settlement Fund, but without any interest thereon, and the Certificate so surrendered shall forthwith be cancelled. Such shares shall be registered in the name of the Holder or the Holder's designee as specified in the settlement instructions provided by the Holder to the Purchase Contract Agent. If any shares of Common Stock issued in respect of a Purchase Contract are to be registered to a Person other than the Person in whose name the Certificate evidencing such Purchase Contract is registered, no such registration shall be made unless the Person requesting such registration has paid any transfer and other taxes required by reason of such registration in a name other than that of the registered Holder of the Certificate evidencing such Purchase Contract or has established to the satisfaction of the Company that such tax either has been paid or is not payable.

SECTION 5.04. Adjustment of Settlement Rate.

(a) Adjustments for Dividends, Distributions, Stock Splits, Etc.

(1) In case the Company shall pay or make a dividend or other distribution on Common Stock in Common Stock, the Settlement Rate in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be increased by dividing such Settlement Rate by a fraction of which:

(i) the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination; and

(ii) the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (1), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Company shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(2) In case the Company shall issue rights, warrants or options to all holders of its Common Stock (not being available on an equivalent basis to Holders of the Securities upon settlement of the Purchase Contracts underlying such Securities) entitling them, for a period expiring within 45 days after the record date for the determination of shareholders entitled to receive such rights, warrants or options, to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price per share of Common Stock on the date fixed for the determination of shareholders entitled to receive such rights, warrants or options, the Settlement Rate in effect at the opening of business on the day following the date fixed for such determination shall be increased by dividing such Settlement Rate by a fraction of which:

(i) the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Market Price; and

(ii) the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (2), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of Common Stock. The Company agrees that it shall not issue any such rights, warrants or options in respect of shares of Common Stock held in the treasury of the Company.

(3) In case outstanding shares of Common Stock shall be subdivided or split into a greater number of shares of Common Stock, the Settlement Rate in effect at the opening of business on the day following the day upon which such subdivision or split becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock

shall each be combined into a smaller number of shares of Common Stock, the Settlement Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision, split or combination becomes effective.

(4) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness or assets (including securities, but excluding any rights, warrants or options referred to in paragraph (2) of this Section 5.04(a), any dividend or distribution paid exclusively in cash and any dividend or distribution referred to in paragraph (1) of this Section 5.04(a)), the Settlement Rate shall be adjusted so that the same shall equal the rate determined by dividing the Settlement Rate in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by a fraction of which:

(i) the numerator shall be the Current Market Price per share of Common Stock on the date fixed for such determination less the then fair market value (as reasonably determined by the Board of Directors, whose determination shall be conclusive and the basis for which shall be described in a Board Resolution) of the portion of the assets or evidences of indebtedness so distributed applicable to one share of Common Stock; and

(ii) the denominator shall be such Current Market Price per share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such distribution. In any case in which this paragraph (4) is applicable, paragraph (2) of this Section 5.04(a) shall not be applicable. In the event that such dividend or distribution is not so paid or made, the Settlement Rate shall again be adjusted to be the Settlement Rate which would then be in effect if such dividend or distribution had not been declared.

(5) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding:

(i) any quarterly cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock in any fiscal quarter does not exceed \$____ per share (as adjusted from time to time to reflect the subdivisions or combinations of Common Stock, the "DIVIDEND THRESHOLD"), and

(ii) any dividend or distribution in connection with the liquidation, dissolution or termination of the Company, whether voluntary or involuntary),

then, in such case, the Settlement Rate shall be increased so that the same shall equal the rate determined by dividing the Settlement Rate in effect immediately prior to the close of business on such record date by a fraction of which:

(i) the numerator shall be the Current Market Price of Common Stock on the record date less the amount of cash so distributed (and not excluded as provided above) applicable to one share of Common Stock; and

(ii) the denominator shall be the Current Market Price of Common Stock,

such increase to be effective immediately prior to the opening of business on the day following the record date; provided, however, that in the event the portion of cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price per share of Common Stock on the record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Security shall have the right to receive upon settlement of the Securities the amount of cash such Holder would have received had such Holder settled each Security on the record date. In the event that such dividend or distribution is not so paid or made, the Settlement Rate shall again be adjusted to be the Settlement Rate which would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 5.04(a)(5) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the Dividend Threshold. If an adjustment is required to be made as set forth in this Section 5.04(a)(5) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(6) In case a tender or exchange offer made by the Company or any subsidiary of the Company for all or any portion of Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to shareholders (based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of Purchased Shares as herein defined) of (I) an aggregate consideration having a fair market value (as reasonably determined by the Board of Directors, whose determination shall be conclusive and the basis for which shall be described in a Board Resolution) that combined together with the aggregate of the cash plus the fair market value (as reasonably determined by the Board of Directors, whose determination shall be conclusive and the basis for which shall be described in a Board Resolution), as of the expiration of such tender or exchange offer, of consideration payable in respect of any other tender or exchange offer, by the Company or any subsidiary of the Company for all or any portion of Common Stock expiring within the 12 months preceding the expiration of such tender or exchange offer and in respect of which no adjustment pursuant to this paragraph (6) has been made, and (II) the aggregate amount of any distributions to all holders of Common Stock made exclusively in cash within the 12 months preceding the expiration of such tender or exchange offer and in respect of which no adjustment pursuant to paragraph (6) has been made, exceeds 15% of the product of the Current Market Price per share of Common Stock as of the last time (the "EXPIRATION TIME") tenders could have been made pursuant to such tender or exchange offer (as it may be amended) times the number of shares of Common Stock

outstanding (including any tendered shares) on the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Settlement Rate shall be adjusted so that the same shall equal the rate determined by dividing the Settlement Rate immediately prior to the close of business on the date of the Expiration Time by a fraction:

(i) the numerator of which shall be equal to (A) the product of (I) the Current Market Price per share of Common Stock on the date of the Expiration Time and (II) the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time less (B) the amount of cash plus the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the transactions described in clauses (I) and (II) above (assuming in the case of clause (I) the acceptance, up to any maximum specified in the terms of the tender or exchange offer, of Purchased Shares); and

(ii) the denominator of which shall be equal to the product of (A) the Current Market Price per share of Common Stock as of the Expiration Time and (B) the number of shares of Common Stock outstanding (including any tendered shares) as of the Expiration Time less the number of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "PURCHASED SHARES").

(7) The reclassification of Common Stock into securities including securities other than Common Stock (other than any reclassification upon a Reorganization Event to which Section 5.04(b) applies) shall be deemed to involve:

(i) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and the "date fixed for such determination" within the meaning of paragraph (4) of this Section); and

(ii) a subdivision, split or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision or split becomes effective" or "the day upon which such combination becomes effective", as the case may be, and "the day upon which such subdivision, split or combination becomes effective" within the meaning of paragraph (3) of this Section).

(8) The "CURRENT MARKET PRICE" per share of Common Stock on any date of determination means the average of the daily Closing Prices for the five consecutive Trading Days selected by the Company commencing not more than 30 Trading Days before, and ending

not later than, the earlier of such date of determination and the day before the "ex date" with respect to the issuance or distribution requiring such computation. For purposes of this paragraph, the term "ex date," when used with respect to any issuance or distribution, shall mean the first date on which Common Stock trades on such exchange or in such market without the right to receive such issuance or distribution.

(9) All adjustments to the Settlement Rate shall be calculated to the nearest 1/10,000th of a share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment in the Settlement Rate shall be required unless such adjustment would require an increase or decrease of at least one percent thereof; provided, however, that any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment. If an adjustment is made to the Settlement Rate pursuant to paragraph (1), (2), (3), (4), (5), (6), (7) or (10) of this Section 5.04(a), an adjustment shall also be made to the Applicable Market Value solely to determine which of clauses (i), (ii) or (iii) of the definition of Settlement Rate in Section 5.01 will apply on the Purchase Contract Settlement Date. Such adjustment shall be made by multiplying the Applicable Market Value by a fraction of which the numerator shall be the Settlement Rate immediately after such adjustment pursuant to paragraph (1), (2), (3), (4), (5), (6), (7) or (10) of this Section 5.04(a) and the denominator shall be the Settlement Rate immediately prior to such adjustment; provided, however, that if such adjustment to the Settlement Rate is required to be made pursuant to the occurrence of any of the events contemplated by paragraph (1), (2), (3), (4), (5), (6), (7) or (10) of this Section 5.04(a) during the period taken into consideration for determining the Applicable Market Value, appropriate and customary adjustments shall be made to the Settlement Rate.

(10) The Company may, but shall not be required to, make such increases in the Settlement Rate, in addition to those required by this Section, as it considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes or for any other reason.

(b) Adjustment for Consolidation, Merger or Other Reorganization Event.

(1) In the event of:

(i) any consolidation or merger of the Company with or into another Person (other than a merger or consolidation in which the Company is the continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another corporation);

(ii) any sale, transfer, lease or conveyance to another Person of the property of the Company as an entirety or substantially as an entirety;

(iii) any statutory share exchange of the Company with another Person (other than in connection with a merger or acquisition); or

(iv) any liquidation, dissolution or termination of the Company other than as a result of or after the occurrence of a Termination Event, (any such event, a "REORGANIZATION EVENT"),

the Settlement Rate will be adjusted to provide that each Holder of Securities will receive on the Purchase Contract Settlement Date with respect to each Purchase Contract forming a part thereof, the kind and amount of securities, cash and other property receivable upon such Reorganization Event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the Purchase Contract Settlement Date) by a Holder of the number of shares of Common Stock issuable on account of each Purchase Contract if the Purchase Contract Settlement Date had occurred immediately prior to such Reorganization Event, assuming such Holder of Common Stock is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be (any such Person, a "CONSTITUENT PERSON"), or an Affiliate of a Constituent Person to the extent such Reorganization Event provides for different treatment of Common Stock held by Affiliates of the Company and non-affiliates and such Holder failed to exercise his rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Reorganization Event (provided that if the kind or amount of securities, cash and other property receivable upon such Reorganization Event is not the same for each share of Common Stock held immediately prior to such Reorganization Event by other than a Constituent Person or an Affiliate thereof and in respect of which such rights of election shall not have been exercised ("NON-ELECTING SHARE"), then for the purpose of this Section the kind and amount of securities, cash and other property receivable upon such Reorganization Event by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares).

In the event of such a Reorganization Event, the Person formed by such consolidation, merger or exchange or the Person which acquires the assets of the Company or, in the event of a liquidation, dissolution or termination of the Company, the Company or a liquidating trust created in connection therewith, shall execute and deliver to the Purchase Contract Agent an agreement supplemental hereto providing that each Holder of an Outstanding Security shall have the rights provided by this Section 5.04(b). Such supplemental agreement shall provide for adjustments which, for events subsequent to the effective date of such supplemental agreement, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section. The above provisions of this Section shall similarly apply to successive Reorganization Events.

(2) In the event of a consolidation or merger of the Company with or into another Person, any merger of another Person into the Company (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock) in which 30% or more of the total consideration paid to the Company's shareholders consists of cash or cash equivalents, then a Holder of a Security may settle his Purchase Contract for cash as described in Section 5.02(a)(i) or 5.02(d)(i) hereof, as applicable, during the one week period beginning on the twenty-third Trading Day following the closing date of such merger (the "EARLY SETTLEMENT WEEK"), at the applicable Settlement Rate. For the purposes of this Section, the twenty-third Trading Day after the closing of the merger or consolidation shall be deemed to be the Purchase Contract Settlement Date for the purpose of determining the Applicable Market Value and the deadline for submitting the notice to settle early and the related cash payment shall be 5:00 p.m. (New York City time) of the last Business Day of the Early Settlement Week. Notwithstanding the foregoing, no early settlement will be permitted under this Section 5.04(b)(2) unless, at the time such early settlement is effected, there is an effective Registration Statement with respect to the shares of Common Stock to be issued and delivered in connection with such early settlement, if such a Registration Statement is required (in the view of counsel, which need not be in the form of a written opinion, for either the Company or the Purchase Contract Agent) under the Securities Act. If such a Registration Statement is so required, the Company covenants and agrees to use its best efforts to (A) have in effect a Registration Statement covering the shares of Common Stock to be delivered in respect of the Purchase Contracts being settled and (B) provide a Prospectus in connection therewith, in each case in a form that the Purchase Contract Agent may use in connection with such early settlement.

(c) All calculations and determinations pursuant to this Section 5.04 shall be made by the Company or its agent and the Purchase Contract Agent shall have no responsibility with respect thereto.

SECTION 5.05. Notice of Adjustments and Certain Other Events.

(a) Whenever the Settlement Rate is adjusted as herein provided, the Company shall:

(i) forthwith compute the adjusted Settlement Rate in accordance with Section 5.04 and prepare and transmit to the Purchase Contract Agent an Officers' Certificate setting forth the Settlement Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) within 10 Business Days following the occurrence of an event that requires an adjustment to the Settlement Rate pursuant to Section 5.04 (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide a written notice to the Holders of the Securities of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to the Settlement Rate was determined and setting forth the adjusted Settlement Rate.

(b) The Purchase Contract Agent shall not at any time be under any duty or responsibility to any Holder of Securities to determine whether any facts exist which may require any adjustment of the Settlement Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Purchase Contract Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at the time be issued or delivered with respect to any Purchase Contract; and the Purchase Contract Agent makes no representation with respect thereto. The Purchase Contract Agent shall not be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock pursuant to a Purchase Contract or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article.

SECTION 5.06. Termination Event; Notice.

The Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Purchase Contract Payments (including any deferred or accrued and unpaid Purchase Contract Payments), if the Company shall have such obligation, and the rights and obligations of Holders to purchase Common Stock, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, prior to or on the Purchase Contract Settlement Date, a Termination Event shall have occurred.

Upon and after the occurrence of a Termination Event, the Securities shall thereafter represent the right to receive the [Subordinated] Notes, the Treasury Securities or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, forming part of such Securities, in accordance with the provisions of Section 5.04 of the Pledge Agreement. Upon the occurrence of a Termination Event, the Company shall promptly but in no event later than two Business Days thereafter give written notice to the Purchase Contract Agent, the Collateral Agent and the Holders, at their addresses as they appear in the Security Register.

SECTION 5.07. Intentionally Omitted.

SECTION 5.08. Intentionally Omitted.

SECTION 5.09. No Fractional Shares.

No fractional shares or scrip representing fractional shares of Common Stock shall be issued or delivered upon settlement on the Purchase Contract Settlement Date or upon Early Settlement of any Purchase Contracts. If Certificates evidencing more than one Purchase Contract shall be surrendered for settlement at one time by the same Holder, the number of full shares of Common Stock which shall be delivered upon settlement shall be computed on the basis of the aggregate number of Purchase Contracts evidenced by the Certificates so

surrendered. Instead of any fractional share of Common Stock which would otherwise be deliverable upon settlement of any Purchase Contracts on the Purchase Contract Settlement Date or upon Early Settlement, the Company, through the Purchase Contract Agent, shall make a cash payment in respect of such fractional interest in an amount equal to the value of such fractional shares times the Applicable Market Value. The Company shall provide the Purchase Contract Agent from time to time with sufficient funds to permit the Purchase Contract Agent to make all cash payments required by this Section 5.09 in a timely manner.

SECTION 5.10. Charges and Taxes.

The Company will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of Common Stock pursuant to the Purchase Contracts; provided, however, that the Company shall not be required to pay any such tax or taxes which may be payable in respect of any exchange of or substitution for a Certificate evidencing a Security or any issuance of a share of Common Stock in a name other than that of the registered Holder of a Certificate surrendered in respect of the Securities evidenced thereby, other than in the name of the Purchase Contract Agent, as custodian for such Holder, and the Company shall not be required to issue or deliver such share certificates or Certificates unless or until the Person or Persons requesting the transfer or issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 5.11. Purchase Contract Payments.

(a) Subject to Section 5.12, the Company shall pay, on each Payment Date, the Purchase Contract Payments payable in respect of each Purchase Contract to the Person in whose name a Certificate is registered at the close of business on the Record Date next preceding such Payment Date. The Purchase Contract Payments will be payable at the office of the Purchase Contract Agent in New York City maintained for that purpose or, at the option of the Holder, by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register. If any date on which Purchase Contract Payments are to be made is not a Business Day, then payment of the Purchase Contract Payments payable on such date will be made on the next succeeding day that is a Business Day (and without any interest in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment will be made on the immediately preceding Business Day. Purchase Contract Payments payable for any period will be computed (i) for any full quarterly period on the basis of a 360-day year of twelve 30-day months and (ii) for any period shorter than a full quarterly period, on the basis of a 30-day month and, for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month.

(b) Upon the occurrence of a Termination Event, the Company's obligation to pay future Purchase Contract Payments (including any accrued or deferred Purchase Contract Payments) shall cease.

(c) Each Certificate delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of (including as a result of a Collateral Substitution or the reestablishment of Stock Purchase Units) any other Certificate shall carry the right to accrued or deferred and unpaid Purchase Contract Payments and the right to accrue Purchase Contract Payments, which rights were carried by the Purchase Contracts underlying such other Certificates.

(d) Subject to Section 5.04, in the case of any Security with respect to which Early Settlement of the underlying Purchase Contract is effected on an Early Settlement Date that is after any Record Date and prior to or on the next succeeding Payment Date, Purchase Contract Payments otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Early Settlement, and such Purchase Contract Payments shall be paid to the Person in whose name the Certificate evidencing such Security is registered at the close of business on such Record Date. Except as otherwise expressly provided in the immediately preceding sentence, in the case of any Security with respect to which Early Settlement of the underlying Purchase Contract is effected on an Early Settlement Date, Purchase Contract Payments that would otherwise be payable after the Early Settlement Date with respect to such Purchase Contract shall not be payable.

SECTION 5.12. Deferral of Purchase Contract Payments.

(a) The Company has the right to defer payment of all or part of the Purchase Contract Payments in respect of each Purchase Contract until no later than the Purchase Contract Settlement Date, but only if the Company shall give the Holders and the Purchase Contract Agent written notice of its election to defer such payment (specifying the amount to be deferred) at least ten Business Days prior to the earlier of (i) the next succeeding Payment Date or (ii) the date the Company is required to give notice of the Record Date or Payment Date with respect to payment of such Purchase Contract Payments to the NYSE or other applicable self-regulatory organization or to Holders of the Securities, but in any event not less than one Business Day prior to such Record Date. If the Company so elects to defer Purchase Contract Payments, the Company shall pay additional Purchase Contract Payments on such deferred installments of Purchase Contract Payments at a rate equal to ___% per annum, compounding quarterly, until such deferred installments are paid in full. Deferred Purchase Contract Payments shall be due on the Payment Date except to the extent that payment is deferred pursuant to this Section. Except as otherwise provided in Section 5.11(d), in the case of any Security with respect to which Early Settlement of the underlying Purchase Contract is effected on an Early Settlement Date, the Holder will have no right to receive any accrued or deferred Purchase Contract Payments.

(b) In the event the Company elects to defer the payment of Purchase Contract Payments on the Purchase Contracts until the Purchase Contract Settlement Date, each Holder will receive on the Purchase Contract Settlement Date the aggregate amount of accrued and unpaid Purchase Contract Payments. The Company shall pay such amounts on the Purchase Contract Settlement Date in the manner described in Section 5.02(e).

(c) In the event the Company exercises its option to defer the payment of Purchase Contract Payments, then, until all deferred Purchase Contract Payments have been paid, the Company shall not, and shall not permit any of its subsidiaries to (a) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank junior to the [Subordinated] Notes in the right of payment issued by the Company or any subsidiary of the Company, or (b) make any guarantee payments with respect to any guarantee by the Company of any securities of any of its subsidiaries if such guarantee ranks junior to the [Subordinated] Notes in the right of payment, (c) declare or pay any dividends or distributions on any of the Company's capital stock or (d) redeem, purchase, acquire or make a liquidation payment with respect to, any of the Company's capital stock. Notwithstanding the foregoing, the Company may (1) purchase or acquire its capital stock in connection with the satisfaction by it of its obligations under any employee benefit plans or pursuant to any contract or security outstanding on the first day of any such event requiring it to purchase its capital stock; (2) reclassify its capital stock or exchange or convert one class or series of its capital stock for another class or series of its capital stock; (3) purchase fractional interests in shares of its capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged; (4) declare dividends or distributions in its capital stock; and (5) redeem or repurchase any rights pursuant to a rights agreement.

ARTICLE 6
REMEDIES

SECTION 6.01. Unconditional Right of Holders to Receive Purchase Contract Payments and to Purchase Shares of Common Stock.

Each Holder of a Security shall have the right, which is absolute and unconditional, (i) subject to the right of the Company to defer such payments in accordance with Section 5.12, to receive each Purchase Contract Payment with respect to the Purchase Contract comprising part of such Security on the respective Payment Date for such Security and (ii) to purchase shares of Common Stock pursuant to such Purchase Contract and, in each such case, to institute suit for the enforcement of any such right to receive Purchase Contract Payments and the right to purchase shares of Common Stock, and such rights shall not be impaired without the consent of such Holder.

SECTION 6.02. Restoration of Rights and Remedies.

If any Holder has instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to such Holder, then and in every such case, subject to any determination in such proceeding, the Company and such Holder shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of such Holder shall continue as though no such proceeding had been instituted.

SECTION 6.03. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates in the last paragraph of Section 3.10, no right or remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.04. Delay or Omission Not Waiver.

No delay or omission of any Holder to exercise any right or remedy upon a default shall impair any such right or remedy or constitute a waiver of any such right. Every right and remedy given by this Article or by law to the Holders may be exercised from time to time, and as often as may be deemed expedient, by such Holders.

SECTION 6.05. Undertaking for Costs.

All parties to this Agreement agree, and each Holder of a Security, by its acceptance of such Security shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Purchase Contract Agent for any action taken, suffered or omitted by it as Purchase Contract Agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided that the provisions of this Section shall not apply to any suit instituted by the Purchase Contract Agent, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of interest on any [Subordinated] Notes or Purchase Contract Payments on or after the respective Payment Date therefor in respect of any Security held by such Holder, or for enforcement of the right to purchase shares of Common Stock under the Purchase Contracts constituting part of any Security held by such Holder.

SECTION 6.06. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may

affect the covenants or the performance of this Agreement; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Purchase Contract Agent or the Holders, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE PURCHASE CONTRACT AGENT

SECTION 7.01. Certain Duties and Responsibilities.

(a) The Purchase Contract Agent:

(1) undertakes to perform, with respect to the Securities, such duties and only such duties as are specifically set forth in this Agreement and the Pledge Agreement, and no implied covenants or obligations shall be read into this Agreement or the Pledge Agreement against the Purchase Contract Agent; and

(2) in the absence of bad faith or gross negligence on its part, may, with respect to the Securities, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Purchase Contract Agent and conforming to the requirements of this Agreement or the Pledge Agreement, as applicable, but in the case of any certificates or opinions which by any provision hereof are specifically required to be furnished to the Purchase Contract Agent, the Purchase Contract Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the Pledge Agreement, as applicable (but need not confirm or investigate the accuracy of the mathematical calculations or other facts stated therein).

(b) No provision of this Agreement or the Pledge Agreement shall be construed to relieve the Purchase Contract Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Purchase Contract Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Purchase Contract Agent was negligent in ascertaining the pertinent facts;

(3) no provision of this Agreement or the Pledge Agreement shall require the Purchase Contract Agent to expend or risk its own funds or otherwise incur any financial liability in the

performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if indemnity satisfactory to the Purchase Contract Agent is not provided to it; and

(4) the Purchase Contract Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities.

(c) Whether or not therein expressly so provided, every provision of this Agreement and the Pledge Agreement relating to the conduct or affecting the liability of or affording protection to the Purchase Contract Agent shall be subject to the provisions of this Section.

(d) The Purchase Contract Agent is authorized to execute and deliver the Pledge Agreement in its capacity as Purchase Contract Agent.

SECTION 7.02. Notice of Default.

Within 30 days after the occurrence of any default by the Company hereunder of which a Responsible Officer of the Purchase Contract Agent has actual knowledge, the Purchase Contract Agent shall transmit by mail to the Company and the Holders of Securities, as their names and addresses appear in the Security Register, notice of such default hereunder, unless such default shall have been cured or waived.

SECTION 7.03. Certain Rights of Purchase Contract Agent.

Subject to the provisions of Section 7.01:

(1) the Purchase Contract Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, [Subordinated] Note, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate, Issuer Order or Issuer Request, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Agreement or the Pledge Agreement the Purchase Contract Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Purchase Contract Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate of the Company;

(4) the Purchase Contract Agent may consult with counsel of its selection appointed with due care by it hereunder and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Purchase Contract Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Purchase Contract Agent, in its discretion, and at the expense of the Company, may make reasonable further inquiry or investigation into such facts or matters related to the execution, delivery and performance of the Purchase Contracts as it may see fit, and, if the Purchase Contract Agent shall determine to make such further inquiry or investigation, it shall be given a reasonable opportunity to examine the relevant books, records and premises of the Company, personally or by agent or attorney and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(6) the Purchase Contract Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or an Affiliate and the Purchase Contract Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney or an Affiliate appointed with due care by it hereunder;

(7) the Purchase Contract Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Holders pursuant to this Agreement, unless such Holders shall have offered to the Purchase Contract Agent security or indemnity satisfactory to the Purchase Contract Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(8) the Purchase Contract Agent shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(9) the Purchase Contract Agent shall not be deemed to have notice of any default hereunder unless a Responsible Officer of the Purchase Contract Agent has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Purchase Contract Agent at the Corporate Trust Office of the Purchase Contract Agent, and such notice references the Securities and this Agreement;

(10) the Purchase Contract Agent may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Agreement, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded; and

(11) the rights, privileges, protections, immunities and benefits given to the Purchase Contract Agent, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Purchase Contract Agent in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

SECTION 7.04. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Certificates shall be taken as the statements of the Company, and the Purchase Contract Agent assumes no responsibility for their accuracy. The Purchase Contract Agent makes no representations as to the validity or sufficiency of either this Agreement or of the Securities, or of the Pledge Agreement or the Pledge. The Purchase Contract Agent shall not be accountable for the use or application by the Company of the proceeds in respect of the Purchase Contracts.

SECTION 7.05. May Hold Securities.

Any Security Registrar or any other agent of the Company, or the Purchase Contract Agent and its Affiliates, in their individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company, the Collateral Agent or any other Person with the same rights it would have if it were not Security Registrar or such other agent, or the Purchase Contract Agent. The Company may become the owner or pledgee of Securities.

SECTION 7.06. Money Held in Custody.

Money held by the Purchase Contract Agent in custody hereunder need not be segregated from the other funds except to the extent required by law or provided herein. The Purchase Contract Agent shall be under no obligation to invest or pay interest on any money received by it hereunder except as otherwise provided hereunder or agreed in writing with the Company.

SECTION 7.07. Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Purchase Contract Agent compensation for all services rendered by it hereunder and under the Pledge Agreement as the Company and the Purchase Contract Agent shall from time to time agree in writing;

(2) except as otherwise expressly provided for herein, to reimburse the Purchase Contract Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Purchase Contract Agent in accordance with any provision of this Agreement and the Pledge Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence, willful misconduct or bad faith; and

(3) to indemnify the Purchase Contract Agent and any predecessor Purchase Contract Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of its duties hereunder, including the costs and expenses of defending itself against any claim (whether asserted by the Company, a Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The provisions of this Section shall survive the resignation and removal of the Purchase Contract Agent and the termination of this Agreement.

SECTION 7.08. Corporate Purchase Contract Agent Required; Eligibility.

There shall at all times be a Purchase Contract Agent hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having (or being a member of a bank holding company having) a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by Federal or State authority and having a corporate trust office in the Borough of Manhattan, New York City, if there be such a corporation in the Borough of Manhattan, New York City, qualified and eligible under this Article and willing to act on reasonable terms. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Purchase Contract Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 7.09. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Purchase Contract Agent and no appointment of a successor Purchase Contract Agent pursuant to this Article shall become effective until the acceptance of appointment by the successor Purchase Contract Agent in accordance with the applicable requirements of Section 7.10.

(b) The Purchase Contract Agent may resign at any time by giving written notice thereof to the Company 60 days prior to the effective date of such resignation. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 30 days after the giving of such notice of resignation, the resigning Purchase Contract Agent may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(c) The Purchase Contract Agent may be removed at any time by Act of the Holders of a majority in number of the Outstanding Securities delivered to the Purchase Contract Agent and the Company. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 30 days after the giving of such notice of resignation, the resigning Purchase Contract Agent may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(d) If at any time:

(1) the Purchase Contract Agent fails to comply with Section 310(b) of the TIA, as if the Purchase Contract Agent were an indenture trustee under an indenture qualified under the TIA, after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months;

(2) the Purchase Contract Agent shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder; or

(3) the Purchase Contract Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Purchase Contract Agent or of its property shall be appointed or any public officer shall take charge or control of the Purchase Contract Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Purchase Contract Agent, or (ii) any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Purchase Contract Agent and the appointment of a successor Purchase Contract Agent.

(e) If the Purchase Contract Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Purchase Contract Agent for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Purchase Contract Agent and shall comply with the applicable requirements of Section 7.10. If no successor Purchase Contract Agent shall have been so appointed by the Company and accepted appointment in the manner required by Section 7.10, any Holder who has been a bona fide Holder of a Security for at least six months, on behalf of itself and all others similarly situated, or the Purchase Contract Agent may petition at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(f) The Company shall give, or shall cause such successor Purchase Contract Agent to give, notice of each resignation and each removal of the Purchase Contract Agent and each appointment of a successor Purchase Contract Agent by mailing written notice of such event by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the applicable Register. Each notice shall include the name of the successor Purchase Contract Agent and the address of its Corporate Trust Office.

SECTION 7.10. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Purchase Contract Agent, every such successor Purchase Contract Agent so appointed shall execute, acknowledge and deliver to the Company and to the retiring Purchase Contract Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Purchase Contract Agent shall become effective and such successor Purchase Contract Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, agencies and duties of the retiring Purchase Contract Agent; but, on the request of the Company or the successor Purchase Contract Agent, such retiring Purchase Contract Agent shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Purchase Contract Agent all the rights, powers and trusts of the retiring Purchase Contract Agent and shall duly assign, transfer and deliver to such successor Purchase Contract Agent all property and money held by such retiring Purchase Contract Agent hereunder.

(b) Upon request of any such successor Purchase Contract Agent, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Purchase Contract Agent all such rights, powers and agencies referred to in paragraph 7.10(a) of this Section.

(c) No successor Purchase Contract Agent shall accept its appointment unless at the time of such acceptance such successor Purchase Contract Agent shall be qualified and eligible under this Article.

SECTION 7.11. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Purchase Contract Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Purchase Contract Agent shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Purchase Contract Agent, shall be the successor of the Purchase Contract Agent hereunder, provided that such corporation shall be otherwise qualified and eligible under this Article, with the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been authenticated and executed on behalf of the Holders, but not delivered, by the Purchase Contract Agent then in office, any successor by merger, conversion or consolidation to such Purchase Contract Agent may adopt such authentication and execution and deliver the Certificates so authenticated and executed with the same effect as if such successor Purchase Contract Agent had itself authenticated and executed such Securities.

SECTION 7.12. Preservation of Information; Communications to Holders.

(a) The Purchase Contract Agent shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Purchase Contract Agent in its capacity as Security Registrar.

(b) If three or more Holders (herein referred to as "applicants") apply in writing to the Purchase Contract Agent, and furnish to the Purchase Contract Agent reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Agreement or under the Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Purchase Contract Agent shall mail to all the Holders copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Purchase Contract Agent of the materials to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing.

SECTION 7.13. No Obligations of Purchase Contract Agent.

Except to the extent otherwise expressly provided in this Agreement, the Purchase Contract Agent assumes no obligations and shall not be subject to any liability under this Agreement, the Pledge Agreement or any Purchase Contract in respect of the obligations of the Holder of any Security thereunder. The Company agrees, and each Holder of a Certificate, by his or her acceptance thereof, shall be deemed to have agreed, that the Purchase Contract Agent's execution of the Certificates on behalf of the Holders shall be solely as agent and attorney-in-fact for the Holders, and that the Purchase Contract Agent shall have no obligation to perform such Purchase Contracts on behalf of the Holders, except to the extent expressly provided in Article Five hereof. Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Purchase Contract Agent or its officers, employees or agents be liable under this Agreement to any third party for indirect, special, punitive, or consequential loss or damage of any kind whatsoever, including lost profits, whether or not the likelihood of such loss or damage was known to the Purchase Contract Agent, incurred without any act or deed that is found to be attributable to gross negligence or willful misconduct on the part of the Purchase Contract Agent.

SECTION 7.14. Tax Compliance.

(a) The Company and the Purchase Contract Agent will comply with all applicable certification, information reporting and withholding (including "backup" withholding) requirements imposed by applicable tax laws, regulations or administrative practice with respect to (i) any payments made with respect to the Securities or (ii) the issuance, delivery, holding, transfer, redemption or exercise of rights under the Securities. Such compliance shall include,

without limitation, the preparation and timely filing of required returns and the timely payment of all amounts required to be withheld to the appropriate taxing authority or its designated agent.

(b) The Purchase Contract Agent shall comply in accordance with the terms hereof with any written direction received from the Company with respect to the execution or certification of any required documentation and the application of such requirements to particular payments or Holders or in other particular circumstances, and may for purposes of this Agreement conclusively rely on any such direction in accordance with the provisions of Section 7.01(a)(2) hereof.

(c) The Purchase Contract Agent shall maintain all appropriate records documenting compliance with such requirements, and shall make such records available, on written request, to the Company or its authorized representative within a reasonable period of time after receipt of such request.

ARTICLE 8 SUPPLEMENTAL AGREEMENTS

SECTION 8.01. Supplemental Agreements Without Consent of Holders.

Without the consent of any Holders, the Company and the Purchase Contract Agent, at any time and from time to time, may enter into one or more agreements supplemental hereto, in form satisfactory to the Company and the Purchase Contract Agent, to:

(1) evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Certificates;

(2) evidence and provide for the acceptance of appointment hereunder by a successor Purchase Contract Agent;

(3) add to the covenants of the Company for the benefit of the Holders, or surrender any right or power herein conferred upon the Company;

(4) make provision with respect to the rights of Holders pursuant to the requirements of Section 5.04(b); or

(5) except as provided for in Section 5.04, cure any ambiguity, correct or supplement any provisions herein which may be inconsistent with any other provisions herein, or make any other provisions with respect to such matters or questions arising under this Agreement, provided that such action shall not adversely affect the interests of the Holders.

SECTION 8.02. Supplemental Agreements with Consent of Holders.

With the consent of the Holders of not less than a majority of the outstanding Securities voting together as one class, by Act of said Holders delivered to the Company and the Purchase Contract Agent, the Company, when authorized by a Board Resolution, and the Purchase Contract Agent may enter into an agreement or agreements supplemental hereto for the purpose of modifying in any manner the terms of the Purchase Contracts, or the provisions of this Agreement or the rights of the Holders in respect of the Securities; provided, however, that, except as contemplated herein, no such supplemental agreement shall, without the unanimous consent of the Holders of each outstanding Purchase Contract affected thereby,

(1) change any Payment Date;

(2) change the amount or the type of Collateral required to be Pledged to secure a Holder's obligations under the Purchase Contract, impair the right of the Holder of any Purchase Contract to receive distributions on the related Collateral (except for the rights of Holders of Stock Purchase Units to substitute Treasury Securities for the Pledged Pledged [Subordinated] Notes or the rights of Holders of Treasury Stock Purchase Units to substitute [Subordinated] Notes for the Pledged Treasury Securities) or otherwise adversely affect the Holder's rights in or to such Collateral or adversely alter the rights in or to such Collateral;

(3) impair the right to institute suit for the enforcement of any Purchase Contract;

(4) reduce the number of shares of Common Stock to be purchased pursuant to any Purchase Contract, increase the price to purchase shares of Common Stock upon settlement of any Purchase Contract or change the Purchase Contract Settlement Date;

(5) reduce the percentage of the outstanding Purchase Contracts the consent of whose Holders is required for any such supplemental agreement; or

(6) reduce any Purchase Contract Payments or change any place where, or the coin or currency in which, any Purchase Contract Payment is payable;

provided that if any amendment or proposal referred to above would adversely affect only the Stock Purchase Units or the Treasury Stock Purchase Units, then only the affected class of Holders as of the record date for the Holders entitled to vote thereon will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the consent of Holders of not less than a majority of such class; and provided, further, that the unanimous consent of the Holders of each outstanding Purchase Contract of such class affected

thereby shall be required to approve any amendment or proposal specified in clauses (1) through (6) above.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 8.03. Execution of Supplemental Agreements.

In executing, or accepting the additional agencies created by, any supplemental agreement permitted by this Article or the modifications thereby of the agencies created by this Agreement, the Purchase Contract Agent shall be provided, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement and that any and all conditions precedent to the execution and delivery of such supplemental agreement have been satisfied. The Purchase Contract Agent may, but shall not be obligated to, enter into any such supplemental agreement which affects the Purchase Contract Agent's own rights, duties or immunities under this Agreement or otherwise.

SECTION 8.04. Effect of Supplemental Agreements.

Upon the execution of any supplemental agreement under this Article, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of Certificates theretofore or thereafter authenticated, executed on behalf of the Holders and delivered hereunder, shall be bound thereby.

SECTION 8.05. Reference to Supplemental Agreements.

Certificates authenticated, executed on behalf of the Holders and delivered after the execution of any supplemental agreement pursuant to this Article may, and shall if required by the Purchase Contract Agent, bear a notation in form approved by the Purchase Contract Agent as to any matter provided for in such supplemental agreement. If the Company shall so determine, new Certificates so modified as to conform, in the opinion of the Purchase Contract Agent and the Company, to any such supplemental agreement may be prepared and executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent in exchange for outstanding Certificates.

ARTICLE 9
CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 9.01. Covenant Not to Consolidate, Merge, Convey, Transfer or Lease Property Except under Certain Conditions.

The Company covenants that it will not consolidate with or merge into any other corporation or convey, transfer or lease all or substantially all of its properties and assets to any Person, unless:

(i) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the Company's properties and assets shall be a corporation organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such corporation shall expressly assume all the obligations of the Company under the Purchase Contracts, this Agreement and the Pledge Agreement by one or more supplemental agreements in form reasonably satisfactory to the Purchase Contract Agent and the Collateral Agent, executed and delivered to the Purchase Contract Agent and the Collateral Agent by such corporation; and

(ii) the Company or such successor corporation, as the case may be, shall not, immediately after such consolidation, merger, conveyance, transfer or lease, be in default in the performance of any covenant or condition hereunder, under any of the Securities or under the Pledge Agreement.

SECTION 9.02. Rights and Duties of Successor Corporation.

In case of any such merger, consolidation, share exchange, sale, assignment, transfer, lease or conveyance and upon any such assumption by a successor corporation in accordance with Section 9.01, such successor corporation shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the Company. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of The Williams Companies, Inc., any or all of the Certificates evidencing Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Purchase Contract Agent; and, upon the order of such successor corporation, instead of the Company, and subject to all the terms, conditions and limitations in this Agreement prescribed, the Purchase Contract Agent shall authenticate and execute on behalf of the Holders and deliver any Certificates which previously shall have been signed and delivered by the officers of the Company to the Purchase Contract Agent for authentication and execution, and any Certificate evidencing Securities which such successor corporation thereafter shall cause to be signed and delivered to the Purchase Contract Agent for that purpose. All the Certificates issued shall in all respects have the same legal rank and benefit under this Agreement as the Certificates theretofore or thereafter issued in accordance with the terms of this Agreement as though all of such Certificates had been issued at the date of the execution hereof.

In case of any such merger, consolidation, share exchange, sale, assignment, transfer, lease or conveyance such change in phraseology and form (but not in substance) may be made in the Certificates evidencing Securities thereafter to be issued as may be appropriate.

SECTION 9.03. Officers' Certificate and Opinion of Counsel Given to Purchase Contract Agent.

The Purchase Contract Agent, subject to Sections 7.01 and 7.03, shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such merger, consolidation, share exchange, sale, assignment, transfer, lease or conveyance, and any such assumption, complies with the provisions of this Article and that all conditions precedent to the consummation of any such merger, consolidation, share exchange, sale, assignment, transfer, lease or conveyance have been met.

ARTICLE 10
COVENANTS

SECTION 10.01. Performance under Purchase Contracts.

The Company covenants and agrees for the benefit of the Holders from time to time of the Securities that it will duly and punctually perform its obligations under the Purchase Contracts in accordance with the terms of the Purchase Contracts and this Agreement.

SECTION 10.02. Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, New York City an office or agency where Certificates may be presented or surrendered for acquisition of shares of Common Stock upon settlement of the Purchase Contracts on the Purchase Contract Settlement Date or Early Settlement and for transfer of Collateral upon occurrence of a Termination Event, where Certificates may be surrendered for registration of transfer or exchange, for a Collateral Substitution or reestablishment of Stock Purchase Units and where notices and demands to or upon the Company in respect of the Securities and this Agreement may be served. The Company will give prompt written notice to the Purchase Contract Agent of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Purchase Contract Agent with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Purchase Contract Agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where Certificates may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, New York City for such purposes. The Company will give prompt written notice to the Purchase Contract Agent of any such designation or rescission and of any change in the location of any such other office or agency. The Company hereby designates as the place of payment for the Securities the Corporate Trust Office and appoints the Purchase Contract Agent at its Corporate Trust Office as paying agent in such city.

SECTION 10.03. Company to Reserve Common Stock.

The Company shall at all times prior to the Purchase Contract Settlement Date reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable against tender of payment in respect of all Purchase Contracts constituting a part of the Securities evidenced by Outstanding Certificates.

SECTION 10.04. Covenants as to Common Stock.

The Company covenants that all shares of Common Stock which may be issued against tender of payment in respect of any Purchase Contract constituting a part of the Outstanding Securities will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable.

SECTION 10.05. Statements of Officers of the Company as to Default.

The Company will deliver to the Purchase Contract Agent, within 120 days after the end of each fiscal year of the Company (which as of the date hereof is December 31) ending after the date hereof, an Officers' Certificate (one of the signers of which shall be the principal executive officer, principal financial officer or principal accounting officer of the Company), stating whether or not to the knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions hereof, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

SECTION 10.06. ERISA.

Each Holder from time to time of the Securities that is a Plan hereby represents that its acquisition of the Stock Purchase Units and the holding of the same satisfies the applicable fiduciary requirements of ERISA and that it is entitled to exemption relief from the prohibited transaction provisions of ERISA and the Code in accordance with one or more prohibited transaction exemptions or otherwise will not result in a nonexempt prohibited transaction.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE WILLIAMS COMPANIES, INC.

By: _____
Name:
Title:

[_____],
as Purchase Contract Agent

By: _____
Name:
Title:

EXHIBIT A

FACE OF STOCK PURCHASE UNITS CERTIFICATE

[THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (THE "DEPOSITARY"), OR A NOMINEE OF THE DEPOSITARY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

No. _____ CUSIP No. _____
Number of Stock Purchase Units: _____

THE WILLIAMS COMPANIES, INC.
STOCK PURCHASE UNITS

This Stock Purchase Units Certificate certifies that _____ is the registered Holder of the number of Stock Purchase Units set forth above. Each Stock Purchase Unit consists of (i) either (a) the beneficial ownership by the Holder of \$_____ principal amount of [Subordinated] Notes due 200_ (the "[SUBORDINATED] NOTES") of The Williams Companies, Inc., a Delaware corporation (the "COMPANY"), subject to the Pledge of such Note by such Holder pursuant to the Pledge Agreement, or (b) upon the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio by such Holder

pursuant to the Pledge Agreement, and (ii) the rights and obligations of the Holder under one Purchase Contract with the Company. All capitalized terms used herein which are defined in the Purchase Contract Agreement (as defined on the reverse hereof) have the meaning set forth therein.

Pursuant to the Pledge Agreement, the [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, constituting part of each Stock Purchase Unit evidenced hereby has been pledged to the Collateral Agent, for the benefit of the Company, to secure the obligations of the Holder under the Purchase Contract comprising part of such Stock Purchase Unit.

The Pledge Agreement provides that all payments of the principal amount with respect to any of the Pledged [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, or interest on any Pledged [Subordinated] Notes (as defined in the Pledge Agreement) or the appropriate Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio, as the case may be, constituting part of the Stock Purchase Units received by the Securities Intermediary shall be paid by wire transfer in same day funds (i) in the case of (A) interest on Pledged [Subordinated] Notes or cash distributions with respect to the appropriate Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio, as the case may be, and (B) any payments of the principal amount of any [Subordinated] Notes or liquidation amount with respect to the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, that have been released from the Pledge pursuant to the Pledge Agreement, to the Purchase Contract Agent to the account designated by the Purchase Contract Agent, no later than 2:00 p.m., New York City time, on the Business Day such payment is received by the Securities Intermediary (provided that in the event such payment is received by the Securities Intermediary on a day that is not a Business Day or after 12:30 p.m., New York City time, on a Business Day, then such payment shall be made no later than 10:30 a.m., New York City time, on the next succeeding Business Day) and (ii) in the case of payments of the principal amount of the [Subordinated] Notes or the liquidation amount with respect to the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, to the Company on the Purchase Contract Settlement Date (as described herein) in accordance with the terms of the Pledge Agreement, in full satisfaction of the respective obligations of the Holders of the Stock Purchase Units of which such Pledged [Subordinated] Notes or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, are a part under the Purchase Contracts forming a part of such Stock Purchase Units. Interest on the [Subordinated] Notes and distributions on the appropriate Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio, as the case may be, forming part of a Stock Purchase Unit evidenced hereby, which are payable quarterly in arrears on _____, _____, and _____ of _____, _____, and _____ of _____.

each year, commencing _____, 2002 (a "PAYMENT DATE"), shall, subject to receipt thereof by the Purchase Contract Agent from the Securities Intermediary, be paid to the Person in whose name this Stock Purchase Unit Certificate (or a Predecessor Stock Purchase Unit Certificate) is registered at the close of business on the Record Date for such Payment Date.

Each Purchase Contract evidenced hereby obligates the Holder of this Stock Purchase Units Certificate to purchase, and the Company to sell, on _____ (the "PURCHASE CONTRACT SETTLEMENT DATE"), at a price equal to \$__ (the "STATED AMOUNT"), a number of shares of Common Stock, without par value \$1.00 ("COMMON STOCK"), of the Company, equal to the Settlement Rate, unless on or prior to the Purchase Contract Settlement Date there shall have occurred a Termination Event or an Early Settlement with respect to the Stock Purchase Unit of which such Purchase Contract is a part, all as provided in the Purchase Contract Agreement and more fully described on the reverse hereof. The purchase price (the "PURCHASE PRICE") for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby, if not paid earlier, shall be paid on the Purchase Contract Settlement Date by application of payment received in respect of the principal amount with respect to any Pledged [Subordinated] Notes pursuant to the Remarketing or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, pledged to secure the obligations under such Purchase Contract of the Holder of the Stock Purchase Unit of which such Purchase Contract is a part.

The Company shall pay, on each Payment Date, in respect of each Purchase Contract forming part of a Stock Purchase Unit evidenced hereby, an amount (the "PURCHASE CONTRACT PAYMENTS") equal to ___% per year of the Stated Amount. Such Purchase Contract Payments shall be payable to the Person in whose name this Stock Purchase Units Certificate is registered at the close of business on the Record Date for such Payment Date. The Company may, at its option, defer such Purchase Contract Payments.

Interest on the [Subordinated] Notes and distributions on the Applicable Ownership Interest (as specified in clause (B) of the definition of such term) and the Purchase Contract Payments will be payable at the office of the Purchase Contract Agent in New York City or, at the option of the Company, by check mailed to the address of the Person entitled thereto as such address appears on the Security Register.

Reference is hereby made to the further provisions set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Purchase Contract Agent by manual signature, this Stock Purchase Units Certificate shall not be entitled to any benefit under the Pledge Agreement or the Purchase Contract Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

THE WILLIAMS COMPANIES, INC.

By: _____
Name:
Title:

HOLDER SPECIFIED ABOVE (as to obligations of such Holder under the Purchase Contracts)

By: [_____],
not individually but solely as
Attorney-in-Fact of such Holder

By: _____
Name:
Title:

DATED: _____

CERTIFICATE OF AUTHENTICATION
OF PURCHASE CONTRACT AGENT

This is one of the Stock Purchase Units Certificates referred to in the
within mentioned Purchase Contract Agreement.

By: [_____],
as Purchase Contract Agent

By: _____
Authorized Signatory

Dated: _____

(FORM OF REVERSE OF STOCK PURCHASE UNITS CERTIFICATE)

Each Purchase Contract evidenced hereby is governed by a Purchase Contract Agreement, dated as of _____, 2002 (as may be supplemented from time to time, the "PURCHASE CONTRACT AGREEMENT"), between the Company and [_____], as Purchase Contract Agent (including its successors hereunder, the "PURCHASE CONTRACT AGENT"), to which Purchase Contract Agreement and supplemental agreements thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Purchase Contract Agent, the Company, and the Holders and of the terms upon which the Stock Purchase Units Certificates are, and are to be, executed and delivered.

Unless a Cash Settlement or an Early Settlement has occurred, each Purchase Contract evidenced hereby obligates the Holder of this Stock Purchase Units Certificate to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount (the "PURCHASE PRICE"), a number of shares of Common Stock equal to the Settlement Rate, unless, prior to or on the Purchase Contract Settlement Date, there shall have occurred a Termination Event with respect to the Security of which such Purchase Contract is a part or an Early Settlement shall have occurred. The "SETTLEMENT RATE" is equal to:

(1) if the Applicable Market Value (as defined below) is greater than or equal to \$_____ (the "THRESHOLD APPRECIATION PRICE"), _____ shares of Common Stock per Purchase Contract;

(2) if the Applicable Market Value is less than the Threshold Appreciation Price but greater than \$_____ (the "REFERENCE PRICE"), the number of shares of Common Stock per Purchase Contract having a value, based on the Applicable Market Value, equal to \$25; and

(3) if the Applicable Market Value is less than or equal to the Reference Price, _____ share of Common Stock per Purchase Contract,

in each case subject to adjustment as provided in the Purchase Contract Agreement (and in each case rounded upward or downward to the nearest 1/10,000th of a share).

No fractional shares of Common Stock will be issued upon settlement of Purchase Contracts, as provided in Section 5.09 of the Purchase Contract Agreement.

Each Purchase Contract evidenced hereby, which is settled either through Early Settlement or Cash Settlement, shall obligate the Holder of the related Stock Purchase Unit to purchase at the Purchase Price, and the Company to sell, a number of shares of Common Stock equal to the Early Settlement Rate or Settlement Rate, as applicable.

The "APPLICABLE MARKET VALUE" means the average of the Closing Price per share of Common Stock on each of the 20 consecutive Trading Days ending on the third Trading Day immediately preceding the Purchase Contract Settlement Date.

The "CLOSING PRICE" per share of Common Stock on any date of determination means:

(1) the closing sale price as of the close of the principal trading session (or, if no closing price is reported, the last reported sale price) per share on the New York Stock Exchange, Inc. (the "NYSE") on such date;

(2) if Common Stock is not listed for trading on the NYSE on any such date, the closing sale price per share as reported in the composite transactions for the principal United States securities exchange on which Common Stock is so listed;

(3) if Common Stock is not so listed on a United States national or regional securities exchange, the closing sale price per share as reported by The Nasdaq National Market;

(4) if Common Stock is not so reported, the last quoted bid price for Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization; or

(5) if such bid price is not available, the average of the mid-point of the last bid and ask prices of Common Stock on such date from at least three nationally recognized independent investment banking firms retained for this purpose by the Company.

A "TRADING DAY" means a day on which Common Stock (1) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (2) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of Common Stock.

In accordance with the terms of the Purchase Contract Agreement, the Holder of this Stock Purchase Units Certificate may pay the Purchase Price for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby by effecting a Cash Settlement or an Early Settlement or from the proceeds of the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or a Remarketing of the related Pledged [Subordinated] Notes. A Holder of Stock Purchase Units who does not effect, on or prior to 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date (or in the event a Tax Event Redemption has occurred, the Business Day prior to the Purchase Contract Settlement Date), an effective Cash Settlement, or who does not effect on or prior to 5:00 p.m. (New York City time) on the seventh Business Day prior to the Purchase Contract Settlement Date an effective Early Settlement, shall pay the

Purchase Price for the shares of Common Stock to be delivered under the related Purchase Contract from the proceeds of the sale of the related Pledged [Subordinated] Notes held by the Collateral Agent. Such sale will be made by the Remarketing Agent pursuant to the terms of the Remarketing Agreement on the third Business Day prior to the Purchase Contract Settlement Date. If, as provided in the Purchase Contract Agreement, upon the occurrence of a Failed Remarketing, the Collateral Agent, for the benefit of the Company, exercises its rights as a secured creditor with respect to the Pledged [Subordinated] Notes related to this Stock Purchase Units certificate, any accrued and unpaid interest on such Pledged [Subordinated] Notes will become payable by the Company to the holder of this Stock Purchase Units Certificate in the manner provided for in the Purchase Contract Agreement.

The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates therefor to the Holder unless it shall have received payment of the aggregate purchase price for the shares of Common Stock to be purchased thereunder in the manner herein set forth.

Each Purchase Contract evidenced hereby and all obligations and rights of the Company and the Holder thereunder shall terminate if a Termination Event shall occur. Upon the occurrence of a Termination Event, the Company shall give written notice to the Purchase Contract Agent and to the Holders, at their addresses as they appear in the Security Register. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the Pledged [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio forming a part of each Stock Purchase Unit from the Pledge. A Stock Purchase Unit shall thereafter represent the right to receive the [Subordinated] Note or the appropriate Applicable Ownership Interest of the Treasury Portfolio forming a part of such Stock Purchase Unit in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement.

Under the terms of the Pledge Agreement, the Purchase Contract Agent will be entitled to exercise the voting and any other consensual rights pertaining to the Pledged [Subordinated] Notes. Upon receipt of notice of any meeting at which holders of [Subordinated] Notes are entitled to vote or upon the solicitation of consents, waivers or proxies of holders of [Subordinated] Notes, the Purchase Contract Agent shall, as soon as practicable thereafter, mail to the Stock Purchase Units Holders a notice:

(1) containing such information as is contained in the notice or solicitation;

(2) stating that each Stock Purchase Unit Holder on the record date set by the Purchase Contract Agent therefor (which, to the extent possible, shall be the same date as the record date for determining the holders of [Subordinated] Notes entitled to vote) shall be entitled to instruct the Purchase Contract Agent as to the exercise of the voting rights pertaining to the [Subordinated] Notes constituting a part of such Holder's Stock Purchase Unit; and

(3) stating the manner in which such instructions may be given.

Upon the written request of the Stock Purchase Unit Holders on such record date, the Purchase Contract Agent shall endeavor insofar as practicable to vote or cause to be voted, in accordance with the instructions set forth in such requests, the maximum number of [Subordinated] Notes as to which any particular voting instructions are received. In the absence of specific instructions from the Holder of a Stock Purchase Unit, the Purchase Contract Agent shall abstain from voting the [Subordinated] Note evidenced by such Stock Purchase Unit.

Upon the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, an amount equal to the Redemption Amount plus any accumulated and unpaid interest payable on the Tax Event Redemption Date with respect to the principal amount of the Notes shall be deposited in the Collateral Account in exchange for the Pledged [Subordinated] Notes. Thereafter, pursuant to the terms of the Pledge Agreement, the Collateral Agent shall cause the Securities Intermediary to apply an amount equal to the Redemption Amount of such funds to purchase on behalf of the Holders of Stock Purchase Units, the Treasury Portfolio and promptly (a) transfer the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio to the Collateral Account to secure the obligations of each Holder of Stock Purchase Units to purchase shares of Common Stock under the Purchase Contracts constituting a part of such Stock Purchase Units, (b) transfer the Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio to the Purchase Contract Agent for the benefit of the Holders of such Stock Purchase Units and (C) remit the remaining portion of such funds to the Purchase Contract Agent for payment to the Holders of such Stock Purchase Units.

Following the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, the Holders of Stock Purchase Units and the Collateral Agent shall have such security interest rights and obligations with respect to the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio as the Holder of Stock Purchase Units and the Collateral Agent had in respect of the [Subordinated] Notes, as the case may be, subject to the Pledge thereof as provided in the Pledge Agreement and any reference herein to the [Subordinated] Notes shall be deemed to be a reference to such Treasury Portfolio.

The Stock Purchase Certificates are issuable only in registered form and only in denominations of a single Stock Purchase Unit and any integral multiple thereof. The transfer of any Stock Purchase Units Certificate will be registered and Stock Purchase Units Certificates may be exchanged as provided in the Purchase Contract Agreement. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents permitted by the Purchase Contract Agreement. No service charge shall be required for any such registration of transfer or exchange, but the Company and the Purchase Contract Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. A Holder who elects to substitute a Treasury Security for a

[Subordinated] Note, thereby creating Treasury Stock Purchase Units, shall be responsible for any fees or expenses payable in connection therewith. Except as provided in the Purchase Contract Agreement, for so long as the Purchase Contract underlying a Stock Purchase Unit remains in effect, such Stock Purchase Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder of such Stock Purchase Unit in respect of the [Subordinated] Notes and Purchase Contract constituting such Stock Purchase Unit may be transferred and exchanged only as a Stock Purchase Unit.

The Holder of Stock Purchase Units may substitute for the Pledged [Subordinated] Notes securing such Holder's obligations under the related Purchase Contracts Treasury Securities in an aggregate principal amount equal to the aggregate principal amount of the Pledged [Subordinated] Notes in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement. From and after such Collateral Substitution, each Security for which such Pledged Treasury Securities secures the Holder's obligation under the Purchase Contract shall be referred to as a "TREASURY STOCK PURCHASE UNIT". A Holder may make such Collateral Substitution only in integral multiples of [40] Stock Purchase Units for [40] Treasury Stock Purchase Units.

A Holder of Treasury Stock Purchase Units may recreate Stock Purchase Units by delivering to the Securities Intermediary [Subordinated] Notes with an aggregate principal amount equal to the aggregate principal amount at maturity of the Pledged Treasury Securities in exchange for the release of such Pledged Treasury Securities in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement. A Holder may recreate Stock Purchase Units only in integral multiples of [40] Treasury Stock Purchase Units for [40] Stock Purchase Units.

If a Tax Event Redemption has occurred, a Stock Purchase Unit Holder may not create Treasury Stock Purchase Units, and a Treasury Stock Purchase Unit Holder may not recreate a Stock Purchase Unit.

The Company shall pay, on each Payment Date, the Purchase Contract Payments payable in respect of each Purchase Contract to the Person in whose name the Stock Purchase Units Certificate evidencing such Purchase Contract is registered at the close of business on the Record Date for such Payment Date. Purchase Contract Payments will be payable at the office of the Purchase Contract Agent in New York City or, at the option of the Holder, by check mailed to the address of the Person entitled thereto at such address as it appears on the Security Register.

The Company has the right to defer payment of all or part of the Purchase Contract Payments in respect of each Purchase Contract until no later than the Purchase Contract Settlement Date. If the Company so elects to defer Purchase Contract Payments, the Company shall pay additional Purchase Contract Payments on such deferred installments of Purchase Contract Payments at a rate equal to ___% per annum, compounding quarterly, until such deferred installments are paid. In the event that the Company elects to defer the payment of

Purchase Contract Payments on the Purchase Contracts until the Purchase Contract Settlement Date, each Holder will receive on the Purchase Contract Settlement Date the aggregate amount of accrued and unpaid Purchase Contract Payments.

The Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Purchase Contract Payments, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, on or prior to the Purchase Contract Settlement Date, a Termination Event shall have occurred. Upon the occurrence of a Termination Event, the Company shall promptly but in no event later than two Business Days thereafter give written notice to the Purchase Contract Agent, the Collateral Agent and the Holders, at their addresses as they appear in the Security Register. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, from the Pledge in accordance with the provisions of the Pledge Agreement.

Upon registration of transfer of this Stock Purchase Units Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee, except as may be required by the Purchase Contract Agent pursuant to the Purchase Contract Agreement), under the terms of the Purchase Contract Agreement and the Purchase Contracts evidenced hereby and the transferor shall be released from the obligations under the Purchase Contracts evidenced by this Stock Purchase Units Certificate. The Company covenants and agrees, and the Holder, by its acceptance hereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

The Holder of this Stock Purchase Units Certificate, by its acceptance hereof, authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contracts forming part of the Stock Purchase Units evidenced hereby on its behalf as its attorney-in-fact, expressly withholds any consent to the assumption (i.e., affirmance) of the Purchase Contracts by the Company or its trustee in the event that the Company becomes the subject of a case under the Bankruptcy Code, agrees to be bound by the terms and provisions thereof, covenants and agrees to perform his obligations under such Purchase Contracts, consents to the provisions of the Purchase Contract Agreement, authorizes the Purchase Contract Agent to enter into and perform the Purchase Contract Agreement and the Pledge Agreement on its behalf as its attorney-in-fact, and consents to the Pledge of the [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, underlying this Stock Purchase Units Certificate pursuant to the Pledge Agreement. The Holder further covenants and agrees that, to the extent and in the manner provided in the Purchase Contract Agreement and the Pledge Agreement, but subject to the terms thereof, payments in respect to the aggregate principal amount of the Pledged [Subordinated] Notes or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, on the Purchase Contract Settlement Date

shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Purchase Contract and such Holder shall acquire no right, title or interest in such payments.

Subject to certain exceptions, the provisions of the Purchase Contract Agreement may be amended with the consent of the Holders of a majority of the Purchase Contracts.

The Purchase Contracts shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

The Company, the Purchase Contract Agent and its Affiliates and any agent of the Company or the Purchase Contract Agent may treat the Person in whose name this Stock Purchase Units Certificate is registered as the owner of the Stock Purchase Units evidenced hereby for the purpose of receiving payments of interest payable on the [Subordinated] Notes, receiving payments of Purchase Contract Payments, performance of the Purchase Contracts and for all other purposes whatsoever, whether or not any payments in respect thereof be overdue and notwithstanding any notice to the contrary, and neither the Company, the Purchase Contract Agent nor any such agent shall be affected by notice to the contrary.

The Purchase Contracts shall not, prior to the settlement thereof, entitle the Holder to any of the rights of a holder of shares of Common Stock.

A copy of the Purchase Contract Agreement is available for inspection at the offices of the Purchase Contract Agent.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM: as tenants in common
 UNIF GIFT MIN ACT: Custodian

 (cust) (minor)
 Under Uniform Gifts to Minors Act of -----

TENANT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not
 as tenants in common

Additional abbreviations may also be used though not in the above list.

 FOR VALUE RECEIVED, the undersigned hereby sell(s),
 assign(s) and transfer(s) unto

 (Please insert Social Security or Taxpayer I.D. or other
 Identifying Number of Assignee)

 (Please Print or Type Name and Address Including Postal Zip Code of Assignee)

the within Stock Purchase Units Certificates and all rights thereunder, hereby
 irrevocably constituting and appointing attorney _____, to transfer
 said Stock Purchase Units Certificates on the books of The Williams Companies,
 Inc., with full power of substitution in the premises.

Dated: _____ Signature _____

NOTICE: The signature to this
 assignment must correspond with the
 name as it appears upon the face of
 the within Stock Purchase Units
 Certificates in every particular,
 without alteration or enlargement or
 any change whatsoever.

Signature Guarantee: _____

SETTLEMENT INSTRUCTIONS

The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon settlement on or after the Purchase Contract Settlement Date of the Purchase Contracts underlying the number of Stock Purchase Units evidenced by this Stock Purchase Units Certificate be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: _____

Signature
Signature Guarantee: _____
(if assigned to another person)

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

REGISTERED HOLDER
Please print name and address of Registered Holder:

Name

Name

Address

Address

Social Security or other
Taxpayer Identification
Number, if any

ELECTION TO SETTLE EARLY

The undersigned Holder of this Stock Purchase Units Certificate hereby irrevocably exercises the option to effect Early Settlement in accordance with the terms of the Purchase Contract Agreement with respect to the Purchase Contracts underlying the number of Stock Purchase Units evidenced by this Stock Purchase Units Certificate specified below. The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon such Early Settlement be registered in the name of, and delivered, together with a check in payment for any fractional share and any Stock Purchase Units Certificate representing any Stock Purchase Units evidenced hereby as to which Early Settlement of the related Purchase Contracts is not effected, to the undersigned at the address indicated below unless a different name and address have been indicated below. Pledged [Subordinated] Notes or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, deliverable upon such Early Settlement will be transferred in accordance with the transfer instructions set forth below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: _____
Signature

Signature Guarantee: _____

Number of Securities evidenced hereby as to which Early Settlement of the related Purchase Contracts is being elected:

If shares of Common Stock or Stock Purchase Units Certificates are to be registered in the name of and delivered to and Pledged [Subordinated] Notes or the Applicable Ownership Interest of the Treasury Portfolio, as the case may be, are to be transferred to a Person other than the Holder, please print such Person's name and address:

REGISTERED HOLDER

Please print name and address of Registered Holder:

Name

Name

Address

Address

Social Security or other
Taxpayer Identification
Number, if any

Transfer Instructions for Pledged [Subordinated] Notes or the Applicable
Ownership Interest of the Treasury Portfolio, as the case may be, transferable
upon Early Settlement or a Termination Event:

-
-
-

FACE OF TREASURY STOCK PURCHASE CERTIFICATE

[THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (THE "DEPOSITARY"), OR A NOMINEE OF THE DEPOSITARY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

No. _____ CUSIP No. _____

Number of Treasury Stock Purchase Units: _____

THE WILLIAMS COMPANIES, INC.
TREASURY STOCK PURCHASE UNITS

This Treasury Stock Purchase Units Certificate certifies that _____ is the registered Holder of the number of Treasury Stock Purchase Units set forth above. Each Treasury Stock Purchase Unit consists of (i) a [1/40] undivided beneficial ownership interest of a Treasury Security having a principal amount at maturity equal to \$1,000, subject to the Pledge of such Treasury Security by such Holder pursuant to the Pledge Agreement, and (ii) the rights and obligations of the Holder under one Purchase Contract with The Williams Companies, Inc., a Delaware corporation (the "COMPANY"). All capitalized terms used herein which are defined in the Purchase Contract Agreement (as defined on the reverse hereof) have the meaning set forth therein.

Pursuant to the Pledge Agreement, the Treasury Securities constituting part of each Treasury Stock Purchase Unit evidenced hereby have been pledged to the Collateral Agent, for the benefit of the Company, to secure the obligations of the Holder under the Purchase Contract comprising part of such Treasury Stock Purchase Unit. Each Purchase Contract evidenced hereby obligates the Holder of this Treasury Stock Purchase Units Certificate to purchase, and the Company, to sell, on _____ (the "PURCHASE CONTRACT SETTLEMENT DATE"), at a price equal to \$__ (the "STATED AMOUNT"), a number of shares of Common Stock, without par value ("COMMON STOCK"), of the Company, equal to the Settlement Rate, unless prior to or on the Purchase Contract Settlement Date there shall have occurred a Termination Event or an Early Settlement with respect to the Treasury Stock Purchase Unit of which such Purchase Contract is a part, all as provided in the Purchase Contract Agreement and more fully described on the reverse hereof. The purchase price (the "PURCHASE PRICE") for the shares of Common Stock purchased pursuant to each Purchase Contract evidenced hereby, if not paid earlier, shall be paid on the Purchase Contract Settlement Date by application of the proceeds from the Treasury Securities at maturity pledged to secure the obligations of the Holder under such Purchase Contract of the Treasury Stock Purchase Unit of which such Purchase Contract is a part.

The Company shall pay, on each Payment Date, in respect of each Purchase Contract forming part of a Treasury Stock Purchase Unit evidenced hereby, an amount (the "PURCHASE CONTRACT PAYMENTS") equal to ___% per year of the Stated Amount. Such Purchase Contract Payments shall be payable to the Person in whose name this Treasury Stock Purchase Units Certificate is registered at the close of business on the Record Date for such Payment Date. The Company may, at its option, defer such Purchase Contract Payments.

Interest on the [Subordinated] Notes and distributions with respect to the Applicable Ownership Interest (as specified in clause (B) of the definition of such term) and the Purchase Contract Payments will be payable at the office of the Purchase Contract Agent in New York City or, at the option of the Company, by check mailed to the address of the Person entitled thereto as such address appears on the Security Register.

Reference is hereby made to the further provisions set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Purchase Contract Agent by manual signature, this Treasury Stock Purchase Units Certificate shall not be entitled to any benefit under the Pledge Agreement or the Purchase Contract Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

THE WILLIAMS COMPANIES, INC.

By: _____

Name:
Title:

HOLDER SPECIFIED ABOVE (as to obligations of such Holder under the Purchase Contracts)

By: [_____],
not individually but solely as
Attorney-in-Fact of such Holder

By: _____

Name:
Title:

Dated: _____

CERTIFICATE OF AUTHENTICATION OF
PURCHASE CONTRACT AGENT

This is one of the Treasury Stock Purchase Units referred to in the
within-mentioned Purchase Contract Agreement.

By: [_____],
as Purchase Contract Agent

By: _____
Authorized Signatory

Dated: _____

(REVERSE OF TREASURY STOCK PURCHASE UNITS CERTIFICATE)

Each Purchase Contract evidenced hereby is governed by a Purchase Contract Agreement, dated as of _____, 2002 (as may be supplemented from time to time, the "PURCHASE CONTRACT AGREEMENT") between the Company and [_____], as Purchase Contract Agent (including its successors thereunder, herein called the "PURCHASE CONTRACT AGENT"), to which the Purchase Contract Agreement and supplemental agreements thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Purchase Contract Agent, the Company and the Holders and of the terms upon which the Treasury Stock Purchase Units Certificates are, and are to be, executed and delivered.

Unless a Cash Settlement or an Early Settlement has occurred, each Purchase Contract evidenced hereby obligates the Holder of this Treasury Stock Purchase Units Certificate to purchase, and the Company to sell, on the Purchase Contract Settlement Date at a price equal to the Stated Amount (the "PURCHASE PRICE") a number of shares of Common Stock equal to the Settlement Rate, unless prior to the Purchase Contract Settlement Date, there shall have occurred a Termination Event with respect to the Security of which such Purchase Contract is a part or an Early Settlement shall have occurred. The "SETTLEMENT RATE" is equal to:

(1) if the Applicable Market Value (as defined below) is greater than or equal to \$_____ (the "THRESHOLD APPRECIATION PRICE"), _____ share of Common Stock per Purchase Contract;

(2) if the Applicable Market Value is less than the Threshold Appreciation Price but greater than \$_____ (the "REFERENCE PRICE"), the number of shares of Common Stock per Purchase Contract having a value, based on the Applicable Market Value, equal to \$25; and

(3) if the Applicable Market Value is less than or equal to the Reference Price, then _____ share of Common Stock per Purchase Contract,

in each case subject to adjustment as provided in the Purchase Contract Agreement (and in each case rounded upward or downward to the nearest 1/10,000th of a share).

No fractional shares of Common Stock will be issued upon settlement of Purchase Contracts, as provided in Section 5.09 of the Purchase Contract Agreement.

Each Purchase Contract evidenced hereby, which is settled either through Early Settlement or Cash Settlement, shall obligate the Holder of the related Treasury Stock Purchase Unit to purchase at the Purchase Price for cash, and the Company to sell, a number of shares of Common Stock equal to the Early Settlement Rate or the Settlement Rate, as applicable.

The "APPLICABLE MARKET VALUE" means the average of the Closing Prices per share of Common Stock on each of the 20 consecutive Trading Days ending on the third Trading Day immediately preceding the Purchase Contract Settlement Date.

The "CLOSING PRICE" per share of Common Stock on any date of determination means the:

(1) closing sale price as of the close of the principal trading session (or, if no closing price is reported, the last reported sale price) per share on the New York Stock Exchange, Inc. (the "NYSE") on such date;

(2) if the Common Stock is not listed for trading on the NYSE on any such date, the closing sale price per share as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is so listed;

(3) if the Common Stock is not so listed on a United States national or regional securities exchange, the closing sale price per share as reported by The Nasdaq National Market;

(4) if the Common Stock is not so reported, the last quoted bid price for the Common Stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization; or

(5) if such bid price is not available, the average of the mid-point of the last bid and ask prices of the Common Stock on such date from at least three nationally recognized independent investment banking firms retained for this purpose by the Company.

A "TRADING DAY" means a day on which the Common Stock (1) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (2) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

In accordance with the terms of the Purchase Contract Agreement, the Holder of this Treasury Stock Purchase Unit shall pay the Purchase Price for the shares of the Common Stock purchased pursuant to each Purchase Contract evidenced hereby either by effecting a Cash Settlement or an Early Settlement of each such Purchase Contract or by applying a principal amount of the Pledged Treasury Securities underlying such Holder's Treasury Stock Purchase Unit equal to the Stated Amount of such Purchase Contract to the purchase of the Common Stock. A Holder of Treasury Stock Purchase Unit who does not effect, prior to or on 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, an effective Cash Settlement, or who does not effect on or prior to 5:00 p.m.

(New York City time) on the seventh Business Day prior to the Purchase Contract Settlement Date an effective Early Settlement, shall pay the Purchase Price for the shares of Common Stock to be issued under the related Purchase Contract from the proceeds of the Pledged Treasury Securities.

The Company shall not be obligated to issue any shares of Common Stock in respect of a Purchase Contract or deliver any certificates therefor to the Holder unless it shall have received payment of the aggregate purchase price for the shares of Common Stock to be purchased thereunder in the manner herein set forth.

Each Purchase Contract evidenced hereby and all obligations and rights of the Company and the Holder thereunder shall terminate if a Termination Event shall occur. Upon the occurrence of a Termination Event, the Company shall give written notice to the Purchase Contract Agent and to the Holders, at their addresses as they appear in the Security Register. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the Pledged Treasury Securities (as defined in the Pledge Agreement) forming a part of each Treasury Stock Purchase Unit. A Treasury Stock Purchase Unit shall thereafter represent the right to receive the interest in the Treasury Security forming a part of such Treasury Stock Purchase Unit, in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement.

The Treasury Stock Purchase Units Certificates are issuable only in registered form and only in denominations of a single Treasury Stock Purchase and any integral multiple thereof. The transfer of any Treasury Stock Purchase Certificate will be registered and Treasury Stock Purchase Certificates may be exchanged as provided in the Purchase Contract Agreement. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents permitted by the Purchase Contract Agreement. No service charge shall be required for any such registration of transfer or exchange, but the Company and the Purchase Contract Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. A Holder who elects to substitute [Subordinated] Notes, for Treasury Securities, thereby recreating Stock Purchase Units, shall be responsible for any fees or expenses associated therewith. Except as provided in the Purchase Contract Agreement, for so long as the Purchase Contract underlying a Treasury Stock Purchase Unit remains in effect, such Treasury Stock Purchase Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder of such Treasury Stock Purchase Unit in respect of the Treasury Security and the Purchase Contract constituting such Treasury Stock Purchase Unit may be transferred and exchanged only as a Treasury Stock Purchase Unit.

A Holder of Treasury Stock Purchase Units may recreate Stock Purchase Units by delivering to the Securities Intermediary [Subordinated] Notes with an aggregate principal amount, equal to the aggregate principal amount at maturity of the Pledged Treasury Securities in exchange for the release of such Pledged Treasury Securities in accordance with the terms of the

Purchase Contract Agreement and the Pledge Agreement. From and after such substitution, the Holder's Security shall be referred to as a "STOCK PURCHASE UNIT". Any such creation of Stock Purchase Units may be effected only in multiples of [40] Treasury Stock Purchase Units for [40] Stock Purchase Units.

A Holder of Stock Purchase Units may recreate Treasury Stock Purchase Units by delivering to the Securities Intermediary Treasury Securities in an aggregate principal amount equal to the aggregate principal amount at maturity of the Pledged [Subordinated] Notes, as the case may be, in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement. Any such recreation of Treasury Stock Purchase Units may be effected only in multiples of [40] Stock Purchase Units for [40] Treasury Stock Purchase Units.

If a Tax Event Redemption has occurred, a Treasury Stock Purchase Unit Holder may not recreate Stock Purchase Units, and a Stock Purchase Unit Holder may not create a Treasury Stock Purchase Unit.

The Company shall pay, on each Payment Date, the Purchase Contract Payments payable in respect of each Purchase Contract to the Person in whose name the Treasury Stock Purchase Units Certificate evidencing such Purchase Contract is registered at the close of business on the Record Date for such Payment Date. Purchase Contract Payments will be payable at the office of the Purchase Contract Agent in New York City or, at the option of the Holder, by check mailed to the address of the Person entitled thereto at such address as it appears on the Security Register.

The Company has the right to defer payment of all or part of the Purchase Contract Payments in respect of each Purchase Contract until no later than the Purchase Contract Settlement Date. If the Company so elects to defer Purchase Contract Payments, the Company shall pay additional Purchase Contract Payments on such deferred installments of Purchase Contract Payments at a rate equal to ___% per annum, compounding quarterly, until such deferred installments are paid. In the event that the Company elects to defer the payment of Purchase Contract Payments on the Purchase Contracts until the Purchase Contract Settlement Date), each Holder will receive on the Purchase Contract Settlement Date the aggregate amount of accrued and unpaid Purchase Contract Payments.

The Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Purchase Contract Payments, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, on or prior to the Purchase Contract Settlement Date, a Termination Event shall have occurred. Upon the occurrence of a Termination Event, the Company shall promptly but in no event later than two Business Days thereafter give written notice to the Purchase Contract Agent, the Collateral Agent and the Holders, at their addresses as they appear in the Security Register. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the Treasury Securities from the Pledge in accordance with the provisions of

the Pledge Agreement. A Treasury Stock Purchase Unit shall thereafter represent the right to receive the interest in the Treasury Security forming a part of such Treasury Stock Purchase Unit, in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement.

Upon registration of transfer of this Treasury Stock Purchase Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee, except as may be required by the Purchase Contract Agent pursuant to the Purchase Contract Agreement), under the terms of the Purchase Contract Agreement and the Purchase Contracts evidenced hereby and the transferor shall be released from the obligations under the Purchase Contracts evidenced by this Treasury Stock Purchase Units Certificate. The Company covenants and agrees, and the Holder, by its acceptance hereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

The Holder of this Treasury Stock Purchase Units Certificate, by its acceptance hereof, authorizes the Purchase Contract Agent to enter into and perform the related Purchase Contracts forming part of the Treasury Stock Purchase Units evidenced hereby on its behalf as its attorney-in-fact, expressly withholds any consent to the assumption (i.e., affirmance) of the Purchase Contracts by the Company or its trustee in the event that the Company becomes the subject of a case under the Bankruptcy Code, agrees to be bound by the terms and provisions thereof, covenants and agrees to perform its obligations under such Purchase Contracts, consents to the provisions of the Purchase Contract Agreement, authorizes the Purchase Contract Agent to enter into and perform the Purchase Contract Agreement and the Pledge Agreement on its behalf as its attorney-in-fact, and consents to the Pledge of the Treasury Securities underlying this Treasury Stock Purchase Units Certificate pursuant to the Pledge Agreement. The Holder further covenants and agrees, that, to the extent and in the manner provided in the Purchase Contract Agreement and the Pledge Agreement, but subject to the terms thereof, payments in respect to the aggregate principal amount of the Pledged Treasury Securities on the Purchase Contract Settlement Date shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Purchase Contract and such Holder shall acquire no right, title or interest in such payments.

Subject to certain exceptions, the provisions of the Purchase Contract Agreement may be amended with the consent of the Holders of a majority of the Purchase Contracts.

The Purchase Contracts shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

The Company, the Purchase Contract Agent and its Affiliates and any agent of the Company or the Purchase Contract Agent may treat the Person in whose name this Treasury Stock Purchase Units Certificate is registered as the owner of the Treasury Stock Purchase Units evidenced hereby for the purpose of receiving payments of interest on the Treasury Securities, receiving payments of Purchase Contract Payments, performance of the Purchase Contracts and

for all other purposes whatsoever, whether or not any payments in respect thereof be overdue and notwithstanding any notice to the contrary, and neither the Company, the Purchase Contract Agent nor any such agent shall be affected by notice to the contrary.

The Purchase Contracts shall not, prior to the settlement thereof, entitle the Holder to any of the rights of a holder of shares of Common Stock.

A copy of the Purchase Contract Agreement is available for inspection at the offices of the Purchase Contract Agent.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM: as tenants in common
- UNIF GIFT MIN ACT: Custodian

(cust) (minor)
Under Uniform Gifts to Minors Act of -----

- TENANT: as tenants by the entireties
- JT TEN: as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

(Please Print or Type Name and Address Including Postal Zip Code of Assignee)

the within Treasury Stock Purchase Units Certificates and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Treasury Stock Purchase Units Certificates on the books of The Williams Companies, Inc., with full power of substitution in the premises.

Dated: _____
Signature

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Treasury Stock Purchase Units Certificates in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: _____

SETTLEMENT INSTRUCTIONS

The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon settlement on or after the Purchase Contract Settlement Date of the Purchase Contracts underlying the number of Treasury Stock Purchase Units evidenced by this Treasury Stock Purchase Units Certificate be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: _____

Signature
Signature Guarantee: _____
(if assigned to another person)

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

REGISTERED HOLDER
Please print name and address of Registered Holder:

Name

Name

Address

Address

Social Security or other
Taxpayer Identification
Number, if any

ELECTION TO SETTLE EARLY

The undersigned Holder of this Treasury Stock Purchase Units Certificate hereby irrevocably exercises the option to effect Early Settlement in accordance with the terms of the Purchase Contract Agreement with respect to the Purchase Contracts underlying the number of Treasury Stock Purchase Units evidenced by this Treasury Stock Purchase Units Certificate specified below. The option to effect Early Settlement may be exercised only with respect to Purchase Contracts underlying Treasury Stock Purchase Units with an aggregate Stated Amount equal to \$1,000 or an integral multiple thereof. The undersigned Holder directs that a certificate for shares of Common Stock deliverable upon such Early Settlement be registered in the name of, and delivered, together with a check in payment for any fractional share and any Treasury Stock Purchase Units Certificate representing any Treasury Stock Purchase Units evidenced hereby as to which Early Settlement of the related Purchase Contracts is not effected, to the undersigned at the address indicated below unless a different name and address have been indicated below. Pledged Treasury Securities deliverable upon such Early Settlement will be transferred in accordance with the transfer instructions set forth below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: _____
Signature

Signature Guarantee: _____

Number of Securities evidenced hereby as to which Early Settlement of the related Purchase Contracts is being elected:

If shares of Common Stock or Treasury Stock Purchase Units Certificates are to be registered in the name of and delivered to and Pledged Treasury Securities are to be transferred to a Person other than the Holder, please print such Person's name and address:

REGISTERED HOLDER

Please print name and address of Registered Holder:

Name

Name

Address

Address

Social Security or other
Taxpayer Identification

Number, if any

Transfer Instructions for Pledged Treasury Securities Transferable Upon or Early Settlement or a Termination Event:

-
-
-

[TO BE ATTACHED TO GLOBAL CERTIFICATES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL CERTIFICATE

The following increases or decreases in this Global Certificate have been made:

Date	Amount of increase in Number of Treasury Stock Purchase Units evidenced by the Global Certificate	Amount of decrease in Number of Treasury Stock Purchase Units evidenced by the Global Certificate	Number of Treasury Stock Purchase Units evidenced by this Global Certificate following such decrease or increase	Signature of authorized signatory of Trustee or Securities Custodian

INSTRUCTION TO PURCHASE CONTRACT AGENT

[]
[]
[]
Attention: Corporate Trust Department

Re: [] Stock Purchase Units] [] Treasury Stock Purchase Units] of The Williams Companies, Inc., a Delaware corporation (the "COMPANY").

The undersigned Holder hereby notifies you that it has delivered to [], as Securities Intermediary, for credit to the Collateral Account, \$_____ aggregate [principal] amount of [[Subordinated] Notes] [Treasury Securities] in exchange for the [Pledged [Subordinated] Notes] [Pledged Treasury Securities] held in the Collateral Account, in accordance with the Pledge Agreement, dated as of _____, 2002 (the "PLEDGE AGREEMENT"; unless otherwise defined herein, terms defined in the Pledge Agreement are used herein as defined therein), between you, the Company, the Collateral Agent and the Securities Intermediary. The undersigned Holder has paid all applicable fees relating to such exchange. The undersigned Holder hereby instructs you to instruct the Collateral Agent to release to you on behalf of the undersigned Holder the [Pledged [Subordinated] Notes] [Pledged Treasury Securities] related to such [Stock Purchase Units] [Treasury Stock Purchase Units].

Date: _____
Signature
Signature Guarantee: _____

Please print name and address of Registered Holder:

- -----
Name

- -----
Social Security or other Taxpayer
Identification Number, if any

Address

- -----
- -----
- -----
- -----

NOTICE FROM PURCHASE CONTRACT AGENT
TO HOLDERS
(Transfer of Collateral upon Occurrence of a Termination Event)

[HOLDER]

- - - - -
- - - - -

Attention:
Telecopy: _____

Re: [_____ Stock Purchase Units] [_____ Treasury Stock
Purchase Units] of The Williams Companies, Inc., a
Delaware corporation (the "COMPANY")

Please refer to the Purchase Contract Agreement, dated as of
_____, 2002 (the "PURCHASE CONTRACT AGREEMENT"; unless otherwise defined
herein, terms defined in the Purchase Contract Agreement are used herein as
defined therein), between the Company and the undersigned, as Purchase Contract
Agent and as attorney-in-fact for the holders of Stock Purchase Units and
Treasury Stock Purchase Units from time to time.

We hereby notify you that a Termination Event has occurred and that
[the [Subordinated] Notes][the Treasury Securities] underlying your ownership
interest in _____ [Stock Purchase Units] [Treasury Stock Purchase Units] have
been released and are being held by us for your account pending receipt of
transfer instructions with respect to such [[Subordinated] Notes][Treasury
Securities] (the "RELEASED SECURITIES").

Pursuant to Section 3.15 of the Purchase Contract Agreement, we hereby
request written transfer instructions with respect to the Released Securities.
Upon receipt of your instructions and upon transfer to us of your [Stock
Purchase Units][Treasury Stock Purchase Units] effected through book-entry or by
delivery to us of your [Stock Purchase Units Certificate][Treasury Stock
Purchase Units Certificate], we shall transfer the Released Securities by
book-entry transfer or other appropriate procedures, in accordance with your
instructions. In the event you fail to effect such transfer or delivery, the
Released Securities and any distributions thereon, shall be held in our name, or
a nominee in trust for your benefit, until such time as such [Stock Purchase
Units][Treasury Stock Purchase Units] are transferred or your [Stock Purchase
Units Certificate] [Treasury Stock Purchase Units Certificate] is surrendered or
satisfactory evidence is provided that such [Stock Purchase Units
Certificate][Treasury Stock Purchase Units Certificate] has been destroyed, lost
or stolen, together with any indemnification that we or the Company may require.

Date:

By: []

Name:
Title: Authorized Signatory

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NOTICE TO SETTLE BY CASH

[]
[]
[]
Attention: Corporate Trust Department

Re: [] Stock Purchase Units] [Treasury Stock
Purchase Units] of The Williams Companies, Inc., a
Delaware corporation (the "COMPANY")

The undersigned Holder hereby irrevocably notifies you in accordance with Section 5.02 of the Purchase Contract Agreement, dated as of _____, 2002 (the "PURCHASE CONTRACT AGREEMENT"; unless otherwise defined herein, terms defined in the Purchase Contract Agreement are used herein as defined therein), between the Company and you, as Purchase Contract Agent and as Attorney-in-Fact for the Holders of the Purchase Contracts, that such Holder has elected to pay to the Securities Intermediary for deposit in the Collateral Account, prior to or on 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date (in lawful money of the United States by certified or cashiers' check or wire transfer, in immediately available funds), \$_____ as the Purchase Price for the shares of Common Stock issuable to such Holder by the Company under the related Purchase Contracts on the Purchase Contract Settlement Date. The undersigned Holder hereby instructs you to notify promptly the Collateral Agent of the undersigned Holders' election to make such cash settlement with respect to the Purchase Contracts related to such Holder's [Stock Purchase Units] [Treasury Stock Purchase Units].

Date: _____
Signature

Signature Guarantee: _____

Please print name and address of Registered Holder:

NOTICE FROM PURCHASE CONTRACT AGENT
TO COLLATERAL AGENT AND PROPERTY TRUSTEE
(Settlement of Purchase Contract through Remarketing)

[]
[]
[]
[]
[]

Attention:
Telecopy:

[]
[]
[]

Attention:
Telecopy:

Re: _____ Stock Purchase Units of The Williams
Companies, Inc., a Delaware corporation (the "COMPANY")

Please refer to the Purchase Contract Agreement, dated as of _____,
2002 (the "PURCHASE CONTRACT AGREEMENT"; unless otherwise defined herein, terms
defined in the Purchase Contract Agreement are used herein as defined therein),
between the Company and the undersigned, as Purchase Contract Agent and as
attorney-in-fact for the Holders of Stock Purchase Units from time to time.

In accordance with Section 5.02 of the Purchase Contract Agreement and,
based on instructions and Cash Settlements received from Holders of Stock
Purchase Units as of 11:00 a.m. (New York City time), the fifth Business Day
preceding the Purchase Contract Settlement Date, we hereby notify you that
_____ [[Subordinated] Notes] are to be tendered for purchase in the
Remarketing.

Date: _____ By: [_____]

Name:
Title: Authorized Signatory

THE WILLIAMS COMPANIES, INC.

and

[_____], as Collateral Agent

and

[_____], as Securities Intermediary

and

[_____], as Purchase Contract Agent

PLEDGE AGREEMENT

Dated as of _____, 2002

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PLEDGE AGREEMENT

PLEDGE AGREEMENT, dated as of _____, 2002, among THE WILLIAMS COMPANIES, INC., a Delaware corporation (the "COMPANY"), [_____], a _____ banking association, as collateral agent (in such capacity, together with its successors in such capacity, the "COLLATERAL AGENT"), [_____], a _____ banking association, as securities intermediary with respect to the Collateral Account (in such capacity, together with its successors in such capacity, the "SECURITIES INTERMEDIARY"), and [_____], an _____ banking corporation, as purchase contract agent and as attorney-in-fact of the Holders from time to time of the Securities under the Purchase Contract Agreement (in such capacity, together with its successors in such capacity, the "PURCHASE CONTRACT AGENT").

RECITALS

The Company and the Purchase Contract Agent are parties to the Purchase Contract Agreement dated as of the date hereof (as modified and supplemented and in effect from time to time, the "PURCHASE CONTRACT AGREEMENT"), pursuant to which there may be issued up to _____ Stock Purchase Units (the "SECURITIES").

Each Stock Purchase Unit, at issuance, consists of a unit comprised of (a) a stock purchase contract (the "PURCHASE CONTRACT") under which the Holder will purchase from the Company on the Purchase Contract Settlement Date, for an amount equal to \$[_____] (the "STATED AMOUNT"), a number of shares of The Williams Companies, Inc. common stock, par value \$1.00 ("COMMON STOCK"), equal to the Settlement Rate, and (b) either beneficial ownership of a Note (as defined below).

Pursuant to the terms of the Purchase Contract Agreement and the Purchase Contracts, the Holders of the Securities have irrevocably authorized the Purchase Contract Agent, as attorney-in-fact of such Holders, among other things, to execute and deliver this Agreement on behalf of such Holders and to grant the pledge provided herein of the Collateral Account to secure the obligations.

Accordingly, the Company, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent, on its own behalf and as attorney-in-fact of the Holders from time to time of the Securities, agree as follows:

ARTICLE 1
DEFINITIONS

SECTION 1.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) the words "HEREIN," "HEREOF" and "HEREUNDER" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision;

(c) the following terms which are defined in the UCC shall have the meanings set forth therein: "CERTIFICATED SECURITY," "CONTROL," "FINANCIAL ASSET," "ENTITLEMENT ORDER," "SECURITIES ACCOUNT" and "SECURITY ENTITLEMENT";

(d) the following terms have the meanings assigned to them in the Purchase Contract Agreement: "ACT," "APPLICABLE OWNERSHIP INTEREST," "BANKRUPTCY CODE," "BOARD RESOLUTION," "BUSINESS DAY," "CASH SETTLEMENT," "CERTIFICATE," "EARLY SETTLEMENT," "EARLY SETTLEMENT DATE," "FAILED REMARKETING," "HOLDER," "OFFICERS' CERTIFICATE," "OPINION OF COUNSEL," "OUTSTANDING SECURITIES," "PURCHASE CONTRACT," "PURCHASE CONTRACT SETTLEMENT DATE," "PURCHASE PRICE," "REDEMPTION AMOUNT," "REDEMPTION PRICE," "REMARKETING AGENT," "REMARKETING AGREEMENT," "SETTLEMENT RATE," "STOCK PURCHASE UNIT," "[SUBORDINATED] NOTES," "TAX EVENT," "TAX EVENT REDEMPTION," "TAX EVENT REDEMPTION DATE," "TERMINATION EVENT," "TREASURY STOCK PURCHASE UNIT," and "UNDERWRITING AGREEMENT"; and

(e) the following terms have the meanings given to them in this Section 1.01(e):

"AGREEMENT" means this Pledge Agreement, as the same may be amended, modified or supplemented from time to time.

"CASH" means any coin or currency of the United States as at the time shall be legal tender for payment of public and private debts.

"COLLATERAL ACCOUNT" means the collective reference to:

(i) the securities account of [], as Collateral Agent, maintained by the Securities Intermediary and designated "[], as Collateral Agent of The

Williams Companies, Inc., as pledgee of [], as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders";

(ii) all investment property and other financial assets from time to time credited to the Collateral Account, including, without limitation, (A) the [Subordinated] Notes and security entitlements relating thereto which are a component of the Stock Purchase Units from time to time, (B) the Applicable Ownership Interests (as specified in Clause (A) of the definition of such term) of the Holders with respect to the Treasury Portfolio which are a component of the Stock Purchase Units from time to time; (C) any Treasury Securities and security entitlements relating thereto delivered from time to time upon establishment of Treasury Stock Purchase Units in accordance with Section 5.02 hereof and (E) payments made by Holders pursuant to Section 5.05 hereof;

(iii) all Proceeds of any of the foregoing (whether such Proceeds arise before or after the commencement of any proceeding under any applicable bankruptcy, insolvency or other similar law, by or against the pledgor or with respect to the pledgor); and

(iv) all powers and rights now owned or hereafter acquired under or with respect to the Collateral Account

((ii), (iii) and (iv), being collectively referred to as the "COLLATERAL").

"COMPANY" means the Person named as the "Company" in the first paragraph of this instrument until a successor shall have become such, and thereafter "Company" shall mean such successor.

"OBLIGATIONS" means, with respect to each Holder, the collective reference to all obligations and liabilities of such Holder under such Holder's Purchase Contract, the Purchase Contract Agreement, and this Agreement or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest (including, without limitation, interest accruing before and after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Holder, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Company or the Collateral Agent or the Securities Intermediary that are required to be paid by the Holder pursuant to the terms of any of the foregoing agreements).

"PERMITTED INVESTMENTS" means any one of the following which shall mature not later than the next succeeding Business Day:

(1) any evidence of indebtedness with an original maturity of 365 days or less issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support of the timely payment thereof or such indebtedness constitutes a general obligation of it);

(2) deposits, certificates of deposit or acceptances with an original maturity of 365 days or less of any institution which is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$200.0 million at the time of deposit (and which may include the Collateral Agent);

(3) investments with an original maturity of 365 days or less of any Person that is fully and unconditionally guaranteed by a bank referred to in clause (2);

(4) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed as to timely payment by the full faith and credit of the United States Government;

(5) investments in commercial paper, other than commercial paper issued by the Company or its affiliates, of any corporation incorporated under the laws of the United States or any State thereof, which commercial paper has a rating at the time of purchase at least equal to "A-1" by Standard & Poor's Ratings Services ("S&P") or at least equal to "P-1" by Moody's Investors Service, Inc. ("MOODY'S"); and

(6) investments in money market funds (including, but not limited to, money market funds managed by the Collateral Agent or an affiliate of the Collateral Agent) registered under the Investment Company Act of 1940, as amended, rated in the highest applicable rating category by S&P or Moody's.

"PERSON" means any legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PLEDGE" means the lien and security interest created by this Agreement.

"PLEDGED [SUBORDINATED] NOTES" means [Subordinated] Notes and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge.

"PLEDGED TREASURY SECURITIES" means Treasury Securities and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge.

"PROCEEDS" has the meaning ascribed thereto in the UCC and includes, without limitation, all interest, dividends, cash, instruments, securities, financial assets (as defined in Section 8-102(a)(9) of the UCC) and other property received, receivable or otherwise distributed upon the sale, exchange, collection or disposition of any financial assets from time to time held in the Collateral Account.

"PURCHASE CONTRACT AGENT" has the meaning specified in the paragraph preceding the recitals of this Agreement.

"TRADES" means the Treasury/Reserve Automated Debt Entry System maintained by the Federal Reserve Bank of New York pursuant to the TRADES Regulations.

"TRADES REGULATIONS" means the regulations of the United States Department of the Treasury, published at 31 C.F.R. Part 357, as amended from time to time. Unless otherwise defined herein, all terms defined in the TRADES Regulations are used herein as therein defined.

"TRANSFER" means in the case of certificated securities in registered form, delivery as provided in Section 8-301(a) of the UCC, indorsed to the transferee or in blank by an effective endorsement; in the case of Treasury Securities, registration of the transferee as the owner of such Treasury Securities on TRADES; and in the case of security entitlements, including, without limitation, security entitlements with respect to Treasury Securities, a securities intermediary indicating by book entry that such security entitlement has been credited to the transferee's securities account.

"TREASURY SECURITIES" means zero-coupon U.S. treasury securities (CUSIP No. _____) which mature on _____.

"UCC" means the Uniform Commercial Code as in effect in the State of New York from time to time.

"VALUE" means, with respect to any item of Collateral on any date, as to (1) Cash, the face amount thereof and (2) Treasury Securities or [Subordinated] Notes, the aggregate principal amount thereof at maturity.

ARTICLE 2
PLEDGE

SECTION 2.01. Pledge. Each Holder, acting through the Purchase Contract Agent as such Holder's attorney-in-fact, hereby pledges and grants to the Collateral Agent, as agent of and for the benefit of the Company, a continuing first priority security interest in and to, and a lien upon and right of set-off against, all of such Holder's right, title and interest in and to the Collateral Account to secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations. The Collateral Agent shall have all of the rights, remedies and recourses with respect to the Collateral afforded a secured party by the UCC, in addition to, and not in limitation of, the other rights, remedies and recourses afforded to the Collateral Agent by this Agreement.

SECTION 2.02. Control; Financing Statement.

(a) The Collateral Agent shall have control of the Collateral Account pursuant to the provisions of Article 4 of this Agreement.

(b) Subsequent to the date of initial issuance of the Securities, the Purchase Contract Agent shall deliver to the Collateral Agent a financing statement prepared by the Company for filing in the Office of the Secretary of State of the State of New York and any other jurisdictions which the Company deems necessary, signed by the Purchase Contract Agent, as attorney-in-fact for the Holders, as Debtors, and describing the Collateral.

SECTION 2.03. Termination. As to each Holder, this Agreement and the Pledge created hereby shall terminate upon the satisfaction of such Holder's Obligations. Upon such termination, the Securities Intermediary shall Transfer such Holder's portion of the Collateral to the Purchase Contract Agent for distribution to such Holder in accordance with his interest, free and clear of any lien, pledge or security interest created hereby.

ARTICLE 3
DISTRIBUTIONS ON PLEDGED COLLATERAL

SECTION 3.01. Income Distributions. All income distributions received by the Securities Intermediary on account of the the [Subordinated] Notes, the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or Permitted Investments from time to time held in the Collateral Account shall be distributed to the Purchase Contract Agent (ABA No. [], GLA No. [], A/C No. [], Re: The Williams Companies, Inc.) for the benefit of the applicable Holders as provided in the Purchase Contracts or Purchase Contract Agreement.

SECTION 3.02. Principal Payments Following Termination Event. All payments received by the Securities Intermediary following a Termination Event of (1) the aggregate principal amount of the Pledged [Subordinated] Notes or securities entitlements thereto, or (2) the Applicable Ownership Interests (as specified in Clause (A) of the definition thereof) of the Treasury Portfolio, or (3) the principal amount of the Pledged Treasury Securities, shall be distributed to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests.

SECTION 3.03. Principal Payments Prior to or on Purchase Contract Settlement Date.

(a) Subject to the provisions of Section 5.07 and Section ?, and except as provided in clause 3.03(b) below, if no Termination Event shall have occurred, all payments received by the Securities Intermediary of (1) the aggregate principal amount with respect to the Pledged [Subordinated] Notes or security entitlements with respect thereto, (2) the principal amount of Applicable Ownership Interests (as specified in Clause (A) of the definition thereof) of the Treasury Portfolio, or (3) the principal amount of Pledged Treasury Securities, shall be held and invested in Permitted Investments until the Purchase Contract Settlement Date and on the Purchase Contract Settlement Date distributed to the Company as provided in Section 5.06 hereof. Any balance remaining in the Collateral Account shall be distributed to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests. Upon the request of the Securities Intermediary, the Company shall instruct the Securities Intermediary as to the type of Permitted Investments in which any payments made under this Section shall be invested, provided, however, that if the Company fails to deliver such instructions by 10:30 a.m. (New York City time), the Securities Intermediary shall invest such payments in the Permitted Investments described in clause (6) of the definition of Permitted Investments.

(b) All payments received by the Securities Intermediary of (1) the aggregate principal amount with respect to the Pledged [Subordinated] Notes or security entitlements with respect thereto, (2) Applicable Ownership interests (as specified in Clause (A) of the definition thereof) of the Treasury Portfolio, or (3) the principal amount of Treasury Securities or security entitlements with respect thereto, that, in each case, have been released from the Pledge shall be distributed to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests.

SECTION 3.04. Payments to Purchase Contract Agent. The Securities Intermediary shall use all commercially reasonable efforts to deliver payments to the Purchase Contract Agent hereunder to the account designated by the Purchase Contract Agent for such purpose not later than 12:00 p.m. (New York City time) on the Business Day such payment is received by the Securities Intermediary; provided, however, that if such payment is received on a day that is not a Business Day or after 11:00 a.m. (New York City time) on a Business Day, then the Securities Intermediary shall use all commercially reasonable efforts to deliver such payment no later than 10:30 a.m. (New York City time) on the next succeeding Business Day.

SECTION 3.05. Assets Not Properly Released. If the Purchase Contract Agent or any Holder shall receive any principal payments on account of financial assets credited to the Collateral Account and not released therefrom in accordance with this Agreement, the Purchase Contract Agent or such Holder shall hold the same as trustee of an express trust for the benefit of the Company and, upon receipt of an Officers' Certificate of the Company so directing, promptly deliver the same to the Securities Intermediary for credit to the Collateral Account or to the Company for application to the Obligations of the Holders, and the Purchase Contract Agent and Holders shall acquire no right, title or interest in any such payments of principal amounts so received.

ARTICLE 4 CONTROL

SECTION 4.01. Establishment of Collateral Account. The Securities Intermediary hereby confirms that:

- (a) the Securities Intermediary has established the Collateral Account;
- (b) the Collateral Account is a securities account;

(c) subject to the terms of this Agreement, the Securities Intermediary shall identify in its records the Purchase Contract Agent as the entitlement holder entitled to exercise the rights that comprise any financial asset credited to the Collateral Account;

(d) all property delivered to the Securities Intermediary pursuant to this Agreement or the Purchase Contract Agreement will be credited promptly to the Collateral Account;

(e) all securities or other property underlying any financial assets credited to the Collateral Account shall be registered in the name of the Securities Intermediary, indorsed to the Securities Intermediary or in blank, or credited to another securities account maintained in the name of the Securities Intermediary, and in no case will any financial asset credited to the Collateral Account be registered in the name of the Purchase Contract Agent or any Holder, payable to the order of the Purchase Contract Agent or any Holder or specially indorsed to the Purchase Contract Agent or any Holder.

SECTION 4.02. Treatment as Financial Assets. Each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Collateral Account shall be treated as a financial asset.

SECTION 4.03. Sole Control by Collateral Agent. Except as provided in Section 6.01, at all times prior to the termination of the Pledge, the Collateral Agent shall have sole control of the Collateral Account, and the Securities Intermediary shall take instructions and directions with respect to the Collateral Account solely from the Collateral Agent. If at any time the Securities Intermediary shall receive an entitlement order issued by the Collateral Agent and relating to the Collateral Account, the Securities Intermediary shall comply with such entitlement order without further consent by the Purchase Contract Agent or any Holder or any other Person. Until termination of the Pledge, the Securities Intermediary will not comply with any entitlement orders issued by the Purchase Contract Agent or any Holder.

SECTION 4.04. Securities Intermediary's Location. The Collateral Account, and the rights and obligations of the Securities Intermediary, the Collateral Agent, the Purchase Contract Agent and the Holders with respect thereto, shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Securities Intermediary's location.

SECTION 4.05. No Other Claims. Except for the claims and interest of the Collateral Agent and of the Purchase Contract Agent and the Holders in the Collateral Account, the Securities Intermediary (without making any investigation) does not know of any claim to, or interest in, the Collateral Account or in any financial asset credited thereto. If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Collateral Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Collateral Agent and the Purchase Contract Agent.

SECTION 4.06. Investment and Release. All proceeds of financial assets from time to time deposited in the Collateral Account shall be invested and reinvested as provided in this Agreement. At all times prior to termination of the Pledge, no property shall be released from the Collateral Account except in accordance with this Agreement or upon written instructions of the Collateral Agent.

SECTION 4.07. Statements and Confirmations. The Securities Intermediary will promptly send copies of all statements, confirmations and other correspondence concerning the Collateral Account and any financial assets credited thereto simultaneously to each of the Purchase Contract Agent and the Collateral Agent at their addresses for notices under this Agreement.

SECTION 4.08. Tax Allocations. The Purchase Contract Agent shall report all items of income, gain, expense and loss recognized in the Collateral Account, to the extent such reporting is required by law, to the Internal Revenue Service and all state and local taxing authorities under the names and taxpayer identification numbers of the Holders which are the beneficial owners thereof. Neither the Securities Intermediary nor the Collateral Agent shall have any tax reporting duties hereunder.

SECTION 4.09. No Other Agreements. The Securities Intermediary has not entered into, and prior to the termination of the Pledge will not enter into, any agreement with any other Person relating to the Collateral Account or any financial assets credited thereto, including, without limitation, any agreement to comply with entitlement orders of any Person other than the Collateral Agent.

SECTION 4.10. Powers Coupled with an Interest. The rights and powers granted in this Article 4 to the Collateral Agent have been granted in order to perfect its security interests in the Collateral Account, are powers coupled with an interest and will be affected neither by the bankruptcy of the Purchase Contract Agent or any Holder nor by the lapse of time. The obligations of the Securities

Intermediary under this Article 4 shall continue in effect until the termination of the Pledge.

ARTICLE 5
INITIAL DEPOSIT; ESTABLISHMENT OF TREASURY STOCK PURCHASE UNITS AND
REESTABLISHMENT OF STOCK PURCHASE UNITS

SECTION 5.01. Initial Deposit of [Subordinated] Notes. Prior to or concurrently with the execution and delivery of this Agreement, the Purchase Contract Agent, on behalf of the initial Holders of the Stock Purchase Units, shall Transfer to the Securities Intermediary, for credit to the Collateral Account, the [Subordinated] Notes or security entitlements relating thereto, and the Securities Intermediary shall indicate by book-entry that a securities entitlement to such [Subordinated] Notes has been credited to the Collateral Account.

SECTION 5.02. Establishment of Treasury Stock Purchase Units.

(a) So long as no Tax Event Redemption shall have occurred, at any time prior to or on the seventh Business Day immediately preceding the Purchase Contract Settlement Date, a Holder of Stock Purchase Units shall have the right to establish or reestablish Treasury Stock Purchase Units by substitution of Treasury Securities or security entitlements with respect thereto for the Pledged [Subordinated] Notes comprising a part of such Holder's Stock Purchase Units in integral multiples of [20] Stock Purchase Units by:

(i) Transferring to the Securities Intermediary for credit to the Collateral Account Treasury Securities or security entitlements with respect thereto having a Value equal to the aggregate liquidation amount of the Pledged [Subordinated] Notes to be released, accompanied by a notice, substantially in the form of Exhibit C to the Purchase Contract Agreement, whereupon the Purchase Contract Agent shall deliver to the Collateral Agent a notice, substantially in the form of Exhibit A hereto, (A) stating that such Holder has Transferred Treasury Securities or security entitlements with respect thereto to the Securities Intermediary for credit to the Collateral Account, (B) stating the Value of the Treasury Securities or security entitlements with respect thereto Transferred by such Holder and (C) requesting that the Collateral Agent release from the Pledge the Pledged [Subordinated] Notes that are a component of such Stock Purchase Units; and

(ii) delivering the related Stock Purchase Units to the Purchase Contract Agent.

Upon receipt of such notice and confirmation that Treasury Securities or security entitlements with respect thereto have been credited to the Collateral Account as described in such notice, the Collateral Agent shall instruct the Securities Intermediary by a notice, substantially in the form of Exhibit B hereto, to release such Pledged [Subordinated] Notes from the Pledge by Transfer to the Purchase Contract Agent for distribution to such Holder, free and clear of any lien, pledge or security interest created hereby.

(b) If a Tax Event Redemption has occurred and the Treasury Portfolio has become a component of the Stock Purchase Units, a Holder of Stock Purchase Units shall not have the right to establish or reestablish Treasury Stock Purchase Units.

(c) Upon credit to the Collateral Account of Treasury Securities or security entitlements with respect thereto delivered by a Holder of Stock Purchase Units and receipt of the related instruction from the Collateral Agent, the Securities Intermediary shall release the Pledged [Subordinated] Notes, as the case may be, and shall promptly transfer the same to the Purchase Contract Agent for distribution to such Holder, free and clear of any lien, pledge or security interest created hereby.

SECTION 5.03. Reestablishment of Stock Purchase Units.

(a) So long as no Tax Event Redemption shall have occurred, at any time on or prior to the seventh Business Day immediately preceding the Purchase Contract Settlement Date, a Holder of Treasury Stock Purchase Units shall have the right to reestablish Stock Purchase Units by substitution of [Subordinated] Notes or security entitlements with respect thereto for Pledged Treasury Securities in integral multiples of 40 Treasury Stock Purchase Units by:

(i) Transferring to the Securities Intermediary for credit to the Collateral Account [Subordinated] Notes or security entitlements with respect thereto having a principal amount equal to the Value of the Pledged Treasury Securities to be released, accompanied by a notice, substantially in the form of Exhibit C to the Purchase Contract Agreement, whereupon the Purchase Contract Agent shall deliver to the Collateral Agent a notice, substantially in the form of Exhibit C hereto, stating that such Holder has Transferred the [Subordinated] Notes or security entitlements with respect thereto to the Securities Intermediary for credit to the Collateral Account and requesting that the Collateral Agent release from the Pledge the Pledged Treasury Securities related to such Treasury Stock Purchase Units; and

(ii) delivering the related Treasury Stock Purchase Units to the Purchase Contract Agent.

Upon receipt of such notice and confirmation that [Subordinated] Notes or security entitlements with respect thereto have been credited to the Collateral Account as described in such notice, the Collateral Agent shall instruct the Securities Intermediary by a notice in the form provided in Exhibit D to release such Pledged Treasury Securities from Pledge by Transfer to the Purchase Contract Agent for distribution to such Holder, free and clear of any lien, pledge or security interest created hereby.

(b) If a Tax Event Redemption has occurred and the Treasury Portfolio has become a component of the Stock Purchase Units, a holder of a Treasury Stock Purchase Unit shall not have the right to reestablish a Stock Purchase Unit.

SECTION 5.04. Termination Event.

(a) Upon receipt by the Collateral Agent of written notice from the Company or the Purchase Contract Agent that a Termination Event has occurred, the Collateral Agent shall release all Collateral from the Pledge and shall promptly Transfer:

(i) any Pledged [Subordinated] Notes or security entitlements with respect thereto or the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio (if a Tax Event Redemption has occurred and the Treasury Portfolio has become a component of the Stock Purchase Units);

(ii) any Pledged Treasury Securities, and

(iii) payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.05 hereof,

to the Purchase Contract Agent for the benefit of the Holders for distribution to such Holders in accordance with their respective interests, free and clear of any lien, pledge or security interest or other interest created hereby; provided, however, if any Holder shall be entitled to receive less than \$1,000 with respect to his interest in the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, the Purchase Contract Agent shall have the right to dispose of such interest for cash and deliver to such Holder

cash in lieu of delivering the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio.

(b) If such Termination Event shall result from the Company's becoming a debtor under the Bankruptcy Code, and if the Collateral Agent shall for any reason fail promptly to effectuate the release and Transfer of all Pledged [Subordinated] Notes, the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, the Pledged Treasury Securities or payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.05 hereof, as the case may be, as provided by this Section 5.04, the Purchase Contract Agent shall:

(i) use its best efforts to obtain an opinion of a nationally recognized law firm reasonably acceptable to the Collateral Agent to the effect that, as a result of the Company's being the debtor in such a bankruptcy case, the Collateral Agent will not be prohibited from releasing or Transferring the Collateral as provided in this Section 5.04, and shall deliver such opinion to the Collateral Agent within ten days after the occurrence of such Termination Event, and if (A) the Purchase Contract Agent shall be unable to obtain such opinion within ten days after the occurrence of such Termination Event or (B) the Collateral Agent shall continue, after delivery of such opinion, to refuse to effectuate the release and Transfer of all Pledged [Subordinated] Notes, Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, the Pledged Treasury Securities, the payments by Holders or the Permitted Investments of such payments pursuant to Section 5.05 hereof or the Proceeds of any of the foregoing, as the case may be, as provided in this Section 5.04, then the Purchase Contract Agent shall within fifteen days after the occurrence of such Termination Event commence an action or proceeding in the court having jurisdiction of the Company's case under the Bankruptcy Code seeking an order requiring the Collateral Agent to effectuate the release and transfer of all Pledged [Subordinated] Notes, Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, the Pledged Treasury Securities, or the payments by Holders or the Permitted Investments of such payments pursuant to Section 5.05 hereof, or as the case may be, as provided by this Section 5.04; or

(ii) commence an action or proceeding like that described in clause 5.04(b)(i) hereof within ten days after the occurrence of such Termination Event.

SECTION 5.05. Cash Settlement.

(a) Upon receipt by the Collateral Agent of (1) a notice from the Purchase Contract Agent promptly after the receipt by the Purchase Contract Agent of a notice from a Holder of Stock Purchase Units that such Holder has elected, in accordance with the procedures specified in Section 5.02(a)(i) or (d)(i) of the Purchase Contract Agreement, respectively, to effect a Cash Settlement and (2) payment by such Holder by deposit in the Collateral Account prior to 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, in the case of a Stock Purchase Unit, unless a Tax Event Redemption has occurred, or on the Business Day prior to the Purchase Contract Settlement Date in the case of Treasury Stock Purchase or a Stock Purchase Unit, if a Tax Event Redemption has occurred, of the Purchase Price in lawful money of the United States by certified or cashier's check or wire transfer of immediately available funds payable to or upon the order of the Securities Intermediary, then the Collateral Agent shall:

(i) instruct the Securities Intermediary promptly to invest any such Cash in Permitted Investments;

(ii) release from the Pledge the Stock Purchase Unit holder's or the Treasury Stock Purchase Unit holder's related Pledged [Subordinated] Notes, Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, or Pledged Treasury Securities, as applicable, as to which such Holder has elected to effect a Cash Settlement pursuant to this Section 5.05(a); and

(iii) instruct the Securities Intermediary to Transfer all such Pledged [Subordinated] Notes, Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, or the Pledged Treasury Securities, as the case may be, to the Purchase Contract Agent for the benefit of such Holder, in each case free and clear of the Pledge created hereby, for distribution to such Holder.

Upon the request of the Securities Intermediary, the Company shall instruct the Securities Intermediary in writing as to the type of Permitted Investments in which any such Cash shall be invested; provided, however, that if the Company fails to deliver such written instructions by 10:30 a.m. (New York City time), the Securities Intermediary shall invest such Cash in the Permitted Investments described in clause (6) of the definition of Permitted Investments.

Upon receipt of the proceeds upon the maturity of the Permitted Investments on the Purchase Contract Settlement Date, the Collateral Agent shall (A) instruct the Securities Intermediary to pay the portion of such proceeds and deliver any certified or cashier's checks received, in an aggregate amount equal to

the Purchase Price, to the Company on the Purchase Contract Settlement Date, and (B) instruct the Securities Intermediary to release any amounts in excess of the Purchase Price earned from such Permitted Investments to the Purchase Contract Agent for distribution to such Holder.

(b) If a Holder of Stock Purchase Units (if a Tax Event Redemption shall not have occurred) notifies the Purchase Contract Agent as provided in paragraph 5.02(a)(i) of the Purchase Contract Agreement of its intention to pay the Purchase Price in cash, but fails to make such payment as required by paragraph 5.02(a)(ii) of the Purchase Contract Agreement, such Holder shall be deemed to have consented to the disposition of such Holder's Pledged [Subordinated] Notes in accordance with paragraph 5.02(a)(iii) of the Purchase Contract Agreement.

(c) If a Holder of a Treasury Stock Purchase Unit or a Holder of Stock Purchase Unit (if a Tax Event Redemption shall have occurred) notifies the Purchase Contract Agent as provided in paragraph 5.02(d)(i) of the Purchase Contract Agreement of its intention to pay the Purchase Price in cash, but fails to make such payment as required by paragraph 5.02(d)(ii) of the Purchase Contract Agreement, such Holder shall be deemed to have elected to pay the Purchase Price in accordance with paragraph 5.02(d)(iii) of the Purchase Contract Agreement.

(d) As soon as practicable after 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, the Securities Intermediary shall deliver to the Purchase Contract Agent a notice, substantially in the form of Exhibit E hereto, stating (i) the amount of cash that it has received with respect to the Cash Settlement of Stock Purchase Units and (ii) the amount of cash that it has received with respect to the Cash Settlement of Treasury Stock Purchase Units.

SECTION 5.06. Application of Proceeds in Settlement of Purchase Contracts.

(a) If a Holder of Stock Purchase Units (if a Tax Event Redemption has not occurred) has not elected to make an effective Cash Settlement by notifying the Purchase Contract Agent in the manner provided for in Section 5.02(a)(i) in the Purchase Contract Agreement, or has given such notice but failed to deliver the required cash prior to 11:00 a.m. (New York City time) on the fifth Business Day immediately preceding the Purchase Contract Settlement Date, such Holder shall be deemed to have elected to pay for the shares of Common Stock to be issued under such Purchase Contracts from the Proceeds of the remarketing of the related Pledged [Subordinated] Notes. Upon written notice of such event from the Purchase Contract Agent, the Collateral Agent shall instruct the Securities

Intermediary to Transfer the related Pledged [Subordinated] Notes to the Remarketing Agent for remarketing. Upon receiving such Pledged [Subordinated] Notes, the Remarketing Agent, pursuant to the terms of the Remarketing Agreement, will use reasonable efforts to remarket such Pledged [Subordinated] Notes. The Remarketing Agent will deposit the Proceeds of such remarketing (less \$[] per each [Subordinated] Note remarketed, which shall be retained by the Remarketing Agent as a fee for its services in the Remarketing) in the Collateral Account, and the Securities Intermediary shall invest the Proceeds of the remarketing in Permitted Investments in clause (6) of the definition of Permitted Investments. On the Purchase Contract Settlement Date, the Purchase Contract Agent shall give written direction to the Collateral Agent specifying the instruction the Collateral Agent shall give to the Securities Intermediary in order to apply a portion of the Proceeds from such remarketing equal to the aggregate principal amount of such Pledged [Subordinated] Note to satisfy in full such Holder's obligations to pay the Purchase Price to purchase the shares of Common Stock under the related Purchase Contracts and the balance of the Proceeds from the remarketing, if any, that shall be transferred to the Purchase Contract Agent for the benefit of such Holder for distribution to such Holder.

If the Remarketing Agent advises the Collateral Agent in writing that there has been a Failed Remarketing, thus resulting in an event of default under the Purchase Contract Agreement and hereunder, the Collateral Agent, for the benefit of the Company shall, at the written direction of the Company, use commercially reasonable efforts to dispose of the Pledged [Subordinated] Notes in accordance with applicable law and apply the proceeds from such disposition towards such Holder's obligations to pay the Purchase Price for the shares of Common Stock.

(b) If a Holder of a Treasury Stock Purchase Unit or a Holder of Stock Purchase Unit (if a Tax Event Redemption has occurred) has not elected to make an effective Cash Settlement by notifying the Purchase Contract Agent in the manner provided for in Section 5.02(d)(i) of the Purchase Contract Agreement, or has given such notice but failed to make such payment in the manner required by Section 5.02(d)(ii) of the Purchase Contract Agreement, such Holder shall be deemed to have elected to pay for the shares of Common Stock to be issued under such Purchase Contracts from the Proceeds of the related Pledged Treasury Securities or such Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be. Promptly, after 11:00 a.m. (New York City time) on the Business Day immediately prior to the Purchase Contract Settlement Date, the Securities Intermediary shall invest the Cash Proceeds of the maturing Pledged Treasury Securities or such Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, in Permitted Investments in clause 6 of the definition of Permitted Investments, unless prior to 10:30 a.m. (New York

City time), the Company shall otherwise instruct the Securities Intermediary as to the type of Permitted Investments in which any such Cash Proceeds shall be invested. Without receiving any instruction from any such Holder, the Collateral Agent shall apply the Proceeds of the related Pledged Treasury Securities or such Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as the case may be, to the settlement of such Purchase Contracts on the Purchase Contract Settlement Date. In the event the sum of the Proceeds from the related Pledged Treasury Securities or such Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio as the case may be, and the investment earnings from the investment in Permitted Investments exceeds the aggregate Purchase Price of the Purchase Contracts being settled thereby, the Collateral Agent shall instruct the Securities Intermediary to distribute such excess, when received, to the Purchase Contract Agent for the benefit of such Holder for distribution to such Holder.

SECTION 5.07. Tax Event Redemption. If the Securities Intermediary receives written notice that a Tax Event Redemption has occurred prior to the Purchase Contract Settlement Date, the Securities Intermediary shall apply the Redemption Amount to purchase the Treasury Portfolio and the Securities Intermediary shall credit the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio to the Collateral Account and shall transfer the Applicable Ownership Interest (as specified in clause (B) of the definition of such term) of the Treasury Portfolio to the Purchase Contract Agent for distribution to the Holders of the Stock Purchase Units. Upon credit to the Collateral Account of the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio having a Value equal to the aggregate principal amount of the Pledged [Subordinated] Notes, the Securities Intermediary shall release the Pledged [Subordinated] Notes, as applicable, from the Collateral Account and shall promptly transfer the Pledged [Subordinated] Notes to the Company, as applicable.

ARTICLE 6
VOTING RIGHTS - PLEDGED [SUBORDINATED] NOTES

SECTION 6.01. Voting Rights. The Purchase Contract Agent may exercise, or refrain from exercising, any and all voting and other consensual rights pertaining to the Pledged [Subordinated] Notes or any part thereof for any purpose not inconsistent with the terms of this Agreement and in accordance with the terms of the Purchase Contract Agreement; provided, that the Purchase Contract Agent shall not exercise or shall not refrain from exercising such right, as the case

may be, if, in the judgment of the Purchase Contract Agent, such action would impair or otherwise have a material adverse effect on the value of all or any of the Pledged [Subordinated] Notes; and provided, further, that the Purchase Contract Agent shall give the Company and the Collateral Agent at least five Business Days' prior written notice of the manner in which it intends to exercise, or its reasons for refraining from exercising, any such right. Upon receipt of any notices and other communications in respect of any Pledged [Subordinated] Notes, including notice of any meeting at which holders of the [Subordinated] Notes are entitled to vote or solicitation of consents, waivers or proxies of holders of the [Subordinated] Notes, the Collateral Agent shall use reasonable efforts to send promptly to the Purchase Contract Agent such notice or communication, and as soon as reasonably practicable after receipt of a written request therefor from the Purchase Contract Agent, execute and deliver to the Purchase Contract Agent such proxies and other instruments in respect of such Pledged [Subordinated] Notes (in form and substance satisfactory to the Collateral Agent) as are prepared by the Purchase Contract Agent with respect to the Pledged [Subordinated] Notes.

ARTICLE 7
RIGHTS AND REMEDIES

SECTION 7.01. Rights and Remedies of the Collateral Agent.

(a) In addition to the rights and remedies specified in Section 5.06 hereof or otherwise available at law or in equity, after an event of default (as specified in Section 7.01(b) below) hereunder, the Collateral Agent shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted) and the TRADES Regulations and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted. Without limiting the generality of the foregoing, such remedies may include, to the extent permitted by applicable law, (1) retention of the Pledged [Subordinated] Notes, Pledged Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) in full satisfaction of the Holders' obligations under the Purchase Contracts and the Purchase Contract Agreement or (2) sale of the Pledged [Subordinated] Notes, Pledged Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) in one or more public or private sales.

(b) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, in the event the Collateral Agent is unable to make payments to the Company on account of the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, or on account of principal payments of any Pledged Treasury Securities as provided in Article 3 hereof, in satisfaction of the Obligations of the Holder of the Stock Purchase Units (if a Tax Event Redemption has occurred) of which such appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio or the Holder of the Treasury Stock Purchase Units of which such Pledged Treasury Securities, as applicable, is a part under the related Purchase Contracts, the inability to make such payments shall constitute an event of default hereunder and the Collateral Agent shall have and may exercise, with reference to such Pledged Treasury Securities or the appropriate Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, as applicable, any and all of the rights and remedies available to a secured party under the UCC and the TRADES Regulations after default by a debtor, and as otherwise granted herein or under any other law.

(c) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, the Collateral Agent is hereby irrevocably authorized to receive and collect all payments of (i) the principal amount of the Pledged [Subordinated] Notes, (ii) the principal amount of the Pledged Treasury Securities and (iii) the principal amount of the Applicable Ownership Interest (as specified in clause (A) of the definition of such term) of the Treasury Portfolio, subject, in each case, to the provisions of Section 3 hereof, and as otherwise granted herein.

(d) The Purchase Contract Agent and each Holder of Securities agrees that, from time to time, upon the written request of the Collateral Agent or the Purchase Contract Agent, such Holder shall execute and deliver such further documents and do such other acts and things as the Collateral Agent may reasonably request in order to maintain the Pledge, and the perfection and priority thereof, and to confirm the rights of the Collateral Agent hereunder. The Purchase Contract Agent shall have no liability to any Holder for executing any documents or taking any such acts requested by the Collateral Agent hereunder, except for liability for its own negligent acts, its own negligent failure to act or its own willful misconduct.

SECTION 7.02. Tax Event Redemption. Upon the occurrence of a Tax Event Redemption prior to the Purchase Contract Settlement Date, the Redemption Amount, plus any accumulated and unpaid distributions, or any accrued and unpaid interest, as the case may be, payable on the Tax Event

Redemption Date with respect to the Applicable Principal Amount shall be credited to the Collateral Account by the Indenture Trustee, on or prior to 12:30 p.m., New York City time on such Tax Event Redemption Date, by federal funds check or wire transfer of immediately available funds. The Collateral Agent is hereby authorized to present the Pledged [Subordinated] Notes for payment as may be required by their respective terms. Upon receipt of such funds, the Pledged [Subordinated] Notes, as the case may be, shall be released from the Collateral Account. In the event such funds are credited to the Collateral Account, the Collateral Agent, at the written direction of the Company, shall instruct the Securities Intermediary to (a) apply an amount equal to the Redemption Amount of such funds to purchase the Treasury Portfolio from the Quotation Agent for credit to the Collateral Account and (b) promptly remit the remaining portion of such funds, if any, to the Purchase Contract Agent for payment to the Holders of Stock Purchase Units.

SECTION 7.03. Substitutions. Whenever a Holder has the right to substitute Treasury Securities, [Subordinated] Notes or security entitlements for any of them or the appropriate Applicable Ownership Interest of the Treasury Portfolio, as the case may be, for financial assets held in the Collateral Account, such substitution shall not constitute a novation of the security interest created hereby.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES; COVENANTS

SECTION 8.01. Representations and Warranties. Each Holder from time to time, acting through the Purchase Contract Agent as attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any representation or warranty made by or on behalf of a Holder), hereby represents and warrants to the Collateral Agent (with respect to such Holder's interest in the Collateral), which representations and warranties shall be deemed repeated on each day a Holder Transfers Collateral that:

(a) such Holder has the power to grant a security interest in and lien on the Collateral;

(b) such Holder is the sole beneficial owner of the Collateral and, in the case of Collateral delivered in physical form, is the sole holder of such Collateral and is the sole beneficial owner of, or has the right to Transfer, the Collateral it Transfers to the Securities Intermediary for credit to the Collateral Account, free and clear of any security interest, lien, encumbrance, call, liability to pay money or

other restriction other than the security interest and lien granted under Article 2 hereof;

(c) upon the Transfer of the Collateral to the Securities Intermediary for credit to the Collateral Account, the Collateral Agent, for the benefit of the Company, will have a valid and perfected first priority security interest therein (assuming that any central clearing operation or any securities intermediary or other entity not within the control of the Holder involved in the Transfer of the Collateral, including the Collateral Agent and the Securities Intermediary, gives the notices and takes the action required of it hereunder and under applicable law for perfection of that interest and assuming the establishment and exercise of control pursuant to Article 4 hereof); and

(d) the execution and performance by the Holder of its obligations under this Agreement will not result in the creation of any security interest, lien or other encumbrance on the Collateral other than the security interest and lien granted under Article 2 hereof or violate any provision of any existing law or regulation applicable to it or of any mortgage, charge, pledge, indenture, contract or undertaking to which it is a party or which is binding on it or any of its assets.

SECTION 8.02. Covenants. The Holders from time to time, acting through the Purchase Contract Agent as their attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any covenant made by or on behalf of a Holder), hereby covenant to the Collateral Agent that for so long as the Collateral remains subject to the Pledge:

(a) neither the Purchase Contract Agent nor such Holders will create or purport to create or allow to subsist any mortgage, charge, lien, pledge or any other security interest whatsoever over the Collateral or any part of it other than pursuant to this Agreement; and

(b) neither the Purchase Contract Agent nor such Holders will sell or otherwise dispose (or attempt to dispose) of the Collateral or any part of it except for the beneficial interest therein, subject to the Pledge hereunder, transferred in connection with the Transfer of the Securities.

ARTICLE 9
THE COLLATERAL AGENT AND THE SECURITIES INTERMEDIARY

It is hereby agreed as follows:

SECTION 9.01. Appointment, Powers and Immunities. The Collateral Agent and Securities Intermediary shall act as agent for the Company hereunder with such powers as are specifically vested in the Collateral Agent and Securities Intermediary by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Collateral Agent and Securities Intermediary shall:

(a) have no duties or responsibilities except those expressly set forth in this Agreement and no implied covenants or obligations shall be inferred from this Agreement against the Collateral Agent and Securities Intermediary, nor shall the Collateral Agent and Securities Intermediary be bound by the provisions of any agreement by any party hereto beyond the specific terms hereof;

(b) not be responsible for any recitals contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by it under, this Agreement, the Securities or the Purchase Contract Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement (other than as against the Collateral Agent and Securities Intermediary), the Securities or the Purchase Contract Agreement or any other document referred to or provided for herein or therein or for any failure by the Company or any other Person (except the Collateral Agent and Securities Intermediary) to perform any of its obligations hereunder or thereunder or for the perfection, priority or, except as expressly required hereby, maintenance of any security interest created hereunder;

(c) not be required to initiate or conduct any litigation or collection proceedings hereunder (except pursuant to directions furnished under Section 9.02 hereof, subject to Section 9.06 hereof);

(d) not be responsible for any action taken or omitted to be taken by it hereunder or under any other document or instrument referred to or provided for herein or in connection herewith or therewith, except for its own negligence or willful misconduct; and

(e) not be required to advise any party as to selling or retaining, or taking or refraining from taking any action with respect to, any securities or other property deposited hereunder.

Subject to the foregoing, during the term of this Agreement, the Collateral Agent shall take all reasonable action in connection with the safekeeping and preservation of the Collateral hereunder.

No provision of this Agreement shall require the Collateral Agent or Securities Intermediary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. In no event shall the Collateral Agent or Securities Intermediary be liable for any amount in excess of the Value of the Collateral. Notwithstanding the foregoing, each of the Collateral Agent and the Securities Intermediary in its individual capacity hereby waives any right of setoff, bankers' lien, liens or perfection rights as securities intermediary or any counterclaim with respect to any of the Collateral.

SECTION 9.02. Instructions of the Company. The Company shall have the right, by one or more written instruments executed and delivered to the Collateral Agent, to direct the time, method and place of conducting any proceeding for the realization of any right or remedy available to the Collateral Agent, or of exercising any power conferred on the Collateral Agent, or to direct the taking or refraining from taking of any action authorized by this Agreement; provided, however, that (i) such direction shall not conflict with the provisions of any law or of this Agreement and (ii) the Collateral Agent shall be adequately indemnified as provided herein. Nothing contained in this Section 9.02 shall impair the right of the Collateral Agent in its discretion to take any action or omit to take any action which it deems proper and which is not inconsistent with such direction.

SECTION 9.03. Reliance by Collateral Agent and Securities Intermediary. Each of the Securities Intermediary and the Collateral Agent shall be entitled to rely upon any certification, order, judgment, opinion, notice or other written communication (including, without limitation, any thereof by e-mail or similar electronic means, telecopy, telex or facsimile) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons (without being required to determine the correctness of any fact stated therein) and consult with and rely upon advice, opinions and statements of legal counsel and other experts selected by the Collateral Agent and the Securities Intermediary. As to any matters not expressly provided for by this Agreement, the Collateral Agent and the Securities Intermediary shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions given by the Company in accordance with this Agreement.

SECTION 9.04. Rights in Other Capacities. The Collateral Agent and the Securities Intermediary and their affiliates may (without having to account therefor to the Company) accept deposits from, lend money to, make their investments in and generally engage in any kind of banking, trust or other business with the Purchase

Contract Agent, any other Person interested herein and any Holder of Securities (and any of their respective subsidiaries or affiliates) as if it were not acting as the Collateral Agent or the Securities Intermediary, as the case may be, and the Collateral Agent, the Securities Intermediary and their affiliates may accept fees and other consideration from the Purchase Contract Agent and any Holder of Securities without having to account for the same to the Company; provided that each of the Securities Intermediary and the Collateral Agent covenants and agrees with the Company that it shall not accept, receive or permit there to be created in favor of itself and shall take no affirmative action to permit there to be created in favor of any other Person, any security interest, lien or other encumbrance of any kind in or upon the Collateral other than the lien created by the Pledge.

SECTION 9.05. Non-Reliance on Collateral Agent and Securities Intermediary. Neither the Securities Intermediary nor the Collateral Agent shall be required to keep itself informed as to the performance or observance by the Purchase Contract Agent or any Holder of Securities of this Agreement, the Purchase Contract Agreement, the Securities or any other document referred to or provided for herein or therein or to inspect the properties or books of the Purchase Contract Agent or any Holder of Securities. Neither the Collateral Agent nor the Securities Intermediary shall have any duty or responsibility to provide the Company with any credit or other information concerning the affairs, financial condition or business of the Purchase Contract Agent or any Holder of Securities (or any of their respective affiliates) that may come into the possession of the Collateral Agent or the Securities Intermediary or any of their respective affiliates.

SECTION 9.06. Compensation and Indemnity. The Company agrees to:

(a) pay the Collateral Agent and the Securities Intermediary from time to time such compensation as shall be agreed in writing between the Company and the Collateral Agent or the Securities Intermediary, as the case may be, for all services rendered by them hereunder;

(b) indemnify and hold harmless the Collateral Agent, the Securities Intermediary and each of their respective directors, officers, agents and employees (collectively, the "INDEMNITEES"), harmless from and against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including reasonable fees and expenses of counsel) (collectively, "Losses" and individually, a "LOSS") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instructions or other directions upon which either the Collateral Agent or the Securities Intermediary is entitled to rely pursuant to the terms of this Agreement; and

(c) in addition to and not in limitation of paragraph (b) immediately above, indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by or asserted against, the Indemnitees or any of them in connection with or arising out of the Collateral Agent's or the Securities Intermediary's acceptance or performance of its powers and duties under this Agreement, provided the Collateral Agent or the Securities Intermediary has not acted with negligence or engaged in willful misconduct or bad faith with respect to the specific Loss against which indemnification is sought.

SECTION 9.07. Failure to Act. In the event of any ambiguity in the provisions of this Agreement or any dispute between or conflicting claims by or among the parties hereto or any other Person with respect to any funds or property deposited hereunder, then at its sole option, each of the Collateral Agent and the Securities Intermediary shall be entitled, after prompt notice to the Company and the Purchase Contract Agent, to refuse to comply with any and all claims, demands or instructions with respect to such property or funds so long as such dispute or conflict shall continue, and the Collateral Agent and the Securities Intermediary shall not be or become liable in any way to any of the parties hereto for its failure or refusal to comply with such conflicting claims, demands or instructions. The Collateral Agent and the Securities Intermediary shall be entitled to refuse to act until either:

(a) such conflicting or adverse claims or demands shall have been finally determined by a court of competent jurisdiction or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Collateral Agent or the Securities Intermediary; or

(b) the Collateral Agent or the Securities Intermediary shall have received security or an indemnity satisfactory to it sufficient to save it harmless from and against any and all loss, liability or reasonable out-of-pocket expense which it may incur by reason of its acting.

The Collateral Agent and the Securities Intermediary may in addition elect to commence an interpleader action or seek other judicial relief or orders as the Collateral Agent or the Securities Intermediary may deem necessary. Notwithstanding anything contained herein to the contrary, neither the Collateral Agent nor the Securities Intermediary shall be required to take any action that is in its opinion contrary to law or to the terms of this Agreement, or which would in its opinion subject it or any of its officers, employees or directors to liability.

SECTION 9.08. Resignation of Collateral Agent and Securities Intermediary.

(a) Subject to the appointment and acceptance of a successor Collateral Agent as provided below:

(i) the Collateral Agent may resign at any time by giving notice thereof to the Company and the Purchase Contract Agent as attorney-in- fact for the Holders of Securities;

(ii) the Collateral Agent may be removed at any time by the Company; and

(iii) if the Collateral Agent fails to perform any of its material obligations hereunder in any material respect for a period of not less than 20 days after receiving written notice of such failure by the Purchase Contract Agent and such failure shall be continuing, the Collateral Agent may be removed by the Purchase Contract Agent, acting at the direction of the Holders of Securities.

The Purchase Contract Agent shall promptly notify the Company of any removal of the Collateral Agent pursuant to clause (iii) of the immediately preceding sentence. Upon any such resignation or removal, the Company shall have the right to appoint a successor Collateral Agent. If no successor Collateral Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Collateral Agent's giving of notice of resignation or the Company or the Purchase Contract Agent giving notice of such removal, then the retiring Collateral Agent may petition any court of competent jurisdiction for the appointment of a successor Collateral Agent. The Collateral Agent shall be a bank or a national banking association which has an office (or an agency office) in New York City with a combined capital and surplus of at least \$50,000,000 and shall not be the Purchase Contract Agent or any of its affiliates. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall take all appropriate action to transfer any money and property held by it hereunder (including the Collateral) to such successor Collateral Agent. The retiring Collateral Agent shall, upon such succession, be discharged from its duties and obligations as Collateral Agent hereunder. After any retiring Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Article 9 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Collateral Agent.

(b) Subject to the appointment and acceptance of a successor Securities Intermediary as provided below:

(i) the Securities Intermediary may resign at any time by giving notice thereof to the Company and the Purchase Contract Agent as attorney-in-fact for the Holders of Securities;

(ii) the Securities Intermediary may be removed at any time by the Company; and

(iii) if the Securities Intermediary fails to perform any of its material obligations hereunder in any material respect for a period of not less than 20 days after receiving written notice of such failure by the Purchase Contract Agent and such failure shall be continuing, the Securities Intermediary may be removed by the Purchase Contract Agent.

The Purchase Contract Agent shall promptly notify the Company of any removal of the Securities Intermediary pursuant to clause (iii) of the immediately preceding sentence. Upon any such resignation or removal, the Company shall have the right to appoint a successor Securities Intermediary. If no successor Securities Intermediary shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Securities Intermediary's giving of notice of resignation or the Company or the Purchase Contract Agent giving notice of such removal, then the retiring Securities Intermediary may petition any court of competent jurisdiction for the appointment of a successor Securities Intermediary. The Securities Intermediary shall be a bank or a national banking association which has an office (or an agency office) in New York City with a combined capital and surplus of at least \$50,000,000 and shall not be the Purchase Contract Agent or any of its affiliates. Upon the acceptance of any appointment as Securities Intermediary hereunder by a successor Securities Intermediary, such successor Securities Intermediary shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Securities Intermediary, and the retiring Securities Intermediary shall take all appropriate action to transfer any money and property held by it hereunder (including the Collateral) to such successor Securities Intermediary. The retiring Securities Intermediary shall, upon such succession, be discharged from its duties and obligations as Securities Intermediary hereunder. After any retiring Securities Intermediary's resignation hereunder as Securities Intermediary, the provisions of this Article 9 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Securities Intermediary.

SECTION 9.09. Right to Appoint Agent or Advisor. The Collateral Agent shall have the right to appoint agents or advisors in connection with any of its duties hereunder, and the Collateral Agent shall not be liable for any action taken or omitted by, or in reliance upon the advice of, such agents or advisors selected

in good faith. The appointment of agents pursuant to this Section 9.09 shall be subject to prior consent of the Company, which consent shall not be unreasonably withheld.

SECTION 9.10. Survival. The provisions of this Article 9 shall survive termination of this Agreement and the resignation or removal of the Collateral Agent or the Securities Intermediary.

SECTION 9.11. Exculpation. Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Collateral Agent or the Securities Intermediary or their officers, directors, employees or agents be liable under this Agreement to any third party for indirect, special, punitive, or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, whether or not the likelihood of such loss or damage was known to the Collateral Agent or the Securities Intermediary, or any of them.

ARTICLE 10 AMENDMENT

SECTION 10.01. Amendment Without Consent of Holders. Without the consent of any Holders, the Company, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent, at any time and from time to time, may amend this Agreement, in form satisfactory to the Company, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent, to:

- (a) evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company;
- (b) evidence and provide for the acceptance of appointment hereunder by a successor Collateral Agent, Securities Intermediary or Purchase Contract Agent;
- (c) add to the covenants of the Company for the benefit of the Holders, or surrender any right or power herein conferred upon the Company, provided such covenants or such surrender do not adversely affect the validity, perfection or priority of the Pledge created hereunder; or
- (d) cure any ambiguity (or formal defect), correct or supplement any provisions herein which may be inconsistent with any other such provisions herein, or make any other provisions with respect to such matters or questions

arising under this Agreement, provided such action shall not adversely affect the interests of the Holders.

SECTION 10.02. Amendment with Consent of Holders. With the consent of the Holders of not less than a majority of the Purchase Contracts at the time outstanding, by Act of such Holders delivered to the Company, the Purchase Contract Agent, the Securities Intermediary or the Collateral Agent, as the case may be, the Company, when duly authorized, the Purchase Contract Agent, the Securities Intermediary and the Collateral Agent may amend this Agreement for the purpose of modifying in any manner the provisions of this Agreement or the rights of the Holders in respect of the Securities; provided, however, that no such supplemental agreement shall, without the unanimous consent of the Holders of each Outstanding Security adversely affected thereby:

(a) Change the amount or type of Collateral underlying a Security (except for the rights of holders of Stock Purchase Units to substitute the Treasury Securities for the Pledged [Subordinated] Notes, as the case may be, or the rights of Holders of Treasury Stock Purchase Units to substitute [Subordinated] Notes, as applicable, for the Pledged Treasury Securities), impair the right of the Holder of any Security to receive distributions on the underlying Collateral or otherwise adversely affect the Holder's rights in or to such Collateral; or

(b) otherwise effect any action that would require the consent of the Holder of each Outstanding Security affected thereby pursuant to the Purchase Contract Agreement if such action were effected by an agreement supplemental thereto; or

(c) reduce the percentage of Purchase Contracts the consent of whose Holders is required for any such amendment;

provided that if any amendment or proposal referred to above would adversely affect only the Stock Purchase Units or only the Treasury Stock Purchase Units, then only the affected class of Holders as of the record date for the Holders entitled to vote thereon will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the consent of Holders of not less than a majority of such class; provided, further, that the unanimous consent of the Holders of each outstanding Purchase Contract of such class affected thereby shall be required to approve any amendment or proposal specified in clauses (a) through (c) above.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 10.03. Execution of Amendments. In executing any amendment permitted by this Section, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent shall be entitled to receive and (subject to Section 7.01 of the Purchase Contract Agreement with respect to the Purchase Contract Agent) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and that all conditions precedent, if any, to the execution and delivery of such amendment have been satisfied.

SECTION 10.04. Effect of Amendments. Upon the execution of any amendment under this Section, this Agreement shall be modified in accordance therewith, and such amendment shall form a part of this Agreement for all purposes; and every Holder of Certificates theretofore or thereafter authenticated, executed on behalf of the Holders and delivered under the Purchase Contract Agreement shall be bound thereby.

SECTION 10.05. Reference of Amendments. Certificates authenticated, executed on behalf of the Holders and delivered after the execution of any amendment pursuant to this Section may, and shall if required by the Collateral Agent or the Purchase Contract Agent, bear a notation in form approved by the Purchase Contract Agent and the Collateral Agent as to any matter provided for in such amendment. If the Company shall so determine, new Security Certificates so modified as to conform, in the opinion of the Collateral Agent, the Purchase Contract Agent and the Company, to any such amendment may be prepared and executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent in accordance with the Purchase Contract Agreement in exchange for Outstanding Security Certificates.

ARTICLE 11
MISCELLANEOUS

SECTION 11.01. No Waiver. No failure on the part of the Collateral Agent, the Securities Intermediary or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent, the Securities Intermediary or any of their respective agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

SECTION 11.02. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The Company, the Collateral Agent, the Securities Intermediary and the Holders from time to time of the Securities, acting through the Purchase Contract Agent as their attorney-in-fact, hereby submit to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company, the Collateral Agent, the Securities Intermediary and the Holders from time to time of the Securities, acting through the Purchase Contract Agent as their attorney-in-fact, irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 11.03. Notices. All notices, requests, consents and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing (including, without limitation, by telecopy) delivered to the intended recipient at the "ADDRESS FOR NOTICES" specified below its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to the other parties. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

SECTION 11.04. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Company, the Collateral Agent, the Securities Intermediary and the Purchase Contract Agent, and the Holders from time to time of the Securities, by their acceptance of the same, shall be deemed to have agreed to be bound by the provisions hereof and to have ratified the agreements of, and the grant of the Pledge hereunder by, the Purchase Contract Agent.

SECTION 11.05. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

SECTION 11.06. Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction

and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.07. Expenses, Etc.. The Company agrees to reimburse the Collateral Agent and the Securities Intermediary for:

(a) all reasonable costs and expenses of the Collateral Agent and the Securities Intermediary (including, without limitation, the reasonable fees and expenses of counsel to the Collateral Agent and the Securities Intermediary), in connection with (i) the negotiation, preparation, execution and delivery or performance of this Agreement and (ii) any modification, supplement or waiver of any of the terms of this Agreement;

(b) all reasonable costs and expenses of the Collateral Agent and the Securities Intermediary (including, without limitation, reasonable fees and expenses of counsel) in connection with (i) any enforcement or proceedings resulting or incurred in connection with causing any Holder of Securities to satisfy its obligations under the Purchase Contracts forming a part of the Securities and (ii) the enforcement of this Section 11.07;

(c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any other document referred to herein and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated hereby;

(d) all fees and expenses of any agent or advisor appointed by the Collateral Agent and consented to by the Company under Sections 9.03 and 9.09 of this Agreement; and

(e) any other out-of-pocket costs and expenses reasonably incurred by the Collateral Agent and the Securities Intermediary in connection with the performance of their duties hereunder.

SECTION 11.08. Security Interest Absolute. All rights of the Collateral Agent and security interests hereunder, and all obligations of the Holders from time to time hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any provision of the Purchase Contracts or the Securities or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or any other term of, or any increase in the amount of, all or any of the obligations of Holders of the Securities under the related Purchase Contracts, or any other amendment or waiver of any term of, or any consent to any departure from any requirement of, the Purchase Contract Agreement or any Purchase Contract or any other agreement or instrument relating thereto; or

(c) any other circumstance which might otherwise constitute a defense available to, or discharge of, a borrower, a guarantor or a pledger.

SECTION 11.09. Notice of Tax Event, Tax Event Redemption and Termination Event. Upon the occurrence of a Tax Event, a Tax Event Redemption or a Termination Event, the Company shall deliver written notice to the Collateral Agent and the Securities Intermediary. Upon the written request of the Collateral Agent or the Securities Intermediary, the Company shall inform such party whether or not a Tax Event, a Tax Event Redemption or a Termination Event has occurred.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE WILLIAMS COMPANIES, INC.

[] as
Purchase Contract Agent and
as attorney-in-fact of the Holders
from time to time of the Securities

By: -----

By: -----

Name:
Title:

Name:
Title:

Address for Notices:

Address for Notices:

The Williams Companies, inc.

[]
[]
[]

Attention:
Telecopy:
With a copy to:

Attention:
Telecopy:

[]
[]
[]

Attention:
Telecopy:

[]
as Collateral Agent

[]
as Securities Intermediary

By: -----

By: -----

Name:
Title:

Name:
Title:

Address for Notices:

Address for Notices:

[]
[]
[]
[]
[]

Attention:
Telecopy:

[]
[]
[]
[]

Attention:
Telecopy:

INSTRUCTION
FROM PURCHASE CONTRACT AGENT
TO COLLATERAL AGENT
(Establishment of Treasury Stock Purchase Units)

[]
[]
[]
[]
[]

Attention:
Telecopy:

Re: Stock Purchase Units of The Williams Companies, Inc.
(the "COMPANY")

The securities account of [], as
Collateral Agent, maintained by the Securities Intermediary
and designated "[], as Collateral Agent of
The Williams Companies, Inc., as pledgee of [],
as the Purchase Contract Agent on behalf of and as
attorney-in- fact for the Holders" (the "COLLATERAL ACCOUNT")

Please refer to the Pledge Agreement, dated as of _____, 2002 (the
"PLEDGE AGREEMENT"), among the Company, you, as Collateral Agent, [
], as Securities Intermediary, and the undersigned, as Purchase
Contract Agent and as attorney-in-fact for the holders of Stock Purchase Units
from time to time. Capitalized terms used herein but not defined shall have the
meaning set forth in the Pledge Agreement.

We hereby notify you in accordance with Section 5.02 of the Pledge
Agreement that the holder of securities named below (the "HOLDER") has elected
to substitute \$_____ Value of Treasury Securities or security entitlements
thereto in exchange for [an equal Value of [Pledged [Subordinated] Notes]
relating to _____ Stock Purchase Units] and has delivered to the undersigned
a notice stating that the Holder has Transferred such Treasury Securities or
security entitlements thereto to the Securities Intermediary, for credit to the
Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such Treasury Securities or security entitlements thereto have been credited to the Collateral Account, to release to the undersigned [an equal Value of [Pledged [Subordinated] Notes]] in accordance with Section 5.02 of the Pledge Agreement. We also hereby confirm that no Tax Event Redemption has occurred.

Date: [_____],
as Purchase Contract Agent and as
attorney-in-fact of the Holders from
time to time of the Securities

By: _____
Name:
Title:

Please print name and address of Holder electing to substitute Treasury Securities or security entitlements thereto for the [Pledged [Subordinated] Notes]:

- - - - -
Name

- - - - -
Social Security or other
Taxpayer Identification Number,
if any

- - - - -
Address

- - - - -
- - - - -

INSTRUCTION
FROM COLLATERAL AGENT
TO SECURITIES INTERMEDIARY
(Establishment of Treasury Stock Purchase Units)

[]
[]
[]
[]
[]
[]

Attention:
Telecopy:

Re: Stock Purchase Units of The Williams Companies, Inc. (the
"COMPANY")

The securities account of [], as
Collateral Agent, maintained by the Securities Intermediary and
designated "[]", as Collateral Agent of The Williams
Companies, Inc., as pledgee of [], as the
Purchase Contract Agent on behalf of and as attorney-in-fact for the
Holders" (the "COLLATERAL ACCOUNT")

Please refer to the Pledge Agreement, dated as of _____,
2002 (the "PLEDGE AGREEMENT"), among the Company, you, as Securities
Intermediary, [], as Purchase Contract Agent and as
attorney-in-fact for the holders of Stock Purchase Units from time to time, and
the undersigned, as Collateral Agent. Capitalized terms used herein but not
defined shall have the meanings set forth in the Pledge Agreement.

When you have confirmed that \$_____ Value of Treasury Securities
or security entitlements thereto has been credited to the Collateral Account by
or for the benefit of _____, as Holder of Stock Purchase Units (the
"HOLDER"), you are hereby instructed to release from the Collateral Account [an
equal Value of [[Subordinated] Notes or security entitlements thereto]] relating
to _____ Stock Purchase Units of the Holder] by Transfer to the Purchase
Contract Agent.

[],
as Collateral Agent

Dated: _____

By: _____
Name:
Title:

Please print name and address of Holder:

Name

Social Security or other
Taxpayer Identification Number,
if any

Address

INSTRUCTION
FROM PURCHASE CONTRACT AGENT
TO COLLATERAL AGENT
(Reestablishment of Stock Purchase Units)

[]
[]
[]
[]
[]
[]

Attention:
Telecopy:

Re: _____ Stock Purchase Units of The Williams Companies,
Inc. (the "COMPANY")

Please refer to the Pledge Agreement dated as of _____, 2002 (the "PLEDGE AGREEMENT"), among the Company, you, as Collateral Agent, [_____] , as Securities Intermediary, and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Stock Purchase Units from time to time. Capitalized terms used herein but not defined shall have the meaning set forth in the Pledge Agreement.

We hereby notify you in accordance with Section 5.03(a) of the Pledge Agreement that the holder of securities listed below (the "HOLDER") has elected to substitute [\$ Value of [Subordinated] Notes or security entitlements thereto]] in exchange for \$_____ Value of Pledged Treasury Securities and has delivered to the undersigned a notice stating that the holder has Transferred such [[Subordinated] Notes or security entitlements thereto] to the Securities Intermediary, for credit to the Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such [[Subordinated] Notes or security entitlements thereto] have been credited to the Collateral Account, to release to the undersigned \$_____ Value of Treasury Securities or security entitlements thereto related to _____ Stock Purchase Units of such Holder in accordance with Section 5.03(a) of the Pledge Agreement. We also hereby confirm that no Tax Event Redemption has occurred.

[_____] ,
as Purchase Contract Agent

Dated: _____

By: _____

Name:
Title:

Please print name and address of Holder electing to substitute [Pledged
[Subordinated] Notes or security entitlements thereto] for Pledged Treasury
Securities:

- - - - -
Name

- - - - -
Social Security or other
Taxpayer Identification Number,
if any

- - - - -
Address

- - - - -

- - - - -

INSTRUCTION
FROM COLLATERAL AGENT
TO SECURITIES INTERMEDIARY
(Reestablishment of Stock Purchase Units)

[]
[]
[]
[]
[]
[]

Attention:
Telecopy:

Re: _____ Stock Purchase Units of The Williams Companies,
Inc. (the "COMPANY")

The securities account of [], as
Collateral Agent, maintained by the Securities Intermediary
and designated "[], as
Collateral Agent of The Williams Companies, Inc., as pledgee
of [], as the Purchase Contract
Agent on behalf of and as attorney-in-fact for the Holders"
(the "COLLATERAL ACCOUNT")

Please refer to the Pledge Agreement dated as of _____,
2002 (the "PLEDGE AGREEMENT"), among the Company, you, as Securities
Intermediary, [], as Purchase Contract Agent and as
attorney-in-fact for the holders of Stock Purchase Units from time to time, and
the undersigned, as Collateral Agent. Capitalized terms used herein but no
defined shall have the meaning set forth in the Pledge Agreement.

When you have confirmed that \$ _____ Value of [[Subordinated]
Notes or security entitlements thereto] has been credited to the Collateral
Account by or for the benefit of _____, as Holder of Stock Purchase
Units (the "HOLDER"), you are hereby instructed to release from the Collateral
Account \$

_____ Value of Treasury Securities or security entitlements thereto
by Transfer to the Purchase Contract Agent.

[_____],
as Collateral Agent

Dated: _____

By: _____

Name:
Title:

Name

Social Security or other
Taxpayer Identification Number,
if any

Address

NOTICE OF CASH SETTLEMENT FROM SECURITIES
INTERMEDIARY TO PURCHASE CONTRACT AGENT
(Cash Settlement Amounts)

[]
[]
[]

Attention:
Telecopy:

Re: _____ Stock Purchase Units of The Williams Companies,
Inc. (the "COMPANY")

Please refer to the Pledge Agreement dated as of _____, 2002
(the "PLEDGE AGREEMENT"), by and among you, the Company, [
_____] , as Collateral Agent and the undersigned, as Securities
Intermediary. Unless otherwise defined herein, terms defined in the Pledge
Agreement are used herein as defined therein.

In accordance with Section 5.05(d) of the Pledge Agreement, we hereby
notify you that as of 11:00 a.m. (New York City time) on the fifth Business Day
immediately preceding _____, we have received (i) \$ _____ in
immediately available funds paid in an aggregate amount equal to the Purchase
Price to the Company on the Purchase Contract Settlement Date with respect to
_____ Stock Purchase Units and (ii) \$ _____ in immediately
available funds paid in an aggregate amount equal to the Purchase Price to the
Company on the Purchase Contract Settlement Date with respect to _____ Treasury
Stock Purchase Units.

[_____],
as Securities Intermediary,

Dated: _____

By: _____

Name:
Title:

THE WILLIAMS COMPANIES, INC.
and

_____ /

as Warrant Agent

WARRANT AGREEMENT

Dated as of _____

Warrants to Purchase _____

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EXHIBIT A - Form of Warrant Certificate

WARRANT AGREEMENT(1)

THIS AGREEMENT dated as of _____ between THE WILLIAMS COMPANIES, INC., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and _____, a [bank] [trust company] duly incorporated and existing under the laws of _____, as Warrant Agent (the "Warrant Agent"),

Bracketed language here and throughout this Agreement should be inserted as follows:

1. If Warrants are immediately detachable from the Offered Securities; and
2. If Warrants are detachable from the Offered Securities only after the Detachable Date.

WITNESSETH:

[WHEREAS, the Company has entered into an Indenture dated as of _____ (the "Senior Indenture") between the Company and _____, as Trustee (the "Senior Indenture Trustee"), and an Indenture dated as of _____ (the "Subordinated Indenture") between the Company and _____, as Trustee (the "Subordinated Indenture Trustee") (together, the "Trustees" or "Trustee" and "Indentures" or "Indenture"), providing for the issuance from time to time of its unsecured debt securities to be issued in one or more series as provided in the Indenture; and]

WHEREAS, the Company proposes to sell [title of such securities being offered] (the "Offered Securities") with one or more warrants (the "Warrants") representing the right to purchase [title of such securities purchasable through exercise of Warrants] (the "Warrant Securities"), the Warrants to be evidenced by Warrant certificates issued pursuant to this Agreement (the "Warrant Certificates"); and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company in connection with the issuance, transfer, exchange, exercise and replacement of the Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Warrant Certificates and the

- - - - -

(1) Complete or modify the provisions of this form as appropriate to reflect the terms of the Warrants and Warrant Securities. Monetary amounts may be in U.S. dollars in a foreign currency.

terms and conditions on which they may be issued, transferred, exchanged, exercised and replaced;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE 1
ISSUANCE OF WARRANTS AND EXECUTION AND DELIVERY OF WARRANT
CERTIFICATES

SECTION 1.01. Issuance of Warrants. Issuance of Warrants. The Warrants shall be evidenced by one or more Warrant Certificates. Each Warrant evidenced thereby shall represent the right, subject to the provisions contained herein and therein, to purchase [_____ shares of the Warrant Securities] [aggregate principal amount of Warrant Securities] and shall be initially issued in connection with the issuance of the Offered Securities [1: and shall be separately transferable immediately thereafter] [2: but shall not be separately transferable until on and after , (the "Detachable Date")]. The Warrants shall be initially issued [in units] with the Offered Securities, and each Warrant [included in such a unit] shall evidence the right, subject to the provisions contained herein and in the Warrant Certificates, to purchase [_____ shares of the Warrant Securities] [aggregate principal amount of Warrant Securities] [included in such a unit].

SECTION 1.02. Execution and Delivery of Warrant Certificates. Each Warrant, whenever issued, shall be evidenced by a Warrant Certificate in registered form, substantially in the form set forth in Exhibit A hereto, shall be dated and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the officers of the Company executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Warrants may be listed, or to conform to usage. The Warrant Certificates shall be signed on behalf of the Company by its chairman or vice chairman of the Board of Directors, the president, any managing director or the treasurer of the Company, in each case under its corporate seal, which may but need not be, attested by its Secretary or one of its Assistant Secretaries. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced on the Warrant Certificates. The corporate seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Warrant Certificates.

No Warrant Certificate shall be valid for any purpose, and no Warrant evidenced thereby shall be exercisable, until such Warrant Certificate has been countersigned by the Warrant Agent by manual signature. Such signature by the Warrant Agent upon any Warrant Certificate executed by the Company shall be conclusive evidence, and the only evidence, that the Warrant Certificate so countersigned has been duly issued hereunder.

In case any officer of the Company who shall have signed any of the Warrant Certificates either manually or by facsimile signature shall cease to be such officer before the Warrant Certificates so signed shall have been countersigned and delivered by the Warrant Agent as provided herein, such Warrant Certificates may be countersigned and delivered notwithstanding that the person who signed such Warrant Certificates ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Warrant Certificate, shall be the proper officers of the Company, although at the date of the execution of this Agreement any such person was not such officer.

The term "Holder", when used with respect to any Warrant Certificate, shall mean any person in whose name at the time such Warrant Certificate shall be registered upon the books to be maintained by the Warrant Agent for that purpose [2: or, prior to the Detachable Date, any person in whose name at the time the Offered Security to which such Warrant Certificate is attached is registered upon the register of the Offered Securities. Prior to the Detachable Date, the Company will, or will cause the registrar of the Offered Securities to, make available at all times to the Warrant Agent such information as to holders of the Offered Securities with Warrants as may be necessary to keep the Warrant Agent's records up to date.]

SECTION 1.03. Issuance of Warrant Certificates. Warrant Certificates evidencing the right to purchase [____ shares of the Warrant Securities] [an aggregate principal amount not exceeding aggregate principal amount of Warrant Securities] (except as provided in Sections 2.03, 3.02 and 4.01) may be executed by the Company and delivered to the Warrant Agent upon the execution of this Warrant Agreement or from time to time thereafter. The Warrant Agent shall, upon receipt of Warrant Certificates duly executed on behalf of the Company, countersign Warrant Certificates evidencing _____ Warrants representing the right to purchase up to [____ shares of the Warrant Securities] [aggregate principal amount of Warrant Securities] and shall deliver such Warrant Certificates to or upon the order of the Company. Subsequent to such original issuance of the Warrant Certificates, the Warrant Agent shall countersign a Warrant Certificate only if the Warrant Certificate is issued in exchange or substitution for one or more previously countersigned Warrant Certificates or in

connection with their transfer as hereinafter provided or as provided in the antepenultimate paragraph of Section 2.03.

Pending the preparation of definitive Warrant Certificates evidencing Warrants, the Company may execute and the Warrant Agent shall countersign and deliver temporary Warrant Certificates evidencing such Warrants (printed, lithographed, typewritten or otherwise produced, in each case in form satisfactory to the Warrant Agent). Such temporary Warrant Certificates shall be issuable substantially in the form of the definitive Warrant Certificates but with such omissions, insertions and variations as may be appropriate for temporary Warrant Certificates, all as may be determined by the Company with the concurrence of the Warrant Agent. Such temporary Warrant Certificates may contain such reference to any provisions of this Warrant Agreement as may be appropriate. Every such temporary Warrant Certificate shall be executed by the Company and shall be countersigned by the Warrant Agent upon the same conditions and in substantially the same manner, and with like effect, as the definitive Warrant Certificates. Without unreasonable delay, the Company shall execute and shall furnish definitive Warrant Certificates and thereupon such temporary Warrant Certificates may be surrendered in exchange therefor without charge pursuant to and subject to the provisions of Section 4.01, and the Warrant Agent shall countersign and deliver in exchange for such temporary Warrant Certificates definitive Warrant Certificates of authorized denominations evidencing a like aggregate number of Warrants evidenced by such temporary Warrant Certificates. Until so exchanged, such temporary Warrant Certificates shall be entitled to the same benefits under this Warrant Agreement as definitive Warrant Certificates.

ARTICLE 2
WARRANT PRICE, DURATION AND EXERCISE OF WARRANTS

SECTION 2.01. Warrant Price. On _____, _____ the exercise price of each Warrant will be _____. During the period from _____, _____ through and including _____, _____, the exercise price of each Warrant will be [plus [accrued amortization of the original issue discount] [accrued interest] from _____, _____.] On _____, _____ the exercise price of each Warrant will be _____. During the period from _____, _____ through and including _____, _____, the exercise price of each Warrant will be [plus [accrued amortization of the original issue discount] [accrued interest] from _____, _____.] [In each case, the original issue discount will be amortized at a % annual rate, computed on an annual basis using the "interest" method and using a 360-day year consisting of twelve 30-day months]. Such exercise price of Warrant Securities is referred to in this Agreement as the "Warrant Price". [The original issue discount for each principal amount of Warrant Securities is _____].

SECTION 2.02. Duration of Warrants. Subject to Section 4.03(b), each Warrant may be exercised [in whole but not in part] [in whole or in part] [at any time, as specified herein, on or after [the date thereof] [,] and at or before [time, location] on , (each day during such period may hereinafter be referred to as an "Exercise Date")] [on [list of specific dates] (each, an "Exercise Date")], or such later date as the Company may designate by notice to the Warrant Agent and the Holders of Warrant Certificates [in registered form and to the beneficial owners of the Global Warrant Certificate] (the "Expiration Date"). Each Warrant not exercised at or before [time, location] on the Expiration Date shall become void, and all rights of the Holder [and any beneficial owners] of the Warrant Certificate evidencing such Warrant under this Agreement shall cease.

SECTION 2.03. Exercise of Warrants. During the period specified in Section 2.02, any whole number of Warrants may be exercised by providing certain information as set forth on the reverse side of the Warrant Certificates evidencing such Warrants and by paying in full [in lawful money of the United States of America] [in applicable currency] [in cash] [by certified check or official bank check or by bank wire transfer, in each case,] [by bank wire transfer] [in immediately available funds,] the Warrant Price for each Warrant exercised [(plus accrued interest, if any, on the Warrant Securities to be issued upon exercise of such Warrant from and including the Interest Payment Date (as defined in the Indenture), if any, in respect of such Warrant Securities immediately preceding the Exercise Date to and including the Exercise Date (unless the Exercise Date is after the Regular Record Date (as defined in the Indenture), if any, for such Interest Payment Date, but on or before the immediately succeeding Interest Payment Date for such Warrant Securities, in which event no such accrued interest shall be payable in respect of Warrant Securities to be issued in registered form))] to the Warrant Agent at its corporate trust office at [address] [or at], provided that such exercise is subject to receipt within five business days of such [payment] [wire transfer] by the Warrant Agent of the Warrant Certificate evidencing each Warrant exercised with the form of election to purchase Warrant Securities set forth on the reverse side of the Warrant Certificate properly completed and duly executed. [Cashless Exercise Option]

The date on which payment in full of the Warrant Price (plus any such accrued interest) is received by the Warrant Agent shall, subject to receipt of the Warrant Certificate as aforesaid, be deemed to be the date on which the Warrant is exercised. The Warrant Agent shall deposit all funds received by it in payment for the exercise of Warrants in an account of the Company maintained with it (or in such other account as may be designated by the Company) and shall advise the Company, by telephone or by facsimile transmission or other form of electronic communication available to both parties, at the end of each day on which a payment for the exercise of Warrants is received of the amount so deposited to its

account. The Warrant Agent shall promptly confirm such advice to the Company in writing.

If a day on which Warrants may be exercised in the city in which such Warrants are to be exercised shall be a Saturday or Sunday or a day on which banking institutions in such city are authorized or required to be closed, then, notwithstanding any other provision of this Agreement or the Warrant Certificate evidencing such Warrants, but subject to the limitation that no Warrant may be exercised after the Expiration Date, the Warrants shall be exercisable on the next succeeding day which in such city is not a Saturday or Sunday or a day on which banking institutions in such city are authorized or required to be closed.

The Warrant Agent shall, from time to time, as promptly as practicable, advise the Company and the Trustee in writing of (i) the number of Warrants exercised, (ii) the instructions of each Holder of the Warrant Certificates evidencing such Warrants with respect to delivery of the Warrant Securities to be issued upon such exercise, (iii) delivery of any Warrant Certificates evidencing the balance, if any, of the Warrants remaining after such exercise, and (iv) such other information as the Company or the Trustee shall reasonably require.

As soon as practicable after the exercise of any Warrant, but subject to receipt by the Warrant Agent of the Warrant Certificate evidencing such Warrant as provided in this Section, the Company shall issue[, pursuant to the Indenture, in authorized denominations to or upon the order of the Holder of the Warrant Certificate evidencing each Warrant,] the Warrant Securities to which such Holder is entitled, in fully registered form, registered in such name or names as may be directed by such Holder. If fewer than all of the Warrants evidenced by such Warrant Certificate are exercised, the Company shall execute, and an authorized officer of the Warrant Agent shall manually countersign and deliver, a new Warrant Certificate evidencing the number of such Warrants remaining unexercised.

The Company shall not be required to pay any stamp or other tax or other governmental charge required to be paid in connection with any transfer involved in the issuance of the Warrant Securities, and in the event that any such transfer is involved, the Company shall not be required to issue or deliver any Warrant Security until such tax or other charge shall have been paid or it has been established to the Company's satisfaction that no such tax or other charge is due.

ARTICLE 3
OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT

SECTION 3.01. No Rights as Warrant Securityholder Conferred by Warrant or Warrant Certificates. No Warrant Certificate or Warrant evidenced thereby shall entitle the Holder or any beneficial owner thereof to any of the rights of a holder or beneficial owner of Warrant Securities, including, without limitation, [the right to receive the payment of principal of (premium, if any) or interest, if any, on Warrant Securities or to enforce any of the covenants in the Indenture] [the right to receive dividend payments on the Warrant Securities or any voting rights].

SECTION 3.02. Lost, Mutilated, Stolen, or Destroyed Warrant Certificates. Upon receipt by the Warrant Agent of evidence reasonably satisfactory to it and the Company of the ownership of and the loss, mutilation, theft or destruction of any Warrant Certificate and of such security or indemnity as may be required by the Company and the Warrant Agent to hold each of them and any agent of them harmless and, in the case of mutilation of a Warrant Certificate, upon surrender thereof to the Warrant Agent for cancellation, then, in the absence of notice to the Company or the Warrant Agent that such Warrant Certificate has been acquired by a bona fide purchaser, the Company shall execute, and an authorized officer of the Warrant Agent shall manually countersign and deliver, in exchange for or in lieu of the lost, mutilated, stolen or destroyed Warrant Certificate, a new Warrant Certificate of the same tenor and evidencing a like number of Warrants. Upon the issuance of any new Warrant Certificate under this Section, the Company may require the payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Warrant Agent) in connection therewith. Every substitute Warrant Certificate executed and delivered pursuant to this Section in lieu of any lost, mutilated, stolen or destroyed Warrant Certificate shall represent an additional contractual obligation of the Company, whether or not the lost, stolen or destroyed Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Agreement equally and proportionately with any and all other Warrant Certificates duly executed and delivered hereunder. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of lost, mutilated, stolen or destroyed Warrant Certificates.

SECTION 3.03. Enforcement of Rights. Notwithstanding any of the provisions of this Agreement, any Holder of a Warrant Certificate, without the consent of the Warrant Agent, the Trustee, the holder of any Offered Securities or the Holder of any other Warrant Certificate, may, in its own behalf and for its own benefit, enforce, and may institute and maintain any suit, action or proceeding

against the Company suitable to enforce, or otherwise in respect of, its right to exercise its Warrants in the manner provided in its Warrant Certificate and in this Agreement.

SECTION 3.04. Merger, Consolidation, Conveyance or Transfer. (a) If at any time there shall be a merger or consolidation of the Company or a conveyance or transfer of its property and assets substantially as an entirety [as permitted under the Indenture], then in any such event the successor or assuming corporation referred to therein shall succeed to and be substituted for the Company, with the same effect[, subject to the Indenture,] as if it had been named herein and in the Warrant Certificates as the Company; the Company shall thereupon, except in the case of a transfer by way of lease, be relieved of any further obligation hereunder and under the Warrants and the Warrant Certificates, and the Company as the predecessor corporation, except in the case of a transfer by way of lease, may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor or assuming corporation may thereupon cause to be signed, and may issue either in its own name or in the name of the Company, Warrant Certificates evidencing any or all of the Warrants issuable hereunder which theretofore shall not have been signed by the Company, and may execute and deliver Warrant Securities in its own name [,pursuant to the Indenture,] in fulfillment of its obligations to deliver Warrant Securities upon exercise of the Warrants. All the Warrants so issued shall in all respects have the same legal rank and benefit under this Agreement as the Warrants theretofore or thereafter issued in accordance with the terms of this Agreement as though all of such Warrants had been issued at the date of the execution hereof. In any case of any such merger, consolidation, conveyance or transfer, such changes in phraseology and form (but not in substance) may be made in the Warrant Certificates representing the Warrants thereafter to be issued as may be appropriate.

(b) The Warrant Agent may receive a written opinion of legal counsel (who shall be acceptable to the Warrant Agent) as conclusive evidence that any such merger, consolidation, conveyance or transfer complies with the provisions of this Section and the Indenture.

[Add Anti-Dilution provisions as necessary.]

ARTICLE 4 EXCHANGE AND TRANSFER

SECTION 4.01. Exchange and Transfer. (a) [1: Upon] [2: Prior to the Detachable Date, a Warrant Certificate may be exchanged or transferred only together with the Offered Security to which such Warrant Certificate was initially attached, and only for the purpose of effecting, or in conjunction with, an

exchange or transfer of such Offered Security. Prior to any Detachable Date, each transfer of the Offered Security, shall operate also to transfer the related Warrant Certificates. On or after the Detachable Date, upon] surrender at the corporate trust office of the Warrant Agent at [address] [or], Warrant Certificates evidencing Warrants may be exchanged for Warrant Certificates in other authorized denominations evidencing such Warrants or the transfer thereof may be registered in whole or in part; provided, however, that such other Warrant Certificates shall evidence the same aggregate number of Warrants as the Warrant Certificates so surrendered.

(b) The Warrant Agent shall keep, at its corporate trust office at [address] [and at], books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrant Certificates and exchanges and transfers of outstanding Warrant Certificates upon surrender of such Warrant Certificates to the Warrant Agent at its corporate trust office at [address] [or] for exchange or registration of transfer, properly endorsed [or accompanied by appropriate instruments of registration of transfer and written instructions for transfer, all in form satisfactory to the Company and the Warrant Agent.]

(c) No service charge shall be made for any exchange or registration of transfer of Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in connection with any such exchange or registration of transfer.

(d) Whenever any Warrant Certificates, are so surrendered for exchange or registration of transfer, an authorized officer of the Warrant Agent shall manually countersign and deliver to the person or persons entitled thereto a Warrant Certificate or Warrant Certificates, duly authorized and executed by the Company, as so requested. The Warrant Agent shall not effect any exchange or registration of transfer which will result in the issuance of a Warrant Certificate, evidencing a fraction of a Warrant or a number of full Warrants and a fraction of a Warrant

(e) All Warrant Certificates, issued upon any exchange or registration of transfer of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrant Certificates surrendered for such exchange or registration or transfer.

SECTION 4.02. Treatment of Holders of Warrant Certificates. Each Holder of a Warrant Certificate, by accepting the same, consents and agrees with the Company, the Warrant Agent and every subsequent Holder of such Warrant Certificate that until the transfer of such Warrant Certificate is registered on the

books of such Warrant Agent [2: or, prior to the Detachable Date, until the transfer of the Offered Security to which such Warrant Certificate is attached, is registered in the register of the Offered Securities], the Company and the Warrant Agent may treat the registered Holder of such Warrant Certificate as the absolute owner thereof for any purpose and as the person entitled to exercise the rights represented by the Warrants evidenced thereby, any notice to the contrary notwithstanding.

SECTION 4.03. Cancellation of Warrant Certificates. [(a)] Any Warrant Certificate surrendered for exchange or registration of transfer or exercise of the Warrants evidenced thereby shall, if surrendered to the Company, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly cancelled by the Warrant Agent and shall not be reissued and, except as expressly permitted by this Agreement, no Warrant Certificate shall be issued hereunder in exchange therefor or in lieu thereof. The Warrant Agent shall cause all cancelled Warrant Certificates to be destroyed and shall deliver a certificate of such destruction to the Company.

[(b) If the Company notifies the Trustee of its election to redeem [2: prior to the Detachable Date] [, as a whole but not in part,] [2: the Offered Securities [or] [and]] the Warrant Securities pursuant to the Indenture or the terms thereof, the Company may elect, and shall give notice to the Warrant Agent of its election, to cancel the unexercised Warrants, the Warrant Certificates and the rights evidenced thereby. Promptly after receipt of such notice by the Warrant Agent, the Company shall, or, at the Company's request, the Warrant Agent shall in the name of and at the expense of the Company, give notice of such cancellation to the Holders of the Warrant Certificates, such notice to be so given not less than 30 nor more than 60 days prior to the date fixed for the redemption of [2: the Offered Securities [or] [and]] the Warrant Securities pursuant to the Indenture or the terms thereof. The unexercised Warrants, the Warrant Certificates and the rights evidenced thereby shall be cancelled and become void on the 15th day prior to such date fixed for redemption.]

ARTICLE 5 CONCERNING THE WARRANT AGENT

SECTION 5.01. Warrant Agent. The Company hereby appoints as Warrant Agent of the Company in respect of the Warrants and the Warrant Certificates upon the terms and subject to the conditions herein and in the Warrant Certificates set forth; and hereby accepts such appointment. The Warrant Agent shall have the powers and authority granted to and conferred upon it in the Warrant Certificates and herein and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it.

All of the terms and provisions with respect to such powers and authority contained in the Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 5.02. Conditions of Warrant Agent's Obligations. The Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights hereunder of the Holders from time to time of the Warrant Certificates shall be subject:

(a) Compensation and Indemnification. The Company agrees promptly to pay the Warrant Agent the compensation to be agreed upon with the Company for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by the Warrant Agent without negligence, bad faith or breach of this Agreement on its part in connection with the services rendered hereunder by the Warrant Agent. The Company also agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Warrant Agent, arising out of or in connection with its acting as Warrant Agent hereunder, as well as the reasonable costs and expenses of defending against any claim of such liability.

(b) Agent for the Company. In acting under this Agreement and in connection with the Warrants and the Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligation or relationship of agency or trust for or with any of the Holders of Warrant Certificates or beneficial owners of Warrants.

(c) Counsel. The Warrant Agent may consult with counsel satisfactory to it in its reasonable judgment, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(d) Documents. The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(e) Certain Transactions. The Warrant Agent, and its officers, directors and employees, may become the owner of, or acquire any interest in, Warrants, with the same rights that it or they would have if it were not the Warrant Agent

hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depositary, trustee or agent for, any committee or body of holders of Warrant Securities or other obligations of the Company as freely as if it were not the Warrant Agent hereunder. [Nothing in this Warrant Agreement shall be deemed to prevent the Warrant Agent from acting as Trustee under the Indenture.]

(f) No Liability for Interest. The Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(g) No Liability for Invalidity. The Warrant Agent shall not be under any responsibility with respect to the validity or sufficiency of this Agreement or the execution and delivery hereof (except the due authorization to execute this Agreement and the due execution and delivery hereof by the Warrant Agent) or with respect to the validity or execution of any Warrant Certificates (except its countersignature thereof).

(h) No Liability for Recitals. The recitals contained herein shall be taken as the statements of the Company and the Warrant Agent assumes no liability for the correctness of the same.

(i) No Implied Obligations. The Warrant Agent shall be obligated to perform only such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Warrant Certificates countersigned by the Warrant Agent and delivered by it to the Company pursuant to this Agreement or for the application by the Company of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Warrant Certificates or in the case of the receipt of any written demand from a Holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 6.02, to make any demand upon the Company.

SECTION 5.03. Resignation and Appointment of Successor. (a) The Company agrees, for the benefit of the Holders from time to time of the Warrant

Certificates, that there shall at all times be a Warrant Agent hereunder until all the Warrants have been exercised or are no longer exercisable.

(b) The Warrant Agent may at any time resign as such by giving written notice of its resignation to the Company, specifying the desired date on which its resignation shall become effective; provided, however, that such date shall be not less than 90 days after the date on which such notice is given unless the Company agrees to accept shorter notice. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Warrant Agent (which shall be a bank or trust company in good standing, authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers) by written instrument in duplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Warrant Agent and one copy to the successor Warrant Agent. The Company may, at any time and for any reason, remove the Warrant Agent and appoint a successor Warrant Agent (qualified as aforesaid) by written instrument in duplicate signed on behalf of the Company and specifying such removal and the date when it is intended to become effective, one copy of which shall be delivered to the Warrant Agent being removed and one copy to the successor Warrant Agent. Any resignation or removal of the Warrant Agent and any appointment of a successor Warrant Agent shall become effective upon acceptance of appointment by the successor Warrant Agent as provided in this subsection (b). In the event a successor Warrant Agent has not been appointed and accepted its duties within 90 days of the Warrant Agent's notice of resignation, the Warrant Agent may apply to any court of competent jurisdiction for the designation of a successor Warrant Agent. Upon its resignation or removal, the Warrant Agent shall be entitled to the payment by the Company of the compensation and to the reimbursement of all reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by it hereunder as agreed to in Section 5.02(a).

(c) The Company shall remove the Warrant Agent and appoint a successor Warrant Agent if the Warrant Agent (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due. Upon the appointment as aforesaid of a successor Warrant Agent and acceptance by it of such appointment, the

predecessor Warrant Agent shall, if not previously disqualified by operation of law, cease to be Warrant Agent hereunder.

(d) Any successor Warrant Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and the Company an instrument accepting such appointment hereunder, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, immunities, duties and obligations of such predecessor with like effect as if originally named as Warrant Agent hereunder, and such predecessor shall thereupon become obligated to transfer, deliver and pay over, and such successor Warrant Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor as Warrant Agent hereunder.

(e) Any corporation into which the Warrant Agent hereunder may be merged or converted or any corporation with which the Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party, or any corporation to which the Warrant Agent shall sell or otherwise transfer all or substantially all the assets and business of the Warrant Agent, provided that it shall be qualified as aforesaid, shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE 6
MISCELLANEOUS

SECTION 6.01. Amendment. This Agreement and the terms of the Warrants and the Warrant Certificates may be amended by the parties hereto, without the consent of the Holder of any Warrant Certificate or the beneficial owner of any Warrant, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained herein or in the Warrant Certificates, or making any other provisions with respect to matters or questions arising under this Agreement as the Company and the Warrant Agent may deem necessary or desirable, provided that such action shall not affect adversely the interests of the Holders of the Warrant Certificates or the beneficial owners of Warrants in any material respect.

SECTION 6.02. Notices and Demands to the Company and Warrant Agent. If the Warrant Agent shall receive any notice or demand addressed to the Company by the Holder of a Warrant Certificate pursuant to the provisions of the Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 6.03. Addresses. Any communication from the Company to the Warrant Agent with respect to this Agreement shall be addressed to Attention: , and any communication from the Warrant Agent to the Company with respect to this Agreement shall be addressed to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attention: (or such other address as shall be specified in writing by the Warrant Agent or by the Company).

SECTION 6.04. Applicable Law. The validity, interpretation and performance of this Agreement and each Warrant Certificate issued hereunder and of the respective terms and provisions hereof and thereof shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 6.05. Delivery of Prospectus. The Company will furnish to the Warrant Agent sufficient copies of a prospectus relating to the Warrant Securities deliverable upon exercise of Warrants (the "Prospectus"), and the Warrant Agent agrees that upon the exercise of any Warrant, the Warrant Agent will deliver to the Holder of the Warrant Certificate evidencing such Warrant, prior to or concurrently with the delivery of the Warrant Securities issued upon such exercise, a Prospectus. The Warrant Agent shall not, by reason of any such delivery, assume any responsibility for the accuracy or adequacy of such Prospectus.

SECTION 6.06. Obtaining of Governmental Approval. The Company will from time to time take all action which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities and securities acts filings under United States federal and state laws (including without limitation a registration statement in respect of the Warrants and Warrant Securities under the Securities Act of 1933), which may be or become requisite in connection with the issuance, sale, transfer and delivery of the Warrant Certificates, the exercise of the Warrants, the issuance, sale, transfer and delivery of the Warrant Securities issued upon exercise of the Warrants or upon the expiration of the period during which the Warrants are exercisable.

SECTION 6.07. Persons Having Rights under Warrant Agreement. Nothing in this Agreement shall give to any person other than the Company, the Warrant Agent and the Holders of the Warrant Certificates any right, remedy or claim under or by reason of this Agreement.

SECTION 6.08. Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which as so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 6.10. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Warrant Agent for inspection by the Holder of any Warrant Certificate. The Warrant Agent may require such Holder to submit his Warrant Certificate for inspection by it.

SECTION 6.11. Notices to Holders of Warrants. Any notice to Holders of Warrants evidenced by Warrant Certificates which by any provisions of this Warrant Agreement is required or permitted to be given shall be given by first class mail prepaid at such Holder's address as it appears on the books of the Warrant Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the date first above written.

THE WILLIAMS COMPANIES, INC.

By _____
Name:
Title:

[WARRANT AGENT]

By _____
Name:
Title:

[FORM OF WARRANT CERTIFICATE]

[Face]

Prior to _____, this Warrant Certificate may be transferred or exchanged if and only if the [Title of Offered Security] to which it was initially attached is so transferred or exchanged.

Form of Legend if Warrants are not immediately exercisable:

[Prior to _____, Warrants evidenced by this Warrant Certificate cannot be exercised.]

EXERCISABLE ONLY IF AUTHENTICATED BY THE WARRANT AGENT AS PROVIDED HEREIN

VOID AFTER THE CLOSE OF BUSINESS ON _____, _____

THE WILLIAMS COMPANIES, INC.

Warrant Certificate representing warrants to purchase [Title of Warrant Securities] as described herein

No. _____ Warrants

This certifies that [_____] or registered assigns is the registered owner of the above indicated number of Warrants, each Warrant entitling such registered owner to purchase, at any time [after the close of business on _____, _____, and] on or before the close of business on _____, _____, [____] shares of the [Title of Warrant Securities] [\$_____ aggregate principal amount of [Title of Warrant Securities]] (the "Warrant Securities") of

The Williams Companies, Inc. (the "Company")[, issued or to be issued under the Indenture (as hereinafter defined),] on the following basis.(2) [During the period from _____, ____ through and including _____, ____, each Warrant shall entitle the Holder thereof, subject to the provisions of this Agreement, to purchase from the Company the [principal] amount of Warrant Securities stated above in this Warrant Certificate at the exercise price of [____] [____% of the principal amount thereof [plus accrued amortization, if any, of the original issue discount of the Warrant Securities][plus accrued interest, if any, from the most recent date from which interest shall have been paid on the Warrant Securities or, if no interest shall have been paid on the Warrant Securities, from _____, ____]; [in each case, the original issue discount (\$_____ for each \$1,000 principal amount of Warrant Securities) will be amortized at a ____% annual rate, computed on a[n] [semi-]annual basis[, using a 360-day year constituting of twelve 30-day months]] (the "Exercise Price"). The Holder of this Warrant Certificate may exercise the Warrants evidenced hereby, in whole or in part, by surrendering this Warrant Certificate, with the purchase form set forth hereon duly completed, accompanied [by payment in full, in lawful money of the United States of America, [in cash or by certified check or official bank check in New York Clearing House funds] [by bank wire transfer in immediately available funds]], the Exercise Price for each Warrant exercised, to the Warrant Agent (as hereinafter defined), at the corporate trust office of [name of Warrant Agent], or its successor as warrant agent (the "Warrant Agent") [or at _____,] at the addresses specified on the reverse hereof and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement (as hereinafter defined). This Warrant Certificate may be exercised only for the purchase of [shares of] Warrant Securities [in the principal amount of] or any integral multiple thereof. [Cashless Exercise Option]

The term "Holder" as used herein shall mean, prior to _____, _____ (the "Detachable Date"), the registered owner of the Company's [title of Offered Securities] to which such Warrant Certificate was initially attached, and after such Detachable Date, the person in whose name at the time such Warrant Certificate shall be registered upon the books to be maintained by the Warrant Agent for that purpose pursuant to Section 3.01 of the Warrant Agreement.

Any whole number of Warrants evidenced by this Warrant Certificate may be exercised to purchase Warrant Securities in registered form. Upon any exercise of fewer than all of the Warrants evidenced by this Warrant Certificate, there shall be issued to the registered owner hereof a new Warrant Certificate evidencing the number of Warrants remaining unexercised.

- - - - -
(2) Complete and modify the following provisions as appropriate to reflect the terms of the Warrants and the Warrant Securities.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement dated as of _____, ____ (the "Warrant Agreement"), between the Company and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. Copies of the Warrant Agreement are on file at the above-mentioned office of the Warrant Agent [and at _____].

[The Warrant Securities to be issued and delivered upon the exercise of Warrants evidenced by this Warrant Certificate will be issued under and in accordance with an Indenture, dated as of _____ (the "Indenture"), between the Company and _____, a [corporation] [national banking association] organized under the laws of the State of _____, as trustee (such trustee, and any successors to such trustee, the "Trustee") and will be subject to the terms and provisions contained in the Warrant Securities and in the Indenture. Copies of the Indenture, including the form of the Warrant Securities, are on file at the corporate trust office of the Trustee [and at _____].]

Prior to _____, ____ (the "Detachable Date"), this Warrant Certificate may be exchanged or transferred only together with the [title of Offered Security] (the "Offered Security") to which this Warrant Certificate was initially attached, and only for the purpose of effecting, or in conjunction with, an exchange or transfer of such Offered Security. Additionally, on or prior to the Detachable Date, each transfer of such Offered Security on the register of the Offered Securities shall operate also to transfer this Warrant Certificate. After the Detachable Date, this Warrant Certificate, and all rights hereunder, may be transferred when surrendered at the corporate trust office of the Warrant Agent [or _____] by the registered owner or his assigns, in person or by an attorney duly authorized in writing, in the manner and subject to the limitations provided in the Warrant Agreement.

Except as provided in the immediately preceding paragraph, after authentication by the Warrant Agent and prior to the expiration of this Warrant Certificate, this Warrant Certificate may be exchanged at the corporate trust office of the Warrant Agent [or at _____] for Warrant Certificates representing the same aggregate number of Warrants.

This Warrant Certificate shall not entitle the registered owner hereof to any of the rights of a registered holder of the Warrant Securities, including, without limitation, [the right to receive payments of principal of (and premium, if any) or interest, if any, on the Warrant Securities or to enforce any of the covenants of the Indenture] [the right to receive dividend payments on the Warrant Securities or any voting rights].

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Warrant Certificate shall not be valid or obligatory for any purpose until authenticated by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated: ----- THE WILLIAMS COMPANIES, INC.

By -----

Attest:

Certificate of Authentication

This is one of the Warrant Certificates referred to in the within-mentioned Warrant Agreement.

As Warrant Agent

By -----
Authorized Signature

[REVERSE] [FORM OF WARRANT CERTIFICATE]
(Instructions for Exercise of Warrants)

To exercise any Warrants evidenced hereby, the Holder of this Warrant Certificate must pay [in cash or by certified check or official bank check in New York Clearing House funds or by bank wire transfer in immediately available funds], the Exercise Price in full for each of the Warrants exercised, to _____, Corporate Trust Department, _____, Attn: _____ [or _____], which payment should specify the name of the Holder of this Warrant Certificate and the number of Warrants exercised by such Holder. In addition, the Holder of this Warrant Certificate should complete the information required below and present in person or mail by registered mail this Warrant Certificate to the Warrant Agent at the addresses set forth below.

[FORM OF EXERCISE]

(To be executed upon exercise of Warrants.)

The undersigned hereby irrevocably elects to exercise _____ Warrants, represented by this Warrant Certificate, to purchase [_____ shares of [Title of Warrant Securities]] [\$_____ aggregate principal amount of the [Title of Warrant Securities]] (the "Warrant Securities") of THE WILLIAMS COMPANIES, INC. and represents that he has tendered payment for such Warrant Securities [in cash or by certified check or official bank check in New York Clearing House funds or by bank wire transfer in immediately available funds] to the order of The Williams Companies, Inc., c/o Treasurer in the amount of \$_____ in accordance with the terms hereof. The undersigned requests that said [principal] amount of Warrant Securities be in fully registered form, in the authorized denominations, registered in such names and delivered, all as specified in accordance with the instructions set forth below.

If said [principal] amount of Warrant Securities is less than all of the Warrant Securities purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of the Warrants evidenced hereby be issued and delivered to the undersigned unless otherwise specified in the instructions below.

Dated:

Name _____
(Please Print)

(Insert Social Security or Other
Identifying Number of Holder)

Address _____

Signature _____

(Signed exactly as name appears
on the other side of this Warrant
Certificate)

This Warrant may be exercised at the following addresses:

By hand at

By mail at

(Instructions as to form and delivery of Warrant Securities and/or Warrant Certificates):

[[FORM OF ASSIGNMENT]

(TO BE EXECUTED TO TRANSFER THE WARRANT CERTIFICATE)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

Please insert social security or other identifying number

(Please print name and address including zip code)

the right represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint _____, Attorney, to transfer said Warrant Certificate on the books of the Warrant Agent with full power of substitution.

Dated:

Signature
(Signed exactly as name appears on the other side of this Warrant Certificate)

Signature Guarantee:

]

Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Warrant Agent)

December 21, 2001

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

Ladies and Gentlemen:

You have requested me, as General Counsel of The Williams Companies, Inc., to render my opinion regarding certain matters in connection with the preparation and filing of the Registration Statement by The Williams Companies, Inc. (the "Company") on Form S-3 (as amended, the "Registration Statement") under the Securities Act of 1933, as amended, with respect to the contemplated issuance by the Company from time to time of up to \$2,500,000,000 aggregate initial offering price of Debt Securities, Preferred Stock, Common Stock, Preferred Stock Purchase Rights, Purchase Contracts, Warrants and Units. The Debt Securities are to be issued as senior or subordinated indebtedness of the Company under a senior debt indenture or a subordinated debt indenture between the Company and Bank One Trust Company, N.A., as trustee (the "Indentures"). In addition, the Debt Securities, the Preferred Stock, the Stock Purchase Contracts, and the Units may be convertible into Common Stock of the Company. The Debt Securities, Preferred Stock, Common Stock, Preferred Stock Purchase Rights, Purchase Contracts, Warrants and Units are collectively referred to herein as the "Securities."

I am familiar with the Certificate of Incorporation and the By-laws, each as amended to date, of the Company and have examined the originals, or copies certified or otherwise identified to my satisfaction, of corporate records of the Company, statutes, and other instruments and documents as the basis for the opinion expressed herein. Based upon the foregoing, and having regard for such legal considerations as I have deemed relevant, I am of the opinion that, (1) with respect to the Debt Securities, when the remaining terms are set by an officer of the Company pursuant to the authority granted such officer by the Board of Directors of the Company, the Indentures have been duly executed and delivered, and the Debt Securities have been duly issued in accordance with the provisions of the Indentures and duly paid for by the purchasers thereof, (2) with respect to the Preferred Stock, when the remaining terms are set by an officer of the Company pursuant to the authority granted such officer by the Board of Directors of the Company, and the Preferred Stock has been duly issued and delivered by the Company and duly paid for by the purchasers thereof, (3) with respect to the Common Stock, when duly issued and delivered by the Company and duly paid for by the purchasers thereof, (4) with respect to the Preferred Stock Purchase Rights, when the remaining terms are set by an officer of the Company pursuant to the authority granted such officer by the Board of Directors of the Company, and the Preferred Stock Purchase Rights have been duly issued and delivered by the Company and duly paid for by the purchasers thereof, (5) with respect to the Purchase Contracts, when the remaining terms are set by an officer of the Company pursuant to the authority granted such officer by the Board of Directors of the Company, and the Purchase Contracts have been duly issued and delivered by the Company and duly paid for by the purchasers thereof, (6) with respect to the Warrants, when the Warrant

Agreement to be entered into in connection with the issuance of any Warrants has been duly authorized, executed and delivered by the Warrant Agent and the Company, the remaining terms are set by an officer of the Company in accordance with the Warrant Agreement and the applicable underwriting or other agreement pursuant to the authority granted such officer by the Board of Directors of the Company, and the Warrants have been duly issued and delivered by the Company and duly paid for by the purchasers thereof, and (7) with respect to the Units, when the terms are set by an officer of the Company pursuant to the authority granted such officer by the Board of Directors of the Company, and the Units have been duly issued and delivered by the Company and duly paid for by the purchasers thereof, (a) the Debt Securities, Preferred Stock Purchase Rights, Purchase Contracts, Warrants, and Units will constitute valid and binding obligations of the Company enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other laws relative to or affecting generally the enforcement of creditor's rights and by principles of equity, and (b) the Preferred Stock and the Common Stock will have been validly issued, fully paid, and non-assessable.

In connection with my opinions expressed above, I have assumed that, at or prior to the time of the delivery of any such Security, the Registration Statement has been declared effective, that the authorization of such Securities will not have been modified or rescinded and there will not have occurred any change in law affecting the validity or enforceability of such Security. I have also assumed that none of the terms of any Security to be established subsequent to the date hereof nor the issuance and delivery of such Security, nor the compliance by the Company with the terms of such Security, will violate any applicable law or will result in a violation of any provision of any instrument or agreement then binding upon the Company, or any restriction imposed by any court or governmental body having jurisdiction over the Company. I am a member of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware. I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to the undersigned appearing under the caption "Legal Matters" in the related Prospectus.

Very truly yours,

/s/ WILLIAM G. VON GLAHN

William G. von Glahn

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in Amendment No. 1 to the Registration Statement (Form S-3) and related Prospectus of The Williams Companies, Inc. for the registration of \$2,500,000,000 of Debt and Equity Securities, Warrants, Purchase Contracts and Units and to the incorporation by reference therein of our report dated February 28, 2001, except for the matters described in Note 3, as to which the date is April 23, 2001, with respect to the consolidated financial statements and schedules of The Williams Companies, Inc. included in its Current Report on Form 8-K filed with the Securities and Exchange Commission on May 22, 2001.

/s/ ERNST & YOUNG LLP

Tulsa, Oklahoma
December 20, 2001

THE WILLIAMS COMPANIES, INC.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned individuals, in their capacity as a director or officer, or both, as hereinafter set forth below their signature, of THE WILLIAMS COMPANIES, INC., a Delaware corporation ("Williams"), does hereby constitute and appoint WILLIAM G. VON GLAHN, SUZANNE H. COSTIN and DOUGLAS J. MAY their true and lawful attorneys and each of them (with full power to act without the others) their true and lawful attorneys for them and in their name and in their capacity as a director or officer, or both, of Williams, as hereinafter set forth below their signature, to sign a pre-effective amendment to that certain Registration Statement on Form S-3 (File Number 333-73326) for the registration under the Securities Act of 1933, as amended, with respect to an additional Five Hundred Seventy Five Million Nine Hundred Forty Three Thousand Seven Hundred Fifty Dollars (\$575,943,750) aggregate principal amount, plus any upsizing permitted by Rule 462(b) or other similar Rules and Regulations promulgated under the Securities Act of 1933, as amended, of debt securities, preferred stock, equity hybrid securities, securities convertible into equity securities, common stock, warrants, purchase contracts and units and any and all amendments and post-effective amendments to said registration statement and any and all instruments necessary or incidental in connection therewith; and

THAT the undersigned Williams does hereby constitute and appoint WILLIAM G. VON GLAHN, SUZANNE H. COSTIN and DOUGLAS J. MAY its true and lawful attorneys and each of them (with full power to act without the others) its true and lawful attorney for it and in its name and on its behalf to sign said pre-effective amendment to such registration statement and any and all amendments and post-effective amendments thereto and any and all instruments necessary or incidental in connection therewith.

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

IN WITNESS WHEREOF, the undersigned have executed this instrument, all as of the 20th day of December, 2001.

/s/ Keith E. Bailey

/s/ Jack D. McCarthy

Keith E. Bailey
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Jack D. McCarthy
Senior Vice President
(Principal Financial Officer)

/s/ Gary R. Belitz

Gary R. Belitz
Controller
(Principal Accounting Officer)

/s/ Hugh M. Chapman

Hugh M. Chapman
Director

/s/ Thomas H. Cruikshank

Thomas H. Cruikshank
Director

/s/ Ira D. Hall

Ira D. Hall
Director

/s/ James C. Lewis

James C. Lewis
Director

/s/ George A. Lorch

George A. Lorch
Director

/s/ Steven J. Malcolm

Steven J. Malcolm
Director

/s/ Janice D. Stoney

Janice D. Stoney
Director

/s/ Glenn A. Cox

Glenn A Cox
Director

/s/ Williams E. Green

William E. Green
Director

/s/ W. R. Howell

W. R. Howell
Director

/s/ Charles M. Lillis

Charles M. Lillis
Director

/s/ Frank T. MacInnis

Frank T. MacInnis
Director

/s/ Gordon R. Parker

Gordon R. Parker
Director

/s/ Joseph H. Williams

Joseph H. Williams
Director

THE WILLIAMS COMPANIES, INC.

By: /s/ William G. von Glahn

William G. von Glahn
Senior Vice President

ATTEST:

/s/ Suzanne H. Costin

Suzanne H. Costin
Secretary

THE WILLIAMS COMPANIES, INC.

CERTIFICATE OF SECRETARY

I, the undersigned, SUZANNE H. COSTIN, Secretary of THE WILLIAMS COMPANIES, INC., a Delaware corporation (hereinafter called the "Company"), do hereby certify that the Board of Directors of the Company adopted by unanimous written consent dated December 17, 2001, the following resolutions:

WHEREAS the Board of Directors of the Company has previously authorized the registration and offering of one or more series of debt securities, preferred stock, common stock, equity hybrid securities and other securities convertible into equity securities of the Company;

WHEREAS the Board of Directors wishes to expand the authority previously granted to include warrants and other purchase contracts of the Company ("Purchase Contracts") and units consisting of Purchase Contracts and debt or equity securities of the Company ("Units");

WHEREAS, the Company has \$424,056,250 of unsold securities registered under Registration Statement No. 333-63724 which is currently effective.

NOW, THEREFORE, BE IT:

RESOLVED that the resolutions of the Board of Directors of the Company adopted on September 20, 2001, authorizing the Company to register and issue up to One Billion Five Hundred Million Dollars (\$1,500,000,000) aggregate principal amount, plus any upsizing permitted by Rule 462(b) or other similar Rules and Regulations promulgated under the Securities Act of 1933, as amended, of debt securities, preferred stock, equity hybrid securities, securities convertible into equity securities and common stock, be, and hereby are, amended to include, in addition to the authority previously granted, (1) authority to register and issue up to an additional Five Hundred Seventy Five Million Nine Hundred Forty Three Thousand Seven Hundred Fifty Dollars (\$575,943,750) aggregate principal amount, plus any upsizing permitted by Rule 462(b) or other similar Rules and Regulations promulgated under the Securities Act of 1933, as amended, of debt securities, preferred stock, equity hybrid securities, securities convertible into equity

securities, common stock, Purchase Contracts and Units and (2) authority to register and issue Purchase Contracts and Units, and that such resolutions shall otherwise remain in full force and effect;

RESOLVED that the Chairman of the Board, the President, the Chief Financial Officer, or the Treasurer of the Company (the "Designated Officers") be, and each hereby is, authorized to take such action, for and on behalf of the Company, as may be necessary or desirable to effect the intent of the foregoing resolution, including, without limitation, filing a pre- or post-effective amendment with the Securities and Exchange Commission to amend the Company's Registration Statement on Form S-3 (File Number 333-73326) to include the additional types of securities authorized herein.

RESOLVED that the Designated Officers be, and each hereby is, are hereby authorized, empowered and directed, for and on behalf of the Company, to prepare or cause to be prepared and to execute and file with the Commission one or more prospectuses and one or more supplementary prospectuses (the "Prospectuses") in connection with offerings or sales of the securities registered under the Shelf Registration Statement (the "Securities"); and

RESOLVED that the Designated Officers be, and each hereby is, in accordance with the foregoing resolutions and the limitations previously approved, authorized to cause the Company to issue and sell one or more series of Purchase Contracts or Units and, in connection with any such issuance and sale, determine, approve or appoint, as the case may be:

(a) whether such Purchase Contracts shall be sold separately or, together with other securities of the Company or obligations of third parties, as Units;

(b) the price per share and number of shares or other property for which such Purchase Contracts shall be exercisable or the formula pursuant to which the same may be determined;

(c) any security or collateral arrangements to secure the obligations of holders of Purchase Contracts or Units;

(d) any payments from the Company to holders of Purchase Contracts or Units, or vice versa, and whether such payments may be unsecured or refunded;

(e) any depositary arrangements relating to the Purchase Contracts or Units;

(f) whether such Purchase Contracts or Units shall be sold with or without competitive bidding, whether through public offering or by private placement, or a combination thereof;

(g) whether such Purchase Contracts or Units shall be listed on the New York Stock Exchange or any other securities exchange; and

(h) any other terms, conditions, or provisions as any such officer shall deem appropriate;

RESOLVED that the execution by any of said Designated Officers of any document authorized by the foregoing resolutions or any document executed in the accomplishment of any action or actions so authorized, is (or shall become upon delivery) the enforceable and binding act and obligation of the Company, without the necessity of the signature or attestation of any other corporate officer of the Company or the affixing of the corporate seal; and

RESOLVED that the Designated Officers and the Secretary of the Company be, and each of them hereby is, authorized, for and on behalf of the Company, to file with the New York Stock Exchange ("NYSE") an application to effect the listing upon the NYSE of the Securities (the "Listing Application") and admission to trading of the Securities on the NYSE and that such officers be, and each of them hereby is, authorized, empowered and directed to take all action, and file with the NYSE all such documents as such officer may deem necessary or appropriate in order to accomplish such listing and admission to trading and to cause the Company to pay filing, listing and application fees associated therewith; such judgment to be conclusively evidenced by such officer's acting thereon or execution thereof; and

RESOLVED that the Designated Officers be, and each of them hereby is, authorized, for and on behalf of the Company, to do and perform all such acts and things and to enter into, execute and file all such documents, that in the judgment of the officer taking such action, are necessary or appropriate to effectuate the listing of the Securities on the NYSE, such judgment to be conclusively evidenced by such officer's acting thereon; and

RESOLVED that the Designated Officers be, and each hereby is, authorized, by and on behalf of the Company and in its name, to take, or cause to be taken, any and all such actions (including, without limitation, the execution and delivery of notices, certificates and other instruments) as such officer(s) may deem necessary, appropriate or convenient to carry out the foregoing resolutions and consummate the transactions contemplated thereby; and

RESOLVED that all acts, transactions, or agreements undertaken prior to the adoption of these Resolutions by any of the officers or representatives of the Company in its name in connection with the foregoing matters are hereby ratified, confirmed and adopted.

I further certify that the foregoing resolution has not been modified, revoked or rescinded and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of THE WILLIAMS COMPANIES, INC., this 21st day of December, 2001.

/s/ Suzanne H. Costin

Suzanne H. Costin
Secretary

(CORPORATE SEAL)