AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 22, 2001

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ISSUER OF SECURITIES REGISTERED HEREBY

THE WILLIAMS COMPANIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	4922	73-0569878
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
(918) 573-2000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

WILLIAM G. VON GLAHN
ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172
(918) 573-2000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

WILLIAM MARK YOUNG
ANDREWS & KURTH L.L.P.
600 TRAVIS, SUITE 4200
HOUSTON, TEXAS 77002
(713) 220-4323
(713) 238-7111 (FAX)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable following the effectiveness of this Registration Statement.

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

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

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

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
7.50% Debentures due January 15, 2031.......	$ 700,000,000	100%	$ 700,000,000	$175,000
6.75% Putable Asset Term Securities (PATS) Putable/ Callable January 15, 2006........	$ 400,000,000	100%	$ 400,000,000	$100,000
Total......................................	$1,100,000,000		$1,100,000,000	$275,000

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.

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

MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT EXCHANGE THE DEBENTURES OR THE PATS UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THE NEW DEBENTURES OR THE NEW PATS AND IT IS NOT SOLICITING AN OFFER TO BUY THE NEW DEBENTURES OR THE NEW PATS IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED MARCH 22, 2001

The Williams Companies, Inc.
Offer to Exchange

7.50% Debentures due January 15, 2031, Series A,
that have been registered under the Securities Act of 1933

for any and all outstanding

7.50% Debentures due January 15, 2031

and

6.75% Putable Asset Term Securities (PATS(SM)),
Putable/Callable January 15, 2006, Series A,
that have been registered under the Securities Act of 1933

for any and all outstanding

6.75% Putable Asset Term Securities (PATS),
Putable/Callable January 15, 2006

THE NEW DEBENTURES AND THE NEW PATS:

- The new debentures will be freely tradeable and otherwise substantially identical to the outstanding debentures, including maturity, interest rate and payment terms, redemption and ranking.

- The new PATS will be freely tradeable and otherwise substantially identical to the outstanding PATS, including maturity, interest rate and payment terms, redemption, ranking, and put and call provisions.

THE EXCHANGE OFFER:

- Expiration: 5:00 p.m., New York City time, on   , 2001, unless we extend the expiration date.

- Conditions: The exchange offer is not conditioned upon any aggregate principal amount of outstanding debentures or PATS being tendered.

- Tendered Securities: All outstanding debentures and outstanding PATS that are validly tendered and not validly withdrawn will be exchanged for an equal principal amount of new debentures or new PATS that are registered under the Securities Act of 1933. If you fail to tender your outstanding debentures or outstanding PATS, you will continue to hold unregistered securities, and your ability to transfer them could be adversely affected.

- Withdrawal: Tenders of outstanding debentures or outstanding PATS may be withdrawn at any time prior to the expiration of the exchange offer, unless we have already accepted your outstanding debentures or outstanding PATS for exchange.

- Tax Consequences: The exchange of outstanding debentures or PATS for new debentures or new PATS, respectively, will not be a taxable event for U.S. federal income tax purposes.

TRADING FORMAT

- Neither the new debentures nor the new PATS will be listed on any securities exchange.

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   , 2001

The information contained in this prospectus was obtained from us and other sources believed by us to be reliable. This prospectus also incorporates important business and financial information about us that is not included in or delivered with this prospectus.

You should rely only on the information contained in this prospectus or any supplement and any information incorporated by reference in this prospectus or any supplement. We have not authorized anyone to provide you with any information that is different. If you receive any unauthorized information, you must not rely on it. You should disregard anything we said in an earlier document that is inconsistent with what is in or incorporated by reference in this prospectus.

You should not assume that the information in this prospectus or any supplement is current as of any date other than the date on the front page of this prospectus. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

We include cross references in the prospectus to captions in these materials where you can find further related discussions. The following table of contents tells you where to find these captions.

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NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (RSA), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROSPECTUS TO HELP YOU UNDERSTAND OUR BUSINESS, THE NEW DEBENTURES AND NEW PATS. IT LIKELY DOES NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU OR THAT YOU SHOULD CONSIDER IN MAKING AN INVESTMENT DECISION. TO UNDERSTAND ALL OF THE TERMS OF THE EXCHANGE OFFER AND TO ATTAIN A MORE COMPLETE UNDERSTANDING OF OUR BUSINESS AND FINANCIAL SITUATION, YOU SHOULD READ CAREFULLY THIS ENTIRE PROSPECTUS AND SHOULD CONSIDER CONSULTING WITH YOUR OWN LEGAL AND TAX ADVISORS. REFERENCES IN THIS PROSPECTUS TO "WE," "US" OR "OUR" REFER TO THE WILLIAMS COMPANIES, INC.

THE WILLIAMS COMPANIES, INC.

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

Williams, through Williams Gas Pipeline Company, LLC and Williams Energy Services, LLC and their subsidiaries, 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 1.2 trillion cubic feet equivalent of proved natural gas reserves primarily located in Colorado, New Mexico and Wyoming;

- natural gas gathering, processing and treating activities through ownership and operation of approximately 11,300 miles of gathering lines, 11 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 78 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 per 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 through 227 convenience stores (198 of which are to be sold in 2001) and 50 travel centers; and

- energy commodity marketing and trading.

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

Williams, through Williams Communications Group, Inc. and its subsidiaries, engages in communications-related activities. Following its decision to sell its Solutions segment, Williams Communications operates through three operating segments: Network, Broadband Media and Strategic Investments. Network owns or leases and operates a nationwide inter-city fiber-optic network, which it is extending locally and globally to provide Internet, data, voice and video services exclusively to communications service providers. Network also includes a publicly traded Australian telecommunications company and various other investments that drive bandwidth usage on Williams Communications' network. Broadband Media includes Vyvx Services which provides live and non-live video transmission services worldwide for news, sports, advertising and entertainment events and investments in domestic broadband media communication companies. Strategic Investments invests in both domestic and foreign companies that it believes will, directly or indirectly, increase revenue opportunities for its other segments. As of December 31, 2000, Strategic Investments' foreign investments are all located in South America. Williams Communications has formed strategic alliances with communications companies to secure long-term, high-capacity commitments for traffic on its network and to enhance its service offerings.

Substantially all operations of Williams are conducted through subsidiaries. Williams performs certain management, legal, financial, tax, consultative, administrative and other services for its subsidiaries and at December 31, 2000, employed approximately 1,470 employees. Williams' principal sources of cash are from external financings, dividends and advances from its subsidiaries, investments, payments by subsidiaries for services rendered and interest payments from subsidiaries on cash advances. The amount of dividends available to Williams from subsidiaries largely depends upon each subsidiary's earnings and operating capital requirements. The terms of certain subsidiaries' borrowing arrangements limit the transfer of funds to Williams.

To achieve organizational and operating efficiencies, Williams' interstate natural gas pipelines and pipeline joint venture investments are grouped together under its wholly owned subsidiary, Williams Gas Pipeline Company, LLC. The other energy operations are primarily grouped into a wholly owned subsidiary, Williams Energy Services, LLC. The communications operations, including investments in international communications projects, are grouped into a majority owned subsidiary, Williams Communications Group, Inc. The international energy operations are grouped into a wholly owned subsidiary, Williams International Company.

SUMMARY OF THE EXCHANGE OFFER

You are entitled to exchange in the exchange offer your outstanding debentures for new debentures with substantially identical terms, and your outstanding PATS for new PATS with substantially identical terms. You should read the discussion under the heading "Description of the New Securities" beginning on page 25 for further information regarding the new debentures and the new PATS.

We summarize the terms of the exchange offer below. You should read the discussion under the heading "The Exchange Offer" beginning on page 15 for further information regarding the exchange offer and resale of the new debentures and the new PATS.

Securities to be Exchanged..........	On January 17, 2001, we issued $200.0 million aggregate principal amount of outstanding 7.50% Debentures due January 15, 2031 to initial purchasers in transactions exempt from the registration requirements of the Securities Act. On that same date, we issued $500.0 million aggregate principal amount of outstanding 7.50% Debentures due January 15, 2031 to UBS AG, London Branch, an affiliate of UBS Warburg LLC, in a transaction exempt from the registration requirements of the Securities Act. UBS AG, London Branch, in turn sold those debentures to the initial purchasers who purchased the $200.0 million of debentures from us. Also on January 17, 2001, we issued $400.0 million aggregate principal amount of outstanding 6.75% Putable Asset Term Securities (PATS) Putable/ Callable January 15, 2006, to initial purchasers in transactions exempt from the registration requirements of the Securities Act. The terms of the new debentures and the outstanding debentures are substantially the same in all material respects, except that (1) the new debentures will be freely transferable by the holders except as otherwise provided in this prospectus; (2) holders of new debentures will have no registration rights; and (3) the new debentures will contain no provisions for an increase in their stated interest rate. The terms of the new PATS and the outstanding PATS are substantially the same in all material respects, except that (1) the new PATS will be freely transferable by the holders except as otherwise provided in this prospectus; (2) holders of new PATS will have no registration rights; and (3) the new PATS will contain no provisions for an increase in their stated interest rate.
The Exchange Offer..................	We are offering to exchange up to $700.0 million aggregate principal amount of new debentures for up to $700.0 million aggregate principal amount of

outstanding debentures. We are offering to exchange up to $400.0 million aggregate principal amount of new PATS for up to $400.0 million aggregate principal amount of outstanding PATS. Outstanding debentures and outstanding PATS may be exchanged only in integral multiples of $1,000. The new debentures will evidence the same debt as the outstanding debentures, and the new debentures will be governed by the same indenture as the outstanding debentures. The new PATS will evidence the same debt as the outstanding PATS, and the new PATS will be governed by the same indenture as the outstanding PATS.

Resale.............................. We believe that the new debentures and the new PATS issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- the new debentures and the new PATS are being acquired in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the new debentures and the new PATS issued to you in the exchange offer; and
- you are not an "affiliate" of ours.

If any of these conditions are not satisfied and you transfer any new debentures or new PATS issued to you in the exchange offer without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your new debentures or new PATS from such requirements, you may incur liability under the Securities Act. We do not assume or indemnify you against any such liability.

Each broker-dealer that is issued new debentures or new PATS in the exchange offer for its own account in exchange for outstanding debentures or outstanding PATS which were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the new debentures or new PATS. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the new debentures or new PATS issued to it in the exchange offer.

Record Date	We mailed this prospectus and the related exchange offer documents to registered holders of outstanding debentures and the outstanding PATS on , 2001.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2001, or such later date and time to which we extend it.
Withdrawal of Tenders	You may withdraw your tender of outstanding debentures or outstanding PATS at any time prior to 5:00 p.m., New York City time, on the expiration date. To withdraw, the exchange agent must receive a notice of withdrawal at its address indicated under "The Exchange Offer--Exchange Agent" before 5:00 p.m., New York City time, on the expiration date. We will return to you, without charge, promptly after the expiration or termination of the exchange offer any outstanding debentures or outstanding PATS that you tendered but that were not accepted for exchange.
Conditions to the Exchange Offer	We will not be required to accept outstanding debentures or outstanding PATS for exchange if the exchange offer would violate applicable law or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding debentures or outstanding PATS being tendered. Please read the section "The Exchange Offer--Conditions to the Exchange Offer" on page 22 for more information regarding the conditions to the exchange offer.
Procedures for Tendering Outstanding Securities	If your outstanding debentures or outstanding PATS are held through The Depository Trust Company and you wish to participate in the exchange offer, you may do so through the automated tender offer program of DTC. By participating in the exchange offer, you will agree to be bound by the letter of transmittal that we are providing with this prospectus as though you had signed the letter of transmittal. By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things: - any new debentures and new PATS that you receive will be acquired in the ordinary course of your business; - you have no arrangement or understanding with any person or entity to participate in the

distribution of the new debentures or the new PATS;

- if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new debentures or the new PATS;

- if you are a broker-dealer that will receive new debentures or new PATS for your own account in exchange for outstanding debentures or outstanding PATS that were acquired as a result of market-making activities, you will deliver a prospectus, as required by law, in connection with any resale of such new debentures or new PATS; and

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or, if you are our affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

We will accept for exchange any and all outstanding debentures and outstanding PATS which are properly tendered (and not withdrawn) in the exchange offer prior to the expiration date. The new debentures and new PATS issued pursuant to the exchange offer will be delivered promptly following the expiration date. See "The Exchange Offer--Acceptance of Outstanding Securities for Exchange."

Effect of Not Tendering............. Outstanding debentures and outstanding PATS that are not tendered or that are tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the existing restrictions upon transfer thereof. We will have no further obligation to provide for the registration of such outstanding debentures or outstanding PATS under the Securities Act.

Special Procedures for Beneficial Owners.............................. If you are the beneficial owner of book-entry interests and your name does not appear on a security position listing of DTC as the holder of such book-entry interests or you own a beneficial interest in outstanding debentures or outstanding PATS that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender that book-entry interest of outstanding debentures or outstanding PATS in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf.

Guaranteed Delivery Procedures......	If you wish to tender your outstanding debentures or outstanding PATS and cannot comply, prior to the expiration date, with the applicable procedures under the automated tender offer program of DTC, you must tender your outstanding debentures or outstanding PATS according to the guaranteed delivery procedures described in "The Exchange Offer--Procedures for Tendering Outstanding Securities--Guaranteed Delivery" beginning on page 20.
Registration Rights Agreements......	We sold the outstanding debentures and the outstanding PATS on January 17, 2001 in transactions exempt from the registration requirements of the Securities Act. In connection with these sales, we entered into a registration rights agreement with the initial purchasers which grants the holders of the outstanding debentures and the outstanding PATS exchange registration rights. This exchange offer satisfies those rights, which terminate upon consummation of the exchange offer. You will not be entitled to any exchange or registration rights with respect to the new debentures or the new PATS.
U.S. Federal Income Tax Considerations......................	The exchange of outstanding debentures for new debentures or of outstanding PATS for new PATS in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "United States Federal Tax Considerations" on page 44.
Use of Proceeds.....................	We will not receive any cash proceeds from the issuance of the new debentures or new PATS.
Exchange Agent......................	We have appointed Bank One Trust Company, N.A., as the exchange agent for the exchange offer. The mailing address and telephone number of the exchange agent are 1 Bank One Plaza, Mail Code IL1-0134, Chicago, Illinois 60670-0134, phone: (800) 524-9472. See "The Exchange Offer--Exchange Agent."

SUMMARY OF THE TERMS OF THE NEW SECURITIES

NEW DEBENTURES:

New Debentures Offered..............	$700.0 million principal amount of 7.50% Debentures due January 15, 2031, Series A.
Interest Rate.......................	7.50% per annum.
Interest Payment Dates..............	January 15 and July 15 of each year, beginning July 15, 2001.
Use of Proceeds.....................	We will not receive any cash proceeds from the exchange offer.
Ranking.............................	The new debentures will be senior unsecured and unsubordinated obligations and will rank equally with all of our other outstanding unsecured and unsubordinated indebtedness.
Optional Redemption.................	We may redeem some or all of the new debentures at any time at prices, plus accrued and unpaid interest, if any, to the redemption date, as described in "Description of the New Securities--New Debentures."

NEW PATS:

New PATS Offered....................	$400.0 million principal amount of 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A.
Interest Rates......................	The new PATS will bear interest at the rate of 6.75% per annum to, but excluding, January 15, 2006, which is the Initial Coupon Reset Date, and then at a fixed or floating rate as discussed under "Description of the New Securities--New PATS."
Interest Payment Dates	Interest on the new PATS will be payable on January 15 and July 15 of each year beginning on July 15, 2001 and continuing to January 15, 2006, and then at intervals as discussed under "Description of the New Securities--New PATS."
Interest Accrual....................	The new PATS will accrue interest at a fixed rate of 6.75% per annum to, but excluding, January 15, 2006, computed on the basis of a 360-day year consisting of twelve 30-day months. From January 15, 2006, the new PATS will accrue interest at a fixed rate or at a floating rate, depending on whether we choose to have the new PATS remarketed for a floating rate period. If the rate is fixed, interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. If the rate is floating, interest will be computed on the basis of the actual number of days in the applicable floating rate reset period over a 360-day year. For a more detailed description of the payment of interest, you should refer to "Description of the New Securities--New

PATS--Interest and Interest Payment Dates" and "--Floating Rate Period."

Use of Proceeds..................... We will not receive any cash proceeds from the exchange offer.

Ranking............................. The new PATS will be senior unsecured and unsubordinated obligations and will rank equally with all of our other outstanding unsecured and unsubordinated indebtedness.

Call Option......................... We have assigned to UBS AG, London Branch, as Callholder, the option to purchase all of the new PATS on January 15, 2006. If the Callholder purchases the new PATS on January 15, 2006 and we choose to have the new PATS remarketed for a floating rate period, the Callholder must also purchase the new PATS on the date on which the floating rate period ends. The purchase price for the new PATS will be equal to 100% of the aggregate principal amount outstanding if they are purchased on January 15, 2006 or the Dollar Price if they are purchased on the last day of the floating rate period.

For a more detailed description of the call option, you should refer to "Description of the Securities--New PATS--Call Option."

Put Option.......................... If the Callholder does not purchase the new PATS on January 15, 2006, the trustee, on behalf of the beneficial owners, will require us to redeem all of the new PATS for 100% of the aggregate principal amount outstanding plus accrued and unpaid interest, if any. If we choose to have the new PATS remarketed for a floating rate period and the Callholder does not purchase the new PATS on the last day of the floating rate period, the trustee, on behalf of the beneficial owners, will require us to redeem the new PATS at the Dollar Price plus accrued and unpaid interest, if any.

For a more detailed description of the put option, you should refer to "Description of the New Securities--New PATS--Put Option."

Post-Coupon Reset Optional Redemption.......................... We may redeem some or all of the new PATS at any time on or after the later of January 15, 2006 or the end of the floating rate period, in each case at the prices, plus accrued and unpaid interest, if any, to the redemption date, as described in "Description of the New Securities--New PATS--Post-Coupon Reset Optional Redemption."

RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

	YEAR ENDED DECEMBER 31,				
	1996	1997	1998	1999	2000
Ratio of Earnings to Fixed Charges	2.60	2.20	1.46	1.35	1.97

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; and
- 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.

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RISK FACTORS

WE DEPEND ON PAYMENTS FROM OUR SUBSIDIARIES

The securities offered hereby represent our obligations exclusively. We are a holding company and conduct substantially all of our operations through subsidiaries. We perform management, legal, financial, tax, consulting, administrative and other services for our subsidiaries. Our principal sources of cash are external financings, dividends and advances from our subsidiaries, investments, payments by subsidiaries for services rendered and interest payments from subsidiaries on cash advances. The amount of dividends available to us from subsidiaries largely depends upon each subsidiary's earnings and operating capital requirements. The terms of some of our subsidiaries' borrowing arrangements limit the transfer of funds to us. In addition, the ability of our subsidiaries to make any payments to us will depend on the subsidiaries' earnings, business and tax considerations and legal restrictions.

CLAIMS OF HOLDERS OF THE SECURITIES RANK JUNIOR TO THOSE OF CREDITORS OF OUR SUBSIDIARIES

As a result of the holding company structure, the securities offered hereby will effectively rank junior to all existing and future debt, trade payables and other liabilities of our subsidiaries. Any right of us and our creditors to participate in the assets of any of our subsidiaries upon any liquidation or reorganization of any such subsidiary will be subject to the prior claims of that subsidiary's creditors, including trade creditors, except to the extent that we may ourselves be creditors of such a subsidiary.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new debentures in exchange for the outstanding debentures or from the issuance of the new PATS in exchange for the outstanding PATS. We are making this exchange solely to satisfy our obligations under our registration rights agreement. In consideration for issuing the new debentures, we will receive outstanding debentures in aggregate principal amount equal to the aggregate principal amount of the new debentures. In consideration for issuing the new PATS, we will receive outstanding PATS in aggregate principal amount equal to the aggregate principal amount of the new PATS.

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THE EXCHANGE OFFER

EXCHANGE TERMS

An aggregate of $700.0 million principal amount of outstanding debentures and an aggregate of $400.0 million principal amount of outstanding PATS are currently issued and outstanding. The maximum principal amount of new debentures that will be issued in exchange for outstanding debentures is $700.0 million, and the maximum principal amount of new PATS that will be issued in exchange for outstanding PATS is $400.0 million. The terms of the new debentures and the outstanding debentures are substantially the same in all material respects, except that the new debentures will be freely transferable by the holders, other than as provided in this prospectus. The terms of the new PATS and the outstanding PATS are substantially the same in all material respects, except that the new PATS will be freely transferable by the holders, other than as provided in this prospectus.

The new debentures will bear interest at a rate of 7.50% per year, payable semiannually on January 15 and July 15 of each year, beginning on July 15, 2001. The new PATS will bear interest at the rate of 6.75% per annum to, but excluding, January 15, 2006, which is the Initial Coupon Reset Date, and then at a fixed or floating rate as discussed under "Description of the New Securities--New PATS." Interest on the new PATS will be payable on January 15 and July 15 of each year beginning on July 15, 2001 and continuing to January 15, 2006, and then at intervals as discussed under "Description of the New Securities--New PATS." Holders of new debentures and new PATS will receive interest from January 17, 2001, the date of the original issuance of the outstanding debentures and the outstanding PATS, or from the date of the last payment of interest on the outstanding debentures or the outstanding PATS, whichever is later. Holders of new debentures and new PATS will not receive any interest on outstanding debentures and outstanding PATS tendered and accepted for exchange. In order to exchange your outstanding debentures or outstanding PATS for transferable new debentures or new PATS in the exchange offer, you will be required to make the following representations:

- any new debentures or new PATS will be acquired in the ordinary course of your business;

- you have no arrangement with any person to participate in the distribution of the new debentures or new PATS; and

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or if you are our affiliate, you will comply with the applicable registration and prospectus delivery requirements of the Securities Act.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any outstanding debentures and outstanding PATS properly tendered in the exchange offer, and the exchange agent will deliver the new debentures and new PATS promptly after the expiration date (as defined below) of the exchange offer. We expressly reserve the right to delay acceptance of any of the tendered outstanding debentures or outstanding PATS not already accepted if any conditions set forth below under "--Conditions to the Exchange Offer" have not been satisfied or waived by us or do not comply, in whole or in part, with any applicable law.

If you tender your outstanding debentures or outstanding PATS, you will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of the outstanding debentures or outstanding PATS. We will pay all charges, expenses and transfer taxes in connection with the exchange offer, other than certain taxes described below under "--Transfer Taxes."

EXPIRATION DATE; EXTENSIONS; TERMINATION; AMENDMENTS

The exchange offer will expire at 5:00 p.m., New York City time, on , 2001, the "expiration date," unless extended by us. We expressly reserve the right to extend the exchange offer on a daily basis or for such period or periods as we may determine in our sole discretion from time to time by giving oral, confirmed in writing, or written notice to the exchange agent and by making a public announcement by press release to the Dow Jones News Service prior to 9:00 a.m., New York City time, on the first business day following the previously scheduled expiration date. During any extension of the exchange offer, all outstanding debentures or outstanding PATS previously tendered, not validly withdrawn and not accepted for exchange will remain subject to the exchange offer and may be accepted for exchange by us.

To the extent we are legally permitted to do so, we expressly reserve the absolute right, in our sole discretion, to:

- waive any condition to the exchange offer; and

- amend any of the terms of the exchange offer.

Any waiver or amendment to the exchange offer will apply to all outstanding debentures and outstanding PATS tendered, regardless of when or in what order the outstanding debentures and outstanding PATS were tendered. If we make a material change in the terms of the exchange offer or if we waive a material condition of the exchange offer, we will disseminate additional exchange offer materials, and we will extend the exchange offer to the extent required by law.

We expressly reserve the right, in our sole discretion, to terminate the exchange offer if any of the conditions set forth under "--Conditions to the Exchange Offer" exist. Any such termination will be followed promptly by a public announcement. In the event we terminate the exchange offer, we will give immediate notice to the exchange agent, and all outstanding debentures and outstanding PATS previously tendered and not accepted for payment will be returned promptly to the tendering holders.

In the event that the exchange offer is withdrawn or otherwise not completed, new debentures and new PATS will not be given to holders of outstanding debentures and outstanding PATS who have tendered their outstanding debentures and outstanding PATS.

RESALE OF NEW SECURITIES

Based on interpretations of the SEC staff set forth in no action letters issued to third parties, we believe that new debentures and new PATS issued under the exchange offer in exchange for outstanding debentures and outstanding PATS may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act;

- you are acquiring new debentures and new PATS in the ordinary course of your business; and

- you do not intend to participate in the distribution of the new debentures or new PATS.

If you tender outstanding debentures or outstanding PATS in the exchange offer with the intention of participating in any manner in a distribution of the new debentures or new PATS:

- you cannot rely on those interpretations by the SEC staff; and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that secondary resale transaction must be

covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

Unless an exemption from registration is otherwise available, any security holder intending to distribute new debentures and new PATS should be covered by an effective registration statement under the Securities Act containing the selling security holder's information required by Item 507 of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, a resale or other retransfer of new debentures and new PATS only as specifically set forth in this prospectus. Only broker-dealers that acquired the outstanding debentures or outstanding PATS as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives new debentures or new PATS for its own account in exchange for outstanding debentures or outstanding PATS, where such outstanding debentures or outstanding PATS were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the new debentures or new PATS. Under our registration rights agreements, we are required to allow such broker-dealers and other persons, if any, subject to similar prospectus delivery requirements, to use this prospectus in connection with the resale of new debentures and new PATS. Please read the section captioned "Plan of Distribution" for more details regarding the transfer of new debentures and new PATS.

ACCEPTANCE OF OUTSTANDING SECURITIES FOR EXCHANGE

We will accept for exchange outstanding debentures and outstanding PATS validly tendered pursuant to the exchange offer, or defectively tendered, if such defect has been waived by us, and not withdrawn prior to the later of: (1) the expiration date of the exchange offer; and (2) the satisfaction or waiver of the conditions specified below under "--Conditions to the Exchange Offer." We will not accept outstanding debentures or outstanding PATS for exchange subsequent to the expiration date of the exchange offer. Tenders of outstanding debentures and outstanding PATS will be accepted only in principal amounts equal to $1,000 or integral multiples thereof.

We expressly reserve the right, in our sole discretion, to:

- delay acceptance for exchange of outstanding debentures and outstanding PATS tendered under the exchange offer, subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders promptly after the termination or withdrawal of a tender offer; or

- terminate the exchange offer and not accept for exchange any outstanding debentures or outstanding PATS not theretofore accepted for exchange, if any of the conditions set forth below under "--Conditions to the Exchange Offer" have not been satisfied or waived by us or in order to comply in whole or in part with any applicable law. In all cases, new debentures and new PATS will be issued only after timely receipt by the exchange agent of certificates representing outstanding debentures or outstanding PATS, or confirmation of book-entry transfer, a properly completed and duly executed letter of transmittal, or a manually signed facsimile thereof, and any other required documents. For purposes of the exchange offer, we will be deemed to have accepted for exchange validly tendered outstanding debentures and outstanding PATS, or defectively tendered outstanding debentures and outstanding PATS with respect to which we have waived such defect, if, as and when we give oral, confirmed in writing, or written notice to the exchange agent. Promptly after the expiration date, we will deposit the new debentures and the new PATS with the exchange agent, who will act as agent for the tendering holders for the purpose of receiving the new debentures and new PATS and transmitting them to the holders. The exchange agent will deliver the new debentures and new PATS to holders of outstanding

debentures and outstanding PATS accepted for exchange after the exchange agent receives the new debentures and new PATS.

If for any reason, we delay acceptance for exchange of validly tendered outstanding debentures or outstanding PATS or we are unable to accept for exchange validly tendered outstanding debentures or outstanding PATS, then the exchange agent may, nevertheless, on our behalf, retain tendered outstanding debentures and outstanding PATS, without prejudice to our rights described under "--Expiration Date; Extensions; Termination; Amendments," "--Withdrawal of Tenders" and "--Conditions to the Exchange Offer," subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders thereof promptly after the termination or withdrawal of a tender offer.

If any tendered outstanding debentures or outstanding PATS are not accepted for exchange for any reason, or if certificates are submitted evidencing more outstanding debentures or outstanding PATS than those that are tendered, certificates evidencing outstanding debentures or outstanding PATS that are not exchanged will be returned, without expense, to the tendering holder, or, in the case of outstanding debentures or outstanding PATS tendered by book-entry transfer into the exchange agent's account at a book-entry transfer facility under the procedure set forth under "--Procedures for Tendering Outstanding Securities--Book-Entry Transfer," such outstanding debentures and outstanding PATS will be credited to the account maintained at such book-entry transfer facility from which such outstanding debentures or outstanding PATS were delivered, unless otherwise required by such holder under "Special Delivery Instructions" in the letter of transmittal, promptly following the exchange date or the termination of the exchange offer.

Tendering holders of outstanding debentures and outstanding PATS exchanged in the exchange offer will not be obligated to pay brokerage commissions or transfer taxes with respect to the exchange of their outstanding debentures or outstanding PATS other than as described in "--Transfer Taxes" or in Instruction 9 to the letter of transmittal. We will pay all other charges and expenses in connection with the exchange offer.

PROCEDURES FOR TENDERING OUTSTANDING SECURITIES

Any beneficial owner whose outstanding debentures or outstanding PATS are registered in the name of a broker, dealer, commercial bank, trust company or other nominee or held through a book-entry transfer facility and who wishes to tender outstanding debentures or outstanding PATS should contact such registered holder promptly and instruct such registered holder to tender outstanding debentures or outstanding PATS on such beneficial owner's behalf.

Tender of Outstanding Securities Held Through DTC. The exchange agent and DTC have confirmed that the exchange offer is eligible for the DTC automated tender offer program. Accordingly, DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer outstanding debentures or outstanding PATS to the exchange agent in accordance with DTC's automated tender offer program procedures for transfer. DTC will then send an agent's message to the exchange agent.

The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgement from the participant in DTC tendering outstanding debentures or outstanding PATS that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant. In the case of an agent's message relating to guaranteed delivery, the term means a message transmitted by DTC and received by the exchange agent, which states that DTC has received

an express acknowledgement from the participant in DTC tendering outstanding debentures or outstanding PATS that they have received and agree to be bound by the notice of guaranteed delivery.

Tender of Outstanding Securities Held in Physical Form. For a holder to validly tender outstanding debentures or outstanding PATS held in physical form:

- the exchange agent must receive at its address set forth in this prospectus a properly completed and validly executed letter of transmittal, or a manually signed facsimile thereof, together with any signature guarantees and any other documents required by the instructions to the letter of transmittal; and

- the exchange agent must receive certificates for tendered outstanding debentures or outstanding PATS at such address, or such outstanding debentures or outstanding PATS must be transferred pursuant to the procedures for book-entry transfer described above. A confirmation of such book-entry transfer must be received by the exchange agent prior to the expiration date of the exchange offer. A holder who desires to tender outstanding debentures or outstanding PATS and who cannot comply with the procedures set forth herein for tender on a timely basis or whose outstanding debentures or outstanding PATS are not immediately available must comply with the procedures for guaranteed delivery set forth below.

LETTERS OF TRANSMITTAL AND OUTSTANDING DEBENTURES AND OUTSTANDING PATS SHOULD BE SENT ONLY TO THE EXCHANGE AGENT AND NOT TO US OR TO ANY BOOK-ENTRY TRANSFER FACILITY.

THE METHOD OF DELIVERY OF OUTSTANDING DEBENTURES, OUTSTANDING PATS, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER TENDERING OUTSTANDING DEBENTURES AND OUTSTANDING PATS. DELIVERY OF SUCH DOCUMENTS WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF SUCH DELIVERY IS BY MAIL, WE SUGGEST THAT THE HOLDER USE PROPERLY INSURED, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, AND THAT THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE OF THE EXCHANGE OFFER TO PERMIT DELIVERY TO THE EXCHANGE AGENT PRIOR TO SUCH DATE. NO ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF OUTSTANDING DEBENTURES OR OUTSTANDING PATS WILL BE ACCEPTED.

Signature Guarantees. Signatures on the letter of transmittal must be guaranteed by an eligible institution unless:

- the letter of transmittal is signed by the registered holder of the outstanding debentures or outstanding PATS tendered therewith, or by a participant in one of the book-entry transfer facilities whose name appears on a security position listing it as the owner of those outstanding debentures or outstanding PATS, or if any outstanding debentures or outstanding PATS for principal amounts not tendered are to be issued directly to the holder, or, if tendered by a participant in one of the book-entry transfer facilities, any outstanding debentures or outstanding PATS for principal amounts not tendered or not accepted for exchange are to be credited to the participant's account at the book-entry transfer facility, and neither the "Special Issuance Instructions" nor the "Special Delivery Instructions" box on the letter of transmittal has been completed, or

- the outstanding debentures or outstanding PATS are tendered for the account of an eligible institution.

An eligible institution is a firm that is a participant in the Security Transfer Agents Medallion Program or the Stock Exchanges Medallion Program, which is generally a member of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office in the United States.

Book-Entry Transfer. The exchange agent will seek to establish a new account or utilize an outstanding account with respect to the outstanding debentures and outstanding PATS at DTC promptly after the date of this prospectus. Any financial institution that is a participant in the book-entry transfer facility system and whose name appears on a security position listing it as the owner of the outstanding debentures or outstanding PATS may make book-entry delivery of outstanding debentures or outstanding PATS by causing the book-entry transfer facility to transfer such outstanding debentures or outstanding PATS into the exchange agent's account. HOWEVER, ALTHOUGH DELIVERY OF OUTSTANDING DEBENTURES AND OUTSTANDING PATS MAY BE EFFECTED THROUGH BOOK-ENTRY TRANSFER INTO THE EXCHANGE AGENT'S ACCOUNT AT A BOOK-ENTRY TRANSFER FACILITY, A PROPERLY COMPLETED AND VALIDLY EXECUTED LETTER OF TRANSMITTAL, OR A MANUALLY SIGNED FACSIMILE THEREOF, MUST BE RECEIVED BY THE EXCHANGE AGENT AT ITS ADDRESS SET FORTH IN THIS PROSPECTUS ON OR PRIOR TO THE EXPIRATION DATE OF THE EXCHANGE OFFER, OR ELSE THE GUARANTEED DELIVERY PROCEDURES DESCRIBED BELOW MUST BE COMPLIED WITH. The confirmation of a book-entry transfer of outstanding debentures or outstanding PATS into the exchange agent's account at a book-entry transfer facility is referred to in this prospectus as a "book-entry confirmation." Delivery of documents to the book-entry transfer facility in accordance with that book-entry transfer facility's procedures does not constitute delivery to the exchange agent.

Guaranteed Delivery. If you wish to tender your outstanding debentures or outstanding PATS and:

- certificates representing your outstanding debentures or outstanding PATS are not lost but are not immediately available;

- time will not permit your letter of transmittal, certificates representing your outstanding debentures or outstanding PATS and all other required documents to reach the exchange agent on or prior to the expiration date of the exchange offer, or

- the procedures for book-entry transfer cannot be completed on or prior to the expiration date of the exchange offer,

then, you may tender if both of the following are complied with:

- your tender is made by or through an eligible institution; and

- on or prior to the expiration date of the exchange offer, the exchange agent has received from the eligible institution a properly completed and validly executed notice of guaranteed delivery, by manually signed facsimile transmission, mail or hand delivery, in substantially the form provided with this prospectus.

The notice of guaranteed delivery must:

- set forth your name and address, the registered number(s) of your outstanding debentures or outstanding PATS and the principal amount of outstanding debentures or outstanding PATS tendered;

- state that the tender is being made thereby;

- guarantee that, within three New York Stock Exchange trading days after the expiration date of the exchange offer, the letter of transmittal or facsimile thereof properly completed and validly executed, together with certificates representing the outstanding debentures or outstanding PATS, or a book-entry confirmation, and any other documents required by the letter of transmittal and the instructions thereto, will be deposited by the eligible institution with the exchange agent; and

- the exchange agent receives the properly completed and validly executed letter of transmittal or facsimile thereof with any required signature guarantees, together with certificates for all outstanding debentures or outstanding PATS in proper form for transfer, or a book-entry

confirmation, and any other required documents, within three New York Stock Exchange trading days after the date of the notice of guaranteed delivery.

Other Matters. New debentures and new PATS will be issued in exchange for outstanding debentures and outstanding PATS accepted for exchange only after timely receipt by the exchange agent of:

- certificates for (or a timely book-entry confirmation with respect to) your outstanding debentures or outstanding PATS, a properly completed and duly executed letter of transmittal or facsimile thereof with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message; and

- any other documents required by the letter of transmittal.

All questions as to the form of all documents and the validity, including time of receipt, and acceptance of all tenders of outstanding debentures or outstanding PATS will be determined by us, in our sole discretion, the determination of which shall be final and binding. ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF OUTSTANDING DEBENTURES OR OUTSTANDING PATS WILL NOT BE CONSIDERED VALID. We reserve the absolute right to reject any or all tenders of outstanding debentures or outstanding PATS that are not in proper form or the acceptance of which, in our opinion, would be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding debentures or outstanding PATS.

Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding.

Any defect or irregularity in connection with tenders of outstanding debentures or outstanding PATS must be cured within the time we determine, unless waived by us. Tenders of outstanding debentures and outstanding PATS will not be deemed to have been made until all defects and irregularities have been waived by us or cured. Neither we, the exchange agent nor any other person will be under any duty to give notice of any defects or irregularities in tenders of outstanding debentures or outstanding PATS, or will incur any liability to holders for failure to give any such notice.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any new debentures or new PATS that you receive will be acquired in the ordinary course of your business;

- you have no arrangement or understanding with any person or entity to participate in the distribution of the new debentures or new PATS;

- if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new debentures or new PATS;

- if you are a broker-dealer that will receive new debentures and new PATS for your own account in exchange for outstanding debentures or outstanding PATS that were acquired as a result of market-making activities, you will deliver a prospectus, as required by law, in connection with any resale of those new debentures and new PATS; and

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, you may withdraw your tender of outstanding debentures or outstanding PATS at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal at its address set forth below under "--Exchange Agent," or

- you must comply with the appropriate procedures of DTC's automated tender offer program system.

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding debentures or outstanding PATS to be withdrawn; and

- identify the outstanding debentures or outstanding PATS to be withdrawn, including the principal amount of the outstanding debentures or outstanding PATS.

If outstanding debentures or outstanding PATS have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn outstanding debentures or outstanding PATS and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal, and our determination shall be final and binding on all parties. We will deem any outstanding debentures or outstanding PATS so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any outstanding debentures or outstanding PATS that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of outstanding debentures or outstanding PATS tendered by book-entry transfer into the exchange agent's account at DTC according to the procedures described above, such outstanding debentures or outstanding PATS will be credited to an account maintained with DTC for the outstanding debentures or outstanding PATS. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn outstanding debentures or outstanding PATS by following one of the procedures described under "--Procedures for Tendering Outstanding Securities" at any time on or prior to the expiration date.

CONDITIONS TO THE EXCHANGE OFFER

We will not be required to accept for exchange, or exchange any new debentures for, any outstanding debentures tendered, nor will we be required to accept for exchange, or exchange any new PATS for, any outstanding PATS tendered, and we may terminate, extend or amend the exchange offer and may, subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders thereof promptly after the termination or withdrawal of a tender offer, postpone the acceptance for exchange of outstanding debentures and outstanding PATS so tendered if, on or prior to the expiration date of the exchange offer, the following shall have occurred:

- we have determined that the offering and sales under the registration statement, the filing of such registration statement or the maintenance of its effectiveness would require disclosure of or would interfere in any material respect with any material financing, merger, offering or other

transaction involving us or would otherwise require disclosure of nonpublic information that could materially and adversely affect us; or

- we have determined that the exchange offer would violate any applicable law or interpretation of the staff of the SEC.

The conditions to the exchange offer are for our sole benefit and may be asserted by us in our sole discretion or may be waived by us, in whole or in part, in our sole discretion, whether or not any other condition of the exchange offer also is waived. We have not made a decision as to what circumstances would lead us to waive any condition, and any waiver would depend on circumstances prevailing at the time of that waiver. Any determination by us concerning the events described in this section shall be final and binding upon all persons.

ALTHOUGH WE HAVE NO PRESENT PLANS OR ARRANGEMENTS TO DO SO, WE RESERVE THE RIGHT TO AMEND, AT ANY TIME, THE TERMS OF THE EXCHANGE OFFER. WE WILL GIVE HOLDERS NOTICE OF ANY AMENDMENTS IF REQUIRED BY APPLICABLE LAW.

TRANSFER TAXES

We will pay all transfer taxes applicable to the transfer and exchange of outstanding debentures and outstanding PATS pursuant to the exchange offer. If, however:

- delivery of the new debentures or new PATS and/or certificates for outstanding debentures or outstanding PATS for principal amounts not exchanged, are to be made to any person other than the record holder of the outstanding debentures or outstanding PATS tendered;

- tendered certificates for outstanding debentures or outstanding PATS are recorded in the name of any person other than the person signing any letter of transmittal; or

- a transfer tax is imposed for any reason other than the transfer and exchange of outstanding debentures or outstanding PATS to us or our order, then the amount of any such transfer taxes, whether imposed on the record holder or any other person, will be payable by the tendering holder prior to the issuance of the new debentures or new PATS.

CONSEQUENCES OF FAILURE TO EXCHANGE

If you do not exchange your outstanding debentures for new debentures or exchange your outstanding PATS for new PATS in the exchange offer, you will remain subject to the restrictions on transfer of the outstanding debentures or outstanding PATS:

- as set forth in the legend printed on the debentures or PATS as a consequence of the issuance of the outstanding debentures or outstanding PATS pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and

- otherwise set forth in the memorandums distributed in connection with the private offerings of the outstanding debentures and outstanding PATS.

In general, you may not offer or sell the outstanding debentures or outstanding PATS unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding debentures or outstanding PATS under the Securities Act. Based on interpretations of the SEC staff, you may offer for resale, resell or otherwise transfer new debentures and new PATS issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that (1) you are

not our "affiliate" within the meaning of Rule 405 under the Securities Act, (2) you acquired the new debentures or new PATS in the ordinary course of your business and (3) you have no arrangement or understanding with respect to the distribution of the new debentures or new PATS to be acquired in the exchange offer. If you tender outstanding debentures or new PATS in the exchange offer for the purpose of participating in a distribution of the new debentures or new PATS:

- you cannot rely on the applicable interpretations of the SEC; and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

EXCHANGE AGENT

Bank One Trust Company, N.A., has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus, the letter of transmittal or any other documents to the exchange agent. You should send certificates for outstanding debentures, outstanding PATS, letters of transmittal and any other required documents to the exchange agent addressed as follows:

Bank One Trust Company, N.A.
1 Bank One Plaza
Mail Code IL1-0134
Chicago, Illinois 60670-0134
Attention: Exchanges Floor
Global Corporate Trust Services

DESCRIPTION OF THE NEW SECURITIES

We will issue the new debentures under an indenture dated as of November 10, 1997, as amended by a fifth supplemental indenture dated January 17, 2001, between us and Bank One Trust Company, N.A., as trustee. The outstanding debentures were also issued under this indenture and indenture supplement. The terms of the outstanding debentures are identical in all material respects to the terms of the new debentures, except that the outstanding debentures contain terms with respect to transfer restrictions (and therefore are not freely tradeable).

We will issue the new PATS under an indenture dated as of November 10, 1997, as amended by a fourth supplemental indenture dated January 17, 2001, between us and Bank One Trust Company, N.A., as trustee. The outstanding PATS were also issued under this indenture and indenture supplement. The terms of the outstanding PATS are identical in all material respects to the terms of the new PATS, except that the outstanding PATS contain terms with respect to transfer restrictions (and therefore are not freely tradeable).

The terms of the debentures and the PATS include those set forth in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939. The following description is a summary of the material provisions of the debentures, the PATS and the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the debentures and the PATS. Copies of the indenture are available at the offices of the trustee.

The new debentures and new PATS will be our unsecured and unsubordinated obligations ranking equally with our other outstanding unsecured and unsubordinated indebtedness.

TERMS AND CONDITIONS OF THE NEW DEBENTURES

The new debentures will mature on January 15, 2031. The new debentures will bear interest from their date of issuance at the rate of 7.50% per annum. Interest will be payable semi-annually on January 15 and July 15 of each year, beginning July 15, 2001, to the person in whose names the new debentures are registered at the close of business on the preceding January 1 and July 1, respectively, subject to certain exceptions. Interest on the new debentures will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The new debentures will be redeemable, in whole or in part, at any time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the new debentures then outstanding to be redeemed, or

- the sum of the present values of the remaining scheduled payments of principal and interest thereon from the redemption date to the maturity date computed by discounting such payments to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the sum of 30 basis points plus the Adjusted Treasury Rate on the third Business Day prior to the redemption date, as calculated by an Independent Investment Banker.

We will mail notice of redemption at least 30 days but not more than 60 days before the applicable redemption date to each holder of the new debentures to be redeemed. If we elect to partially redeem the new debentures, the trustee will select in a fair and appropriate manner the new debentures to be redeemed.

Upon the payment of the redemption price, plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the new debentures or portions thereof called for redemption.

We may, without the consent of the holders of the new debentures, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the new debentures. Any additional notes will, together with the new debentures, constitute a single series of the debentures under the indenture. No additional debentures may be issued if an Event of Default has occurred with respect to the new debentures.

TERMS AND CONDITIONS OF THE NEW PATS

GENERAL

The new PATS will mature on January 15, 2016 unless extended to the tenth anniversary of the Floating Period Termination Date, in which case the new PATS will mature not later than January 15, 2017. We may be required to redeem the new PATS before that maturity. date as described in "--Put Option" below. We may also redeem some or all of the new PATS after the Fixed Rate Coupon Reset Date as described in "--Post-Coupon Reset Optional Redemption" below. The new PATS may also be purchased by the Callholder as described in "--Call Option" below.

The new PATS will initially be issued only in registered, book-entry form, in denominations of $1,000 and any integral multiples of $1,000 as described under "--Book-Entry Only Issuance -- The Depository Trust Company" below. We will issue global securities in denominations that together equal the total principal amount of the outstanding new PATS.

If any interest, principal or other payment date of the new PATS (including any payment date in connection with the Call Option or the Put Option as described below) does not fall on a Business Day, a payment otherwise payable on that day will be made on the next succeeding Business Day, and no interest will accrue in respect of the amounts which payment is so delayed for the period from and after such interest payment date, maturity date or other payment date, except that, in the case of an interest payment date or other payment date occurring during the Floating Rate Period, interest on principal will continue to accrue until the next succeeding Business Day.

INTEREST AND INTEREST PAYMENT DATES

The new PATS will bear interest at the rate of 6.75% per annum from the date of issuance of the outstanding PATS to, but excluding, January 15, 2006. We will pay interest semi-annually on January 15 and July 15 of each year, beginning on July 15, 2001.

We will pay interest on the new PATS, accruing from the Fixed Rate Coupon Reset Date, semi-annually on each day that is a six-month anniversary of that date. Interest on the new PATS from the Fixed Rate Coupon Reset Date will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the new PATS accruing during any Floating Rate Reset Period will be payable on the next following Reference Rate Reset Date if such date is a Business Day or, if not, then on the next following Business Day. Interest on the new PATS during the Floating Rate Period will be computed on the basis of the actual number of days in the applicable Floating Rate Reset Period over a 360-day year.

Interest payable on any interest payment date will be payable to the persons in whose names the new PATS are registered at the close of business on the Business Day immediately preceding the related interest payment date.

Interest payments will be in the amount of interest accrued from and including the next preceding interest payment date (or from and including the date of issuance if no interest has been paid or duly provided for with respect to the new PATS) to but excluding the relevant interest payment date, Coupon Reset Date, redemption date or the maturity date, as the case may be.

Interest to be payable from and including each Coupon Reset Date will be calculated by UBS Warburg LLC, as the Calculation Agent appointed by us pursuant to the indenture. We will agree to indemnify the Calculation Agent against certain liabilities, arising out of or in connection with its duties under the indenture.

The indenture provides that the Calculation Agent may resign at any time as Calculation Agent effective ten Business Days after the delivery of written notice to us and the trustee. In such case, we may appoint a successor Calculation Agent.

The Calculation Agent, in its individual capacity, may buy, sell, hold and deal in new PATS and may exercise any vote or join in any action which any holder of new PATS may be entitled to exercise or take as if it were not the Calculation Agent. The Calculation Agent, in its individual capacity, may also engage in any transaction with us or any of our affiliates as if it were not the Calculation Agent.

If the Callholder elects to purchase the new PATS, then by 3:30 p.m., New York City time, on the third Business Day immediately preceding any applicable Coupon Reset Date, the Calculation Agent will determine either (a) the Floating Rate Spread, in the case of the Initial Coupon Reset Date where we have elected to exercise our Floating Period Option, or (b) the Interest Rate to Maturity, to the nearest one hundredth of one percent per annum, unless we are required to redeem the new PATS. Each Floating Period Interest Rate will equal the sum of the Reference Rate and the Floating Rate Spread, and the Interest Rate to Maturity will equal the sum of the Base Rate and the Applicable Spread. Both the Floating Rate Spread and the Applicable Spread will be based on the Dollar Price of the new PATS. The Floating Period Interest Rate, the Interest Rate to Maturity and the Dollar Price for the new PATS as announced by the Calculation Agent, absent manifest error, will be binding and conclusive upon the beneficial owners, us and the trustee.

FLOATING RATE PERIOD

Following the Callholder's election to purchase the new PATS in connection with the Initial Coupon Reset Date, but prior to the Floating Period Notification Date, which will be the fourth Business Day prior to the Initial Coupon Reset Date, we may elect to exercise our Floating Period Option. If we so elect, the new PATS will bear interest at the Floating Period Interest Rate until the Floating Period Termination Date, which will be the earlier of January 15, 2007, or the date which otherwise would be the Reference Rate Reset Date following the Floating Period Termination Notification Date. The Floating Period Termination Notification Date will be at least four Business Days prior to such Reference Rate Reset Date. In the event that we exercise our Floating Period Option, the maturity date of the new PATS will be extended to the tenth anniversary of the Floating Period Termination Date, in which case the new PATS will mature not later than January 15, 2017.

The amount of interest payable for each day that the new PATS are outstanding during the Floating Rate Period will be calculated by dividing the Floating Period Interest Rate in effect for such day by 360 and multiplying the result by the Dollar Price. The amount of interest payable for any Floating Rate Reset Period will be calculated by adding the interest payable for each day in the Floating Rate Reset Period.

COUPON RESET PROCESS

If the Callholder has exercised the Call Option as set forth below under "--Call Option," we and the Calculation Agent will complete the following steps in order to determine each Coupon Reset Rate. We and the Calculation Agent will use reasonable efforts to cause the actions contemplated below to be completed in as timely a manner as possible.

(a) We will provide the Calculation Agent with a list, no later than five Business Days prior to the applicable Coupon Reset Date, containing the names and addresses of up to five Reference Corporate Dealers or Reference Money Market Dealers, as the case may be, from which it desires the Calculation Agent to obtain Fixed Rate Bids or Floating Rate Bids for the purchase of the new PATS.

(b) Within one Business Day following receipt by the Calculation Agent of the dealer list referred to above, the Calculation Agent will provide to each dealer on that list:

- a copy of the Confidential Offering Memorandum dated January 11, 2001 relating to the original offering of the PATS;
- a copy of the form of the new PATS; and
- a written request that each dealer submit a Fixed Rate Bid or Floating Rate Bid, as the case may be, to the Calculation Agent by 3:30 p.m., New York City time (the "Bid Deadline"), on the third Business Day prior to the Coupon Reset Date (the "Bid Date").

Each dealer will be provided with:

- our name
- an estimate of the Dollar Price;
- the principal amount and maturity of the new PATS; and
- the method by which interest will be calculated on the new PATS.

(c) Following receipt of the bids, the Calculation Agent will provide written notice to us of:

- the name of each of the dealers from whom the Calculation Agent received bids on the Bid Date;
- the bid submitted by each of those dealers; and
- the Dollar Price.

(d) Immediately after calculating the Coupon Reset Rate, the Calculation Agent will provide written notice of that Coupon Reset Rate to us, the trustee and the dealer submitting the lowest applicable bid.

CALL OPTION

On a Business Day not earlier than 20 Business Days prior to the Initial Coupon Reset Date, and not later than 4:00 p.m., New York City time, on the 15th Business Day prior to the Initial Coupon Reset Date, the Callholder will notify us and the trustee as to whether it elects to purchase the new PATS for remarketing.

If the Callholder so elects, the new PATS will be subject to mandatory tender, and will be deemed tendered, to the Callholder for purchase and remarketing, and the Callholder will be obligated to purchase and remarket the new PATS, on the Initial Coupon Reset Date and, if we choose to exercise our Floating Period Option, on the Floating Period Termination Date, in accordance with the terms

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and subject to the conditions described in the indenture; provided, however, that if the Initial Coupon Reset Date or Floating Period Termination Date is not a Business Day, the foregoing actions will be taken on the next succeeding Business Day.

On the Fixed Rate Coupon Reset Date, the new PATS will be remarketed by the Callholder at a fixed rate of interest equal to the Interest Rate to Maturity. If the Callholder elects to purchase the new PATS and if we exercise our Floating Period Option, the maturity of the new PATS will be automatically extended to the tenth anniversary of the Floating Period Termination Date. If we so elect, the new PATS will bear interest at the Floating Period Interest Rate until the Floating Period Termination Date, at which time the new PATS will be remarketed at a fixed rate of interest equal to the Interest Rate to Maturity unless we are required to redeem the new PATS.

The call price of the tendered new PATS will be equal to 100% of their aggregate principal amount on the Initial Coupon Reset Date, or the Dollar Price on the Floating Period Termination Date. In the event of exercise of the Call Option, then (i) not later than 12:00 noon, New York City time, on the Initial Coupon Reset Date or the Floating Period Termination Date, as the case may be, the Callholder will deliver the call price in immediately available funds to the trustee for payment of the call price on that Coupon Reset Date and (ii) the holders of the new PATS will be required to deliver the new PATS to the Callholder against payment therefor on that Coupon Reset Date through the facilities of DTC; provided, however, that if any Coupon Reset Date is not a Business Day, the actions required by the foregoing clauses will be taken on the next succeeding Business Day.

If the Callholder elects to exercise the Call Option, the obligation of the Callholder to pay the call price is subject to various conditions precedent. In addition, the Call Option may be terminated in certain circumstances prior to the time the Callholder exercises the Call Option. No holder of new PATS shall have any rights or claims against the Callholder as a result of the Callholder purchasing or not purchasing the new PATS.

If the Callholder elects to exercise the Call Option, on the applicable Coupon Reset Date or, if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day, the Callholder will sell the aggregate principal amount of the new PATS at the Dollar Price to the Reference Corporate Dealer or to the Reference Money Market Dealer, whichever is applicable, providing the lowest Fixed or Floating Rate Bid, in the case of the Initial Coupon Reset Date, or the lowest Fixed Rate Bid, in the case of the Floating Period Termination Date. If the lowest applicable Bid is submitted by two or more of the applicable Reference Dealers, the Callholder will sell the new PATS to one or more of such Reference Dealers, as it will determine in its sole discretion.

If for any reason the Callholder does not purchase the new PATS on the relevant Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day, we will be required to redeem the new PATS at a price equal to 100% of their aggregate principal amount, plus accrued and unpaid interest, if any, if such Coupon Reset Date is the Initial Coupon Reset Date, or at the Dollar Price, plus accrued and unpaid interest, if any, if such Coupon Reset Date is the Floating Period Termination Date. See "--Put Option" below.

PUT OPTION

If the Call Option has not been exercised, or in the event the Callholder is not required or fails to deliver the call price to the trustee not later than 12:00 noon, New York City time, on the relevant Coupon Reset Date, or if such Coupon Reset Date is not a Business Day at such time on the next succeeding Business Day, the trustee will be required for and on behalf of the holders of the new PATS to exercise the option to put the new PATS to us pursuant to the indenture. Upon exercise of the Put Option, we will be required to redeem all of the new PATS on the applicable Coupon Reset Date at a redemption price equal to 100% of the aggregate principal amount of the new PATS, if such Coupon

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Reset Date is the Initial Coupon Reset Date, or at the Dollar Price on the Floating Period Termination Date (in each case, the "Put Redemption Price"). The Put Option will be exercised automatically by the trustee, on behalf of the holders, if the Call Option has not been exercised, or in the event the Callholder is not required or fails to deliver the call price to the trustee. If the trustee exercises the Put Option, we will deliver the Put Redemption Price to the trustee, together with the accrued and unpaid interest due on the applicable Coupon Reset Date, by no later than 2:00 p.m., New York City time, on such Coupon Reset Date, or if such Coupon Reset Date is not a Business Day at such time on the next succeeding Business Day, and the holders of the new PATS will be required to deliver the new PATS to us against payment therefor on the Coupon Reset Date through the facilities of DTC. No holder of any new PATS or interest therein has the right to consent or object to the trustee's duty to exercise the Put Option.

POST-COUPON RESET OPTIONAL REDEMPTION

After the Fixed Rate Coupon Reset Date, the new PATS are redeemable, in whole or in part, at any time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the new PATS then outstanding to be redeemed, or

- the sum of the present values of the remaining scheduled payments of principal and interest thereon from the redemption date to the maturity date calculated by discounting such payments to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the sum of 20 basis points plus the Adjusted Treasury Rate on third Business Day prior to the redemption date, as calculated by an Independent Investment Banker.

We will mail notice of redemption at least 30 days but not more than 60 days before the applicable redemption date to each holder of the new PATS to be redeemed. If we elect to partially redeem the new PATS, the trustee will select in a fair and appropriate manner the new PATS to be redeemed.

Upon the payment of the redemption price plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the new PATS or portions thereof called for redemption.

SETTLEMENT

In the event that the new PATS are purchased by the Callholder, the Callholder will pay to the trustee, in same day funds not later than 12:00 noon, New York City time, on the Initial Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, at such time on the next succeeding Business Day, an amount equal to 100% of the aggregate principal amount of the new PATS or on the Floating Period Termination Date, or if such Floating Period Termination Date is not a Business Day, on the next succeeding Business Day an amount equal to the Dollar Price.

On any such Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day, the Callholder will cause the trustee to make payment of the purchase price for the tendered new PATS that have been purchased for remarketing by the Callholder to DTC for the payment to the DTC participant of each tendering beneficial owner of new PATS. This payment will be made against delivery through DTC of the beneficial owner's new PATS by book-entry through DTC by the close of business on the Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day.

We will also make or cause the trustee to make, payment of interest to DTC for payment to the DTC Participant of each beneficial owner of new PATS, due on a Coupon Reset Date by book-entry through

DTC, by the close of business on such Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day.

The transactions described above will be executed on the applicable Coupon Reset Date, or if such Coupon Reset Date is not a Business Day, on the next succeeding Business Day, through DTC in accordance with the procedures of DTC, and the accounts of the respective Participants will be debited and credited, and the new PATS delivered by book-entry as necessary to effect the purchases and sales thereof.

All payments of principal and interest in respect of the new PATS in book-entry form will be made in immediately available funds. The new PATS will trade in DTC's Same-Day Funds Settlement System until the maturity date, as it may be extended, or the Post-Coupon Reset Redemption Date, as the case may be, or until the new PATS are issued in certificated form. Secondary market trading activity in the new PATS will be required by DTC to settle in immediately available funds.

The tender and settlement procedures described above, including the provisions for payment to selling beneficial owners of tendered new PATS, or for payment by the purchasers of new PATS, in a remarketing, may be modified to the extent required by DTC or, if the book-entry system is no longer available for the new PATS at the time of a remarketing, to the extent required to facilitate the tendering and remarketing of new PATS in certificated form. In addition, the Callholder may modify the settlement procedures set forth above in order the facilitate the settlement process.

As long as DTC or its nominee holds a certificate representing the new PATS in the book-entry system of DTC, no certificates for the new PATS will be delivered to any beneficial owner. In addition, under the terms of new PATS, and the indenture, we have agreed that (1) we will use our reasonable best efforts to maintain the new PATS in book-entry form with DTC or any successor thereto, and to appoint a successor depositary to the extent necessary to maintain the new PATS in book-entry form, and (2) we will waive any discretionary right we otherwise have under our indenture to cause the new PATS to be issued in certificated form.

CALLHOLDER

If the Callholder elects to purchase the new PATS, the Callholder will not receive any fees or reimbursement of expenses from us in connection with the purchase and remarketing of the new PATS.

On or after the Fixed Rate Coupon Reset Date, we may at any time purchase any new PATS at any price in the open market or otherwise. The new PATS so purchased by us may, at our discretion, be held, resold or surrendered to the trustee for cancellation.

RECENT ACCOUNTING DEVELOPMENTS

For purposes of financial accounting and reporting for publicly held companies, the Securities and Exchange Commission may require prospective investors to separately account for the Callholder's option to purchase and to remarket the new PATS on the Initial Coupon Reset Date. Persons considering investing in the new PATS, who are required to file financial reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, should consult their own accounting advisors concerning potential reporting requirements.

TERMS AND CONDITIONS APPLICABLE TO THE NEW DEBENTURES AND THE NEW PATS

COVENANTS

Liens. The indenture refers to any of our instruments securing indebtedness, such as a mortgage, pledge, lien, security interest or encumbrance on any of our property, as a "mortgage." The indenture further provides that, subject to certain exceptions, we will not, nor will we permit any subsidiary to,

issue, assume or guarantee any indebtedness secured by a mortgage unless we provide equal and proportionate security for the senior debt securities we issue under the indenture. Among these exceptions are:

- certain purchase money mortgages;
- certain preexisting mortgages on any property acquired or constructed by us 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 our subsidiary; 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.

Consolidation, Merger, Conveyance of Assets. The indenture provides, in general, that we 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 we are merged or the person which acquires such assets expressly assumes our obligations under the indenture and the debt securities issued under the 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.

Event Risk. Except for the limitations on liens described above, none of the indenture, the debentures nor the PATS contains any covenants or other provisions designed to afford holders of the new debentures or the new PATS protection in the event of a highly leveraged transaction involving us or any restrictions on the amount of additional indebtedness that we may issue.

MODIFICATION OF THE INDENTURE

The indenture provides that we 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 our obligations;
- add further covenants for the protection of the holders;
- cure any ambiguity or correct any inconsistency in the indenture, so long as such action will not adversely affect 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.

The indenture also permits us and the trustee to:

- add any provisions to the indenture;

- change in any manner the indenture;

- eliminate any of the provisions of the indenture; and

- modify in any way the rights of the holders of debt securities of each series affected.

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 the indenture then outstanding and affected. These holders will vote as one class to approve such changes. The 7.50% Debentures and the new PATS will constitute two different series under the indenture.

Such changes must, however, conform to the Trust Indenture Act of 1939 and we 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.

EVENTS OF DEFAULT

In general, the 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 such series or the 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 us.

In general, the 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 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 indenture and then outstanding, treated as one class, which are affected by the event of default.

The 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 us 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 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.

The indenture provides that the holders of debt securities issued under the 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. 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 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 the indenture providing for the indemnification of the trustee and other specified limitations.

In general, the indenture provides that holders of debt securities issued under the indenture may only institute an action against us 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 indenture and then outstanding have both (1) requested the trustee to institute such action and (2) 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 indenture and then outstanding.

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

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DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE

We can discharge or defease our obligations under the indenture as set forth below.

Under terms satisfactory to the trustee, we may discharge certain obligations to holders of any series of debt securities issued under the indenture which have not already been delivered to the trustee for cancellation. Such 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.

We may discharge 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. We 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 indenture.

We may also, upon satisfaction of the conditions listed below, discharge certain obligations to holders of any series of debt securities issued under the indenture at any time ("Defeasance"). Under terms satisfactory to the trustee, we may be released with respect to any outstanding series of debt securities issued under the indenture from the obligations imposed by sections 3.6 and 9.1. These sections contain the covenants described above limiting liens and consolidations, mergers and conveyances of assets. Also under terms satisfactory to the trustee, we 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:

- we irrevocably deposit 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 such series issued under the indenture; and

- we deliver to the trustee an opinion of counsel to the effect that the holders of this 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 indenture, since this result would not occur under current tax law.

CONCERNING THE TRUSTEE

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

GOVERNING LAW

The indenture, the new debentures and the new PATS are governed by, and construed in accordance with, the laws of the State of New York.

DEFINED TERMS

Set forth below are some of the definitions of the defined terms used in this prospectus in describing the new debentures and the new PATS.

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"Adjusted Treasury Rate" means, with respect to any redemption date for the new debentures and any Post-Coupon Reset Redemption Date for the new PATS, as the case may be:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Optional Redemption Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the applicable securities, yields for the two published maturities most closely corresponding to the Optional Redemption Comparable Treasury Issue will be determined and the Adjusted Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Optional Redemption Comparable Treasury Issue, calculated using a price for the Optional Redemption Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Optional Redemption Comparable Treasury Price for such redemption date.

"Applicable Spread" means the lowest Fixed Rate Bid, expressed as a spread (in the form of a percentage or in basis points) above the Base Rate for the new PATS, obtained by the Calculation Agent by 3:30 p.m., New York City time, on the Fixed Rate Determination Date, from the Fixed Rate Bids quoted to the Calculation Agent by up to five Reference Corporate Dealers.

"Base Rate" means 5.66%.

"Business Day" means any day other than a Saturday or Sunday or a day on which banking institutions in New York City are authorized or obligated by law or executive order to close.

"Calculation Agent" means the Calculation Agent appointed pursuant to the Indenture, initially UBS Warburg LLC.

"Call Notice" means notice by the Callholder to us and the trustee that it elects to purchase the new PATS for remarketing on the Initial Coupon Reset Date.

"Call Option" means the option of the Callholder which, if exercised, results in the obligation of the Callholder to purchase the new PATS for remarketing on the Initial Coupon Reset Date, and, if we exercise our Floating Period Option, to purchase the securities of this series for remarketing on the Fixed Rate Coupon Reset Date, as described under "Description of the New Securities--New PATS--Call Option."

"Comparable Treasury Issues" for the new PATS means the U.S. Treasury security or securities selected by the Calculation Agent, as of the first Determination Date, as having an actual or interpolated maturity or maturities comparable to the remaining term of the new PATS being purchased by the Callholder.

"Comparable Treasury Price" means, with respect to the Initial Coupon Reset Date:

- the offer prices for the Comparable Treasury Issues (expressed, in each case, as a percentage of its principal amount) at 12:00 noon, New York City time, on the first Determination Date, as set forth on "Telerate Page 500" (or such other page as may replace "Telerate Page 500") or

- if such page (or any successor page) is not displayed or does not contain such offer prices on such Determination Date, the average of the Reference Treasury Dealer Quotations for such

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Determination Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Calculation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

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

"Consolidated Net Tangible Assets" means the total assets appearing on our consolidated balance sheet 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 the "production payment" financing of oil and gas exploration and development; and

- minority stockholder interests.

"Coupon Reset Date(s)" means (1) January 15, 2006, assuming the Callholder has elected to purchase the new PATS and we have not elected to exercise our Floating Period Option, or (2) January 15, 2006 and the Floating Period Termination Date, if, in the case of the Floating Period Termination Date, we have elected to exercise our Floating Period Option.

"Coupon Reset Rate" means the interest rate to be paid on the new PATS from and including each Coupon Reset Date.

"Determination Date" means each of the Floating Rate Spread Determination Date or Fixed Rate Determination Date.

"Dollar Price" means, with respect to the new PATS and as determined by the Calculation Agent, (1) the principal amount of the new PATS, plus (2) the premium equal to the excess, if any, of (A) the present value, as of the Initial Coupon Reset Date, of the Remaining Scheduled Payments for such new PATS, discounted to the Initial Coupon Reset Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, over (B) the principal amount of the new PATS.

"Fixed Rate Bid" means an irrevocable offer to purchase the aggregate outstanding principal amount of the new PATS at the Dollar Price, but assuming:

- a settlement date that is the Fixed Rate Coupon Reset Date applicable to such new PATS;

- a maturity date that is the tenth anniversary of the Fixed Rate Coupon Reset Date; and

- a stated annual interest rate equal to the Base Rate plus the spread bid by the applicable Reference Corporate Dealer.

"Fixed Rate Coupon Reset Date" means January 15, 2006, assuming the Callholder has elected to purchase the new PATS and we have not elected to exercise our Floating Period Option, or the Floating Period Termination Date in the event that we have elected to exercise our Floating Period Option.

"Fixed Rate Determination Date" means the third Business Day prior to the Fixed Rate Coupon Reset Date.

"Floating Period Interest Rate" means the sum of the Reference Rate and the Floating Rate Spread.

"Floating Period Notification Date" means the fourth Business Day prior to the Initial Coupon Reset Date.

"Floating Period Option" means our right, on any date after the Callholder elects to purchase the new PATS but prior to the fourth Business Day prior to the Initial Coupon Reset Date, to require the Callholder to remarket the new PATS at the Floating Period Interest Rate.

"Floating Period Termination Date" means the earlier of January 15, 2007 or the date which otherwise would be the first Reference Rate Reset Date following the Floating Period Termination Notification Date.

"Floating Period Termination Notification Date" means the date on which we give notice to the Callholder and the trustee of our election to terminate the Floating Rate Period which shall be at least four Business Days prior to the next Reference Rate Reset Date.

"Floating Rate Bid" means an irrevocable offer to purchase the aggregate outstanding principal amount of the new PATS at the Dollar Price, but assuming:

- a settlement date that is the Floating Rate Coupon Reset Date;

- a maturity date equal to the Floating Period Termination Date;

- a stated annual interest rate equal to the Reference Rate plus the Floating Rate Spread;

- that the new PATS are subject to mandatory tender to and purchase by the Callholder at the Dollar Price on the Floating Period Termination Date; and

- that we will redeem the new PATS at the Dollar Price on the Floating Period Termination Date, if not previously purchased by the Callholder.

"Floating Rate Coupon Reset Date" means January 15, 2006 in the event we have elected to exercise our Floating Period Option.

"Floating Rate Period" means the period from and including the Floating Rate Coupon Reset Date to but excluding the Floating Period Termination Date.

"Floating Rate Reset Period" means the period from and including the first Reference Rate Reset Date, to but excluding the next following Reference Rate Reset Date, and thereafter the period from and including a Reference Rate Reset Date to but excluding the next following Reference Rate Reset Date; provided that the final Floating Rate Reset Period will run to but exclude the Floating Period Termination Date.

"Floating Rate Spread" means the lowest Floating Rate Bid expressed as a spread (in the form of a percentage or in basis points) above the Reference Rate for the new PATS obtained by the Calculation Agent by 3:30 p.m., New York City time, on the Floating Rate Spread Determination Date, from the Floating Rate Bids quoted to the Calculation Agent by up to five Reference Money Market Dealers

"Floating Rate Spread Determination Date" means the third Business Day prior to the Floating Rate Coupon Reset Date.

"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 our indebtedness or the indebtedness of any of our 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 us or such subsidiary. Funded Indebtedness also does not include our indebtedness or the indebtedness of any of our 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 we or any of our subsidiaries have not guaranteed the repayment of the production payment.

"Independent Investment Banker" means UBS Warburg LLC and any successor firm selected by us, or if any such firm is unwilling or unable to serve as such, an independent investment and banking institution of national standing appointed by us.

"Initial Coupon Reset Date" means January 15, 2006.

"Interest Rate to Maturity" means the sum of the Base Rate and the Applicable Spread, which will be based on the Dollar Price of the new PATS.

"London Business Day" means any day on which dealings in U.S. dollars are transacted in the London Inter-Bank Market.

"Optional Redemption Reference Treasury Dealer" means each of up to five dealers to be selected by us, and their respective successors; provided that if any of the foregoing ceases to be, and has no affiliate that is, a Primary Treasury Dealer, we will substitute for it another Primary Treasury Dealer.

"Optional Redemption Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such securities or, if, in the reasonable judgment of the Independent Investment Banker, there is no such security, then the Optional Redemption Comparable Treasury Issue will mean the U.S. Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity or maturities comparable to the remaining term of the securities.

"Optional Redemption Comparable Treasury Price" means (1) the average of five Optional Redemption Reference Treasury Dealer Quotations for the applicable redemption date, after excluding the highest and lowest Optional Redemption Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Optional Redemption Reference Treasury Dealer Quotations, the average of all such quotations.

"Optional Redemption Reference Treasury Dealer Quotations" means, with respect to each Optional Redemption Reference Treasury Dealer and any redemption date for the new debentures or any PostCoupon Reset Redemption Date, the average, as determined by the Independent Investment Banker of the bid and asked prices for the Optional Redemption Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and the trustee at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Post-Coupon Reset Redemption Date" means any date after the Fixed Rate Coupon Reset Date on which we elect to redeem the new PATS, in whole or in part.

"Put Option" means the obligation of the trustee to put the new PATS to us as described under "Description of the New Securities--New PATS--Put Option."

"Reference Corporate Dealer" means each of up to five leading dealers of publicly traded debt securities, including our debt securities, which shall be selected by us and agreed to by the Callholder, such consent not to be unreasonably withheld. We will advise the Calculation Agent of our selection of Reference Corporate Dealers no later than five Business Days prior to the Fixed Rate Coupon Reset Date. One of the Reference Corporate Dealers we select will be UBS Warburg LLC, if UBS AG, London Branch is then the Callholder.

"Reference Money Market Dealer" means each of up to five leading dealers of publicly traded debt securities, including our debt securities, which we shall select, who are also leading dealers in money market instruments, and agreed to by the Callholder, such consent not to be unreasonably withheld. We will advise the Calculation Agent of our selection of Reference Money Market Dealers no later than five Business Days prior to the Floating Rate Coupon Reset Date. One of the Reference Money Market Dealers we select will be UBS Warburg LLC, if UBS AG, London Branch is then the Callholder.

"Reference Rate" means:

- The rate for each Floating Rate Reset Period which will be the rate for deposits in U.S. dollars for a period of one month which appears on the Telerate Page 3750 (or any successor page) as of 11:00 a.m., London time, on the applicable Reference Rate Determination Date.

- If no rate appears on Telerate Page 3750 on the Reference Rate Determination Date, the Calculation Agent will request the principal London offices of four major reference banks in the London Inter-Bank Market, to provide the Calculation Agent, in the case of each such bank, with its offered quotation for deposits in U.S. dollars for the period of one month, commencing on the first day of the Floating Rate Reset Period, to prime banks in the London Inter-Bank Market at approximately 11:00 a.m., London time, on that Reference Rate Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then the Reference Rate will be the average of those quotations. If fewer than two quotations are provided, then the Reference Rate will be the average (rounded, if necessary, to the nearest one hundredth of a percent) of the rates quoted at approximately 11:00 a.m., New York City time, on the Reference Rate Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks, having a one-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If the banks selected by the Calculation Agent are not providing quotations in the manner described in this paragraph, the rate for the Floating Rate Reset Period following the Reference Rate Determination Date will be the rate in effect on that Reference Rate Determination Date.

"Reference Rate Determination Date" will be the second London Business Day preceding each Reference Rate Reset Date.

"Reference Rate Reset Date" means January 15, 2006 and the 15th day of each month thereafter until, but excluding, the Floating Period Termination Date.

"Reference Treasury Dealer" means each of up to five dealers to be selected by us, and their respective successors; provided that if any of the foregoing ceases to be, and has no affiliate that is, a primary U.S. Government securities dealer (a "Primary Treasury Dealer") we will substitute for it another Primary Treasury Dealer. One of the Reference Treasury Dealers we select will be UBS Warburg LLC, if UBS AG, London Branch is then the Callholder.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer, the offer prices for the Comparable Treasury Issues (expressed in each case as a percentage of its principal

amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer, by 12:00 noon, New York City time, on the first Determination Date.

"Remaining Scheduled Payments" means, with respect to the 6.75% PATS, the remaining scheduled payments of the principal and interest thereon, calculated at the Base Rate applicable to such new PATS, that would be due from but excluding the Initial Coupon Reset Date to and including the maturity date.

"Subsidiary," as used under "Description of the New Securities," means a corporation to which we, or any of our subsidiaries, owns at least a majority of the outstanding securities which have voting power.

"Telerate Page 500" means the display designated as "Telerate Page 500" on Dow Jones Markets (or such other page as may replace "Telerate Page 500" on such service) or such other service displaying the offer prices for the Comparable Treasury Issues, as may replace Dow Jones Markets.

"Telerate Page 3750" means the display page so designated on the Dow Jones Market Limited (or such other page as may replace that page on that service) or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollars deposits.

"Treasury Rate" for the new PATS means, with respect to the Initial Coupon Reset Date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) yield to maturity of the Comparable Treasury Issues, assuming a price for the Comparable Treasury Issues (expressed as a percentage of their principal amounts) equal to the Comparable Treasury Price for such Coupon Reset Date.

BOOK-ENTRY ONLY ISSUANCE--THE DEPOSITORY TRUST COMPANY

The new debentures and new PATS will be evidenced by one or more certificates in registered global form, which will be deposited with, or on behalf of, The Depository Trust Company (DTC) in New York, New York and registered in the name of Cede & Co., DTC's nominee. Except as set forth below, a global note may be transferred, in whole or in part, only to another nominee of DTC or to a successor to DTC or its nominee.

DEPOSITARY PROCEDURES

DTC has advised us that it is a:

- limited-purpose trust company organized under the laws of the State of New York;

- banking organization within the meaning of the laws of the State of New York;

- member of the Federal Reserve System;

- clearing corporation within the meaning of the New York Uniform Commercial Code; and

- clearing agency registered pursuant to the provisions Section 17A of the Securities Exchange Act.

DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants through electronic book-entry changes in their accounts, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant also have access to DTC's book-entry system.

Holders of new debentures and new PATS may hold their beneficial interests in the securities directly as a participant in DTC or indirectly through organizations that are participants in DTC.

Upon deposit of the global notes with DTC, DTC will credit, on its book-entry registration and transfer system, the accounts of those participants designated by the Exchange Agent with the principal amounts of the global notes held by or through the participants. The record of DTC will show ownership and effect the transfer of ownership of the global notes by its participants. The records of the participants will show ownership and effect the transfer of ownership of the global notes by persons holding beneficial interests in the global notes through them. In the case of beneficial interests held by or though participants in Euroclear or Cedel, DTC will credit the accounts of Morgan Guaranty Trust Company of New York, Brussels office, and Citibank, N.A. with the principal amounts of the global notes beneficially owned by or through Euroclear and Cedel, respectively. These records of DTC will show ownership and effect the transfer of ownership of the global notes by Morgan Guaranty and Citibank. The records of Morgan Guaranty and Citibank will show ownership and effect the transfer of ownership of the global notes by Euroclear and Cedel, respectively. The records of Euroclear and Cedel will show ownership and effect the transfer of ownership of the global notes by their participants. The records of the participants will show ownership or transfer of ownership of the global notes by persons holding through them.

So long as DTC or its nominee is the registered owner of the global notes, it will be considered the sole owner and holder of the securities for all purposes under the applicable indenture. Except as set forth below, if you own a beneficial interest in global notes, you will not:

- be entitled to have the securities registered in your name;

- receive or be entitled to receive physical delivery of a certificate in definitive form representing the securities; or

- be considered the owner or holder of the securities under the applicable indenture for any purpose, including with respect to the giving of any directions, approvals or instructions to the trustee.

Therefore, if you are required by state law to take physical delivery of the securities in definitive form, you may not be able to own, transfer or pledge beneficial interests in the global notes. In addition, the lack of a physical certificate evidencing your beneficial interests in the global notes may limit your ability to pledge the interests to a person or entity that is not a participant in DTC.

If you own beneficial interests in a global note, you will have to rely on the procedures of DTC and, if you are not a participant in DTC, the procedures of the participant through which you hold your beneficial interests, to exercise your rights as a holder under the applicable indenture. DTC has advised us that it will take any action permitted to be taken by a holder of beneficial interests in the global notes only at the direction of one or more of the participants to whose accounts the interests are credited. We understand that, under existing industry practice, when a beneficial owner of a global note wants to give any notice or take any action that a registered holder is entitled to take, at our request or under the applicable indenture, DTC will authorize the participant to give the notice or take the action, and the participant will authorize its beneficial owners to give the notice or take the action. Accordingly, we and the trustee will treat as a holder anyone designated as such in writing by DTC for purposes of obtaining any consents or directions required under the applicable indenture.

We will pay the principal of, and interest on, the global notes through the trustee or paying agent to DTC or its nominee, as the registered holder of the global notes, in immediately available funds. We expect DTC or its nominee, upon receipt of any payments, to immediately credit each participant's account with payments in amounts proportionate to that participant's beneficial interest as shown on the records of DTC or its nominee. We also expect each participant to pay each owner of beneficial

interests in the global notes held through that participant in accordance with standing customer instructions and customary practices. These payments will be the sole responsibility of the participants.

We will not, and the trustee and paying agent will not, assume any responsibility or liability for any aspect of the records relating to, payments made on account of or actions taken with respect to the beneficial ownership interests in global notes, or for any other aspect of the relationship between DTC and its participants, Euroclear or Cedel and their participants, or between the participants and the owners of beneficial interests. We, the trustee and the paying agent may conclusively rely on instructions from DTC for all purposes. We obtained the above information about DTC, Euroclear and Cedel and their book-entry systems from sources we believe are reliable, but we take no responsibility for the accuracy of the information.

SETTLEMENT PROCEDURES

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and procedures and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Secondary market trading between participants of Euroclear and/or Cedel will occur in the ordinary way in accordance with each of its rules and procedures and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds. Morgan Guaranty or Citibank will effect transfers in global notes between DTC participants, on the one hand, and Euroclear or Cedel participants, on the other hand, in accordance with DTC's procedures and will settle them in same-day funds. Morgan Guaranty or Citibank, as the case may be, must deliver instructions to Euroclear or Cedel in accordance with Euroclear's or Cedel's procedures. If the transfer meets its settlement requirements, Euroclear or Cedel will instruct Morgan Guaranty or Citibank to effect final settlement on its behalf by delivering or receiving interests in the global notes in its accounts with DTC and making or receiving payment in accordance with normal procedures of same-day funds settlement applicable to DTC. Participants in Cedel and Euroclear may not deliver instructions directly to Morgan Guaranty or Citibank, as applicable.

Because of time zone differences, the accounts of Euroclear and Cedel participants purchasing beneficial interests in the global notes from DTC participants will be credited with the securities purchased, and the crediting will be reported to the Euroclear and Cedel participants, on the securities settlement processing day immediately following the DTC settlement processing day. Likewise, the accounts of Euroclear and Cedel participants selling beneficial interests in the global notes to DTC participants will be credited with the cash received on the DTC settlement processing day, but the cash will not be available until the settlement processing day immediately following the DTC settlement processing day.

Although DTC, Euroclear and Cedel have agreed to the procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Cedel, they are under no obligation to perform or to continue to perform these procedures. These procedures may be changed or discontinued at any time. We take no responsibility for the performance by DTC, Euroclear or Cedel or their respective participants of their respective obligations under the rules and procedures governing their operations.

EXCHANGE OF GLOBAL NOTES FOR CERTIFICATED NOTES

We will exchange beneficial interests in global notes for certificated notes only if:

- DTC notifies us that it is unwilling or unable to continue as depositary for the global notes;

- DTC ceases to be a clearing agency registered under the Securities Exchange Act; or

- except in the case of the new PATS, we decide at any time not to have the securities represented by global notes and so notify the trustee.

If there is an exchange, we will issue certificated notes in authorized denominations and registered in the names which DTC directs.

UNITED STATES FEDERAL TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax consequences of the ownership and disposition of new debentures and new PATS and as to legal conclusions included in the discussion represents the opinion of our counsel, Andrews & Kurth LLP. This discussion is based upon the Internal Revenue Code of 1986, as amended, existing and proposed Treasury regulations, Internal Revenue Service rulings and pronouncements and administrative and judicial decisions currently in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. This discussion deals only with new debentures and new PATS held as "capital assets" as defined in the Internal Revenue Code and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, persons holding new debentures or new PATS as a hedge against currency risk or as a position in a "straddle," or "conversion" transaction, or persons whose functional currency is not the U.S. dollar. Moreover, this discussion does not address the new debentures or new PATS held by a foreign partnership or other flow-through entities.

The term "U.S. Holder" means a beneficial owner of new debentures or new PATS that is for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof (other than a partnership that is not treated as a U.S. person under any applicable Treasury regulations), (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. As used herein, the term "non-U.S. Holder" means a beneficial owner of the new debentures or the new PATS that is not a U.S. Holder.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATIONS OF U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NEW DEBENTURES OR THE NEW PATS ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

EXPECTED TAX TREATMENT OF U.S. HOLDERS

The exchange offer through which outstanding debentures may be exchanged for the new debentures and outstanding PATS may be exchanged for the new PATS, should not produce, for federal income tax purposes, recognizable gain or loss to either us or a U.S. Holder. A U.S. Holder will have an initial adjusted tax basis and holding period in the new debenture and new PATS equal to the adjusted tax basis and holding period in the outstanding debenture and outstanding PATS, respectively.

Although there are no cases or rulings with respect to instruments with terms similar to those of the new PATS, and the matter is not free from doubt, the new PATS should be treated as fixed rate debt instruments that mature on the Initial Coupon Reset Date. By acquiring the new PATS, a holder agrees (in the absence of an administrative determination or judicial ruling to the contrary) to follow such treatment for U.S. federal income tax purposes. No ruling on any of the issues relating to the new PATS will be sought from the IRS and no assurance can be given that the IRS or the courts will agree with the characterization described above.

The outstanding debentures and outstanding PATS were not issued with "original issue discount" for U.S. federal income tax purposes. Interest on the new debentures and the new PATS should therefore constitute "qualified stated interest" and generally should be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or received, in accordance with the U.S. Holder's regular method of tax accounting.

Upon the sale, exchange or retirement of new debentures or new PATS, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and the U.S. Holder's adjusted tax basis in the new debentures or the new PATS. A U.S. Holder's initial adjusted tax basis in the new debentures or the new PATS generally will be increased by any original issue discount included in income and decreased by the amount of any payments, other than qualified stated interest payments, received with respect to the new debentures or the new PATS. That gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if the holding period in the new debentures or the new PATS is more than one year on the date of disposition.

POSSIBLE ALTERNATIVE TAX TREATMENT OF THE NEW PATS

There can be no assurance that the IRS will agree with our treatment of the new PATS, and it is possible that the IRS could assert another treatment. For instance, it is possible that the IRS could seek to treat the new PATS as maturing on their stated maturity date (or one year after that date, due to the possibility of extension). In the event the new PATS were treated as maturing on their stated maturity date for U.S. federal income tax purposes, the new PATS would be treated as having contingent interest under the Internal Revenue Code. In such event, under Treasury regulations governing debt instruments that provide for contingent payments, the amount treated as taxable interest in each accounting period would be a hypothetical amount based upon our current borrowing costs for comparable, noncontingent debt instruments. The hypothetical amount would not necessarily be the same as the stated interest actually paid on the new PATS. As a result, a U.S. Holder might be required to include interest in income in excess of actual cash payments received for certain taxable years. Also, the character of any gain or loss upon the sale or exchange of the new PATS (including a sale pursuant to the mandatory tender on the Coupon Reset Date) by a U.S. Holder will likely differ if the new PATS were treated as contingent payment obligations. Any such taxable gain generally would be treated as ordinary income. Any such taxable loss generally would be ordinary to the extent of the U.S. Holder's ordinary income inclusions with respect to the new PATS, and any excess would generally be treated as capital loss.

NON-U.S. HOLDERS

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on interest paid on the new debentures or new PATS so long as that interest is not effectively connected with its conduct of a trade or business within the U.S., and the non-U.S. Holder:

- does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;

- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of the Code; and

- either (A) certifies to the applicable payor or its agent, under penalties of perjury, that it is not a United States person and provides its name and address on an IRS Form W-8BEN (or a suitable substitute form), or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the new debenture or new PATS, certifies under penalties of perjury that

an IRS Form W-8BEN (or a suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

If these conditions are not satisfied, then interest paid on the new debentures or new PATS will be subject to U.S. federal income and withholding tax at a rate of 30% unless that rate is reduced or eliminated pursuant to an applicable tax treaty.

Any gain or income realized by non-U.S. Holders upon the sale, exchange, retirement or other disposition of the new debentures or the new PATS generally will not be subject to U.S. federal income tax unless (i) that gain or income is effectively connected with the conduct of a trade or business in the United States by the non-U.S. Holder or (ii) in the case of a non-U.S. Holder who is an individual, such individual is present in the United States for 183 days or more in the taxable year of such sale, exchange, retirement or other disposition, and certain other conditions are met.

If a non-U.S. Holder is engaged in a trade or business in the United States or in the case of an individual non-U.S. Holder, is present in the United States for 183 days or more, the non-U.S. Holder will be exempt from the withholding tax previously discussed if it provides us with a properly completed and executed Form W-8 ECI, but generally will be subject to U.S. income tax at regular rates on interest and on any gain realized on the sale, exchange, retirement or other disposition of the new debentures or the new PATS. In addition, if a non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

New debentures or new PATS beneficially owned by an individual who at the time of death is not a U.S. citizen or resident will not be subject to the U.S. federal estate tax as a result of the individual's death, provided that the individual does not constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote and provided that the interest payments with respect to the new debentures or new PATS would not have been, if received at the time of the individual's death, effectively connected with the conduct of a U.S. trade or business by the individual.

INFORMATION REPORTING AND BACKUP WITHHOLDING

U.S. Holders. Information reporting will apply to payments of interest on, or the proceeds of the sale or other disposition of, the new debentures and new PATS with respect to certain noncorporate U.S. Holders, and backup withholding at a rate of 31% may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's federal income tax, provided the required information is provided to the IRS.

Non-U.S. Holders. Backup withholding and information reporting will not apply to payments of principal on the new debentures or new PATS by us or any of our agents to a non-U.S. Holder if the non-U.S. Holder certifies at to its non-U.S. Holder status under penalties of perjury or otherwise establishes an exemption (provided that neither we nor our agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied).

The payment of the proceeds of the disposition of new debentures and new PATS to or through the United States office of a United States or foreign broker will be subject to information reporting and backup withholding unless the owner provides the certification described above or otherwise establishes an exemption. The proceeds of a disposition effected outside the United States by a non-U.S. Holder of new debentures or new PATS to or through a foreign office of a broker generally will not be subject to backup withholding or information reporting. However, if such broker is a

United States person, a controlled foreign corporation for United States tax purposes, a foreign person 50% or more of whose gross income from all sources for certain periods is effectively connected with a trade or business in the United States, or a foreign partnership that is engaged in the conduct of a trade or business in the United States or that has one or more partners that are United States persons who in the aggregate hold more than 50 percent of the income or capital interests in the partnership, information reporting requirements will apply unless such broker has documentary evidence in its files of the holder's non-U.S. status and has no actual knowledge to the contrary or unless the holder otherwise establishes an exemption. Any amount withheld under the backup withholding rules will be refunded or is allowable as a credit against the non-U.S. Holder's federal income tax liability, if any, provided the required information or appropriate claim for refund is provided to the IRS.

PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC in no-action letters issued to third parties, we believe that you may transfer new debentures and new PATS issued under the exchange offer in exchange for the outstanding debentures and outstanding PATS if:

- you acquire the new debentures or new PATS in the ordinary course of your business; and

- you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such new debentures or new PATS.

Broker-dealers receiving new debentures or new PATS in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of the new debentures and new PATS.

We believe that you may not transfer new debentures or new PATS issued under the exchange offer in exchange for the outstanding debentures or outstanding PATS if you are:

- our "affiliate" within the meaning of Rule 405 under the Securities Act;

- a broker-dealer that acquired outstanding debentures or outstanding PATS directly from us; or

- a broker-dealer that acquired outstanding debentures or outstanding PATS as a result of market-making or other trading activities without compliance with the registration and prospectus delivery provisions of the Securities Act.

To date, the staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as this exchange offer, other than a resale of an unsold allotment from the original sale of the outstanding debentures or outstanding PATS, with the prospectus contained in the exchange offer registration statement. In the registration rights agreements, we have agreed to permit participating broker-dealers to use this prospectus in connection with the resale of new debentures and new PATS.

If you wish to exchange your outstanding debentures for new debentures or your outstanding PATS for new PATS in the exchange offer, you will be required to make representations to us as described in "The Exchange Offer--Exchange Terms" and "--Procedures for Tendering Outstanding Securities--Other Matters" in this prospectus and in the letter of transmittal. In addition, if you are a broker-dealer who receives new debentures or new PATS for your own account in exchange for outstanding debentures or outstanding PATS that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of such new debentures or new PATS. See "The Exchange Offer--Resale of New Securities."

We will not receive any proceeds from any sale of new debentures or new PATS by broker-dealers. Broker-dealers who receive new debentures or new PATS for their own account in the exchange offer may sell them from time to time in one or more transactions in the over-the-counter market:

- in negotiated transactions;
- through the writing of options on the new debentures or new PATS or a combination of such methods of resale;
- at market prices prevailing at the time of resale; and
- at prices related to such prevailing market prices or negotiated prices.

Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any new debentures or new PATS. Any broker-dealer that resells new debentures or new PATS it received for its own account in the exchange offer and any broker or dealer that participates in a distribution of such new debentures or new PATS may be deemed to be an "underwriter" within the meaning of the Securities Act. Any profit on any resale of new debentures or new PATS and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

We have agreed to pay all expenses incidental to the exchange offer other than commissions and concessions of any brokers or dealers. We will indemnify holders of the outstanding debentures and outstanding PATS, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act, as provided in the registration rights agreement.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus, excluding historical information, include forward-looking statements--statements that discuss our expected future results based on current and pending business operations. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates," "believes," "expects," "planned," "scheduled" or similar expressions. Although we believe these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results stated or implied in this prospectus. The following are important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted:

- Changes in general economic conditions in the United States;
- Changes in state or federal laws and regulations to which we are subject, including tax, environmental and employment laws and regulations;
- The cost and effects of legal and administrative claims and proceedings against Williams or its subsidiaries;
- Conditions of the capital markets we utilize to access capital to finance operations;
- The ability to raise capital in a cost-effective way;
- The effect of changes in accounting policies;

- The ability to manage rapid growth;

- The ability to control costs;

- The ability of each business unit to successfully implement key systems, such as order entry systems and service delivery systems;

- Changes in foreign economies, currencies, laws and regulations, and political climates, especially in Canada, Argentina, Brazil, Chile, Venezuela, Lithuania and Australia, where we have made direct investments;

- The impact of future federal and state regulations of business activities, including allowed rates of return, the pace of deregulation in retail natural gas and electricity markets, and the resolution of other regulatory matters discussed herein;

- Fluctuating energy commodity prices;

- The ability of our energy businesses to develop expanded markets and product offerings as well as their ability to maintain existing markets;

- The ability of both the gas pipeline business unit and the energy services business unit to obtain governmental regulatory approval of various expansion projects;

- The ability of customers of the energy marketing and trading business to obtain governmental and regulatory approval of various projects, including power generation projects;

- Future utilization of pipeline capacity, which can depend on energy prices, competition from other pipelines and alternative fuels, the general level of natural gas and petroleum product demand, decisions by customers not to renew expiring natural gas transportation contracts, and weather conditions;

- The accuracy of estimated hydrocarbon reserves and seismic data;

- The ability to successfully market capacity on the communications network;

- Successful implementation by Williams Communications of its strategy to build a local access infrastructure;

- Technological developments, high levels of competition, lack of customer diversification, and general uncertainties of government regulation in the communications industry;

- Termination of the SBC strategic alliance or SBC Communications' inability to obtain regulatory approval to provide long-distance communications services within markets in which it currently provides local services;

- Loss of a high volume network customer;

- The ability of Williams Communications' network business unit to timely turn up service requests and minimize service interruptions; and

- The ability to successfully integrate any newly acquired businesses.

LEGAL MATTERS

Andrews & Kurth L.L.P. will pass upon certain legal matters with respect to the new debentures and new PATS.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our consolidated financial statements and schedules in our Annual Report on Form 10-K for the year ended December 31, 2000, as set forth in their report, which is incorporated by reference in this prospectus. The report of Ernst & Young LLP contains an explanatory paragraph describing our change in accounting method for our lease transactions relating to our fiber optic network. Our consolidated financial statements and schedules are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Our consolidated financial statements and schedules included in or incorporated by reference in any documents filed pursuant to Section 13, 14, or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering will be so included or incorporated by reference in reliance upon the reports of independent auditors pertaining to such financial statements (to the extent covered by consents filed with the Commission) given on the authority of such independent auditors as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. The registration statement of which this prospectus forms a part and these reports, proxy statements and other information can be inspected and copied at the public reference room maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at Seven World Trade Center, Suite 1300, New York, New York 10048. Copies of these materials may also be obtained from the SEC at prescribed rates by writing to the public reference room maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

We have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to this offering. This prospectus, which forms a part of the registration statement, does not contain all the information included in the registration statement and the attached exhibits.

The SEC maintains a World Wide Web site on the Internet at http://www.sec.gov that contains reports, proxy and information statements and other information regarding us. The reports, proxy and information statements and other information about us can be downloaded from the SEC's website and can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the exchange offer is completed:

- our annual report on Form 10-K for the year ended December 31, 2000;
- our current report on Form 8-K filed January 5, 2001;
- our current report on Form 8-K filed January 31, 2001;
- our current report on Form 8-K filed February 8, 2001;
- our current report on Form 8-K filed March 16, 2001; and
- our current report on Form 8-K filed March 19, 2001.

You may request a copy of these filings, at no cost, by writing or calling us at the following address:

Investor Relations
The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172
Telephone: (918) 573-2000

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with any information. You should not assume that the information in this document is current as of any date other than the date on the front page of this prospectus.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is empowered by Section 145 of the General Corporation Law 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 such person in connection with any threatened, pending or completed action, suit or proceeding in which such person is made a party by reason of such person being or having been a director, officer, employee or agent of the Company. 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 the Company provide for indemnification by the Company of its directors and officers to the fullest extent permitted by the General Corporation Law of Delaware. In addition, the Company 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 the Company under which the directors and officers of the Company 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 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

The following instruments and documents are included as Exhibits to this Registration Statement.

EXHIBIT NUMBER	EXHIBIT
*3.1	Restated Certificate of Incorporation, as supplemented (filed as Exhibit (3)(I)(a) to the Annual Report on Form 10-K for the year ended December 31, 2000).
*3.2	Restated Bylaws (filed as Exhibit 99.1 to Form 8-K filed January 19, 2000).
*4.1	Form of Senior Debt Indenture between the registrant and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as Trustee, (filed as Exhibit 4.1 to the Registration Statement on Form S-3 filed September 8, 1997).
*4.2	Fourth Supplemental Indenture, dated as of January 17, 2001, between the registrant and Bank One Trust Company, N.A. (filed as Exhibit 4(j) to the Annual Report on Form 10-K for the year ended December 31, 2000).
*4.3	Fifth Supplemental Indenture, dated as of January 17, 2001, between the registrant and Bank One Trust Company, N.A. (filed as Exhibit 4(k) to the Annual Report on Form 10-K for the year ended December 31, 2000).
4.4	Registration Rights Agreement, dated January 17, 2001, by and among the registrant and UBS Warburg LLC, Credit Suisse First Boston, Lehman Brothers, and other parties listed therein, as Initial Purchasers.

EXHIBIT NUMBER	EXHIBIT
5.1	Opinion of Andrews & Kurth L.L.P., as to the validity of the new debentures and new PATS.
8.1	Opinion of Andrews & Kurth L.L.P., as to certain tax matters.
10.1	Note Purchase Agreement between registrant and the parties listed therein, dated January 17, 2001.
*12.1	Statement regarding Computation of Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements, (filed as Exhibit 12 to the Annual Report on Form 10-K for the year ended December 31, 2000).
*21	Subsidiaries of the registrant (filed as Exhibit 21 to the Annual Report on Form 10-K for the year ended December 31, 2000).
23.1	Consent of Ernst & Young LLP.
24.1	Power of Attorney.
25.1	Statement of Eligibility of Bank One Trust Company, N.A., as trustee, on Form T-1 with respect to the issuance of 7.50% Debentures due January 15, 2031, Series A, by the registrant to the Indenture between the registrant and Bank One Trust Company, N.A., as trustee, and with respect to the issuance of 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A, by the registrant pursuant to the Indenture between the registrant and Bank One Trust Company, N.A., as trustee.
99.1	Form of Letter of Transmittal.

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* Indicates exhibits incorporated by reference as indicated.

ITEM 22. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(a) that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) 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.

(b) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, Oklahoma, on March 22, 2001.

THE WILLIAMS COMPANIES, INC.

By: /s/ SUZANNE H. COSTIN
Name: Suzanne H. Costin
Title: Attorney-in-Fact

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ KEITH E. BAILEY* Keith E. Bailey	Chairman of the Board , President, Chief Executive Officer (Principal Executive Officer) and Director	March 22, 2001
/s/ JACK D. MCCARTHY* Jack D. McCarthy	Senior Vice President -- Finance (Principal Financial Officer)	March 22, 2001
/s/ GARY R. BELITZ* Gary R. Belitz	Controller (Principal Accounting Officer)	March 22, 2001
/s/ HUGH M. CHAPMAN* Hugh M. Chapman	Director	March 22, 2001
/s/ GLENN A. COX* Glenn A. Cox	Director	March 22, 2001
/s/ THOMAS H. CRUIKSHANK* Thomas H. Cruikshank	Director	March 22, 2001
/s/ WILLIAM E. GREEN* William E. Green	Director	March 22, 2001
/s/ W. R. HOWELL* W. R. Howell	Director	March 22, 2001
/s/ JAMES C. LEWIS* James C. Lewis	Director	March 22, 2001
/s/ CHARLES M. LILLIS* Charles M. Lillis	Director	March 22, 2001
George A. Lorch	Director	
/s/ FRANK T. MACINNIS* Frank T. MacInnis	Director	March 22, 2001

SIGNATURE	TITLE	DATE
/s/ PETER C. MEINIG* Peter C. Meinig	Director	March 22, 2001
/s/ GORDON R. PARKER* Gordon R. Parker	Director	March 22, 2001
/s/ JANICE D. STONEY* Janice D. Stoney	Director	March 22, 2001
/s/ JOSEPH H. WILLIAMS* Joseph H. Williams	Director	March 22, 2001

*By: /s/ SUZANNE H. COSTIN

Suzanne H. Costin
Attorney-in-Fact
Dated: March 22, 2001

INDEX TO EXHIBITS

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*4.2	Fourth Supplemental Indenture, dated as of January 17, 2001, between the registrant and Bank One Trust Company, N.A. (filed as Exhibit 4(j) to the Annual Report on Form 10-K for the year ended December 31, 2000).
*4.3	Fifth Supplemental Indenture, dated as of January 17, 2001, between the registrant and Bank One Trust Company, N.A. (filed as Exhibit 4(k) to the Annual Report on Form 10-K for the year ended December 31, 2000).
4.4	Registration Rights Agreement, dated January 17, 2001, by and among the registrant and UBS Warburg LLC, Credit Suisse First Boston, Lehman Brothers, and other parties listed therein, as Initial Purchasers.
5.1	Opinion of Andrews & Kurth L.L.P., as to the validity of the new debentures and new PATS.
8.1	Opinion of Andrews & Kurth L.L.P., as to certain tax matters.
10.1	Note Purchase Agreement between registrant and the parties listed therein, dated January 17, 2001.
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23.1	Consent of Ernst & Young LLP.
24.1	Power of Attorney.
25.1	Statement of Eligibility of Bank One Trust Company, N.A., as trustee, on Form T-1 with respect to the issuance of 7.50% Debentures due January 15, 2031, Series A, by the registrant to the Indenture between the registrant and Bank One Trust Company, N.A., as trustee, and with respect to the issuance of 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A, by the registrant pursuant to the Indenture between the registrant and Bank One Trust Company, N.A., as trustee.
99.1	Form of Letter of Transmittal.

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* Indicates exhibits incorporated by reference as indicated.

EXHIBIT 4.4

REGISTRATION RIGHTS AGREEMENT

Dated January 11, 2001

among

The Williams Companies, Inc.

and

UBS Warburg LLC
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
ABN AMRO Incorporated
Banc of America Securities LLC
BMO Nesbitt Burns Corp.
Commerzbank Securities
Credit Lyonnais Securities
The Royal Bank of Scotland PLC
Scotia Capital Markets
TD Securities

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into January 11, 2001 between THE WILLIAMS COMPANIES, INC., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and UBS Warburg LLC, Credit Suisse First Boston Corporation, Lehman Brothers Inc., ABN AMRO Incorporated, Banc of America Securities LLC, BMO Nesbitt Burns Corp., Commerzbank Securities, Credit Lyonnais Securities, The Royal Bank of Scotland PLC, Scotia Capital Markets and TD Securities (the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement dated January 11, 2001, among the Company, UBS AG, acting through its London Branch and the Initial Purchasers (the "Purchase Agreement"), which provides for the purchase by the Initial Purchasers of an aggregate of $700,000,000 principal amount of the Company's 7.50% Debentures due January 15, 2031 and $400,000,000 principal amount of the Company's 6.75% Putable Asset Term Securities Putable/Callable on January 15, 2006 (collectively, the "Securities"). The Company hereby agrees to provide to the Initial Purchasers and its direct and indirect transferees the registration rights set forth in this Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Exchange Dates" shall have the meaning set forth in Section 2(a) hereof.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean a registration statement on Form S-4 (or, if applicable, on another appropriate form) relating to an offering of Exchange Securities pursuant to an Exchange Offer and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Securities" shall mean securities issued by the Company under the Indenture containing terms identical to the Securities (except that the Exchange Securities will not contain restrictions on transfer or terms regarding the payment of additional interest as provided in Section 2(d) hereof) and to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

"Holder" shall mean each Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture; provided that for purposes of Sections 4 and 5 of this Agreement, the term "Holder" shall include Participating Broker-Dealers (as defined in Section 4(a)).

"Indenture" shall mean the Indenture relating to the Securities dated as of November 10, 1997, as supplemented by a First Supplemental Indenture dated as of September 8, 2000, a Second Supplemental Indenture dated as of December 7, 2000, a Third Supplemental Indenture, dated as of December 20, 2000, a Fourth Supplemental Indenture dated as of January 17, 2001 and a Fifth Supplemental Indenture dated as of January 17, 2001 each between the Company and Bank One Trust Company, N.A., as trustee, as the same may be amended from time to time in accordance with the terms thereof.

"Initial Purchasers" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or any of its affiliates (as such term is defined in Rule 405 under the 1933 Act) (other than the Initial Purchasers or subsequent Holders of Registrable Securities if such subsequent Holders are deemed to be such affiliates solely by reason of their holding of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"Person" shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean the Securities; provided, however, that the Securities shall cease to be Registrable Securities (i) when a Registration Statement with

respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been exchanged for Exchange Securities pursuant to an Exchange Offer Registration Statement or disposed of pursuant to a Shelf Registration Statement, as applicable, (ii) when such Securities have been sold to the public pursuant to Rule 144 under the 1933 Act or are saleable pursuant to Rule 144(k) under the 1933 Act (or any similar provisions then in force, but not Rule 144A) or (iii) when such Securities shall have ceased to be outstanding.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus (including any amendments or supplements thereto), any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and disbursements of counsel for the Company and, in the case of a Shelf Registration Statement, the reasonable fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Initial Purchasers) and (viii) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, but excluding fees and expenses of counsel to the underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company that covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) of this Agreement which covers all of the Registrable Securities (but no other securities unless approved by the Holders of a

majority of the aggregate principal amount of outstanding Registrable Securities that are covered by such Shelf Registration Statement) on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Time of Delivery" shall have the meaning set forth in the Purchase Agreement.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

"Underwriter" shall have the meaning set forth in Section 3 hereof.

"Underwritten Registration" or "Underwritten Offering" shall mean a registration in which Registrable Securities are sold to an Underwriter for reoffering to the public.

2. Registration Under the 1933 Act.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company shall use its reasonable best efforts (1) to cause to be filed an Exchange Offer Registration Statement within 120 days following the Time of Delivery covering the offer by the Company to the Holders to exchange all of the Registrable Securities for an equal aggregate principal amount of Exchange Securities and (2) to cause such Exchange Offer Registration Statement to become effective within 180 days following the Time of Delivery. The Company shall use commercially reasonable efforts to have the Exchange Offer Registration Statement remain effective until the closing of the Exchange Offer. The Company shall commence the Exchange Offer promptly after the Exchange Offer Registration Statement has been declared effective by the SEC and use its commercially reasonable efforts to have the Exchange Offer consummated not later than 60 days after such effective date. The Company shall commence the Exchange Offer by mailing the related exchange offer Prospectus and accompanying documents to each Holder stating, in addition to such other disclosures as are required by applicable law:

(i) that the Exchange Offer is being made pursuant to this Registration Rights Agreement and that all Registrable Securities validly tendered will be accepted for exchange;

(ii) the dates of acceptance for exchange (which shall be a period of at least 20 business days from the date such notice is mailed) (the "Exchange Dates");

(iii) that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Registration Rights Agreement;

(iv) that Holders electing to have a Registrable Security exchanged pursuant to the Exchange Offer will be required to surrender such Registrable Security, together with the enclosed letters of transmittal, to the institution and at the address (located in the

Borough of Manhattan, The City of New York) specified in the notice prior to the close of business on the last Exchange Date; and

(v) that Holders will be entitled to withdraw their election, not later than the close of business on the last Exchange Date, by sending to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice a telegram, telex, facsimile transmission or letter (to be received no later than the Exchange Date) setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing his election to have such Securities exchanged.

As soon as practicable after the last Exchange Date, the Company shall:

(i) accept for exchange Registrable Securities or portions thereof validly tendered and not validly withdrawn pursuant to the Exchange Offer; and

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and mail to each Holder, an Exchange Security equal in principal amount to the principal amount of the Registrable Securities surrendered by such Holder.

The Company shall use its commercially reasonable efforts to complete the Exchange Offer as provided above and shall comply with the applicable requirements of the 1933 Act, the 1934 Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate applicable law or any applicable interpretation of the Staff of the SEC. The Company shall inform the Initial Purchaser of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchaser shall have the right, subject to applicable law, to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

If, during the period the Exchange Offer Registration Statement is effective, an event occurs which makes any statement made in such Exchange Offer Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Exchange Offer Registration Statement or Prospectus in order to make the statement therein not misleading, the Company shall use commercially reasonable efforts to prepare and file with the SEC a supplement or post-effective amendment to the Exchange Offer Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify the Holders to suspend the exchange of the Registrable Securities as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend such exchange until the Company has amended or supplemented the Prospectus to correct such misstatement or omission.

(b) If (i) the Company determines that the Exchange Offer Registration provided for in Section 2(a) above is not available or may not be consummated as soon as practicable after the last Exchange Date because it would violate applicable law or the applicable interpretations of the Staff of the SEC, (ii) the Exchange Offer is not for any other reason consummated within 240 days following the Time of Delivery or (iii) in the written opinion of counsel for the Holders a Shelf Registration Statement must be filed and a Prospectus must be delivered by any Holder in connection with any reoffering or resale of Registrable Securities, the Company shall use commercially reasonable efforts to (x) file with the SEC within 120 days following such determination, date or notice of such opinion of counsel is given to the Company a Shelf Registration Statement providing for the resale by the Holders (other than those who fail to comply with the paragraph immediately following clause (p) of Section 3) of all of their Registrable Securities and (y) cause such Shelf Registration Statement to become effective within 60 days thereafter. If the Company is required to file a Shelf Registration Statement solely as a result of the matters referred to in clause (iii) of the preceding sentence, the Company shall use commercially reasonable efforts to file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to reoffers and resales of Registrable Securities held by the Holders who must deliver the related Prospectus. The Company agrees to use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until the expiration of the period referred to in Rule 144(k) with respect to the Registrable Securities or such shorter period that will terminate when all of the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Registrable Securities within the meaning of this Agreement. The Company further agrees to supplement or amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the 1933 Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder with respect to information relating to such Holder, and to use commercially reasonable efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as thereafter practicable. The Company agrees to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or Section 2(b). Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(d) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that, if, after it has been declared effective, the offering of Registrable Securities pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference until the

offering of Registrable Securities pursuant to such Registration Statement may legally resume. If:

(i) the Exchange Offer Registration Statement and, if a Shelf Registration Statement is required hereby, the Shelf Registration Statement is not filed with the SEC on or prior to the date specified for such filing in Section 2(a) and Section 2(b), respectively,

(ii) the Exchange Offer Registration Statement and, if a Shelf Registration Statement is required hereby, the Shelf Registration Statement is not declared effective on or prior to the date specified for such effectiveness in Section 2(a) and Section 2(b), respectively,

(iii) the Exchange Offer is not consummated on or prior to the date specified in Section 2(a), or

(iv) the Company has filed, and the SEC has declared effective, the Shelf Registration Statement and at any time prior to the expiration of the period referred to in Rule 144(k) with respect to the Registrable Securities, other than after all the Registrable Securities have been disposed of under the Shelf Registration Statement or cease to be Registrable Securities, the Shelf Registration Statement ceases to be effective, or fails to be usable for its intended purpose without being succeeded within two business days by a post-effective amendment which cures the failure and that is itself immediately declared effective,

then in the case of any failure set forth in (i) - (iv) above, the per annum interest rate on the Securities will increase by 0.25% until the date that the relevant failure is remedied.

(e) Without limiting the remedies available to the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Registration Statements pursuant to Section 2(a) and Section 2(b) hereof, the Company shall as expeditiously as possible (provided, however, that the Company shall not be required to take actions more promptly than required by Sections 2(a) and 2(b)):

(a) prepare and file with the SEC a Registration Statement on the appropriate form under the 1933 Act, which form (x) shall be selected by the Company and (y) shall, in the case of a Shelf Registration, be available for the resale of the Registrable Securities by the selling Holders thereof and (z) shall comply as to form in all material respects with

the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use commercially reasonable efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the period specified herein and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the 1933 Act; to keep each Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities or Exchange Securities;

(c) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, to counsel for the Initial Purchasers, to counsel for the Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or Underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; and, subject to Section 3(i), the Company consents to the use of such Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the selling Holders of Registrable Securities and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by, and in the manner described in, such Prospectus or any amendment or supplement thereto in accordance with applicable law;

(d) use commercially reasonable efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with such Holders in connection with any filings required to be made with the National Association of Securities Dealers, Inc. and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (ii) file any general consent to service of process or (iii) subject itself to taxation in any such jurisdiction if it is not so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Securities, counsel for the Holders and counsel for the Initial Purchasers promptly and, if requested by any such Holder or counsel, confirm such advice in writing (i) when a Registration Statement has become effective and when any post-effective amendment thereto has been filed and becomes effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement and

Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (v) of the happening of any event during the period a Shelf Registration Statement is effective which makes any statement made in such Shelf Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Shelf Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) make every commercially reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(g) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(h) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders may reasonably request at least two business days prior to the closing of any sale of Registrable Securities;

(i) in the case of a Shelf Registration, upon the occurrence of any event contemplated by Section 3(e)(v) hereof, use commercially reasonable efforts to prepare and file with the SEC a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify the Holders to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission and have furnished copies of the amended or

supplemented Prospectus to the Holders or until the Company notifies the Holders that the sale of the Registrable Securities may be resumed;

(j) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make such of the representatives of the Company as shall be reasonably requested by the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document, and shall not at any time file or make any amendment to the Shelf Registration Statement, any Prospectus or any amendment of or supplement to a Shelf Registration Statement or a Prospectus, of which the Initial Purchasers and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Initial Purchasers or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall reasonably object;

(k) obtain a CUSIP number for all Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of the applicable Registration Statement;

(l) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use commercially reasonable best efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(m) in the case of a Shelf Registration, make available for inspection by a representative of the Holders of the Registrable Securities, any Underwriter participating in any disposition pursuant to such Shelf Registration Statement, and attorneys and accountants designated by the Holders, at reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement;

(n) use commercially reasonable efforts to cause the Exchange Securities to continue to be rated by two nationally recognized statistical rating organizations (as such term is defined in Rule 436(g)(2) under the 1933 Act), if the Registrable Securities have been rated;

(o) if reasonably requested by any Holder of Registrable Securities covered by a Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder

reasonably requests to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such filing; and

(p) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those reasonably requested by the Holders of a majority of the Registrable Securities being sold thereunder) in order to expedite or facilitate the disposition of such Registrable Securities thereunder including, but not limited to, pursuant to an Underwritten Offering and in such connection, (i) to the extent possible, make such representations and warranties to the Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries, the Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (ii) obtain opinions of counsel to the Company (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Holders of a majority in principal amount of the Registrable Securities being sold under such Shelf Registration Statement, such Underwriters and their respective counsel) addressed to each selling Holder and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings, (iii) obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each selling Holder and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the Holders of a majority in principal amount of the Registrable Securities being sold under such Shelf Registration Statement or the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Securities to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing. No Holder of Registrable Securities may include its Registrable Securities in such Shelf Registration Statement unless and until such Holder furnishes such information to the Company. Each Holder including Registrable Securities in a Shelf Registration Statement shall agree to furnish promptly to the Company all information regarding such Holder and the proposed distribution by such Holder of such Registrable Securities required to make the information previously furnished to the Company by such Holder not materially misleading.

In connection with an Exchange Offer Registration, each Holder exchanging Securities for Exchange Securities shall be required to represent that (i) the Exchange Securities are being obtained in the ordinary course of business of the Person receiving such Exchange Securities, whether or not such Person is a Holder, (ii) neither such Holder nor any such other Person has an arrangement or understanding with any Person to participate in the distribution of Exchange Securities, (iii) other than as set forth in Section 4, if the Holder is not a broker-dealer, or is a broker-dealer but will not receive Exchange Securities for its own account in exchange for Securities, neither the Holder nor any such other Person is engaged in or intends to participate in a distribution of the Exchange Securities and (iv) neither the Holder nor any such other Person is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act or, if such Person is an "affiliate", that such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Securities pursuant to a Registration Statement, the Company shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company may give such notice so long as there are no more than 90 days during any 365 day period in which such suspensions are in effect.

The Holders of Registrable Securities covered by a Shelf Registration Statement who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers (the "Underwriters") that will administer the offering will be selected by the Majority Holders of the Registrable Securities included in such offering; provided that such Underwriters shall be reasonably acceptable to the Company.

4. Participation of Broker-Dealers in Exchange Offer.

(a) The parties hereto understand that the Staff of the SEC has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer"), may be deemed to be an "underwriter" within the meaning of the 1933 Act and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

The Company understands that it is currently the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of

distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities, without naming the Participating Broker-Dealers or specifying the amount of Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligation under the 1933 Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of the above, notwithstanding the other provisions of this Agreement, the Company agrees that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such reasonable modifications thereto as may be, reasonably requested by the Initial Purchasers or by one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above; provided that:

(i) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(i), for a period exceeding 180 days after the last Exchange Date (as such period may be extended pursuant to the penultimate paragraph of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 4; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request in writing to the Company by the Initial Purchasers or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Initial Purchasers and the Company in writing that they anticipate that they will be Participating Broker-Dealers; and provided further that, in connection with such application of the Shelf Registration procedures set forth in Section 3 to an Exchange Offer Registration, the Company shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be UBS Warburg LLC unless it elects not to act as such representative, (y) to pay the fees and expenses of only one counsel representing the Participating Broker-Dealers, which shall be counsel to the Initial Purchasers unless such counsel elects not to so act and (z) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Initial Purchasers shall have no liability to the Company, other than as Holders in accordance with the terms hereof, or to any other Holder with respect to any request that they may make pursuant to Section 4(b) above.

5. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers, each Holder and each Person, if any, who controls the Initial Purchasers or any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, or is under common control with, or is controlled by, the Initial Purchasers or any Holder (each, a "Participant"), from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by a Participant in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) forming a part of such Registration Statement, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Initial Purchasers or any Holder furnished to the Company in writing by the Initial Purchasers or any selling Holder expressly for use therein; provided that the foregoing indemnity with respect to any Prospectus shall not inure to the benefit of any Holder from whom the Person asserting any such losses, claims, damages or liabilities purchased Securities, or any Person controlling such Holder, if a copy of the final Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent by, or delivered on behalf of, such Holder to such Person at or prior to the written confirmation of the sale of the Securities to such Person, if the final Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability. In connection with any Underwritten Offering permitted by Section 3, the Company will also enter into an underwriting agreement pursuant to which the Company will agree to indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in such Underwritten Offering, their officers and directors and each Person who controls such Persons (within the meaning of the 1933 Act and the 1934 Act) to substantially the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement for such Underwritten Offering.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Initial Purchasers and the other selling Holders, and each of their respective directors, officers who sign the Registration Statement and each Person, if any, who controls the Company, the Initial Purchasers and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Initial Purchasers and the Holders pursuant to Section 5(a), but only with reference to information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such Person (the "indemnified party") shall promptly notify the Person against whom such indemnity may be sought (the "indemnifying party") in writing, but the failure to so promptly notify the indemnifying party shall not negate the obligation to so indemnify such indemnified party unless the indemnifying party is materially prejudiced by such delay, and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and, in the opinion of counsel to the indemnifying party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Initial Purchasers and all Persons, if any, who control the Initial Purchasers within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each Person, if any, who controls the Company within the meaning of either such Section and (c) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Holders and all Persons, if any, who control any Holders within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In such case involving the Initial Purchasers and Persons who control the Initial Purchasers, such firm shall be designated in writing by the Initial Purchasers. In such case involving the Holders and such Persons who control Holders, such firm shall be designated in writing by the Majority Holders. In all other cases, such firm shall be designated by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the

statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective principal amount of Registrable Securities of the applicable Holder that were registered pursuant to a Registration Statement.

(e) The Company and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 5(d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 5(d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which Registrable Securities were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Initial Purchasers, any Holder or any Person controlling the Initial Purchasers or any Holder, or by or on behalf of the Company, its officers or directors or any Person controlling the Company, (iii) acceptance of any of the Exchange Securities and (iv) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

6. Miscellaneous.

(a) No Inconsistent Agreements. The Company has not entered into, and on or after the date of this Agreement will not enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of

the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; provided, however, that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof or this paragraph (b) shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Initial Purchasers, the address set forth in the Purchase Agreement; and (ii) if to the Company, initially at the Company's address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

(d) Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders of Registrable Securities; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Securities. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Initial Purchasers shall have no liability or obligation to the Company with respect to any failure by any other Holder to comply with, or any breach by any other Holder of, any of the obligations of such Holder under this Agreement.

(e) Purchases and Sales of Securities. The Company shall not, and shall use its commercially reasonable efforts to cause its affiliates (as defined in Rule 405 under the 1933 Act) not to, purchase and then resell or otherwise transfer any Securities.

(f) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, shall be bound by all of the terms and provisions of this Agreement and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by the laws of the State of New York.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

THE WILLIAMS COMPANIES, INC.

By: /s/ DEBORAH S. FLEMING

Name: Deborah S. Fleming
Title: Assistant Treasurer

Confirmed and accepted as of
the date first above written:

UBS Warburg LLC
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
ABN AMRO Incorporated
Banc of America Securities LLC
BMO Nesbitt Burns Corp.
Commerzbank Securities
Credit Lyonnais Securities
The Royal Bank of Scotland PLC
Scotia Capital Markets
TD Securities

By: UBS Warburg LLC
Acting on behalf of itself and the several Initial Purchasers

By: /s/ SCOTT K. GIESE

Name: Scott K. Giese

Title: Executive Director

Global F1 Derivatives

By: /s/ GARY KAUFMAN

Name: Gary Kaufman

Title: Executive Director

Global Rates Derivatives

EXHIBIT 5.1

ANDREWS & KURTH L.L.P.

600 Travis, Suite 4200
Houston, TX 77002

March 21, 2001

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172

Ladies and Gentlemen:

We have acted as counsel for The Williams Companies, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company with the Securities and Exchange Commission of a Registration Statement on Form S-4 (the "Registration Statement") with respect to (i) the issuance by the Company of up to $700,000,000 aggregate amount of its 7.50% Debentures due January 15, 2031, Series A (the "Exchange Debentures"), registered pursuant to the Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), in exchange for up to $700,000,000 aggregate amount of the Company's outstanding 7.50% Debentures due January 15, 2031 (the "Outstanding Debentures") and (ii) the issuance by the Company of up to $400,000,000 aggregate amount of its 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A (the "Exchange PATS"), registered pursuant to the Registration Statement under the Securities Act, in exchange for up to $400,000,000 aggregate amount of the Company's outstanding 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006 (the "Outstanding PATS"). The Exchange Debentures are to be issued pursuant to an Indenture dated as of November 10, 1997 (the "Original Indenture"), as amended by the Fifth Supplemental Indenture dated as of January 17, 2001 (collectively, the "Debenture Indenture") between the Company and Bank One Trust Company, N.A., as Trustee. The Exchange PATS are to be issued pursuant to the Original Indenture, as amended by the Fourth Supplemental Indenture dated as of January 17, 2001 (collectively, the "PATS Indenture") between the Company and Bank One Trust Company, N.A., as Trustee.

Before rendering our opinions hereinafter set forth, we examined such certificates, instruments and records of the Company, including the Debenture Indenture and the PATS Indenture, and we reviewed such questions of law, as we considered appropriate. Unless otherwise specified, capitalized terms used and not defined herein shall have the meaning assigned to them in the Original Indenture.

Based upon the foregoing, we are of the opinion that:

(i) When the Registration Statement has become effective under the Securities Act and the Exchange Debentures have been duly executed and authenticated in accordance with the

Debenture Indenture and issued as contemplated in the Registration Statement, the Exchange Debentures will constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general equitable principles.

(ii) When the Registration Statement has become effective under the Securities Act and the Exchange PATS have been duly executed and authenticated in accordance with the PATS Indenture and issued as contemplated in the Registration Statement, the Exchange PATS will constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general equitable principles.

In rendering the opinion expressed above, with your consent and without independent investigation or verification of any kind, we have also assumed the following: (i) each of the parties to the Exchange Debentures, the Exchange PATS, the Debenture Indenture and the PATS Indenture (collectively, the "Transaction Documents") has been duly formed or incorporated (as applicable), is validly existing and is in good standing under the laws of the jurisdiction of its formation or incorporation (as applicable), and is qualified to do business in each jurisdiction in which such qualification is required; (ii) each of the parties to the Transaction Documents has the power and authority and full legal right to execute and deliver each of the Transaction Documents to which it is a party, and to perform its obligations thereunder; (iii) the execution, delivery and performance of the Transaction Documents by the parties thereto have been duly authorized by all requisite action on the part of each such Person; (iv) each party to the Transaction Documents has the power, authority and full legal right to execute, deliver and perform the Transaction Documents to which it is a party; (v) the Transaction Documents have been duly executed and delivered by each of the parties thereto; and (vi) each Transaction Document is the legal, valid and binding obligation of each party thereto (other than Company), enforceable against such other party in accordance with its terms.

The enforceability of the rights to exculpation, indemnity and contribution provided in the Transaction Documents may be limited by (i) laws rendering unenforceable indemnification provisions that are contrary to Federal or state securities laws and the public policy underlying such laws, (ii) laws limiting the enforceability of provisions exculpating or exempting a Person from, or requiring indemnification or limiting the liability of a Person for (A) its own action or inaction, to the extent such action or inaction involves gross negligence, recklessness or willful or unlawful conduct or (B) any obligation which has not been disclosed to the Person providing such indemnity, exemption or exculpation and is not reasonably within the scope of such provisions or the overall intention of the parties at the time of the execution of such Transaction Documents.

The foregoing opinions are limited to the laws of the State of New York and the United States of America, in each case in existence as of the date hereof and we do not express any opinion as to the laws of any other jurisdiction.

We hereby consent to the statements made with respect to us under the caption "United States Federal Tax Considerations" and "Legal Matters" in the prospectus contained in

EXHIBIT 5.1

the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement. By giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ ANDREWS & KURTH L.L.P.

EXHIBIT 8.1

[ANDREWS & KURTH L.L.P. LETTERHEAD]

March 21, 2001

The Williams Companies, Inc.
One Williams Center
Tulsa, Oklahoma 74172

Ladies and Gentlemen:

We have acted as counsel for The Williams Companies, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company with the Securities and Exchange Commission of a Registration Statement on Form S-4 (the "Registration Statement") with respect to (i) the issuance by the Company of up to $700,000,000 aggregate amount of its 7.50% Debentures due January 15, 2031, Series A (the "Exchange Debentures"), registered pursuant to the Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), in exchange for up to $700,000,000 aggregate amount of the Company's outstanding 7.50% Debentures due January 15, 2031 (the "Outstanding Debentures") and (ii) the issuance by the Company of up to $400,000,000 aggregate amount of its 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A (the "Exchange PATS"), registered pursuant to the Registration Statement under the Securities Act, in exchange for up to $400,000,000 aggregate amount of the Company's outstanding 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006 (the "Outstanding PATS"). The Exchange Debentures are to be issued pursuant to an Indenture dated as of November 10, 1997, as amended by the Fifth Supplemental Indenture dated as of January 17, 2001 between the Company and Bank One Trust Company, N.A., as Trustee. The Exchange PATS are to be issued pursuant to an Indenture dated as of November 10, 1997, as amended by the Fourth Supplemental Indenture dated as of January 17, 2001 between the Company and Bank One Trust Company, N.A., as Trustee.

Subject to the limitations and qualifications set forth below, we are of the opinion that the description of federal income tax consequences appearing under the heading "United States Federal Tax Considerations" in the prospectus contained in the Registration Statement accurately describes the material federal income tax consequences to holders of Outstanding Debentures, Outstanding PATS, Exchange Debentures and Exchange PATS under existing law and subject to the qualifications and assumptions stated therein.

The opinion herein is based upon our interpretations of current law, including court authority and existing Final and Temporary Regulations, which are subject to change both prospectively and retroactively, and upon the facts and assumptions discussed herein. This opinion letter is limited to the matters set forth herein, and no opinions are intended to be implied

or may be inferred beyond those expressly stated herein. Our opinion is rendered as of the date hereof and we assume no obligation to update or supplement this opinion or any matter related to this opinion to reflect any change of fact, circumstances, or law after the date hereof. In addition, our opinion is based on the assumption that the matter will be properly presented to the applicable court. Furthermore, our opinion is not binding on the Internal Revenue Service or a court. In addition, we must note that our opinion represents merely our best legal judgment on the matters presented and that others may disagree with our conclusion. There can be no assurance that the Internal Revenue Service will not take a contrary position or that a court would agree with our opinion if litigated.

We consent to the use and filing of this opinion as Exhibit 8.1 to the Registration Statement and to the reference to our firm under the caption "United States Federal Tax Considerations" and "Legal Matters" in the prospectus contained therein. In giving such consent we do not imply or admit that we are within the category of persons whose consent is required under Section 7 of the 1933 Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ ANDREWS & KURTH L.L.P.

1568/1216

EXHIBIT 10.1

THE WILLIAMS COMPANIES, INC.

$700,000,000 7.50% Debentures due January 15, 2031
$400,000,000 6.75% Putable Asset Term Securities
Putable/Callable January 15, 2006

PURCHASE AGREEMENT

January 11, 2001

UBS Warburg LLC
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
ABN AMRO Incorporated
Banc of America Securities LLC
BMO Nesbitt Burns Corp.
Commerzbank Securities
Credit Lyonnais Securities (USA) Inc.
The Royal Bank of Scotland plc
Scotia Capital Markets
TD Securities
c/o UBS Warburg LLC
677 Washington Boulevard
Stamford, CT 06901

Ladies and Gentlemen:

The Williams Companies, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), UBS AG, acting through its London Branch (the "Selling Securityholder") and UBS Warburg LLC, Credit Suisse First Boston Corporation, Lehman Brothers Inc., ABN AMRO Incorporated, Banc of America Securities LLC, BMO Nesbitt Burns Corp., Commerzbank Securities, Credit Lyonnais Securities (USA) Inc., The Royal Bank of Scotland plc, Scotia Capital Markets and TD Securities (the "Initial Purchasers") confirm their agreement as follows: (1) the Company will sell to the Initial Purchasers $200,000,000 aggregate principal amount of its 7.50% Debentures due January 15, 2031 (the "7.50% Debentures") and $400,000,000 aggregate principal amount of its 6.75% Putable Asset Term Securities Putable/Callable January 15, 2006 (the "PATS" and, together with the 7.50% Debentures, the "Securities") and (2) the Selling Securityholder will sell to the Initial Purchasers $500,000,000 aggregate principal amount of the 7.50% Debentures. The Securities will be

entitled to the benefits of a registration rights agreement dated the date hereof between the Company and the Initial Purchasers (the "Registration Rights Agreement").

The Securities will be offered and sold to the Initial Purchasers, without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements of the Securities Act. In connection with the sale of the Securities, the Company has prepared an offering memorandum dated January 11, 2001 (the "Offering Memorandum") setting forth certain information concerning the Company, the Selling Securityholder and the Securities. All references in this Agreement to the Offering Memorandum include the documents incorporated by reference therein. The Company hereby confirms that it has authorized the use of the Offering Memorandum in connection with the offer and sale of the Securities.

The Company understands that the Initial Purchasers propose to make offerings ("Exempt Resales") of the Securities only on the terms and in the manner set forth in the Offering Memorandum and Section 3 hereof, as soon as the Initial Purchasers deem advisable after this Agreement has been executed and delivered only to (i) persons in the United States whom the Initial Purchasers reasonably believe to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Act, as such rule may be amended from time to time ("Rule 144A"), or, if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to the Initial Purchasers that each such account is a QIB, to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A, and, in each case, in transactions under Rule 144A and (ii) non-U.S. persons to whom offers and sales of the Securities may be made in reliance upon Regulation S under the Act ("Regulation S"), in transactions meeting the requirements of Regulation S.

When used herein, the term "Indenture" shall refer to the indenture dated as of November 10, 1997, between the Company and Bank One Trust Company, N.A., as Trustee (the "Indenture Trustee") as amended by the First Supplemental Indenture dated as of September 8, 2000, the Second Supplemental Indenture dated as of December 7, 2000, the Third Supplemental Indenture dated as of December 20, 2000, the Fourth Supplemental Indenture dated as of January 17, 2001 and the Fifth Supplemental Indenture dated as of January 17, 2001.

1. The Company represents and warrants to, and agrees with, the Initial Purchasers that as of the date hereof and at the Time of Delivery (as defined herein):

(a) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the financial condition, results of operations or business of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect");

(b) Each of the significant subsidiaries (as defined in Rule 1-02(w) of Regulation S-X promulgated by the Securities and Exchange Commission) of the Company (the "Significant Subsidiaries") has been duly organized or validly formed, is validly existing and in good standing under the laws of the jurisdiction of its formation or incorporation and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(c) Each of the Company and its Significant Subsidiaries has all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, and all courts or other tribunals (collectively the "Licenses") necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Licenses could not reasonably be expected to have a Material Adverse Effect, and neither the Company nor any of its Significant Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Licenses;

(d) Each of the Company and its Significant Subsidiaries (i) is in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business and (iii) is in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect;

(e) In the ordinary course of its business, each of the Company and its Significant Subsidiaries conducts a periodic review of the effect of Environmental Laws on its business, operations and properties, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, each of the Company and its Significant Subsidiaries reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect;

(f) The Company has filed all material tax returns which are required to be filed by it and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company, except where the same may be contested in good faith by

appropriate proceedings, and where the Company has maintained in accordance with generally accepted accounting principles appropriate reserves for the accrual of any of the same. The charges, accruals and reserves on the books of the Company in respect of taxes or other governmental charges are, in the opinion of the Company, adequate;

(g) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended;

(h) This Agreement has been duly authorized, executed and delivered by the Company;

(i) The Indenture has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and authentification by the Trustee, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law). The Indenture has been duly qualified under the Trust Indenture Act of 1939;

(j) The Securities have been duly authorized by the Company and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) rights of acceleration, if any, enforceability and the availability of equitable remedies may be limited by equitable principles of general applicability (regardless of whether considered in a proceeding in equity or at law);

(k) The Securities constitute unsecured and unsubordinated obligations of the Company and rank pari passu without any preference among themselves; the Securities rank pari passu with all other unsecured and unsubordinated debt obligations of the Company other than any unsubordinated debt obligations which rank junior to the Securities;

(l) The Company Purchase Option (as defined in section 7(j) of this Agreement) has been duly authorized, and when duly executed and delivered by the Company and the Selling Securityholder, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement

thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(m) The Registration Rights Agreement has been duly authorized, and when duly executed and delivered by the Company and the Initial Purchasers, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(n) The execution and delivery by the Company of this Agreement, the Indenture, the issuance and delivery of the Securities, the Company Purchase Option, the Registration Rights Agreement, the consummation by the Company of the transactions contemplated herein and the compliance by the Company with the terms of this Agreement, the Indenture, the Securities and the Registration Rights Agreement have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound (except for such conflicts, breaches or defaults that could not reasonably be expected to have a Material Adverse Effect), nor does or will such action result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issuance and sale of the Securities or the consummation by the Company of the transactions contemplated by the Registration Rights Agreement, the Company Purchase Option, this Agreement or the Indenture;

(o) Neither the Company nor any of its Significant Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contracts, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party;

(p) The Company has filed all documents with the Securities and Exchange Commission (the "Commission") that it is required to file under the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as applicable, and the rules and regulations of the Commission thereunder, and such documents conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable,

and the rules and regulations of the Commission thereunder, and at the time so filed none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the documents filed with the Commission or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(q) The Offering Memorandum does not as of the time hereof and will not, as of the Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not be made to the Initial Purchasers with regard to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by, or on behalf of, the Selling Securityholder or the Initial Purchasers, as the case may be;

(r) Neither the Company nor any of its Significant Subsidiaries has sustained, since the date of the latest audited financial statements included or incorporated by reference in the Offering Memorandum, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which would result in any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Offering Memorandum, and, since the respective dates as of which information is given in the Offering Memorandum, there has not been any change in the capital stock (other than pursuant to the Company's common stock repurchase program, or its dividend reinvestment and other common stock plans) or long-term debt of the Company or any of its Significant Subsidiaries, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholder's equity or results of operations of the Company and its Significant Subsidiaries, taken as a whole, otherwise than as disclosed in the Offering Memorandum;

(s) The consolidated financial statements filed with or as part of any document filed with the Commission present fairly in all material respects the financial position, results of operations and changes in financial position of the Company and its

subsidiaries at the dates and for the periods indicated, all in conformity with generally accepted accounting principles; and the Company has no material contingent obligation which is not disclosed in such financial statements;

(t) Other than as set forth or incorporated by reference in the Offering Memorandum, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company that could reasonably be expected to result in any Material Adverse Effect, or that could reasonably be expected to adversely affect the consummation of the transactions contemplated in this Agreement;

(u) Assuming the accuracy of the representations, warranties and agreements of the Initial Purchasers in Section 4 hereof and the Selling Securityholder in Section 2 hereof, compliance by the Initial Purchasers and the Selling Securityholder with the offering and transfer procedures and restrictions described in the Offering Memorandum, the accuracy of the representations and warranties deemed to be made in the Offering Memorandum by purchasers to whom the Initial Purchasers initially resell the Securities and that purchasers to whom the Initial Purchasers initially resell the Securities receive a copy of the Offering Memorandum prior to such sale, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchasers or in connection with the initial resale of the Securities by the Initial Purchasers in the manner contemplated by this Agreement and the Offering Memorandum to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended;

(v) The Company, its affiliates and any person acting on its or their behalf have not, directly or indirectly:

(i) engaged in any directed selling efforts (within the meaning of Regulation S under the Securities Act) with respect to the Securities;

(ii) offered or sold the Securities in the United States by any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; or

(iii) sold, solicited any offers to buy or offered to sell or otherwise negotiated in respect of any security in a manner that would require registration of the Securities under the Securities Act in accordance with the theory of "integration" referred to in Regulation D under the Securities Act.

(w) The Securities satisfy the requirements of Rule 144A(d)(3) under the Securities Act.

(x) On the date hereof, the Offering Memorandum contains the information regarding the Company specified in, and which satisfies the requirements of, Rule 144A(d)(4) under the Securities Act.

(y) Ernst & Young LLP, who have audited certain consolidated financial statements of the Company, are independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder.

2. The Selling Securityholder represents and warrants to, and agrees with, each of the Initial Purchasers that:

(a) This Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Securityholder;

(b) The execution and delivery by the Selling Securityholder of, and the performance by the Selling Securityholder of its obligations under this Agreement, and the consummation of the transactions herein contemplated, will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Selling Securityholder is a party or by which the Selling Securityholder is bound, nor will such action result in any violation of the provisions of the Organization Regulations of the Selling Securityholder or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Selling Securityholder or any of its properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required on behalf of the Selling Securityholder for the consummation by the Selling Securityholder of the transactions contemplated by this Agreement except such approvals as have been, or will have been, prior to the Time of Delivery, obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Initial Purchasers;

(c) At the Time of Delivery, the Selling Securityholder will have valid and unencumbered title to the 7.50% Debentures sold by it pursuant to this Agreement and full right, power and authority to sell, assign, transfer and deliver such 7.50% Debentures; and upon the delivery and payment for such Securities at the Time of Delivery, the Initial Purchasers will acquire valid and unencumbered title to such 7.50% Debentures;

(d) The Information relating to the Selling Securityholder furnished in writing by or on behalf of the Selling Securityholder expressly for use in the Offering Memorandum does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein not misleading.

3. On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions herein set forth, (a) the Company agrees to sell to the several Initial Purchasers, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Company, the respective aggregate principal amount of 7.50% Debentures and PATS set forth in columns A and B, respectively, of Schedule A hereto opposite to its name at a purchase price equal to 99.07% and 99.625% of the aggregate principal amount of such Securities, respectively; (b) the Selling Securityholder agrees to sell to the several Initial Purchasers, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Selling Securityholder, the respective aggregate principal amount of 7.50% Debentures set forth in column A of Schedule B hereto opposite to its name at a purchase price equal to 99.07% of the aggregate principal amount of such 7.50% Debentures; (c) the Company agrees to pay to the Initial Purchasers a placement fee of 0.875% of $200,000,000 aggregate principal amount of the 7.50% Debentures and 0.60% of $400,000,000 aggregate principal amount of the PATS and the Selling Securityholder agrees to pay to the Initial Purchasers a placement fee of 0.875% of $500,000,000 aggregate principal amount of the 7.50% Debentures, as compensation for placing the Securities (the "Placement Fee"); (d) the Company agrees to assign to the Selling Securityholder the option to purchase the PATS from the holders of such securities provided for in the Fourth Supplemental Indenture (the "Call Option"); and (e) the Selling Securityholder agrees to pay $20,043,330 to the Company for the assignment of the Call Option.

4. Each Initial Purchaser, severally and not jointly, hereby represents and warrants to, and agrees with the Company that: such Initial Purchaser (i) is a QIB with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Securities; (ii) is not acquiring the Securities with a view to any distribution thereof that would violate the Securities Act or the securities or blue sky laws of any state or country, (iii) has received all information it considers necessary to evaluate the merits and risks of an investment in the Securities, (iv) will not engage in any directed selling efforts (within the meaning of Regulation S under the Securities Act) with respect to the Securities and has complied with the offering restriction requirements of Regulation S; (v) will not offer or sell the Securities in the United States by any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) if the Securities Act; and (vi) will offer or sell the Securities only: (x) in offshore transactions in accordance with Rule 903 of Regulation S under the Securities Act; provided that commencing on the date hereof and continuing through a 40-day restricted period commencing at the Time of Delivery: (1) no such offer or sale will be made to a U.S. person or for the account or benefit of a U.S. person (other than such Initial Purchaser); and (2) such Initial Purchaser, if selling Securities to a dealer or a person receiving a selling concession, fee or other remuneration in respect of the Securities, will send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as are set forth in this section 4; the terms used in this clause (x) are being used as used in Regulation S under the Securities Act; or (y) to persons whom it reasonably believes to be QIBs within the meaning of Rule 144A under the Securities Act in compliance with Rule 144A.

5. The Securities to be delivered to the Initial Purchasers hereunder will be represented by one or more global certificates in book-entry form which will be deposited by, or on behalf of, the Company with, and shall be registered in the name of, The Depository Trust Company ("DTC") or its designated custodian. Such Securities shall bear the legend set forth in the Offering Memorandum. The Company and the Selling Securityholder will deliver the Securities respectively sold by them to the Initial Purchasers at the Time of Delivery at the offices of Shearman & Sterling, New York, New York, against payment of the purchase price in Federal (same day) funds to the account specified by the Company and the Selling Securityholder to the Initial Purchasers. The Company will cause the certificates representing the Securities to be made available to the Initial Purchasers for checking at least twenty four hours prior to the Time of Delivery at the offices of Shearman & Sterling. The time and date of such delivery and of the payment referred to in subsection (c) of section 3 above shall be 9:30.a.m., New York City time on January 17, 2001 or such other date and time as the Company, the Selling Securityholder and the Initial Purchasers may agree upon in writing. Such date and time are herein called the "Time of Delivery."

6. In further consideration of the agreements of the Initial Purchasers herein contained, the Company, its affiliates and any person acting on its or their behalf, covenant with the Initial Purchasers and the Selling Securityholder as follows:

(a) The Company, its affiliates and any person acting on its or their behalf will not, directly or indirectly:

(i) engage in any directed selling efforts (within the meaning of Regulation S under the Securities Act) with respect to the Securities;

(ii) offer or sell the Securities in the United States by any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; or

(iii) sell, solicit any offers to buy or offer to sell or otherwise negotiate in respect of any security in a manner that would require registration of the Securities under the Securities Act in accordance with the theory of "integration" referred to in Regulation D under the Securities Act.

(b) The Company will maintain offering restrictions (within the meaning of Regulation S under the Securities Act) in connection with the offering of the Securities contemplated in this Agreement and the Offering Memorandum commencing on the date hereof and continuing through a 40-day restricted period commencing on the Time of Delivery.

(c) While any Security remains outstanding, during any period in which the Company is not subject to Section 13 or Section 15(d) of the Securities Exchange Act of

1934, as amended, and its securities are not exempt from Section 12(g) thereof pursuant to Rule 12g3-2(b) thereunder, the Company will upon request make available to the Initial Purchasers, to any holder of Securities, and to any prospective purchaser designated by any holder of Securities, the information regarding the Company specified in, and satisfying the requirements of, Rule 144A(d)(4) under the Securities Act.

(d) The Company will prepare the Offering Memorandum in a form approved by the Initial Purchasers, and before amending or supplementing the Offering Memorandum, will furnish to the Initial Purchasers a copy of each such proposed amendment or supplement and will not prepare any such proposed amendment or supplement to which the Initial Purchasers reasonably objects.

(e) Prior to 10:00 a.m., New York City time, on the New York Business Day (as defined below) next succeeding the date of this Agreement and from time to time, the Company will furnish the Initial Purchasers, in New York City, with copies of the Offering Memorandum in New York City and each amendment or supplement thereto, together with any independent accountants' report contained in the Offering Memorandum, and any amendment or supplement containing amendments to the financial statements covered by such report, signed by the accountants, and additional copies thereof in such quantities as the Initial Purchasers from time to time reasonably request, and if, at any time prior to the consummation of any Exempt Resale, any event shall have occurred as a result of which the Offering Memorandum as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Offering Memorandum is delivered, not misleading, or, if for any other reason it shall be necessary or desirable, during such same period to amend or supplement the Offering Memorandum, the Company will notify the Initial Purchasers and upon the Initial Purchasers' request to prepare and furnish without charge to the Initial Purchasers and to any dealer in securities as many copies as the Initial Purchasers may from time to time reasonably request of the amended Offering Memorandum or supplement to the Offering Memorandum which will correct such statement or omission or effect such compliance. For the purposes of this paragraph, "New York Business Day" shall mean any day that is not a day on which banking institutions in New York are generally authorized or required by law or regulation to close;

(f) During the period beginning on the date hereof and continuing to and including the Time of Delivery, the Company will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Securities (other than the Securities), without the prior written consent of the Initial Purchasers.

(g) The Company will pay all expenses incident to the performance of its obligations under this Agreement, including: (i) the preparation the Offering

Memorandum and all amendments and supplements thereto; (ii) the preparation, issuance and delivery of the Securities; (iii) the fees and disbursements of the Company's counsel and accountants and of the Trustee and its counsel; (iv) the fees and disbursements of the Initial Purchasers' counsel; (iv) the qualification of the Securities under state securities or blue sky laws in accordance with the provisions of Section 6(f), including filing fees and the fees and disbursements of counsel for the Initial Purchasers in connection therewith and in connection with the preparation of any blue sky or Legal Investment Memoranda; (vi) the printing and delivery to the Initial Purchasers in quantities as herein above stated of copies of the Offering Memorandum and any amendments or supplements thereto; (vii) the printing and delivery to the Initial Purchasers of copies of any blue sky or Legal Investment Memoranda; (viii) any fees charged by rating agencies for the rating of the Securities; (ix) any expenses incurred by the Company in connection with a "road show" presentation to potential investors.

(h) To take all reasonable action necessary to enable Standard & Poor's Rating Service, a division of McGraw Hill, Inc. ("S&P"), and Moody's Investor Service, Inc. ("Moody's") to provide their respective ratings of the Securities.

(i) To cooperate with the Initial Purchasers and use its reasonable best efforts to permit the Securities to be eligible for clearance and settlement through the facilities of the Depository Trust Company.

7. The obligations of the Initial Purchasers shall be subject, in the discretion of the Initial Purchasers, to the condition that all representations and warranties and other statements of the Company in or incorporated by reference in the Offering Memorandum as amended or supplemented are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) William G. von Glahn, Esq., Senior Vice President and General Counsel of the Company, shall have furnished to such Initial Purchasers an opinion, dated the Time of Delivery, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect that:

(i) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(ii) Each of the Significant Subsidiaries has been duly organized or validly formed, is validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business and is in good

standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;

(iii) Each of the Company and the Significant Subsidiaries has all Licenses necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, except where the failure to possess such Licenses could not reasonably be expected to have a Material Adverse Effect, and neither the Company nor any of its Significant Subsidiaries has received any notice of proceedings relating to revocation or modification of any such Licenses;

(iv) This Agreement has been duly authorized, executed and delivered by the Company;

(v) The Indenture has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and authentification by the Trustee, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law). The Indenture has been duly qualified under the Trust Indenture Act of 1939;

(vi) The Securities have been duly authorized by the Company and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting creditors' rights generally and (ii) rights of acceleration, if any, enforceability and the availability of equitable remedies may be limited by equitable principles of general applicability (regardless of whether considered in a proceeding in equity or at law);

(vii) The Registration Rights Agreement has been duly authorized, executed and delivered and, when executed and delivered by the Initial Purchasers, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as

enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(viii) The Company Purchase Option has been duly authorized, and when duly executed and delivered by the Company and the Selling Securityholder, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(ix) The execution and delivery by the Company of this Agreement, the Indenture, the Registration Rights Agreement, the issuance and delivery of the Securities, the Company Purchase Option, the consummation by the Company of the transactions contemplated herein and the compliance by the Company with the terms of this Agreement, the Indenture, the Registration Rights Agreement, the Company Purchase Option and the Securities have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound (except for such conflicts, breaches or defaults that could not reasonably be expected to have a Material Adverse Effect), nor does or will such action result in any violation of the charter or by-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issuance and sale of the Securities or the consummation by the Company of the transactions contemplated by the Registration Rights Agreement, the Company Purchase Option, this Agreement or the Indenture;

(x) Neither the Company nor any of its Significant Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contracts, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party;

(xi) The Company is not an "investment company," as such term is defined in the Investment Company Act;

(xii) The Company has filed all documents with the Commission that it is required to file under the Securities Act and the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and such documents (other than the financial statements, including the notes thereto, and related schedules therein, and the other financial and accounting data, as to which such counsel need express no opinion) conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; and such counsel has no reason to believe that any of such documents, when they became effective and were so filed, as the case may be, contained, in the case of a registration statement which became effective under the Securities Act or Exchange Act, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or, in the case of other documents which were filed under the Securities Act or the Exchange Act with the Commission, an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading;

(xiii) The statements in the Offering Memorandum under the captions "Description of the Securities," insofar as they purport to constitute a summary of the terms of the Securities and "Plan of Distribution," insofar as they purport to describe the legal matters and documents referred to therein, fairly summarize in all material respects the matters referred to therein;

(xiv) After due inquiry, such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company is a party or to which any of the properties of the Company is subject that are required to be described in the Offering Memorandum and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Offering Memorandum that are not described as required;

(xv) Such counsel has no reason to believe that (except for financial statements and schedules and related notes thereto, and the other financial and accounting data as to which such counsel need not express any belief) the Offering Memorandum contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xvi) Assuming the accuracy of the representations of the Initial Purchasers contained in Section 4 hereof and the Selling Securityholder in Section 2 hereof, compliance by the Initial Purchasers and the Selling Securityholder with the offering and transfer procedures and restrictions described in the Offering Memorandum, the accuracy of the representations and warranties deemed to be made in the Offering Memorandum by purchasers to whom the Initial Purchasers initially resell the Securities and that purchasers to whom the Initial Purchasers initially resell the Securities receive a copy of the Offering Memorandum prior to such sale, it is not necessary in connection with the offer, sale and delivery of the Securities in the manner contemplated in this Agreement to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(b) Counsel (which may be in-house counsel) for the Selling Securityholder, shall have furnished to the Initial Purchasers an opinion, dated the Time of Delivery, in form and substance satisfactory to the Initial Purchasers, to the effect that:

(i) This Agreement has been duly authorized, executed and delivered by the Selling Securityholder;

(ii) The Selling Securityholder had full right, power and authority to sell and deliver the Securities sold by it in accordance with the provisions of this Agreement; and

(iii) Upon delivery to DTC or its agent of the Securities sold by the Selling Securityholder registered in the name of Cede & Co., as nominee for DTC, and upon the payment of the purchase price for such Securities and the crediting by DTC of such Securities to the securities accounts of the Initial Purchasers with DTC, the Initial Purchasers will acquire a valid entitlement (within the meaning of Section 8-501 of the New York Uniform Commercial Code) in respect of the Securities to be purchased by it, and no action (whether framed in conversion, replevin, constructive trust, equitable lien, or other theory) based on an adverse claim to such Securities may be asserted against the Initial Purchasers (assuming that the Initial Purchasers are without notice of any adverse claim).

(c) The Initial Purchasers shall have received at the Time of Delivery an opinion of Shearman & Sterling, counsel for the Initial Purchasers, dated the Time of Delivery, covering the matters referred to in subparagraphs (iv), (v) and (vi) of subsection (a) above and the accuracy and completeness of the statements set forth in the Offering Memorandum under the captions "Description of the Securities," insofar as they purport to constitute a summary of the terms of the Securities, and "Plan of Distribution," insofar as they purport to describe the documents referred to therein, as well as such other matters as the Initial Purchasers may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(d) The Initial Purchasers shall have received at the time of execution of this Agreement a letter, dated the date hereof, in form and substance satisfactory to the Initial Purchasers, from Ernst & Young LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the Initial Purchasers with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(e) With respect to the letter of Ernst & Young referred to in the preceding paragraph and delivered to the Initial Purchasers on the date hereof (the "Initial Letter"), the Initial Purchasers shall have received at the Time of Delivery a letter (the "Bring Down Letter") from Ernst & Young, dated the Time of Delivery (i) stating as of the date of such Bring Down Letter the conclusions and findings of such firm with respect to the financial information and other matters covered by the Initial Letter and (ii) confirming in all material respects the conclusions and findings set forth in the Initial Letter.

(f) (i) Neither the Company nor any of its Significant Subsidiaries shall have sustained, since the date of the latest audited financial statements included in or incorporated by reference in the Offering Memorandum, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which would result in any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Offering Memorandum, and (ii) since the respective dates as of which information is given in the Offering Memorandum, there shall not have been any change in the capital stock (other than pursuant to the Company's common stock repurchase program, or its dividend reinvestment and other common stock plans) or long-term debt of the Company or any of its Significant Subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its Significant Subsidiaries, taken as a whole, otherwise than as set forth in the Offering Memorandum, as of the date of this Agreement, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Initial Purchasers so material and adverse as to make it impracticable or inadvisable to proceed with the sale or the delivery of the Securities on the terms and in the manner contemplated in the Offering Memorandum;

(g) During the period beginning on the date hereof and ending at the Time of Delivery, (i) no downgrading shall have occurred in the rating accorded the debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act, and (ii) no such organization shall have publicly

announced that it has under surveillance or review, with possible negative implications, its rating of any of the debt securities or preferred stock of the Company;

(h) During the period beginning on the date hereof and ending at the Time of Delivery, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; (iv) a material disruption of the United States government securities market, United States corporate bond market or the United States federal wire transfer system; and (v) an outbreak or escalation of hostilities involving the United States or the declaration of a national emergency or war by the United States, if the effect of any such event specified in this clause (h) in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the sale or the delivery of the Securities; and

(i) The Company shall furnish, or cause to be furnished to the Initial Purchasers, at the Time of Delivery, a certificate or certificates of officers of the Company satisfactory to the Initial Purchasers (i) as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, (ii) as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, (iii) as to the matters set forth in clauses (i) and (ii) of subsection (f) of this Section and (iv) as to such other matters as the Initial Purchasers may reasonably request.

(j) The Company and the Initial Purchaser shall have entered into a letter agreement satisfactory to the Initial Purchaser, substantially in the form of Exhibit A hereto (the "Company Purchase Option").

8. (a) The Company agrees to indemnify and hold harmless the Selling Securityholder and each Initial Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Securityholder or Initial Purchaser, as the case may be, may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Selling Securityholder or Initial Purchaser, as the case may be, for any legal or other expenses reasonably incurred by such Selling Securityholder or Initial Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the

Offering Memorandum, or any such amendment or supplement thereto, in reliance upon and in conformity with written information relating to the Selling Securityholder or any Initial Purchaser furnished to the Company by the Selling Securityholder or such Initial Purchasers, as the case may be, expressly for use in the Offering Memorandum as amended or supplemented.

(b) The Selling Securityholder agrees to indemnify and hold harmless the Company and each Initial Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Company or Initial Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Offering Memorandum, or any amendment or supplement thereto in reliance upon and in conformity with written information relating to the Selling Securityholder furnished to the Company by the Selling Securityholder expressly for use therein; and will reimburse the Company and each Initial Purchaser for any legal or other expenses reasonably incurred by the Company or such Initial Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred;

(c) Each Initial Purchaser agrees to indemnify and hold harmless the Company and the Selling Securityholder against any losses, claims, damages or liabilities to which the Company or the Selling Securityholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Offering Memorandum, or any amendment or supplement thereto in reliance upon and in conformity with written information relating to such Initial Purchaser furnished to the Company by such Initial Purchaser expressly for use therein; and will reimburse the Company and the Selling Securityholder for any legal or other expenses reasonably incurred by the Company or the Selling Securityholder in connection with investigating or defending any such action or claim as such expenses are incurred.

(d) Promptly after receipt by an indemnified party under subsection (a), (b) or (c) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In

case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Selling Securityholder and the Company on the one hand and the Initial Purchasers on the other to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (d) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Selling Securityholder and the Company on the one hand and the Initial Purchasers of the Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Selling Securityholder and the Company on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company and the Selling Securityholder bear to the total commissions received by the Initial Purchasers. The relative benefits received by the Company on the one hand and the Selling Securityholder on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company and the Selling Securityholder bear to the total commissions received by the Initial Purchasers. The relative fault shall be

determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Selling Securityholder and the Company on the one hand or such Initial Purchasers on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Selling Securityholder and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this subsection (e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (e), no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such an untrue or alleged untrue statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The obligations of the Selling Securityholder or the Company under this Section 8 shall be in addition to any liability which the Selling Securityholder or the Company, as the case may be, may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Initial Purchasers within the meaning of the Act; and the obligations of the Initial Purchasers under this Section 8 shall be in addition to any liability which the respective Initial Purchasers may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Selling Securityholder or the Company, as the case may be, and to each person, if any, who controls the Selling Securityholder or the Company, as the case may be, within the meaning of the Act.

9. The respective agreements, representations, warranties and other statements of the Company, the Selling Securityholder and the Initial Purchasers as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Initial Purchaser or any controlling person of such Initial Purchaser or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

10. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Selling Securityholder shall be delivered or sent by mail, telex or facsimile transmission to UBS AG, London Branch, c/o UBS Warburg LLC, 677 Washington Boulevard, Stamford, CT 06901, Attn: William Sullivan, facsimile number: 203-719-7319; if to the Initial Purchasers by mail, telex or facsimile transmission to UBS Warburg LLC, 677 Washington Boulevard,

Stamford, CT 06901, Attn: Scott Giese, facsimile number: 203-719-7319; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to The Williams Companies, Inc., One Williams Center, Tulsa, Oklahoma 74172, Attn: Treasurer, facsimile number: 918-573-2065. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

11. This Agreement shall be binding upon, and inure solely to the benefit of, the Initial Purchasers, the Selling Securityholder and the Company, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from the Initial Purchasers shall be deemed a successor or assign by reason merely of such purchase.

12. If the Company fails or refuses to comply with the terms or to fulfill any of the conditions of this Agreement other than by reason of default by the Initial Purchasers or Selling Securityholder, the Company will reimburse the Initial Purchasers for all out-of-pocket expenses approved in writing by the Initial Purchasers, including fees and disbursements of counsel, reasonably incurred by the Initial Purchasers in making preparations for the purchase of the Securities.

13. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

14. This Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us 6 counterparts hereof.

Very truly yours,
UBS AG, acting through its London Branch

By: /s/ WILLIAM A. SULLIVAN

Name: William A. Sullivan
Title: Director, Legal and External Affairs

By: /s/ BRYAN MURTAGH

Name: Bryan Murtagh
Title: Executive Director, Legal and External Affairs

THE WILLIAMS COMPANIES, INC.

By: /s/ DEBORAH S. FLEMING

Name: Deborah S. Fleming
Title: Treasurer

Accepted as of the date hereof:

UBS Warburg LLC
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
ABN AMRO Incorporated
Banc of America Securities LLC
BMO Nesbitt Burns Corp.
Commerzbank Securities
Credit Lyonnais Securities
The Royal Bank of Scotland PLC
Scotia Capital Markets
TD Securities

By: UBS Warburg LLC
Acting on behalf of itself and the several Initial Purchasers

By: /s/ SCOTT K. GIESE

Name: Scott K. Giese

Title: Executive Director

Global F1 Derivatives

By: /s/ GARY KAUFMAN

Name: Gary Kaufman

Title: Executive Director

Global Rates Derivatives

SCHEDULE A

PRINCIPAL AMOUNT OF SECURITIES TO BE PURCHASED FROM THE COMPANY

INITIAL PURCHASER	A PRINCIPAL AMOUNT OF 7.50% DEBENTURES	B PRINCIPAL AMOUNT OF 6.75% PATS	TOTAL
UBS Warburg LLC	$120,000,000	$240,000,000	$360,000,000
Credit Suisse First Boston Corporation	$ 25,000,000	$ 50,000,000	$ 75,000,000
Lehman Brothers Inc.	$ 25,000,000	$ 50,000,000	$ 75,000,000
ABN AMRO Incorporated	$ 3,750,000	$ 7,500,000	$ 11,250,000
Banc of America Securities LLC	$ 3,750,000	$ 7,500,000	$ 11,250,000
BMO Nesbitt Burns Corp.	$ 3,750,000	$ 7,500,000	$ 11,250,000
Commerzbank Securities	$ 3,750,000	$ 7,500,000	$ 11,250,000
Credit Lyonnais Securities (USA) Inc.	$ 3,750,000	$ 7,500,000	$ 11,250,000
The Royal Bank of Scotland plc	$ 3,750,000	$ 7,500,000	$ 11,250,000
Scotia Capital Markets	$ 3,750,000	$ 7,500,000	$ 11,250,000
TD Securities	$ 3,750,000	$ 7,500,000	$ 11,250,000
TOTAL	$200,000,000	$400,000,000	$600,000,000

SCHEDULE B

PRINCIPAL AMOUNT OF SECURITIES TO BE PURCHASED FROM THE SELLING SECURITYHOLDER

INITIAL PURCHASER	A PRINCIPAL AMOUNT OF 7.50% DEBENTURES
UBS Warburg LLC	$300,000,000
Credit Suisse First Boston Corporation	$ 62,500,000
Lehman Brothers Inc.	$ 62,500,000
ABN AMRO Incorporated	$ 9,375,000
Banc of America Securities LLC	$ 9,375,000
BMO Nesbitt Burns Corp.	$ 9,375,000
Commerzbank Securities	$ 9,375,000
Credit Lyonnais Securities (USA) Inc.	$ 9,375,000
The Royal Bank of Scotland plc	$ 9,375,000
Scotia Capital Markets	$ 9,375,000
TD Securities	$ 9,375,000
TOTAL	$500,000,000

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-4) and related Prospectus of The Williams Companies, Inc. for the registration of $700 million of Debentures and $400 million of Putable Asset Term Securities and to the incorporation by reference therein of our report dated February 28, 2001, with respect to the consolidated financial statements and schedules of The Williams Companies, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 2000, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Tulsa, Oklahoma
March 16, 2001

Exhibit 24.1

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, SHAWNA L. GEHRES, and SUZANNE H. COSTIN 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 Registration Statement on Form S-4 for the registration and exchange of Williams' $700,000,000 7.50% Debentures due January 15, 2031 and $400,000,000 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, and any and all 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, SHAWNA L. GEHRES, and SUZANNE H. COSTIN 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 registration statement and any and all 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 13th day of December, 2000.

/s/ Keith E. Bailey
- ---------------------------------
Keith E. Bailey
Chairman of the Board,
President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Jack D. McCarthy

Jack D. McCarthy
Senior Vice President
(Principal Financial Officer)

/s/ Gary R. Belitz

Gary R. Belitz
Controller
(Principal Accounting Officer)

/s/ Hugh M. Chapman	/s/ Glenn A. Cox
Hugh M. Chapman Director	Glenn A. Cox Director
/s/ Thomas H. Cruikshank	/s/ William E. Green
Thomas H. Cruikshank Director	William E. Green Director
/s/ W. R. Howell	/s/ James C. Lewis
W. R. Howell Director	James C. Lewis Director
/s/ Charles M. Lillis	/s/ George A. Lorch
Charles M. Lillis Director	George A. Lorch Director
/s/ Frank T. MacInnis	/s/ Peter C. Meinig
Frank T. MacInnis Director	Peter C. Meinig Director
/s/ Gordon R. Parker	/s/ Janice D. Stoney
Gordon R. Parker Director	Janice D. Stoney Director
/s/ Joseph H. Williams	
Joseph H. Williams Director	

THE WILLIAMS COMPANIES, INC.

By: /s/ William G. von Glahn

William G. von Glahn

ATTEST:

/s/ Suzanne H. Costin

Suzanne H. Costin
Secretary

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE
Check if an Application to Determine Eligibility
of a Trustee Pursuant to Section 306(b)(2) [ ]

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

A NATIONAL BANKING ASSOCIATION	31-0838516 (I.R.S. employer identification number)
100 EAST BROAD STREET, COLUMBUS, OHIO (Address of principal executive offices)	43271-0181 (Zip Code)

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION
1 BANK ONE PLAZA, SUITE IL1-0126
CHICAGO, ILLINOIS 60870-0126
ATTN: SANDRA L. CARUBA, VICE PRESIDENT, (312) 336-9436
(Name, address and telephone number of agent for service)

THE WILLIAMS COMPANIES, INC.
(Exact name of obligor as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	73-0569878 (I.R.S. employer identification number)
ONE WILLIAMS CENTER TULSA, OKLAHOMA (Address of principal executive offices)	74172 (Zip Code)

7.50% DEBENTURES DUE JANUARY 15, 2031
6.75% PUTABLE ASSET TERM SECURITIES (PATS) PUTABLE/CALLABLE JANUARY 15, 2006
(Title of Indenture Securities)

ITEM 1. General Information. FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Comptroller of Currency, Washington, D.C.; Federal Deposit Insurance Corporation, Washington, D.C.; The Board of Governors of the Federal Reserve System, Washington, D.C.

(B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. Affiliations with the Obligor. IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

No such affiliation exists with the trustee.

ITEM 16. List of Exhibits. LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A copy of the articles of association of the trustee now in effect.*

2. A copy of the certificate of authority of the trustee to commence business.*

3. A copy of the authorization of the trustee to exercise corporate trust powers.*

4. A copy of the existing by-laws of the trustee.*

5. Not Applicable.

6. The consent of the trustee required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not Applicable.

9. Not Applicable.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Bank One Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago and State of Illinois, on the 15th day of March, 2001.

Bank One Trust Company, National Association,
Trustee

By /s/ Sandra L. Caruba
Sandra L. Caruba
Vice President

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

* Exhibits 1, 2, 3, and 4 are herein incorporated by reference to Exhibits bearing identical numbers in Item 16 of the Form T-1 of Bank One Trust Company, National Association, filed as Exhibit 25 to the Registration Statement on Form S-4 of U S WEST Communications, Inc., filed with the Securities and Exchange Commission on March 24, 2000 (Registration No. 333-32124).

EXHIBIT 6

THE CONSENT OF THE TRUSTEE REQUIRED BY SECTION 321(B) OF THE ACT

March 15, 2001

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

In connection with the qualification of an indenture between The Williams Companies, Inc. and Bank One Trust Company, National Association, as Trustee, the undersigned, in accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, hereby consents that the reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

Bank One Trust Company, National Association

By: /s/ Sandra L. Caruba
Sandra L. Caruba
Vice President

EXHIBIT 7

Legal Title of Bank:	Bank One Trust Company, N.A.	Call Date: 12/31/00	State #: 391581	FFIEC 032
Address:	100 Broad Street	Vendor ID: D	Cert #: 21377	Page RC-1
City, State Zip:	Columbus, OH 43271	Transit #: 04400003		

CONSOLIDATED REPORT OF CONDITION FOR INSURED COMMERCIAL
AND STATE-CHARTERED SAVINGS BANKS FOR DECEMBER 31, 2000

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding of the last business day of the quarter.

SCHEDULE RC--BALANCE SHEET

		DOLLAR AMOUNTS IN THOUSANDS	C300
ASSETS			
1. Cash and balances due from depository institutions (from Schedule RC-A):	RCON		
a. Noninterest-bearing balances and currency and coin(1)..............	0081	64,969	1.a
b. Interest-bearing balances(2)......................................	0071	0	1.b
2. Securities			
a. Held-to-maturity securities(from Schedule RC-B, column A)..........	1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D).......	1773	4,286	2.b
3. Federal funds sold and securities purchased under agreements to resell..	1350	1,056,754	3.
4. Loans and lease financing receivables:			
a. Loans and leases, net of unearned income (from Schedule RC-C)......	2122	346,052	4.a
b. LESS: Allowance for loan and lease losses..........................	3123	372	4.b
c. LESS: Allocated transfer risk reserve.............................	3128	0	4.c
d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c)...............................	2125	345,680	4.d
5. Trading assets (from Schedule RD-D).................................	3545	0	5.
6. Premises and fixed assets (including capitalized leases)..............	2145	21,835	6.
7. Other real estate owned (from Schedule RC-M)..........................	2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M).......................................	2130	0	8.
9. Customers' liability to this bank on acceptances outstanding..........	2155	0	9.
10. Intangible assets (from Schedule RC-M)...............................	2143	13,697	10.
11. Other assets (from Schedule RC-F)....................................	2160	131,390	11.
12. Total assets (sum of items 1 through 11)..............................	2170	1,638,611	12.

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.

Legal Title of Bank:	Bank One Trust Company, N.A.	Call Date: 12/31/00	State #: 391581	FFIEC 032
Address:	100 East Broad Street	Vendor ID: D	Cert #" 21377	Page RC-2
City, State Zip:	Columbus, OH 43271	Transit #: 04400003		

SCHEDULE RC-CONTINUED

		DOLLAR AMOUNTS IN THOUSANDS	
LIABILITIES			
13. Deposits:			
a. In domestic offices (sum of totals of	RCON		
columns A and C from Schedule RC-E, part 1)........................	2200	1,410,826	13.a
(1) Noninterest-bearing(1)..	6631	830,363	13.a1
(2) Interest-bearing..	6636	580,463	13.a2
b. In foreign offices, Edge and Agreement subsidiaries, and			
IBFs (from Schedule RC-E, part II)................................			
(1) Noninterest bearing...			
(2) Interest-bearing..			
14. Federal funds purchased and securities sold under agreements			
to repurchase:	RCFD	2800	0 14
15. a. Demand notes issued to the U.S. Treasury	RCON	2840	0 15.a
b. Trading Liabilities(from Sechedule RC-D)...........................	RCFD	3548	0 15.b
16. Other borrowed money:	RCON		
a. With original maturity of one year or less.........................	2332	0	16.a
b. With original maturity of more than one year......................	A547	0	16.b
c. With original maturity of more than three years	A548	0	16.c
17. Not applicable			
18. Bank's liability on acceptance executed and outstanding..............	2920	0	18.
19. Subordinated notes and debentures....................................	3200	0	19.
20. Other liabilities (from Schedule RC-G)................................	2930	75,186	20.
21. Total liabilities (sum of items 13 through 20)........................	2948	1,486,012	21.
22. Not applicable			
EQUITY CAPITAL			
23. Perpetual preferred stock and related surplus.........................	3838	0	23.
24. Common stock..	3230	800	24.
25. Surplus (exclude all surplus related to preferred stock)..............	3839	45,157	25.
26. a. Undivided profits and capital reserves............................	3632	106,620	26.a
b. Net unrealized holding gains (losses) on available-for-sale			
securities..	8434	22	26.b
c. Accumulated net gains (losses) on cash flow hedges.................	4336	0	26.c
27. Cumulative foreign currency translation adjustments...................			
28. Total equity capital (sum of items 23 through 27).....................	3210	152,599	28.
29. Total liabilities, limited-life preferred stock, and equity			
capital (sum of items 21, 22, and 28)................................	3300	1,638,611	29.

Memorandum
To be reported only with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1996.. RCFD 6724 M.1.

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

4. = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

5. = Review of the bank's financial statements by external auditors

6. = Compilation of the bank's financial statements by external auditors

7. = Other audit procedures (excluding tax preparation work)

8. = No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.

EXHIBIT 99.1

THE WILLIAMS COMPANIES, INC.

LETTER OF TRANSMITTAL

FOR TENDER OF ALL OUTSTANDING
7.50% DEBENTURES DUE JANUARY 15, 2031
IN EXCHANGE FOR
7.50% DEBENTURES DUE JANUARY 15, 2031, SERIES A
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
AND
6.75% PUTABLE ASSET TERM SECURITIES (PATS(SM)) PUTABLE/CALLABLE JANUARY 15, 2006
IN EXCHANGE FOR
6.75% PUTABLE ASSET TERM SECURITIES (PATS),
PUTABLE/CALLABLE JANUARY 15, 2006, SERIES A
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

PURSUANT TO THE PROSPECTUS DATED   , 2001

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON   , 2001, UNLESS THE EXCHANGE OFFER IS EXTENDED.

TO:
BANK ONE TRUST COMPANY, N.A. (THE "EXCHANGE AGENT")

By Mail or Overnight Courier:	By Hand Delivery:	By Facsimile Transmission:
1 Bank One Plaza	One North State Street, 9th Floor	(312) 407-8853
Mail Code IL1-0134	Chicago, Illinois 60602	
Chicago, Illinois 60670-0134	Attention: Exchanges	
Attention: Exchanges Floor	or	For Information or Confirmation by Telephone:
Global Corporate Trust Services	14 Wall Street	(800) 524-9472
	New York, New York 10005	
	Attention: Exchanges	

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OR TRANSMISSION THEREOF TO A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY. THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES, IS AT THE RISK OF THE HOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

DESCRIPTION OF SHARES ENCLOSED

PRINT NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (IF BLANK)	CERTIFICATE(S) ENCLOSED (ATTACH ADDITIONAL LIST IF NECESSARY)	
	CERTIFICATE NUMBER(S)	NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)
(TAX IDENTIFICATION OR SOCIAL SECURITY NO.)	TOTAL SHARES	

The undersigned acknowledges that he or she has received the Prospectus, dated March , 2001 (the "Prospectus") of The Williams Companies, Inc. (the "Company") and this Letter of Transmittal and the instructions hereto (the "Letter of Transmittal"), which together constitute the Company's offer (the "Exchange Offer") to exchange $1,000 principal amount of its 7.50% Debentures due January 15, 2031, Series A, that have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which the Prospectus is a part, for each $1,000 principal amount of its outstanding 7.50% Debentures due January 15, 2031, of which $700,000,000 aggregate principal amount is outstanding, and to exchange $1,000 principal amount of its 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A, that have been registered under the Securities Act, pursuant to a Registration Statement of which the Prospectus is a part, for each $1,000 principal amount of its outstanding 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, of which $400,000,000 aggregate principal amount is outstanding, upon the terms and subject to the conditions set forth in the Prospectus. The term "Expiration Date" shall mean 5:00 p.m., New York City time, on , 2001, unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term shall mean the latest date and time to which the Exchange Offer is extended by the Company.

For purposes of this Letter of Transmittal, the outstanding 7.50% Debentures due January 15, 2031 shall be defined as the "Outstanding Debentures" and the outstanding 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006 shall be defined in the "Outstanding PATS," and the Outstanding Debentures and the Outstanding PATS shall be defined collectively as the "Outstanding Securities." The 7.50% Debentures due January 15, 2031, Series A, registered under the Securities Act shall be defined in the "New Debentures" and the 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006, Series A, registered under the Securities Act shall be defined as the "New PATS" and the New Debentures and New PATS shall be defined collectively as the "New Securities." All other capitalized terms used but not defined herein shall have the same meanings given them in the Prospectus (as defined below).

This Letter of Transmittal is to be used either if (i) certificates representing Outstanding Securities are to be physically delivered to the Exchange Agent herewith by Holders, (ii) tender of Outstanding Securities is to be made by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company ("DTC" or the "Depository"), pursuant to the procedures set forth in "The Exchange Offer -- Procedures for Tendering Outstanding Securities" in the Prospectus by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of Outstanding Securities, unless an Agent's Message (as defined below) is transmitted in lieu hereof or (iii) tender of Outstanding Securities is to be made according to the guaranteed delivery procedures set forth in the Prospectus under "The Exchange Offer -- Procedures for Tendering Outstanding Securities," unless an Agent's Message (as defined below) is transmitted in lieu hereof. Delivery of this Letter of Transmittal and any other required documents must be made to the Exchange Agent. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "Holder" as used herein means any person in whose name Outstanding Securities are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder or any person whose name appears on a security position listing provided by DTC as an owner of Outstanding Securities.

All Holders of Outstanding Securities who wish to tender their Outstanding Securities must, prior to the Expiration Date: (1) complete, sign, and deliver this Letter of Transmittal, or a facsimile thereof, to the Exchange Agent, in person or to the address set forth above, unless an Agent's Message is transmitted in lieu hereof; and (2) tender (and not withdraw) his or her Outstanding Securities or, if a tender of Outstanding Securities is to be made by book-entry transfer to the account maintained by the Exchange Agent at DTC, confirm such book-entry transfer (a "Book-Entry Confirmation"), in each case in accordance with the procedures for tendering described in the instructions to this Letter of Transmittal. Holders of Outstanding Securities whose certificates are not immediately available, or who are unable to deliver their certificates or Book-Entry Confirmation and all other documents required by this Letter of Transmittal to be delivered to the Exchange Agent on or prior to the Expiration Date, must tender their Outstanding Securities according to the

guaranteed delivery procedures set forth under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities" in the Prospectus. (See Instruction 2.)

Upon the terms and subject to the conditions of the Exchange Offer, the acceptance for exchange of the Outstanding Securities validly tendered and not withdrawn and the issuance of the New Securities will be made promptly following the Expiration Date. For the purposes of the Exchange Offer, the Company shall be deemed to have accepted for exchange validly tendered Outstanding Securities when, as and if the Company has given oral (promptly confirmed in writing) or written notice thereof to the Exchange Agent.

The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. Holders who wish to tender their Outstanding Securities must complete this Letter of Transmittal in its entirety, unless an Agent's Message is transmitted in lieu hereof.

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW. THE INSTRUCTIONS INCLUDED IN THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS, THIS LETTER OF TRANSMITTAL AND THE NOTICE OF GUARANTEED DELIVERY MAY BE DIRECTED TO THE EXCHANGE AGENT. (SEE INSTRUCTION 12 HEREIN.)

HOLDERS WHO WISH TO ACCEPT THE EXCHANGE OFFER AND TENDER THEIR OUTSTANDING SECURITIES MUST COMPLETE THIS LETTER OF TRANSMITTAL IN ITS ENTIRETY AND COMPLY WITH ALL OF ITS TERMS, UNLESS AN AGENT'S MESSAGE IS TRANSMITTED IN LIEU HEREOF.

List below the Outstanding Securities to which this Letter of Transmittal relates. If the space provided below is inadequate, the Certificate Numbers and Principal Amounts should be listed on a separate signed schedule, attached hereto. The minimum permitted tender is $1,000 in principal amount of 7.50% Debentures due January 15, 2031 or 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006. All other tenders must be in integral multiples of $1,000.

DESCRIPTION OF 7.50% DEBENTURES DUE JANUARY 15, 2031

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)* (PLEASE FILL IN, IF BLANK)	(A) CERTIFICATE NUMBER(S)*	(B) AGGREGATE PRINCIPAL AMOUNT TENDERED (IF LESS THAN ALL)**
	TOTAL PRINCIPAL AMOUNT OF OUTSTANDING DEBENTURES TENDERED	

DESCRIPTION OF 6.75% PUTABLE ASSET TERM SECURITIES (PATS) PUTABLE/CALLABLE JANUARY 15, 2006

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)* (PLEASE FILL IN, IF BLANK)	(A) CERTIFICATE NUMBER(S)*	(B) AGGREGATE PRINCIPAL AMOUNT TENDERED (IF LESS THAN ALL)**
	TOTAL PRINCIPAL AMOUNT OF OUTSTANDING PATS TENDERED	

* Need not be completed by book-entry holders.
** Need not be completed by Holders who wish to tender with respect to all Outstanding PATS listed.

PLEASE READ CAREFULLY THE ACCOMPANYING INSTRUCTIONS

SPECIAL REGISTRATION
INSTRUCTIONS
(SEE INSTRUCTIONS 4, 5, 6 AND 7)

To be completed ONLY if certificates for Outstanding Securities in a principal amount not tendered, or New Securities issued in exchange for Outstanding Securities accepted for exchange, are to be issued in the name of someone other than the undersigned.

Issue certificate(s) to:

Name
- --
(PLEASE PRINT)

- --
(PLEASE PRINT)

Address
- --

- --
(INCLUDING ZIP CODE)

- --
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)
- --

- --

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 4, 5, 6 AND 7)

To be completed ONLY if certificates for Outstanding Securities in a principal amount not tendered, or New Securities issued in exchange for Outstanding Securities accepted for exchange, are to be delivered to someone other than the undersigned.

Deliver certificate(s) to:

Name
- --
(PLEASE PRINT)

- --
(PLEASE PRINT)

Address
- --

- --
(INCLUDING ZIP CODE)

- --
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)
- --

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU HEREOF (TOGETHER WITH THE CERTIFICATE(S) FOR OUTSTANDING SECURITIES OR A CONFIRMATION OF BOOK-ENTRY TRANSFER OF SUCH OUTSTANDING SECURITIES AND ALL OTHER REQUIRED DOCUMENTS) OR, IF GUARANTEED DELIVERY PROCEDURES ARE TO BE COMPLIED WITH, A NOTICE OF GUARANTEED DELIVERY, MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO THE EXPIRATION DATE.

[ ] CHECK HERE IF OUTSTANDING SECURITIES ARE BEING DELIVERED BY DTC TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution --- [ ] The Depository Trust Company

Account Number --

Transaction Code Number ---

Holders whose Outstanding Securities are not immediately available or who cannot deliver their Outstanding Securities and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date may tender their Outstanding Securities according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities." (See Instruction 2.)

[ ] CHECK HERE IF OUTSTANDING SECURITIES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of tendering Holder(s) --------------------------

Date of Execution of Notice of Guaranteed Delivery --------------------------

Name of Institution which Guaranteed Delivery --------------------------

Transaction Code Number ---

[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: ---

Address: --

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Securities. If the undesigned is a broker-dealer that will receive New Securities for its own account in exchange for Outstanding Securities that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such New Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Subject to the terms and conditions of the Exchange Offer, the undersigned hereby tenders to The Williams Companies, Inc. (the "Company") the principal amount of Outstanding Securities indicated above.

Subject to and effective upon the acceptance for exchange of the principal amount of Outstanding Securities tendered hereby in accordance with this Letter of Transmittal, the undersigned sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to the Outstanding Securities tendered hereby. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as its agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as the agent of the Company and as Trustee and Registrar under the Indenture for the Outstanding Securities and the New Securities) with respect to the tendered Outstanding Securities with full power of substitution (such power of attorney being deemed an irrevocable power coupled with an interest), subject only to the right of withdrawal described in the Prospectus, to (i) deliver certificates for such Outstanding Securities to the Company or transfer ownership of such Outstanding Securities on the account books maintained by DTC, together, in either such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Company and (ii) present such Outstanding Securities for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Outstanding Securities, all in accordance with the terms of the Exchange Offer.

The undersigned acknowledges that the Exchange Offer is being made in reliance upon interpretative advice given by the staff of the Securities and Exchange Commission to third parties in connection with transactions similar to the Exchange Offer, so that the New Securities issued pursuant to the Exchange Offer in exchange for the Outstanding Securities may be offered for resale, resold and otherwise transferred by holders thereof (other than a broker-dealer who purchased such Outstanding Securities directly from the Company for resale pursuant to Rule 144A or any other available exemption under the Securities Act or a person that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Securities are acquired in the ordinary course of such holders' business and such holders have no arrangement with any person to participate in the distribution of such New Securities.

The undersigned agrees that acceptance of any tendered Outstanding Securities by the Company and the issuance of New Securities in exchange therefor shall constitute performance in full by the Company of its obligations under the registration rights agreement, (as referred to in the Prospectus) and that, upon the issuance of the New Securities, the Company will have no further obligations or liabilities thereunder (except in certain limited circumstances).

The undersigned represents and warrants that (i) the New Securities acquired pursuant to the Exchange Offer are being acquired in the ordinary course of business of the person receiving New Securities (which shall be the undersigned unless otherwise indicated in the box entitled "Special Delivery Instructions" above) (the "Recipient"), (ii) neither the undersigned nor the Recipient (if different) is engaged in, intends to engage in or has any arrangement or understanding with any person to participate in the distribution of such New Securities, and (iii) neither the undersigned nor the Recipient (if different) is an "affiliate" of the Company as defined in Rule 405 under the Securities Act. If the undersigned is not a broker-dealer, the undersigned further represents that it is not engaged in, and does not intend to engage in, a distribution of the New Securities. If the undersigned is a broker-dealer, the undersigned further (x) represents that it acquired Outstanding Securities for the undersigned's own account as a result of market-making activities or other trading activities, (y) represents that it has not entered into any arrangement or understanding with the Company or any "affiliate" of the Company (within the meaning of Rule 405 under the Securities Act) to distribute the New Securities to be received in the Exchange Offer and (z) acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act (for which purposes delivery of the Prospectus, as the same may be hereafter supplemented or amended, shall be sufficient) in connection with any resale of

New Securities received in the Exchange Offer. Such a broker-dealer will not be deemed, solely by reason of such acknowledgment and prospectus delivery, to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned understands and agrees that the Company reserves the right not to accept tendered Outstanding Securities from any tendering holder if the Company determines, in its sole and absolute discretion, that such acceptance could result in a violation of applicable securities laws.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Outstanding Securities tendered hereby and to acquire New Securities issuable upon the exchange of such tendered Outstanding Securities, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed to be necessary or desirable by the Exchange Agent or the Company in order to complete the exchange, assignment and transfer of tendered Outstanding Securities or transfer of ownership of such Outstanding Securities on the account books maintained by a book-entry transfer facility.

The undersigned understands and acknowledges that the Company reserves the right in its sole discretion to purchase or make offers for any Outstanding Securities that remain outstanding subsequent to the Expiration Date or, as set forth in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities," to terminate the Exchange Offer and, to the extent permitted by applicable law, purchase Outstanding Securities in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

The undersigned understands that the Company may accept the undersigned's tender by delivering oral (promptly confirmed in writing) or written notice of acceptance to the Exchange Agent, at which time the undersigned's right to withdraw such tender will terminate. For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Outstanding Securities when, as and if the Company has given oral (which shall be promptly confirmed in writing) or written notice thereof to the Exchange Agent.

The undersigned understands that the first interest payment following the Expiration Date will include unpaid interest on the Outstanding Securities accrued through the date of issuance of the New Securities.

The undersigned understands that tenders of Outstanding Securities pursuant to the procedures described under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer.

The undersigned acknowledges that the Exchange Offer is subject to the more detailed terms set forth in the Prospectus and, in case of any conflict between the terms of the Prospectus and this Letter of Transmittal, the Prospectus shall prevail.

If any tendered Outstanding Securities are not accepted for exchange pursuant to the Exchange Offer for any reason, certificates for any such unaccepted Outstanding Securities will be returned (except as noted below with respect to tenders through DTC), at the Company's cost and expense, to the undersigned at the address shown below or at a different address as may be indicated herein under "Special Delivery Instructions" as promptly as practicable after the Expiration Date.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned, and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, successors and assigns. This tender may be withdrawn only in accordance with the procedures set forth in this Letter of Transmittal.

By acceptance of the Exchange Offer, each broker-dealer that receives New Securities pursuant to the Exchange Offer hereby acknowledges and agrees that upon the receipt of notice by the Company of the happening of any event which makes any statement in the Prospectus untrue in any material respect or which requires the making of any changes in the Prospectus in order to make the statements therein not misleading

(which notice the Company agrees to deliver promptly to such broker-dealer), such broker-dealer will suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented prospectus to such broker-dealer.

Unless otherwise indicated under "Special Registration Instructions," please issue the certificates representing the New Securities issued in exchange for the Outstanding Securities accepted for exchange and return any certificates for Outstanding Securities not tendered or not exchanged, in the name(s) of the undersigned (or, in either such event in the case of Outstanding Securities tendered by DTC, by credit to the account of the undersigned at DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please send the certificates representing the New Securities issued in exchange for the Outstanding Securities accepted for exchange and any certificates for Outstanding Securities not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s), unless, in either event, tender is being made through DTC. In the event that both "Special Registration Instructions" and "Special Delivery Instructions" are completed, please issue the certificates representing the New Securities issued in exchange for the Outstanding Securities accepted for exchange in the name(s) of, and return any certificates for Outstanding Securities not tendered or not exchanged to, the person(s) so indicated. The undersigned understands that the Company has no obligations pursuant to the "Special Registration Instructions" or "Special Delivery Instructions" to transfer any Outstanding Securities from the name of the registered Holder(s) thereof if the Company does not accept for exchange any of the Outstanding Securities so tendered.

Holders who wish to tender the Outstanding Securities and (i) whose Outstanding Securities are not immediately available or (ii) who cannot deliver their Outstanding Securities, this Letter of Transmittal or an Agent's Message in lieu hereof or any other documents required hereby to the Exchange Agent prior to the Expiration Date, may tender their Outstanding Securities according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities." (See Instruction 2.)

PLEASE SIGN HERE WHETHER OR NOT
OUTSTANDING SECURITIES ARE BEING PHYSICALLY TENDERED HEREBY
AND WHETHER OR NOT TENDER IS TO BE MADE
PURSUANT TO THE GUARANTEED DELIVERY PROCEDURES

This Letter of Transmittal must be signed by the registered holder(s) as their name(s) appear on the Outstanding Securities or, if tendered by a participant in DTC, exactly as such participant's name appears on a security listing as the owner of Outstanding Securities, or by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Outstanding Securities to which this Letter of Transmittal relate are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, then such person must (i) set forth his or her full title below and (ii) unless waived by the Company, submit evidence satisfactory to the Company of such person's authority so to act. (See Instruction 4.)

X
- -- -----------------------------------
Date

X
- -- -----------------------------------
Signature(s) of Holder(s) or Authorized Signatory — Date

Name(s): ------------------------------ ------------------------------
(Please Print)

Address: -------------------------------- --------------------------------
(including Zip Code)

Capacity:
- ---------------------------------------

Area Code and Telephone Number:

Social Security No.:
- ---------------------------------------

PLEASE COMPLETE SUBSTITUTE FORM W-9 HEREIN

- ---
SIGNATURE GUARANTEE (SEE INSTRUCTION 1)
CERTAIN SIGNATURES MUST BE GUARANTEED BY AN ELIGIBLE INSTITUTION

- ---
(NAME OF ELIGIBLE INSTITUTION GUARANTEEING SIGNATURES)

- ---
(ADDRESS (INCLUDING ZIP CODE) AND TELEPHONE NUMBER
(INCLUDING AREA CODE) OF FIRM)

- ---
(AUTHORIZED SIGNATURE)

- ---
(PRINTED NAME)

- ---
(TITLE)

Date:
- ------------------------------
- ---

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. Guarantee of Signatures. Signatures on this Letter of Transmittal need not be guaranteed if (a) this Letter of Transmittal is signed by the registered holder(s) of the Outstanding Securities tendered herewith and such holder(s) have not completed the box set forth herein entitled "Special Registration Instructions" or the box entitled "Special Delivery Instructions" or (b) such Outstanding Securities are tendered for the account of an Eligible Institution. (See Instruction 6.) Otherwise, all signatures on this Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States (an "Eligible Institution"). All signatures on bond powers and endorsements on certificates must also be guaranteed by an Eligible Institution.

2. Delivery of this Letter of Transmittal and Outstanding Securities. Certificates for all physically delivered Outstanding Securities or confirmation of any book-entry transfer to the Exchange Agent at DTC of Outstanding Securities tendered by book-entry transfer, as well as, in each case (including cases where tender is affected by book-entry transfer), a properly completed and duly executed copy of this Letter of Transmittal or facsimile hereof or an Agent's Message in lieu thereof and any other documents required by this Letter of Transmittal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date.

The method of delivery of the tendered Outstanding Securities, this Letter of Transmittal and all other required documents to the Exchange Agent is at the election and risk of the Holder and the delivery will be deemed made only when actually received by the Exchange Agent. If Outstanding Securities are sent by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery. No Letter of Transmittal or Outstanding Securities should be sent to the Company.

The Exchange Agent will make a request to establish an account with respect to the Outstanding Securities at the Depositary for purposes of the Exchange Offer within two business days after receipt of this Prospectus, and any financial institution that is a participant in the Depositary may make book-entry delivery of Outstanding Securities by causing the Depositary to transfer such Outstanding Securities into the Exchange Agent's account at the Depositary in accordance with the Depositary's procedures for transfer. However, although delivery of Outstanding Securities may be effected through book-entry transfer at the Depositary, the Letter of Transmittal, with any required signature guarantees or an Agent's Message (as defined below) in connection with a book-entry transfer and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at the address specified on the cover page of the Letter of Transmittal on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

A Holder may tender Outstanding Securities that are held through the Depositary by transmitting its acceptance through the Depositary's Automatic Tender Offer Program, for which the transaction will be eligible, and the Depositary will then edit and verify the acceptance and send an Agent's Message to the Exchange Agent for its acceptance. The term "Agent's Message" means a message transmitted by the Depositary to, and received by, the Exchange Agent and forming part of the Book-Entry Confirmation, which states that the Depositary has received an express acknowledgment from each participant in the Depositary tendering the Outstanding Securities and that such participant has received the Letter of Transmittal and agrees to be bound by the terms of the Letter of Transmittal and the Company may enforce such agreement against such participant.

Holders who wish to tender their Outstanding Securities and (i) whose Outstanding Securities are not immediately available, or (ii) who cannot deliver their Outstanding Securities, this Letter of Transmittal or any other documents required hereby to the Exchange Agent prior to the Expiration Date or comply with book-entry transfer procedures on a timely basis must tender their Outstanding Securities according to the guaranteed delivery procedures set forth in the Prospectus. See "Exchange Offer -- Procedures for Tendering Outstanding Securities." Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) prior to the Expiration Date, the Exchange Agent must have received from the Eligible

Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, overnight courier, mail or hand delivery) setting forth the name and address of the Holder of the Outstanding Securities, the certificate number or numbers of such Outstanding Securities and the principal amount of Outstanding Securities tendered, stating that the tender is being made thereby and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, this Letter of Transmittal (or facsimile hereof or an Agent's Message in lieu hereof) together with the certificate(s) representing the Outstanding Securities and any other required documents will be deposited by the Eligible Institution with the Exchange Agent; and (iii) such properly completed and executed Letter of Transmittal (or facsimile hereof or an Agent's Message in lieu hereof), as well as all other documents required by this Letter of Transmittal and the certificate(s) representing all tendered Outstanding Securities in proper form for transfer (or a confirmation of book-entry transfer of such Outstanding Securities into the Exchange Agent's account at DTC), must be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date, all in the manner provided in the Prospectus under the caption "The Exchange Offer -- Procedures for Tendering Outstanding Securities." Any Holder who wishes to tender his Outstanding Securities pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery prior to 5:00 p.m., New York City time, on the Expiration Date. Upon request to the Exchange Agent, a Notice of Guaranteed Delivery will be sent to Holders who wish to tender their Outstanding Securities according to the guaranteed delivery procedures set forth above.

All questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Outstanding Securities, and withdrawal of tendered Outstanding Securities will be determined by the Company in its sole discretion, which determination will be final and binding. All tendering holders, by execution of this Letter of Transmittal (or facsimile thereof or an Agent's Message in lieu hereof), shall waive any right to receive notice of the acceptance of the Outstanding Securities for exchange. The Company reserves the absolute right to reject any and all Outstanding Securities not properly tendered or any Outstanding Securities the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right to waive any irregularities or conditions of tender as to particular Outstanding Securities. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Securities must be cured within such time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Securities, nor shall any of them incur any liability for failure to give such notification. Tenders of Outstanding Securities will not be deemed to have been made until such defects or irregularities have been cured to the Company's satisfaction or waived. Any Outstanding Securities received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering Holders pursuant to the Company's determination, unless otherwise provided in this Letter of Transmittal as soon as practicable following the Expiration Date. The Exchange Agent has no fiduciary duties to the Holders with respect to the Exchange Offer and is acting solely on the basis of directions of the Company.

3. Inadequate Space. If the space provided is inadequate, the certificate numbers and/or the number of Outstanding Securities should be listed on a separate signed schedule attached hereto.

4. Tender by Holder. Only a Holder of Outstanding Securities may tender such Outstanding Securities in the Exchange Offer. Any beneficial owner of Outstanding Securities who is not the registered Holder and who wishes to tender should arrange with such registered holder to execute and deliver this Letter of Transmittal on such beneficial owner's behalf or must, prior to completing and executing this Letter of Transmittal and delivering his Outstanding Securities, either make appropriate arrangements to register ownership of the Outstanding Securities in such beneficial owner's name or obtain a properly completed bond power from the registered holder or properly endorsed certificates representing such Outstanding Securities.

5. Partial Tenders; Withdrawals. Tenders of Outstanding Securities will be accepted only in integral multiples of $1,000. If less than the entire principal amount of any Outstanding Securities is tendered, the tendering Holder should fill in the principal amount tendered in the third column of the box entitled

"Description of 7.50% Debentures due January 15, 2031" and/or "Description of 6.75% Putable Asset Term Securities (PATS) Putable/Callable January 15, 2006" above. The entire principal amount of any Outstanding Securities delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Outstanding Securities is not tendered, then Outstanding Securities for the principal amount of Outstanding Securities not tendered and a certificate or certificates representing New Securities issued in exchange for any Outstanding Securities accepted will be sent to the Holder at his or her registered address, unless a different address is provided in the "Special Delivery Instructions" box above on this Letter of Transmittal or unless tender is made through DTC, promptly after the Outstanding Securities are accepted for exchange.

Except as otherwise provided herein, tenders of Outstanding Securities may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw a tender of Outstanding Securities in the Exchange Offer, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having deposited the Outstanding Securities to be withdrawn (the "Depositor"), (ii) identify the Outstanding Securities to be withdrawn (including the certificate number or numbers and principal amount of such Outstanding Securities, or, in the case of Outstanding Securities transferred by book-entry transfer the name and number of the account at DTC to be credited), (iii) be signed by the Depositor in the same manner as the original signature on the Letter of Transmittal by which such Outstanding Securities were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Registrar with respect to the Outstanding Securities register the transfer of such Outstanding Securities into the name of the person withdrawing the tender and (iv) specify the name in which any such Outstanding Securities are to be registered, if different from that of the Depositor. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Outstanding Securities so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no New Securities will be issued with respect thereto unless the Outstanding Securities so withdrawn are validly retendered. Any Outstanding Securities which have been tendered but which are not accepted for exchange by the Company will be returned to the Holder thereof without cost to such Holder as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Outstanding Securities may be retendered by following one of the procedures described in the Prospectus under "The Exchange Offer -- Procedures for Tendering Outstanding Securities" at any time prior to the Expiration Date.

6. Signatures on the Letter of Transmittal; Bond Powers and Endorsements. If this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of the Outstanding Securities tendered hereby, the signature must correspond with the name(s) as written on the face of the Outstanding Security without alteration, enlargement or any change whatsoever.

If any of the Outstanding Securities tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If a number of Outstanding Securities registered in different names are tendered, it will be necessary to complete, sign and submit as many copies of this Letter of Transmittal as there are different registrations of Outstanding Securities.

If this Letter of Transmittal (or facsimile hereof) is signed by the registered Holder or Holders (which term, for the purposes described herein, shall include a person whose name appears on a DTC security listing as the owner of the Outstanding Securities) of Outstanding Securities tendered and the certificate or certificates for New Securities issued in exchange therefor is to be issued (or any untendered principal amount of Outstanding Securities to be reissued) to the registered Holder, then such Holder need not and should not endorse any tendered Outstanding Securities, nor provide a separate bond power. In any other case, such Holder must either properly endorse the Outstanding Securities tendered or transmit a properly completed separate bond power with this Letter of Transmittal with the signatures on the endorsement or bond power guaranteed by an Eligible Institution.

If this Letter of Transmittal (or facsimile hereof) is signed by a person other than the registered Holder or Holders of any Outstanding Securities listed, such Outstanding Securities must be endorsed or accompanied by appropriate bond powers in each case signed as the name of the registered Holder or Holders appears on the Outstanding Securities.

If this Letter of Transmittal (or facsimile hereof) or any Outstanding Securities or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, or officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, evidence satisfactory to the Company of their authority so to act must be submitted with this Letter of Transmittal.

Endorsements on Outstanding Securities or signatures on bond powers required by this Instruction 6 must be guaranteed by an Eligible Institution.

7. Special Registration and Delivery Instructions. Tendering Holders should indicate, in the applicable box or boxes, the name and address to which New Securities or substitute Outstanding Securities for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated.

8. Backup Federal Income Tax Withholding and Substitute Form W-9. Under the federal income tax laws, payments that may be made by the Company on account of New Securities issued pursuant to the Exchange Offer may be subject to backup withholding at the rate of 31%. In order to avoid such backup withholding, each tendering holder should complete and sign the Substitute Form W-9 included in this Letter of Transmittal and either (a) provide the correct taxpayer identification number ("TIN") and certify, under penalties of perjury, that the TIN provided is correct and that (i) the holder has not been notified by the Internal Revenue Service (the "IRS") that the holder is subject to backup withholding as a result of failure to report all interest or dividends or (ii) the IRS has notified the holder that the holder is no longer subject to backup withholding; or (b) provide an adequate basis for exemption. If the tendering holder has not been issued a TIN and has applied for one, or intends to apply for one in the near future, such holder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, sign and date the Substitute Form W-9 and sign the Certificate of Payee Awaiting Taxpayer Identification Number. If "Applied For" is written in Part I, the Company (or the Paying Agent under the indenture governing the New Securities) shall retain 31% of payments made to the tendering holder during the sixty-day period following the date of the Substitute Form W-9. If the Holder furnishes the Exchange Agent or the Company with its TIN within sixty days after the date of the Substitute Form W-9, the Company (or the Paying Agent) shall remit such amounts retained during the sixty-day period to the Holder and no further amounts shall be retained or withheld from payments made to the Holder thereafter. If, however, the Holder has not provided the Exchange Agent or the Company with its TIN within such sixty-day period, the Company (or the Paying Agent) shall remit such previously retained amounts to the IRS as backup withholding. In general, if a Holder is an individual, the TIN is the Social Security number of such individual. If the Exchange Agent or the Company are not provided with the correct TIN, the Holder may be subject to a $50 penalty imposed by the IRS. Certain Holders (including, among others, certain corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such Holder must submit a statement (generally, IRS Form W-8), signed under penalties of perjury, attesting to that individual's exempt status. Such statements can be obtained from the Exchange Agent. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Outstanding Securities are registered in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Failure to complete the Substitute Form W-9 will not, by itself, cause Outstanding Securities to be deemed invalidly tendered, but may require the Company (or the Paying Agent) to withhold 31% of the amount of any payments made on account of the New Securities. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be

reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

9. Transfer Taxes. The Company will pay all transfer taxes, if any, applicable to the exchange of Outstanding Securities pursuant to the Exchange Offer. If, however, certificates representing New Securities or Outstanding Securities for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered in the name of, any person other than the registered holder of the Outstanding Securities tendered hereby, or if tendered Outstanding Securities are registered in the name of a person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Outstanding Securities pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or on any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering Holder. See the Prospectus under "The Exchange Offer -- Transfer Taxes."

Except as provided in this Instruction 9, it will not be necessary for transfer tax stamps to be affixed to the Outstanding Securities listed in this Letter of Transmittal.

10. Waiver of Conditions. The Company reserves the right, in its sole discretion, to amend, waive or modify specified conditions in the Exchange Offer in the case of any Outstanding Securities tendered.

11. Mutilated, Lost, Stolen or Destroyed Outstanding Securities. Any tendering Holder whose Outstanding Securities have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated herein for further instructions.

12. Requests for Assistance or Additional Copies. Requests for assistance and requests for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address specified in the Prospectus. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

IMPORTANT TAX INFORMATION

Under federal income tax laws, a Holder whose tendered Outstanding Securities are accepted for payment is required to provide the Exchange Agent (as payer) with such Holder's correct TIN on Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his social security number. If the Exchange Agent is not provided with the correct TIN, a $50 penalty may be imposed by the IRS, and payments made pursuant to the Exchange Offer may be subject to backup withholding.

Certain Holders (including, among others, certain corporations and certain foreign persons) are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on Substitute Form W-9. A foreign person may qualify as an exempt recipient by submitting to the Exchange Agent a properly completed IRS Form W-8, signed under penalties of perjury, attesting to that Holder's exempt status. A Form W-8 can be obtained from the Exchange Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

If backup withholding applies, the Exchange Agent is required to withhold 31% of any payments made to the Holder or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments made with respect to the Exchange Offer, the Holder is required to provide the Exchange Agent with either: (i) the Holder's correct TIN by completing the Substitute Form W-9 below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such

Holder is awaiting a TIN) and that (A) the Holder has not been notified by the IRS that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (B) the IRS has notified the Holder that the Holder is no longer subject to backup withholding or (ii) an adequate basis for exemption.

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

The Holder is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the registered Holder of the Outstanding Securities. If the Outstanding Securities are held in more than one name or are held not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

TO BE COMPLETED BY ALL TENDERING HOLDERS
(SEE INSTRUCTION 8)

Department of the Treasury
INTERNAL REVENUE SERVICE

PAYER'S NAME: THE WILLIAMS COMPANIES, INC.

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION	PART I -- TAXPAYER IDENTIFICATION NUMBER (TIN) Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions in the enclosed Guidelines. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to Get a TIN in the enclosed Guidelines. NOTE: If the account is in more than one name, see the chart on page 2 of the enclosed Guidelines for instructions on whose number to enter.	SOCIAL SECURITY NUMBER -------------------------------- OR EMPLOYER IDENTIFICATION NUMBER --------------------------------
	PART II -- FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING (See Part II instructions in the enclosed Guidelines.)	

PART III -- CERTIFICATION -- UNDER PENALTIES OF PERJURY, I CERTIFY THAT:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Signature -- Date ------------------------------

CERTIFICATION INSTRUCTIONS.-You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

CERTIFICATION OF PAYEE AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify, under penalties of perjury, that a Taxpayer Identification Number has not been issued to me, and that I mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service Center or Social Security Administration Office (or I intend to mail or deliver an application in the near future). I understand that if I do not provide a Taxpayer Identification Number to the payer, 31% of all payments made to me on account of the Exchange Notes shall be retained until I provide a Taxpayer Identification Number to the payer and that, if I do not provide my Taxpayer Identification Number within sixty days, such retained amounts shall be remitted to the Internal Revenue Service as backup withholding and 31% of all reportable payments made to me thereafter will be withheld and remitted to the Internal Revenue Service until I provide a Taxpayer Identification Number.

Signature -- Date --------------------------------

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU ON ACCOUNT OF THE NEW SECURITIES. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER. -- Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table will help determine the number to give the payer.

	FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF --
1.	An individual's account	The individual
2.	Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)
3.	Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)
4.	Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5.	Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6.	Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7.	a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
	b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)

	FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF --
8.	Sole proprietorship account	The owner(1)
9.	A valid trust, estate, or pension trust	Legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)
10.	Corporate account	The Corporation
11.	Religious, charitable, or educational organization account	The organization
12.	Partnership account held in the name of the business	The partnership
13.	Association, club, or other tax-exempt organization	The organization
14.	A broker or registered nominee	The broker or nominee
15.	Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(4) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled with there is more than one name, the number will be
considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.
- A financial institution.
- An organization exempt from tax under section 501(a), or an individual retirement plan.
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- An international organization or any agency, or instrumentality thereof.
- A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- A real estate investment trust.
- A common trust fund operated by a bank under section 584(a).
- An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).
- An entity registered at all times under the Investment Company Act of 1940.
- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividends, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) CIVIL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE